KILBURN ENGINEERING LTD.

Annual Report 2011-12

Vibrating Fluid Bed Dryer for Coke

Roto Louver Dryer for Catalyst

KILBURN ENGINEERING LTD.

A WILLIAMSON MAGOR GROUP ENTERPRISE

Website: www.kilburnengg.com

Board of Directors

Mr. Deepak Khaitan	Chairman
Mr. Supriya Mukherjee	Managing Director
Mr. Subir Ranjan Dasgupta	
Mr. Amritanshu Khaitan	
Mr. Manmohan Singh	
Mr. Padam Kumar Khaitan	
Mr. Gobind Saraf	

VP Finance & CFO

Mr. A. Suresh

Company Secretary

Mr. Jayesh Udeshi

Auditors

M/s Deloitte Haskins & Sells, Mumbai

Bankers

United Bank of India
Union Bank of India
The Federal Bank Ltd.
IDBI Bank Ltd.
HDFC Bank Ltd.
The Karur Vysya Bank Ltd.

Registered Office

Four Mangoe Lane,
Surendra Mohan Ghosh Sarani,
Kolkata – 700 001.
Tel. No.: (033) 2231 3337 / 3450
Fax No.: (033) 2231 4768
E-mail: investors@kilburnengg.com

Corporate Office cum Factory

Plot No.6, MIDC Industrial Area, Saravali,
Kalyan-Bhiwandi Road, Thane – 421 311.
Tel. No.: (02522) 241800 / 662200
Fax No.: (02522) 281026 / 280166

Registrars & Transfer Agents

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, Surendra Mohan Ghosh Sarani,
2nd Floor, Kolkata – 700 001.
Tel. No.: (033) 2243 5809 / 5029; 2248 2248
Fax No.: (033) 2248 4787
E-mail: mdpl@cal.vsnl.net.in

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KILBURN ENGINEERING LTD.

REGD. OFFICE : Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700 001.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting of the Company will be held on Saturday, 29th September, 2012 at 10.30 a.m. at Nilhat House, 11, R.N. Mukherjee Road, Kolkata - 700 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss, Cash Flow Statement for the year ended 31st March, 2012 and Balance Sheet as at 31st March, 2012, the Auditors' Report thereon and the Directors' Report along with Management Discussion & Analysis Report and the Report on Corporate Governance for the year ended 31st March, 2012.

2. To appoint a Director in place of Mr. Amritanshu Khaitan, who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Mr. Gobind Saraf, who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/s Deloitte Haskins & Sells, Chartered Accountants, retiring Auditors being eligible, offer themselves for reappointment.

By Order of the Board of Directors

Kolkata
11th August, 2012

Jayesh Udeshi
Company Secretary

NOTES:

a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING. A PROXY / PROXIES SO APPOINTED SHALL HAVE NO RIGHT TO SPEAK AT THE MEETING.**

b) The details of Directors seeking re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement is annexed hereto.

c) Members holding shares in physical form are requested to notify immediately change of address, transfer, demat, ECS credit request, if any, to the Registrars and Transfer Agents of the Company i.e. M/s Maheshwari Datamatics Pvt. Ltd. at 6, Mangoe lane, Surendra Mohan Ghosh Sarani, 2nd Floor, Kolkata - 700 001. Tel No.: (033) 2243 5809 / 5029; 2248 2248; Fax No.: (033) 2248 4787.

d) Members holding shares in demat mode are requested to notify any change in address, Bank Details, ECS Credit request to their respective depository participants and make sure that such changes are recorded by them.

e) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive).

f) The members who have not encashed their Dividend warrants or who have not received the Dividend for the FY 2008-09, FY 2009-10 and FY 2010-11 should approach to the Registrars & Transfer Agents of the Company.

g) Members / Proxies should bring the Attendance Slip sent herewith, duly filled in, for attending the meeting. They are also requested to bring their copies of the Annual Report to the meeting.

h) Queries on accounts, if any, should reach the Registered Office of the Company at least seven days before the meeting.

i) Ministry of Corporate Affairs (MCA) vide their Circulars No.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies to serve the requisite documents to its Members through electronic mode. To extend our co-operation to MCA in their Green Initiative, henceforth we propose to send all the documents to be sent to Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. in electronic form, to the e-mail address provided by you.

By Order of the Board of Directors

Kolkata
11th August, 2012

Jayesh Udeshi
Company Secretary

Brief Resume of the Directors seeking re-appointment in this Annual General Meeting, as required pursuant to Clause 49 of the Listing Agreement:

Name of Director	**Amritanshu Khaitan**	**Gobind Saraf**
Type	Non-Executive Director	Independent Director
Date of Birth	07/11/1982	16/08/1944
Date of Appointment	27/05/2005	30/03/2009
Qualification	B. Com (Hons), MBA from London Business School	B. Com
No. of Equity Shares held	Nil	91
Expertise in Specific Functional area	Mr. Amritanshu Khaitan hails from a renowned family of industrialists and has industry experience as a successful businessman who has an active interest in the activities of the Company.	Mr. Gobind Saraf has vast experience in overall management of the Companies especially in printing industry. He is associated with Ganges Printing Company Limited since 35 years wherein he is in charge of finance, operations and its overall management.
Directorships held in other Companies	Eveready Industries India Limited McNally Bharat Engineering Co. Ltd. United Machine Company Ltd. Queens Park Property Co. Ltd. Seajulli Developers & Finance Ltd. Litez India Limited Ichamati Investments Pvt. Ltd. Nitya Holdings & Properties Pvt. Ltd. Prana Lifestyle Pvt. Ltd.	Williamson Financial Services Ltd. The Ganges Printing Co. Ltd.
Particulars of Committee Chairmanship / Membership held in other Companies	NIL	NIL

Note:

The Committees considered for this purpose are only those prescribed under Explanation 2 to Clause 49(I)(C) of the Listing Agreement.

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

The Directors of your Company are pleased to present the 24th Annual Report and Audited Statement of Accounts for the financial year ended 31st March, 2012.

FINANCIAL RESULTS **(Rs. In Lac)**

	Year ended 31st March, 2012	Year ended 31st March, 2011
Gross Sales	**10,088**	13,346
Gross Profit before interest, finance charges and depreciation	**1,028**	1,709
Interest & Finance charges	**632**	279
Depreciation	**213**	96
Profit before tax	**183**	1,334
Tax Expenses	**120**	422
Profit/(Loss) after tax	**63**	912
Balance brought forward from previous year	**6,784**	6,350
Amount available for appropriation	**6,847**	7,262
Less: Appropriations		
Proposed Dividend	**-**	332
Tax on Dividend	**-**	55
Transfer to General Reserve	**-**	91
Balance carried forward to Balance Sheet	**6,847**	6,784

DIVIDEND

Considering inadequacy of profits for the financial year 2011-2012, the Board of Directors are unable to recommend dividend for the year.

OPERATIONAL HIGHLIGHTS

During the financial year 2011-12, the macroeconomic challenges impacted adversely the operations of your Company. The gross turnover of the Company decreased to Rs.100 crore during the year under review as against Rs.133 crore in the preceding financial year. Export turnover also decreased to Rs.27 crore from Rs.42 crore in the previous year. The lower turnover and higher input/ interest costs and depreciation charges have adversely affected the Company's bottom line.

Your Company is primarily engaged in designing, manufacturing and commissioning customized equipment/ systems and in several cases the customers, both domestic and overseas, either deferred or cancelled their capex programme.

FUTURE OUTLOOK

- **Process Equipment**

  During the current year the sluggishness in order inflow of Process Equipment is continuing with an adverse bearing on the current year's operations.

  With the likely upturn of global / Indian economy expected from 2013 leading to reversal of Industrial slowdown both in export and domestic market, your Company is expected to improve its order book for its diverse range of customized Process Equipment.

During last one year, the new state-of-the-art manufacturing facility has been approved by a number of large companies both domestic and overseas. Your Company expects regular business from these sources. The Company's ongoing efforts to strengthen its position as a reliable provider of drying solutions for several Industrial Sectors are expected to yield results in future. The Company's proven track record of supplying various customized equipment/ system both offshore and onshore coupled with renewed efforts to explore additional business in the oil and gas sector are likely to result in sales growth. The Company is also expecting growth in the business of fabrication of exotic input materials including titanium, hastalloy, nickel, duplex, etc.

During the current year, for the first time in the country, the Company has installed a Coke Drying System for a leading steel company. The Company expects to extend the application of the Coke/Coal Drying System in collaboration with its overseas technology provider in areas like power plants, mine sites etc. This system is expected to be quite beneficial in Indian Market which is dependent on high moisture coal for power generation.

The Company has recently entered into an understanding for receiving technology from Nova-Synergy Industrial Solutions SL, Spain for exploring business opportunities in respect of Waste Heat Recovery Systems, Fired Heaters, Process Skids, Reformers, etc. The Company has also entered into a technical collaboration arrangement with Technicas Reunidas, Spain for securing business in the area of Fuel Gas Conditioning Systems for Power Plants.

During the current year the order inflow continues to remain bearish. However, based on what has been stated above, the Company expects to improve its performance in the next fiscal, i.e. 2013-14 as compared to the current year.

- **Food Processing Equipment**

  Your company has supplied Paddy Drying systems to some rice millers in India and based on the results achieved, your Company has redesigned a new cost effective drying system for various categories of millers. Post successful launching of the redesigned system, the Company expects to penetrate the large Paddy Market.

  During the year your Company, a market leader in Tea Dryers, has launched an improved Phase VI model tea dryer. Your Company expects good order inflow for Phase VI model Tea Dryer both from domestic and export market in the current year.

- **E.P.C.**

  In view of your Company having vast experience in design, engineering, procurement, installation and commissioning of critically customized Process Equipment/Systems for diverse industries like Chemical, Petrochemical, Fertilizers, Oil & Gas, Foundry, Coal, Food & allied industries, the Company has embarked on EPC related activities involving its core segment of business i.e. customized Process Equipment. During the year the Company is executing an EPC order for Rotary Tray Dryer & Calciner received from Heavy Water Board. The Company has recently received an order from a fertilizer Company for the supply of Granulator and related site activities.

RELOCATION TO NEW FACTORY

During the year your Company has shifted its entire operations from the erstwhile locations of Taloja and Mulund, Mumbai to its new state-of-the-art manufacturing complex at Saravali near Thane, Maharashtra, India. Commercial production at the new factory commenced during the year under review. With the revival of Capital Goods Sector, the new manufacturing complex with much higher capacity is expected to contribute to the growth in sales and profitability of the Company in the years ahead.

DIRECTORS

Pursuant to Article 87 of Articles of Association of the Company, Mr. Amritanshu Khaitan and Mr. Gobind Saraf retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

AUDITORS

M/s Deloitte Haskins & Sells, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company. The Company has obtained a certificate from them stating that their appointment, if considered and approved, will be within the limits of Section 224(1B) of the Companies Act, 1956. The Company has also obtained a certificate from them stating that they have subjected themselves to the Peer Review Process of Institute of Chartered Accountants of India (ICAI). Being eligible, they offer themselves for re-appointment as Statutory Auditors for the Financial Year 2012-2013.

AUDIT REPORT

In respect of the qualification in the Audit Report regarding non-provision for diminution in investments, your Directors are of the view that Note 26.4 of Notes forming Part of the Financial Statements has appropriately dealt with the qualification.

AUDIT COMMITTEE

Your Directors have, in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, constituted the Audit Committee of the Board. As on date, the members of the Audit Committee are Mr. S. R. Dasgupta (Chairman), Mr. Manmohan Singh, Mr. Supriya Mukherjee and Mr. Gobind Saraf.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company hereby confirms:

1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;

2) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit and Loss of the Company for the period;

3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) that the Directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

A separate report on Management Discussion & Analysis is appended to this Annual Report as Annexure "A" and forms part of this Directors' Report;

HUMAN RESOURCE DEVELOPMENT

The Company considers human resources as its most critical asset and has put in place various practices to ensure healthy and smooth work environment. Industrial relations continued to be cordial and harmonious throughout the year.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to Conservation of Energy, Technical Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, as amended, is appended to this Annual Report as Annexure "B" and forms part of this Directors' Report.

PERSONNEL

The requirement of the provisions of Section 217(2A) of the Companies Act, 1956, read with The Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the Company.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement, a detailed Report on Corporate Governance is enclosed as a part of this Annual Report. Certificate from Practicing Company Secretaries regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is appended to this Annual Report and forms part of this Directors' Report.

COLLABORATORS

The Board places on record its sincere appreciation to its collaborators Nara Machinery Co. Ltd., Japan and Carrier Vibrating Equipment Inc, of USA for extending their valuable support and co-operation.

ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to their bankers, customers, dealers, suppliers, Stock Exchanges, Government and stakeholders for the excellent assistance and cooperation. The Directors also thank all the employees of the Company for their valuable service and support during the year.

For and on behalf of the Board

Kolkata
11th August, 2012

Deepak Khaitan
Chairman

ANNEXURE "A" FORMING PART OF DIRECTORS' REPORT 2011-12

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure & Development

Kilburn Engineering is a technology led Company, specialized in process design, engineering, manufacturing, project management and installation of equipment and systems for various process plants. The Company is a leader in solid, liquid, gas drying systems and specially designed skid mounted packages for offshore platforms. Its products have diverse applications in industries like chemical, petrochemical, fertilizer, steel, refineries, oil and gas, power, food processing, etc. The Company's focus is to meet the requirement of critically customized process equipment for several sectors. The development of the Company primarily hinges on the growth plan / modernization of its user industries. Since the last year most of the customers are deferring their capex decisions primarily due to industrial slow down. This slowing growth is adversely impacting the company's order book particularly for Process Equipments.

With the Company's experience in fabrication of exotic material such as Nickel, Inconel, Duplex Stainless Steel and the setting up of a new modern facility with ASME "U" Stamp certification with heavy handling facilities, the Company can expect value added orders. The Company is a leading manufacturer of Rotary Dryers/ Calciners of large capacity in India. The Company is also an established manufacturer of Instrument & Utility Gas System for the oil and gas industry. Company's experience in supply of both onshore and offshore packages in the oil & gas industry will help in getting orders for new projects and revamping projects of platforms & onshore facilities which are coming up during the current year.

During the year, the Company has approached several large companies in both domestic and international markets for registration and has been able to get empanelled in some cases post their audit of our facilities and capabilities. Enquiries have been received from some of these companies and quotations submitted against these enquiries are under their evaluation. The process of empanelment with others is continuing. These registrations and empanelment will add substantially to the Company's business in future.

As mentioned in the Directors' Report, the Company has embarked on several new marketing initiatives like technological tie-ups, development of new products and exploring markets in new geographical areas. With these tie-ups, the Company can explore business opportunities in respect of Waste Heat Recovery Systems, Fired Heaters, Process Skids, Reformers and the Fuel Gas Conditioning Systems for Power Plants in addition to existing product lines.

In view of huge gap between the demand and indigenous availability of coal, the country is depending on import of coal which has high moisture content. The Company has taken several steps to introduce its Coal Drying System at Power Plants, mine mouth, sea port and for other applications in steel plants. With technology from Carrier Vibrating Equipment Inc., USA, our technical collaborators, the company has very recently installed a Coke Drying System for the first time in the country in a leading Steel Company. Upon successful commissioning, the Company expects to secure further orders for drying of coke in Steel plants who are not having Coke Ovens. The Steel plants having coke oven may also use coal dryer for pre-drying of coal before the same is fed in to the Coke oven.

Apart from the Process Equipment as discussed above, the Company has strong presence in the food processing industry. The Company continues to be a leader in tea dryers. With the introduction of the Phase VI Dryer which improves the capacity and delivers better quality with negligible fly-off and lower utility cost, the Company expects to improve further its performance in this segment.

As regards Paddy Dryer, the systems supplied in Eastern/ Southern India based on only VFBDs have now been modified to combine VFBD and LSU both for South and Eastern Region for parboiled paddy. The modification was necessitated both for technical and commercial reasons. We expect to secure orders for the modified systems shortly.

As regards sugar dryer, the Company will strengthen its marketing efforts in this segment both in India and abroad.

2. Economic Outlook

During the year, Process Equipment order inflow is continuing to remain sluggish and this is having an adverse effect on the Company's current year operations. With the likely upturn of global / Indian economy

expected from 2013 leading to reversal of industrial slowdown both in export and domestic market, your company is expected to improve its order book for its diverse range of customized Process Equipment.

3. Industry Overview

For industry especially the capital goods sector the most worrying aspect was a feeble IIP growth of 2.8% for 2011-12 against a robust 8.2% growth seen in fiscal 2010-11. During the year, the sector witnessed a major slowdown in order booking and subdued execution owing to lower infrastructure spending, rising input costs and spiraling interest rates. Confidence in growth, critical for capital formation and expenditure, remained at a low level throughout the year. This was reflected in the sharp fall in fresh order inflows.

4. Business Overview

The Order Inflow and Sales during 2011-2012 were adversely impacted due to the overall sluggish global and domestic economic scenario. The deferment/cancellation of some of the planned projects across geographies have led to a drop in Export Orders.

Markets are increasingly getting flooded with new aggressive competitors, both Indian and foreign. Your Company is taking actions in terms of strengthening internal capabilities improving cost competitiveness, diversifying into new geographies & venturing into new product lines and forging strategic alliances with overseas technology providers as also large manufacturing companies both in India and abroad. However, inadequate order inflow of process equipment coupled with higher input cost, thin margin on sales price could adversely affect the Company's revenues and margins.

5. Financial Performance vis-à-vis Operational Performance

Financial performance has been separately dealt with under the Directors' Report.

Segment-Wise Or Product-Wise Performance

The Company is primarily engaged in designing and manufacture of drying systems for diverse applications. The Company's current and future performance in respect of these business groups has been outlined in the Directors' Report.

6. Risk, Challenges & Threats

- **Business Risk**

  The Company's business portfolio is dominated by engineering segment. This segment's business has its unique risk characteristics. Long-delivery project activity, fraught with unforeseen events continually challenge its cost and delivery commitments. Extreme volatility in forex and commodity prices, deteriorating credit-worthiness of the customer, delays in project execution, inability of sub-vendors to maintain supplies of agreed quality and delivery etc. may adversely impact a project's profitability. Intensifying competition, stringent pre-qualification standards, pressure on margins and unfavourable cash-flow stream in certain projects add to business risks.

  Mitigation

  The diverse uses of the Company's products and the customers' acceptance of our product quality with competitive pricing should provide opportunities for significant growth in Sales & Profitability in the years ahead.

- **Variation in prices of commodities and currencies**

  The Company deals with various raw materials. Fixed price contracts can have negative impact in the event of rise in input costs if it is not appropriately hedged in time. Due to a significant share of around 40% of business being in International markets, the Company is exposed to the risk of currency fluctuations.

  Mitigation

  The Company believes in keeping its commodity and currency exposures hedged to optimum levels.

- **Infrastructure Investment Slowdown**

  Slowdown in the infrastructure investment can lead to lower order intake.

  Mitigation

  Company is spreading its exposure by entering into new products which have steady and regular demand. It is extending its geographies, adding its customer base and expanding its businesses which your company feels is a key priority for a sustainable growth.

7. Relocation

The details of the New Project have been separately dealt with under the Directors' Report.

8. Internal Control Systems and their Adequacy

Your Company has an effective and adequate Internal Control and Management Information System in place with particular emphasis on shop floor operations, quality control, delivery commitments, budget variances, etc. Your Company's Internal Auditors are engaged in reviewing and analyzing the effectiveness and adequacy of the Internal Control Systems. The Internal Auditors submit periodical review reports to the management and the same are presented to the Audit Committee for review and suggestion along with Management replies to the observations made by the Internal Auditors. Additionally, the Company continued management audit by a senior officer of the Company covering an in depth study of certain specific areas during the year.

9. Human Resource Development

The Company considers human resources as its most critical asset and has put in place various practices to ensure healthy and smooth work environment. Industrial relations continued to be cordial and harmonious throughout the year.

10. Gentle word of Caution

Some of the statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations maybe 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India, tax laws, foreign exchange fluctuation, custom duties, litigations and labour relations.

ANNEXURE "B" FORMING PART OF DIRECTORS' REPORT 2011-2012:

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. Conservation of energy:

a) Energy conservation measures taken:

The Company's production activity is not energy intensive.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: The Company is planning to install necessary equipments for optimizing energy usage at its new location.

c) Impact of the measure at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Impact of measures being undertaken can be identified after implementation.

d) Total energy consumption and energy consumption per unit of production:

Total consumption — 5,83,194 KWH

Consumption per unit — 225.54 KWH / M.T

B. Research and Development (R&D):

1. Specified areas in which R&D carried out by the Company:

a) Development of complete system for ageing of basmati rice.

b) Development of continuous withering system for green tea application.

c) Developed and commissioned energy efficient tunnel dryer for drying of Hysil Blocks.

d) Developed fluid bed technology for drying of dense soda ash.

e) Developed Vibro Fluid Bed technology for drying of coke.

2. Benefits derived as a result of the above R&D:

a) Saving in inventory carrying cost and factory space.

b) Saving in man power and improved quality of the final product.

c) In tunnel dryer use of re-circulated exhaust gases results in lesser heat loss.

d) Use of pre drying concept of product results in better heat transfer.

e) Drying of Coke before firing in blast furnace increases production capacity.

3. Future Plan of action:

Development of Continuous Vacuum drying system for various products.

4. Expenditure on R&D:

a)	Capital	:	Nil
b)	Recurring	:	Rs. 46.60 Lacs
c)	Total	:	Rs. 46.60 Lacs
d)	Total R&D expenditure as a percentage of total turnover	:	0.46%

C. Technology absorption, adaptation and innovation:

a) Research on coal drying system for power plant using normal steam / waste steam as heat source will provide following benefits –

- Improve the efficiency of boiler
- Resolve the number of mechanical issues related to the movement / crushing of coal.

b) Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution, etc.:

Enhancement in Company's capacity to provide a broader range of process plant and systems.

c) Technology import : NA

D. Foreign exchange earnings and outgo:

a) Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans:

The Company's executives visited prospective customers overseas. The Company also actively participated in ACHEMA Fair and explored available opportunities.

b) Total foreign exchange used and earned:

Total foreign exchange used - Rs. 1,290.44 Lac

Total foreign exchange earned - Rs. 2,654 Lac

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

I. Company's Philosophy

At Kilburn, we believe that good governance is a key element to enhancing and retaining stakeholder's trust; it generates goodwill among business partners, customers and investors and earns respect from society at large. We always seek to ensure that we attain our performance goals with integrity and at the same time fulfill social responsibilities. We have tried to blend growth and efficiency with governance and ethics. We also endeavor to enhance long-term Shareholders value and respect minority rights in all our business decisions.

We believe in system driven performance and performance oriented systems. We believe that our company shall go beyond adherence to regulatory framework. The Company's philosophy is built on a rich legacy of fair and transparent governance and disclosure practices. The Board has placed best management practices to bring about an atmosphere of accountability. Systems are in place for strategic planning, risk management, financial plans and budgets, internal controls and reporting, communications policy with emphasis on transparency and full disclosure on the various facets of the Company's operations, its functioning and its financials and total compliance with all statutory/ regulatory requirements not only in the letter of the law but also in its spirit. Your Company is committed to the principles of good governance. At the highest level, the Company endeavors continuously to improve upon these aspects.

II. Composition of Board of Directors

The primary role of the Board is that of trusteeship to protect and enhance shareholders value through strategic supervision of the Company. The Board is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authority. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchanges. The Board of Directors of your Company consists of 7 (Seven) Directors, out of which 4 (Four) are Independent Directors. The Chairman of the Board is a Non-Executive Director.

i) Details of Composition and Category of Board, their attendance at the Board Meetings and last Annual General Meeting, Directorship held in other Companies, Committee Chairmanship / Membership held in other Companies as at 31st March, 2012 are as given below:

Sr. No.	Names of the Directors	Category	No. of Board Meetings during the year 2011-12		Attendance at the last AGM held on 24.09.2011	Directorship in other public companies[1]	Committee position held in other public companies[2]	
			Held	Attended			Chairman	Member
1	Mr. Deepak Khaitan Chairman	Non-Executive	4	4	Yes	7	-	1
2	Mr. Supriya Mukherjee Managing Director	Executive	4	4	Yes	1	-	-
3	Mr. Subir Ranjan Dasgupta	Independent	4	4	Yes	3	-	-
4	Mr. Amritanshu Khaitan	Non-Executive	4	3	Yes	6	-	-
5	Mr. Manmohan Singh	Independent	4	3	No	2	-	-
6	Mr. Padam Kumar Khaitan[3]	Independent	4	2	Yes	11	2	4
7	Mr. Gobind Saraf	Independent	4	3	Yes	2	-	-

[1] Directorship held in Private Companies, Section 25 Companies, Foreign Companies and alternate directorship is not included.

[2] Only Audit Committee and Shareholders' Grievance Committee are taken into consideration as per the provisions of Clause 49 of the Listing Agreement. None of the Directors of the Company

is a member of more than 10 committees or acts as a Chairman of more than 5 committees across all the Companies wherein he is a Director.

[3] Mr. Padam Kumar Khaitan appointed as Director w.e.f. 11th August, 2011. After his Appointment 2 Board Meetings were held and attended by him.

ii) None of the Non-Executive Directors of the Company have any pecuniary relationship and / or transaction with the Company. The disclosure of fees / compensation, if any, paid to the Non-Executive Directors is done appropriately later in this Report.

iii) The compliance reports of all applicable laws are placed before the Board periodically. All the material and important items pertaining to the development and working of the Company is included with a detailed note in the Agenda and the same is circulated to the Board well in advance, so as to enable them to take strategic decisions. The information which could not be circulated to the Board, in advance, is placed at the table during the Board Meeting. The information as specified in Annexure IA of the Clause 49 of the Listing Agreement is provided to the Board as and when applicable and material.

iv) The Board has adopted "Code of Conduct for Board Members and Senior Management of the Company". All the Board Members and Senior Management have affirmed the compliance with the said Code of Conduct during the year 2011-2012. A declaration to this effect signed by CEO is appended to this Report of Corporate Governance. The Code of Conduct is available on the website of the Company at www.kilburnengg.com

III. Board Meetings

i) Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said Meetings were held are as follows:. During the year 2011-12, the Board of Directors of your Company met 4 times on 28/5/2011, 11/8/2011, 14/11/2011 and 10/02/2012. The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board / Committee. Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings.

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board / Committee for their comments. The minutes are entered in the Minutes Book within 30 days from conclusion of the meeting.

ii) Details of remuneration and sitting fees paid to Directors for the year 2011-12 are as under:

(Amount in Rs.)

Names of Directors	Designation	Sitting Fees	Salary & Perquisites *	Commission	Total
Mr. Deepak Khaitan	Non-Executive***	40,000	NA	NA	40,000
Mr. Supriya Mukherjee	Executive	NA	144.05 Lacs**	Nil	144.05 Lacs**
Mr. Subir Ranjan Dasgupta	Independent***	80,000	NA	NA	80,000
Mr. Amritanshu Khaitan	Non-Executive***	30,000	NA	NA	30,000
Mr. Manmohan Singh	Independent***	90,000	NA	NA	90,000
Mr. Padam Kumar Khaitan	Independent***	30,000	NA	NA	30,000
Mr. Gobind Saraf	Independent***	80,000	NA	NA	80,000

*Includes salary, house rent allowance, contribution to provident / gratuity / superannuation funds. Directors have not been granted any stock options during the year.

**Additionally Rs. 31.45 Lac incurred towards hospitalization expenses.

***Independent Directors and Non- Executive Directors are only paid sitting fees and reimbursement of travelling and out of pocket expenses for attending the Board and Committee Meeting.

Shareholding of Non-Executive Directors

Details of the equity shares held by Non-Executive Directors as on 31st March, 2012 are as under:

Names of Directors	Nature of Directorship	No. of Equity shares held	% to the Paid up Capital
Mr. Subir Ranjan Dasgupta	Independent Director	NIL	N.A.
Mr. Manmohan Singh	Independent Director	NIL	N.A.
Mr. Padam Kumar Khaitan	Independent Director	NIL	N.A.
Mr. Gobind Saraf	Independent Director	91 Shares	0.00
Mr. Deepak Khaitan	Non-Executive	1,201 Shares	0.00
Mr. Amritanshu Khaitan	Non-Executive	NIL	NIL

IV. Audit Committee

i) Composition of the Audit Committee, particulars of meetings held and attended during the year 2011-12:

The composition of the Audit Committee is in conformity with Clause 49 of the Listing Agreement entered into with Stock Exchanges read with Section 292A of the Companies Act, 1956. The Committee as of 31st March, 2012 comprises of following members:

Names of the Members	Position Held	Category
Mr. Subir Ranjan Dasgupta*	Chairman	Non-Executive Independent Director
Mr. Supriya Mukherjee	Member	Managing Director
Mr. Manmohan Singh	Member	Non-Executive Independent Director
Mr. Gobind Saraf**	Member	Non-Executive Independent Director
Mr. Jayesh Udeshi	Secretary	Company Secretary & Compliance Officer

* Appointed as Chairman of Audit Committee w.e.f. 14.11.2011

**Ceased to be Chairman of Audit Committee w.e.f. 14.11.2011

ii) Objective of the Audit Committee:-

The Audit Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors, the performance of internal auditors and the Company's risk management policies.

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. The Chairman of the Audit Committee was present at the Annual General Meeting held on 24th September, 2011.

The Vice President - Finance & Chief Financial Officer of the Company and Statutory Auditors are Invitees to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the year 2011-12:

During the year 2011-12, four meetings of the Audit Committee were held and attended by the members as per the details given below;

Sr. No.	Name of Members	Meetings / Attendance			
		28/5/2011	11/8/2011	14/11/2011	10/2/2012
1	Mr. Subir Ranjan Dasgupta	Present	Present	Present	Present
2	Mr. Supriya Mukherjee	Present	Present	Present	Present
3	Mr. Manmohan Singh	Present	Present	Absent	Present
4	Mr. Gobind Saraf	Absent	Present	Present	Present

The minutes of Audit Committee Meeting are noted by the Board of Directors of the Company at the Board meeting after getting approved by the Audit Committee.

iii) Terms of reference

The terms of reference of the Audit Committee includes the mandatory matters specified in Clause 49 of the Listing Agreement and also covers the matters specified under Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly detailed as under:

a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock Exchange and the Company Law requirements and to ensure that the financial statements are correct and credible.

b) Review of quarterly, half yearly and annual financial statements before submission to the Board for approval.

c) Review of Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions.

d) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and Internal Auditors and the fixation of audit fees.

e) Review of adequacy of internal control systems, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit and further recommending to the Internal Auditors the nature and scope of internal audit.

f) Review of reports of Statutory and Internal Auditors and replies of the management thereof.

g) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h) Review of the annual financial statements with the management before submission to the Board for approval, with particular reference to :

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
- Changes, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment of management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosures of any related party transactions.
- Qualifications in the draft audit report.

i) Review of management representation letters to be issued to the Statutory Auditors.

j) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

k) Reviewing compliances as regards the Company's Whistle Blower Policy.

l) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate.

V. Remuneration Committee

i) Composition of the Remuneration Committee, particulars of meetings held and attended during the year 2011-2012:

The Remuneration Committee has been constituted to recommend / review remuneration / commission payable to the Managing Director, Whole time Directors and Senior Management Personnel based on their performance and defined assessment criteria, however, subject to the approval of Shareholders and Central Government, wherever necessary.

The composition of Remuneration Committee is as follows:

Names of Members	Position Held	Category
Mr. Subir Ranjan Dasgupta*	Chairman	Non-Executive Independent Director
Mr. Manmohan Singh	Member	Non-Executive Independent Director
Mr. Gobind Saraf**	Member	Non-Executive Independent Director
Mr. Jayesh Udeshi	Secretary	Company Secretary & Compliance Officer

* Appointed as Chairman of Audit Committee w.e.f. 14.11.2011

**Ceased to be Chairman of Audit Committee w.e.f. 14.11.2011

ii) Terms of reference:

a) To determine and set forth, in consultation with Board, the Remuneration package of Executive Directors of the Company;

b) To determine and approve the remuneration and commission / incentive payable to the Managing Director of the Company for each financial year;

c) To approve the sitting fees / commission payable to the Non-Executive Directors of the Company;

d) To approve, in the event of loss or inadequacy of profits in any given financial year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits as specified in Schedule XIII of the Companies Act, 1956.

During the year 2011-2012, no meeting of Remuneration Committee was held

iii) Employee Stock Option Scheme:

The Company does not have any Employee Stock Option Scheme in place.

iv) Remuneration Policy:

The Company's remuneration policy is based on the link between individual performance and business performance. Through its Remuneration policy, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The remuneration to the Directors is determined by the Board within the statutory limits based on the recommendation of Remuneration Committee and subject to the approval of shareholders and Central Government, if required.

During the year 2011-2012, Mr. Supriya Mukherjee, Managing Director was paid Rs. 54 Lac as Salary, Rs. 27 Lac as Bonus, Rs. 45 Lac as Perquisites and Rs. 18 Lac was contributed to the retirement funds. Additionally Rs.31.45 Lac incurred towards hospitalization expenses. He does not hold any equity shares in the Company as on 31st March, 2012. His tenure as per the agreement is from 01st April, 2011 till 31st March, 2014 which is approved by shareholders at their meeting held on 24th September, 2011. The notice period is 6 months and no severance fees is payable to him.

The details of relationship between Directors inter-se, sitting fees paid to Non-Executive Directors during the year 2011-2012 and the number of equity shares held by them is as follows:

Names of Directors	Relationship between Directors inter-se	Sitting fees paid for Board Meetings and Committee Meetings (In Rs.)	Number of Equity Shares held in KEL as on 31st March, 2012
Mr. Deepak Khaitan	Father of Mr. Amritanshu Khaitan	40,000	1,201
Mr. Amritanshu Khaitan	Son of Mr. Deepak Khaitan	30,000	NIL
Mr. Subir Ranjan Dasgupta	-	80,000	NIL
Mr. Manmohan Singh	-	90,000	NIL
Mr. Padam Kumar Khaitan	-	30,000	NIL
Mr. Gobind Saraf	-	80,000	91

The Non-Executive Directors were paid sitting fees of Rs. 10,000/- for each meeting of the Board and of Committee thereof attended by them. Except for sitting fees, Non-Executive Directors are not paid any remuneration and / or commission.

VI. Shareholders / Investors' Grievance cum Share Transfer Committee

Objective and terms of reference:

The Shareholders / Investors' Grievance cum Share Transfer Committee facilitates prompt and effective redressal of shareholders' complaints like transfer of shares, non-receipt of Annual Report, non- receipt of declared dividend, etc and the reporting of the same to the Board periodically. The Committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The Shareholders / Investors' Grievance cum Share Transfer Committee of the Board has been constituted in line with the requirements of Clause 49 of the Listing Agreement.

i) The Committee* as of 31st March, 2012 comprises of following members:

Names of Members	Position Held	Category
Mr. Padam Kumar Khaitan	Chairman	Non-Executive Independent Director
Mr. Manmohan Singh	Member	Non-Executive Independent Director
Mr. Jayesh Udeshi	Secretary	Company Secretary & Compliance Officer

*Reconstitution of Committee – Mr. Gobind Saraf ceased to be Chairman and Member and Mr. Supriya Mukherjee ceased to be member w.e.f. 14.11.2011.

ii) Name, Designation and Contact details of Compliance Officer:

Mr. Jayesh Udeshi
Company Secretary & Compliance Officer
Plot No.6, MIDC Industrial Area, Kalyan Bhiwandi Road,
Saravali, Thane 421 311, Maharashtra – India
Phone: 91 2522 241800 / 91 2522 662200
Fax: 91 2522 281026 / 91 2522 280166
E-mail: investors@kilburnengg.com

iii) Procedure for approval and details of meetings and attendance during the year 2011-2012:

The power to approve the share transfer / transmission and dematerialization and / or rematerialisation has been delegated severally to Mr. A. Suresh, VP- Finance & Chief Financial Officer and Mr. Jayesh Udeshi, Company Secretary. The request for share transfer/transmission, dematerialization/rematerialisation and issue of new share certificates in lieu of old/worn-out/lost/defaced/split/consolidation, etc., is processed and attended at least once in a fortnight in co-ordination with Maheshwari Datamatics Private Limited, Registrars & Transfer Agents of the Company.

All the above requests processed during a quarter are then taken into record for approval of Shareholders / Investors' Grievance cum Share Transfer Committee.

During the year 2011-2012, four meetings were held and attended by the members as per the details given below:

Sr. No.	Name of Members	Meetings / Attendance			
		28/5/2011	11/8/2011	14/11/2011	10/2/2012
1	Mr. Gobind Saraf*	Absent	Present	Present	NA
2	Mr. Manmohan Singh	Present	Present	Absent	Present
3	Mr. Supriya Mukherjee*	Present	Present	Present	NA
4	Mr. Padam Kumar Khaitan**	NA	NA	NA	Present

* Ceased to be member of the committee w.e.f. 14.11.2011

** Appointed as Member and Chairman of the Committee w.e.f. 14.11.2011

iv) Terms of reference:

a) To look into the redressal of shareholders and investors complaints like non-receipt of notices / annual reports, non-receipt of declared dividends, non-receipt of share certificates, etc;

b) To approve and register share transfer and transmission;

c) To expedite the process of dematerialization and / or rematerialisation of shares;

d) To take on record the Certificate taken under Clause 47 (c) of the Listing Agreement from Practising Company Secretary;

e) To take on record the Reconciliation of Share Capital Report submitted by Practising Company Secretary every quarter.

v) Details of Investors' Complaints/Grievances and their status:

The details of Investors' Complaints received and redressed by the Company and Maheshwari Datamatics Pvt. Ltd. during the year 2011-2012 is as follows:

Nature of Complaints	**Number of Complaints Received**	**Number of Complaints Resolved**
Non-receipt of Declared Dividend	1	1
Non-receipt of Share Certificates	2	2
Non-receipt of Annual Reports	3	3
Shares not dematerialized / rematerialized	NIL	NIL
Others	NIL	NIL
Total	**6**	**6**

VII. Subsidiary Companies

The Company does not have any subsidiary companies.

VIII. General Body Meetings

i) Details of last three Annual General Meetings (AGM):

Financial year	**AGM No.**	**Day & Date**	**Venue**	**Time**
2010-2011	23rd	Saturday, 24th September, 2011	Williamson Magor Hall, The Bengal Chamber of Commerce and Industry, 6, Netaji Subhash Road, Kolkata – 700 001	10.30 a.m.
2009-2010	22nd	Tuesday, 31st August, 2010		10.30 a.m.
2008-2009	21st	Tuesday, 29th September, 2009		11.00 a.m.

ii) Details of Special resolutions passed in last three Annual General Meetings (AGM):

AGM No.	**No. of Special resolutions passed**	**Particulars of Special resolutions**
23rd	1 (One)	Re-appointment of Mr. Supriya Mukherjee as Managing Director of the Company for a period of three years w.e.f. 01st April, 2011;
22nd	NIL	NA
21st	NIL	NA

iii) Details of resolutions passed through Postal Ballot:

During the year 2011-2012, none of the resolution was passed through Postal Ballot. As on date of this Report, none of the resolutions are proposed to be passed through Postal Ballot. As and when required, the Postal Ballot shall be conducted in accordance with the provisions of Section 192A of the Companies Act, 1956 and The Companies (Passing of Resolutions through Postal Ballot) Rules, 2001.

IX. Disclosures

i) Related party transactions:

Related party transactions have been disclosed under Note 27.4 of Audited Accounts in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

No material transactions are entered with related parties in conflict with the interest of the Company's business. All the transactions with related parties are entered at arm's length price. The Disclosure of interest in any of the transaction is made to the Board every year by the Directors as and when they become interested. Further, interested Directors neither participate nor vote in the transaction wherein they have potential interest.

ii) Disclosure of Accounting treatment:

The financial statements of the Company for the year ended 31st March, 2012 are prepared in conformity with the Accounting Standards. From the current year, for project orders, which are executed over a period of time, the company has adopted progress method of accounting for better presentation of financial statements.

iii) Risk Assessment:

The Company has an effective and efficient Risk Assessment and Management System to track, analyze and mitigate the risks associated with the Company. The Board of Directors periodically reviews the procedure of Risk Assessment and Management and thereby frame a properly defined network with help of which executive management can control risks. The details of risks associated with the Company and the ways to mitigate those risks are discussed in Management Discussion & Analysis Report annexed to the Directors' Report.

iv) Proceeds from public issues, rights issues, preferential issues, etc.:

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

v) Remuneration of Directors:

Already disclosed in Clause IV "Remuneration committee" section.

vi) Management:

a) Management Discussion & Analysis report is attached as annexure "A" to Directors' Report.

b) There were no material financial and commercial transactions by Senior Management as defined in Clause 49 of the Listing Agreement where they have personal interest that may have a potential conflict with the interests of the Company at large.

vii) Shareholders:

The brief profile and other information pertaining to Directorship held in other Companies, shareholding, etc, of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting of the Company are attached to the Notice of Annual General Meeting.

viii) Compliances:

a) During the last three years ending on 31st March, 2012, there were no non-compliances, penalties, strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.

b) The Company has fully complied with all the statutory requirements of Listing Agreement entered into with Stock Exchanges including mandatory requirements of Clause 49.

c) The details of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement is as follows;

i) The Board has set up a Remuneration Committee to determine competitive remuneration package of Executive Directors of the Company. The details of Remuneration Committee are given earlier in this report.

ii) Whistle Blower Policy:

The Company has established a mechanism for employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguard to the victimized employees and spreads the way to curb those practices being followed in the office premises. None of the personnel of the Company has been denied access to the Audit Committee.

ix) Means of Communication:

Kilburn's commitment to the principles of transparency in all its dealings is the foundation of its continuous endeavour to create sustainable value for all its stakeholders. In this pursuit, the Company places highest emphasis on Communicating information to its stakeholders.

In line with Clause 54 of the Listing Agreement, Company has maintained a functional website at www.kilburnengg.com containing basic information about the Company, financial information, shareholding pattern, Notices, compliance with corporate governance, contact information of the Compliance Officer, Investor Relation Officer and Registrar and Transfer Agent of the Company for investor grievances. The contents of the said website are updated from time to time.

a) Financial results

The quarterly, half yearly and annual results of the Company in the format prescribed under Clause 41 of the Listing Agreement are published in prominent dailies such as Free Press Journal (English) and Sangbad Pratidin (Bengali) and also posted on the website of the Company i.e., www.kilburnengg.com

b) Other information

Important official news and presentation made to institutional investors or to the analysts is also posted on the Company's website www.kilburnengg.com, as and when released.

c) Information about the Financial Results, Shareholding Pattern and Corporate Governance Report are electronically filed through the Corporate Filing and Dissemination System (CFDS) as required under the clause 52 of the Listing Agreement with the Stock Exchanges. Investors can view this information by visiting the website www.corpfiling.co.in and hard copies of the said disclosures and correspondence are also filed with the stock exchanges

x) CEO/CFO Certificate:

The CEO/CFO Certificate for the year ended 31st March, 2012 as required under Clause 49(V) of the Listing Agreement, was placed and taken on record at the Board Meeting of the Company held on 11th August, 2012.

xi) Certificate of compliance:

The Certificate of Practising Company Secretaries confirming compliance with all requirement of the Clause 49 of the Listing Agreement for the year ended 31st March, 2012 is appended to this report.

xii) Insider Trading Code:

The Company has adopted Code of Conduct for Prevention of Insider Trading in line with "Model Code of Conduct for Insider Trading" given in Schedule I of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended till date. The Code of Conduct elaborates ways and measures to deal with unpublished price sensitive information and restricts the insider trading by any of the Directors and Senior Management personnel of the Company.

xiii) General Shareholders Information:

a) Annual General Meeting

Date	:	Saturday, 29th September, 2012
Time	:	10.30 a.m.
Venue	:	Nilhat House, 11, R.N. Mukherjee Road, Kolkata – 700 001.

b) Financial year 2012-2013 (tentative schedule)

Quarter Results

Ending on June 30, 2012	:	Second week of August 2012
Ending on September 30, 2012	:	Second week of November 2012
Ending on December 31, 2012	:	Second week of February 2013
Year ended March 31, 2013	:	In the month of May 2013 AGM is proposed to be held in September 2013.

c) Date of Book Closure : 22nd September, 2012 to 29th September, 2012 (Both days inclusive)

d) Listing on Stock Exchanges : The Bombay Stock Exchange Limited (BSE), Mumbai

The Calcutta Stock Exchange Association Limited (CSE), Kolkata

The Annual Listing fees for the year 2012-2013 has been paid to the above two Stock Exchanges within the stipulated time.

e) Stock Code

The Bombay Stock Exchange Ltd.	:	522101
The Calcutta Stock Exchange Association Ltd.	:	21022

f) Corporate Identification Number : L24232WB1987PLC042956

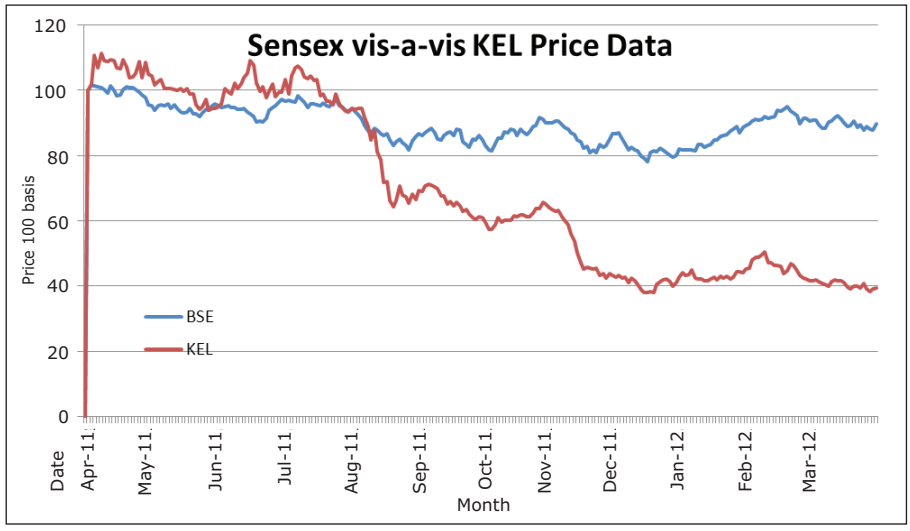
g) ISIN number : INE338F01015

h) Stock Market Price Data :

Month & Year	Share Price of KEL on BSE				BSE Sensex	
	Month's High (Rs.)	Month's Low (Rs.)	Month's Closing Price (Rs.)	Volume of shares traded (In no.)	Month's High (Index point)	Month's Low (Index point)
April 2011	72.00	62.00	66.25	93796	19811.14	18976.19
May 2011	70.00	58.20	60.10	96533	19253.87	17786.13
June 2011	71.00	60.00	63.30	87969	18873.39	17314.38
July 2011	70.00	58.95	59.45	846678	19131.70	18131.86
August 2011	61.90	40.00	42.45	337199	18440.07	15765.53
September 2011	47.45	38.00	38.85	559547	17211.80	15801.01
October 2011	41.90	36.00	41.85	146526	17908.13	15745.43
November 2011	41.90	27.45	27.00	221086	17702.26	15478.69
December 2011	28.60	22.75	25.55	131609	17003.71	15135.86
January 2012	29.25	25.60	28.05	231666	17258.97	15358.02
February 2012	32.80	26.90	26.80	395236	18523.78	17061.55
March 2012	27.95	24.05	25.15	260735	18040.69	16920.61

i) Performance of share price of the Company in comparison to BSE Sensex:

KEL Share Price and Sensex Movement (For FY 2011-2012)



j) Registrars and Transfer Agents : Maheshwari Datamatics Private Limited
6, Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh Sarani,
Kolkata – 700 001.
Tel No.: (033) 2243 5809 / 5029; 2248 2248
Fax No.: (033) 2248 4787
E-mail: mdpl@cal.vsnl.net.in

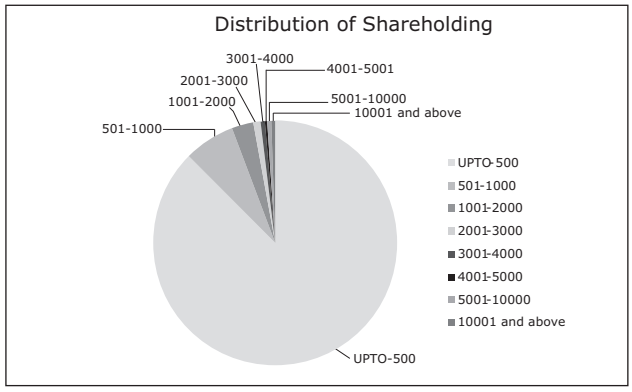
k) Share Transfer System:

The physical transfer of shares is processed and approved by the Company in co-ordination with Maheshwari Datamatics Private Limited, at least once in every fortnight. The Share Certificates after effecting transfer are dispatched to the shareholders within 30 days from the date of receipt of transfer request, if the transfer documents are found technically in order and complete in all respects. The transfer of shares held in Demat mode is processed electronically by Maheshwari Datamatics Private Limited within 21 days from the date of receipt of the request.

The Shares of the Company are compulsorily traded in dematerialized form.

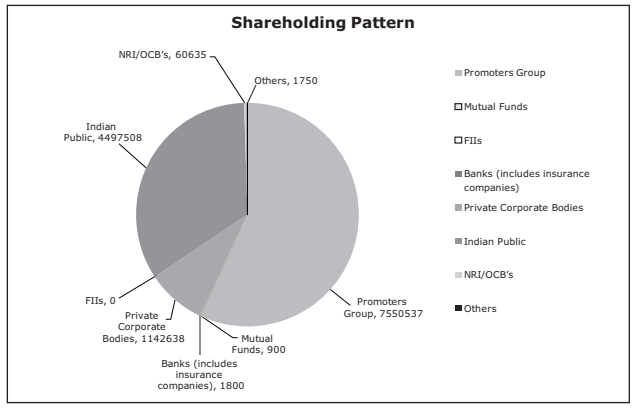
l) Distribution of shareholding as on 31st March, 2012:

No. of Equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
UPTO - 500	9178	87.53	1405037	10.60
501 - 1000	705	6.72	578852	4.37
1001 - 2000	300	2.86	461467	3.48
2001 - 3000	101	0.96	266331	2.01
3001 - 4000	59	0.56	212543	1.60
4001 - 5000	32	0.31	151071	1.14
5001 - 10000	57	0.55	423199	3.19
10001 and above	53	0.51	9757268	73.61
TOTAL	**10485**	**100.00**	**13255768**	**100.00**



Shareholding Pattern as on 31st March, 2012:

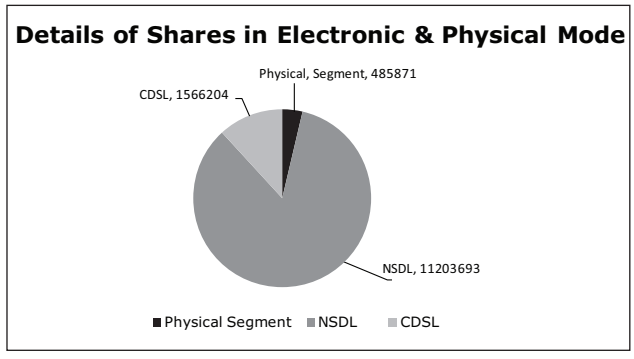
	Category	No. of Share-holders	No. of Shares held	Percentage of Shareholding	No. Shares Pledged or otherwise encumbered	Percentage of Shares Pledged
A	Promoters' Holding					
	1 Promoters					
	Indian	4	7550537	56.96	—	—
	Foreign	—	—	—	—	—
B	Public Shareholding					
	2 Institutional Investors					
	a. Mutual Funds and UTI	2	900	0.01	—	—
	b. Banks, Financial Institutions	3	1800	0.01	—	—
	c. Insurance Companies	—	—	—	—	—
	d. Foreign Institutional Investors	—	—	—	—	—
	3 Others					
	a. Bodies Corporate	214	1142638	8.62	—	—
	b. Indian Public	10180	4497508	33.93	—	—
	c. NRIs / OCBs	75	60635	0.46	—	—
	d. Others	7	1750	0.01	—	—
	Total (1+2+3)	**10485**	**13255768**	**100.00**	**—**	**—**



m) Dematerialization of shares and liquidity: **Details of Shares in Physical & Electronic Mode as on 31st March 2012**

The Company's Shares are traded in Stock Exchange in dematerialized form and are available for trading in both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2012 data are as follows.

Particulars	No. of Shares	Percentage of Total Shares
Physical Segment	4,85,871	3.66%
NSDL	1,12,03,693	84.52%
CDSL	15,66,204	11.82%
Grand Total	**1,32,55,768**	**100%**



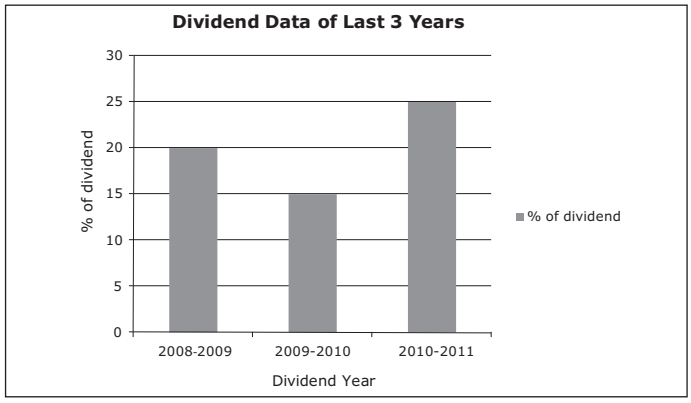
ISIN No. of the Company's Equity Shares is: INE338F01015

n) **Dividend**

Dividend History

Financial Year	Type	Dividend		
		Per share	Face Value	% on face value
2010-2011	Final	Rs. 2.50	10	25.00 %
2009-2010	Final	Rs. 1.50	10	15.00 %
2008-2009	Final	Rs. 2.00	10	20.00 %

o) **Unpaid / Unclaimed dividend**



Section 205 of the Companies Act, 1956, mandates that companies transfer dividend that has been unclaimed for a period of 7 years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). In accordance with the following schedule, the dividend for the years mentioned below, if unclaimed within a period of seven years, will be transferred to IEPF.

Financial Year	Unclaimed dividend amount as on 31.03.2012 (Rs)	Date of Declaration	Dividend Payment Date	Due date for transfer to IEPF
2008-2009 Final	435,130.00	29th September, 2009	08th October, 2009	07th October, 2016
2009-2010 Final	334,972.50	31st August, 2010	08th September, 2010	07th September, 2017
2010-2011 Final	498,537.50	24th September, 2011	07th October, 2011	06th October, 2018

p) **INVESTORS SAFEGAURDS:**

- **Dematerialisation of Shares and Liquidity**

  Shareholders are requested to convert their physical holding to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

- **Update Address Details and Bank Details**

  To receive all communications/corporate actions promptly, shareholders holding shares in dematerialized form are requested to please update their address/bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.

- **National Electronic Clearing Service (NECS) / Electronic Clearing Services (ECS) mandate for Dividend**

  NECS/ECS facility ensures timely remittance of dividend without possible loss/delay in postal transit. Shareholders/Members holding shares in electronic form may register their NECS/ECS details with the respective DPs and Shareholders/Members holding shares in physical form may register their NECS/ECS details with the Registrars and Share Transfer Agent, M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh Sarani, Kolkata – 700 001 to receive dividends, if declared, via the NECS/ECS mode.

- **Timely encashment of dividend**

  In respect of shareholders who have either not opted for NECS/ECS mandate or do not have such a facility with their banker, are requested to encash dividends promptly to avoid the inconvenience of writing to Company's Share Transfer Agents thereafter for revalidation of dividend warrants and failing their encashment for a period of seven years, they stand to lose the right to claim such dividend owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund.

- **Dividend Transferred to IEPF**

  Under the Companies Act, 1956, dividends which remain unclaimed for a period of 7 years are required to be transferred to the Investor Education & Protection Fund (IEPF) administered by the Central Government. During Fiscal 2011-2012 no unpaid/unclaimed dividend was due to transfer to IEPF a/c. Shareholders are cautioned that once unclaimed dividend is transferred to IEPF, no claim shall lie against the said Fund or the Company for the amounts so transferred nor shall any payment be made in respect of such claim. Members who have not yet encashed their dividend warrant(s) are requested to make their claims without any delay to the Company's Registrar and Transfer Agents.

- **Register Nomination(s)**

  Members holding shares in physical form are requested to register the name of their nominee(s), who shall succeed the member as the beneficiary of their shares and in order to avail this nomination facility, they may obtain/submit the prescribed Form2B from/with the Registrars & Share Transfer Agents. Members holding shares in dematerialized form are requested to register their nominations directly with their respective DPs.

- **Register E mail Address**

  As you all may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing Circulars 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, whereby Companies are permitted to send Notices/documents including Annual Report comprising Balance Sheet, Profit & Loss Account, Directors Report, Auditors Report etc. in electronic mode (hereinafter 'documents'), provided the Company has obtained email addresses of its members for sending these documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time with the Company. Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email address along with details such as name, address, folio no., no. of shares held to the Registrars and Share Transfer Agents, M/s. Maheshwari Datamatics Pvt. Ltd. In respect of shares held in electronic form, the email address along with DP ID/Client ID and other shareholder details as mentioned above should be registered by the shareholders with their respective Depository Participants. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form, to such shareholders.

q) Outstanding GDRs /ADRs /Warrants or any Convertible instruments, conversion date and likely impact on equity : NIL

r) Plant Location : Kilburn Engineering Limited

Plot No. 6, MIDC Industrial Area, Kalyan Bhiwandi Road, Saravali, Thane 421 311, Maharashtra.

s) Address for Correspondence :

<u>Registered Office</u>

Four Mangoe Lane,Surendra Mohan Ghosh Sarani,
Kolkata – 700 001.
Tel. No. : 033 2231 3337/3450
Fax No. : 033 2231 4768
E-mail: investors@kilburnengg.com

<u>Corporate Office</u>

Plot No. 6, MIDC Industrial Area, Kalyan Bhiwandi Road, Saravali, Thane 421 311, Maharashtra.
Phone: 91 2522 241800 / 91 2522 662200
Fax: 91 2522 281026 / 91 2522 280166
E-mail: investors@kilburnengg.com

<u>Registrars & Transfer Agents</u>

M/s Maheshwari Datamatics Pvt. Ltd.,
6, Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh Sarani, Kolkata – 700 001.
Tel No.: (033) 2243 5809 / 5029; 2248 2248
Fax No.: (033) 2248 4787
E-mail: mdpl@cal.vsnl.net.in

For and on behalf of the Board

Deepak Khaitan
Chairman

Kolkata, 11th August, 2012

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Supriya Mukherjee, Managing Director of the Company do hereby give this declaration pursuant to Clause 49(I)(D) of the Listing Agreement;

The Board has laid down code of conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company i.e., www.kilburnengg.com. All the Board Members and Senior Management personnel have affirmed compliances with the code for the year ended 31st March, 2012.

Supriya Mukherjee
Managing Director

Thane, 06th August, 2012

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Kilburn Engineering Limited

We have examined relevant records of Kilburn Engineering Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges in India for the Financial Year ended 31st March 2012.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the Compliance conditions of Corporate Governance.

On the basis of our examination of the records produced, explanations and information furnished by the management of the Company, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

FOR DHRUMIL M. SHAH & CO.

DHRUMIL SHAH
Company Secretary
ACS 22541, CP 8978

Mumbai, 11th August, 2012

AUDITORS' REPORT

TO THE MEMBERS OF KILBURN ENGINEERING LIMITED

1. We have audited the attached Balance sheet of **KILBURN ENGINEERING LIMITED** (the Company) as at 31st March, 2012, the Statement of Profit and Loss and the Cash flow statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. *We draw attention to note No. 26.4, regarding non-provision for diminution in the value of an investment for the reasons stated in the note. We are unable to express an opinion on the extent of the diminution.*

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii. the Balance sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this report are in agreement with the books of account;

   iv. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; *subject to non-provision for diminution in investments (Accounting Standard 13 – Accounting for Investments) referred in para 4 ibid.*

   v. *Subject to our comment in para 4 above*, in our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012

      ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of written representations received from the Directors, as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**,
Chartered Accountants
(Registration No. 117364W)

R. SALIVATI
Partner
(Membership No. 34004)

Mumbai, 31st May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business / activities / results, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of CARO are not applicable.

2. In respect of its fixed assets :

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets were physically verified during the year by the Management in accordance with a regular program of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

3. In respect of its Inventory :

   (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

   (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

4. The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.

5. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

6. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

   (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

   (b) Where each of such transaction is in excess of Rs.5 lacs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained and are being reconciled with the financial statements for the year. We have, however, not

made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. According to the information and explanations given to us in respect of statutory dues ;

   (a) The Company has generally been regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

   (c) Details of dues of Taxes which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	**Nature of Dues**	**Forum where Dispute is pending**	**Period to which the amount relates**	**Amount involved (Rs. in lacs)**
Income Tax Act, 1956	Income Tax	Commissioner of Appeals, Thane	A Y 2009-10	118.65

10. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institution.

11. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

12. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

13. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS,**
Chartered Accountants
(Registration No. 117364W)

R. SALIVATI
Partner
(Membership No. 34004)

Mumbai, 31st May, 2012

BALANCE SHEET

as at 31st March, 2012

Rs. In Lacs

	Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	3	**1,325.58**	1,325.58
	(b) Reserves and surplus	4	**9,525.24**	9,462.63
			10,850.82	10,788.21
2	**Non-current liabilities**			
	(a) Long-term borrowings	5	**500.00**	1,000.00
	(b) Long-term provisions	6	**305.36**	374.22
			805.36	1,374.22
3	**Current liabilities**			
	(a) Short-term borrowings	7	**3,301.81**	1,984.60
	(b) Trade payables	8	**2,546.00**	2,454.22
	(c) Other current liabilities	9	**2,142.81**	1,149.25
	(d) Short-term provisions	10	**320.36**	927.77
			8,310.98	6,515.84
	TOTAL		**19,967.16**	18,678.27
B	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	11	**7,123.93**	1,680.99
	(ii) Capital work-in-progress		**-**	4,122.31
	(iii) Intangible asset under development		**26.62**	-
			7,150.55	5,803.30
	(b) Non-current investments	12	**2,126.36**	207.37
	(c) Deferred tax assets (Net)	27.6	**-**	120.76
	(d) Long-term loans and advances	13	**550.10**	595.65
	(e) Other Non current assets	14	**64.86**	219.22
			2,741.32	1,143.00
2	**Current assets**			
	(a) Inventories	15	**1,601.97**	1,671.21
	(b) Trade receivables	16	**2,129.25**	3,842.29
	(c) Cash and cash equivalents	17	**527.53**	2,661.52
	(d) Short-term loans and advances	18	**3,144.72**	3,184.28
	(e) Other current assets	19	**2,671.82**	372.67
			10,075.29	11,731.97
	TOTAL		**19,967.16**	18,678.27

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
R. Salivati
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

Deepak Khaitan London
Chairman 30th May, 2012

Supriya Mukherjee
Managing Director

A. Suresh
VP-Finance & Chief Financial Officer

Jayesh Udeshi
Company Secretary

Place : Kolkata
Date : 29th May, 2012

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2012

Rs. In Lacs

	Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
1	Revenue from operations (Gross)	20	**10,087.93**	13,346.34
	Less: Excise duty	20	**(430.32)**	(752.01)
	Revenue from operations (Net)		**9,657.61**	12,594.33
2	Other income	21	**714.18**	393.83
3	**Total revenue (1+2)**		**10,371.79**	12,988.16
4	**Expenses**			
	(a) Cost of materials consumed	22.a	**5,893.95**	7,322.87
	(b) Changes in inventories of finished goods and work-in-progress	22.b	**141.97**	(421.62)
	(c) Employee benefits expense	23	**1,309.89**	961.35
	(d) Finance costs	24	**632.03**	279.20
	(e) Depreciation and amortisation expense	11	**213.04**	96.17
	(f) Other expenses	25	**1,858.58**	3,021.06
	Total expenses		**10,049.46**	11,259.03
5	**Profit before exceptional items and tax (3 - 4)**		**322.33**	1,729.13
6	Exceptional items	26.5 / 27.8	**138.96**	394.87
7	**Profit before tax (5 - 6)**		**183.37**	1,334.26
8	**Tax expense:**			
	(a) Current tax expense for current year		**-**	552.50
	(b) Deferred tax		**120.76**	(130.55)
			120.76	421.95
9	**Profit for the year (7-8)**		**62.61**	912.31
10	**Earnings per share (of Rs. 10/- each):**			
	Basic / Diluted	27.5	**0.47**	6.88
See accompanying notes forming part of the financial statements				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
R. Salivati
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

Deepak Khaitan London
Chairman 30th May, 2012

Supriya Mukherjee
Managing Director

A. Suresh
VP-Finance & Chief Financial Officer

Jayesh Udeshi
Company Secretary

Place : Kolkata
Date : 29th May, 2012

CASH FLOW STATEMENT

for the year ended 31st March, 2012

Rs. In Lacs

	Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	**183.37**	1,334.25
	Adjustments for :		
	Depreciation and amortisation expense	**213.04**	96.17
	Adjustments (reduction) to the carrying amount of long-term investments	**73.62**	26.10
	Provision for estimated loss on Derivatives	**1.69**	-
	Profit on sale of Fixed Assets	**(0.28)**	**-**
	Liabilities / provisions no longer required written back	**(307.20)**	(1.45)
	Bad debts written off	**-**	193.51
	Amortisation of share issue expenses	**-**	5.46
	Provision for Doubtful Debts / Advances	**19.64**	23.56
	Liquidated Damages, Warranties and Rebates	**3.19**	321.23
	Net Loss / (gain) on foreign currency translations	**68.29**	(13.25)
	Finance Costs	**632.03**	279.20
	Dividend Income	**(21.78)**	(4.02)
	Interest Income	**(362.22)**	(385.81)
	Operating profit before working capital changes	**503.38**	1,874.95
	Adjustments for :		
	Trade and Other Receivables	**(725.00)**	(2,111.43)
	Inventories	**69.21**	(669.71)
	Trade, Other Payables and Provisions	**235.32**	970.44
	Cash Generated from Operations	**82.91**	64.25
	Direct Taxes paid	**(147.79)**	(282.19)
	Cash flow from Operating Activities	**(64.88)**	(217.94)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(1,368.17)**	(4,164.24)
	Sale of Fixed Assets	**0.28**	-
	Purchase of Investments	**(1,992.60)**	(0.84)
	Interest Received	**322.16**	157.99
	Dividend Received	**21.78**	4.02
	Inter-corporate deposits given	**-**	(60.00)
	Inter-corporate deposit refunded	**500.00**	60.00
	Cash flow from Investing Activities	**(2,516.55)**	(4,003.07)

C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid (including Dividend Distribution Tax)	**(381.52)**	(228.93)
	Increase in Bank Borrowings (net)	**1,317.21**	1,548.23
	Increase in Other borrowings	**-**	1,000.00
	Repayment of Borrowings	**-**	(30.85)
	Finance Cost	**(622.87)**	(279.20)
	Cash flow from Financing Activities	**312.82**	2,009.25
	Net Increase/(decrease) in cash & cash equivalents (A+B+C)	**(2,268.61)**	(2,211.76)
	Cash & Cash Equivalents - Opening Balance	**2,816.39**	5,028.15
	Cash & Cash Equivalents - Closing Balance	**547.78**	2,816.39

Notes :

1 The above Cash Flow Statement has been prepared under "Indirect Method" set out in Accounting Standard (AS - 3) Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006.

2 Cash and Cash Equivalents includes Rs. 20.25 lacs (Previous Year Rs. 154.87 lacs) disclosed in Note 14 - Other Non Current Assets.

3 **Cash and Cash Equivalents include the following earmarked accounts**

(Rs in lacs)

	Year ended 31st March, 2012	Year ended 31st March, 2011
(i) Unpaid Dividend	12.69	7.77
(ii) Margin Money	448.12	428.71
(iii) Capital Gains Scheme	7.55	261.38

4 Figures relating to the previous year have been recast where necessary to conform to figures of the current year.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants
R. Salivati
Partner

Place : Mumbai
Date : 31st May, 2012

For and on behalf of the Board of Directors

Deepak Khaitan London
Chairman 30th May, 2012

Supriya Mukherjee
Managing Director

A. Suresh
VP-Finance & Chief Financial Officer

Jayesh Udeshi
Company Secretary

Place : Kolkata
Date : 29th May, 2012

Notes forming part of the Financial Statements

1 Corporate Information

Kilburn Engineering Limited is in the business of process design, engineering, manufacturing, project management and installation of equipment and systems for various process plants across the world.

2 Significant Accounting Policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued, after providing for obsolescence and other losses where considered necessary as under:

- Raw Materials/Components: at lower of cost (determined on monthly weighted average cost basis) and net realizable value
- Stores and spare parts: at lower of cost (determined on FIFO basis) and net realizable value.
- Work-in-progress and Finished Goods: at lower of weighted average cost (including appropriate proportion of overheads) and net realizable value.

  Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

2.4 Depreciation

Depreciation is provided on the straight-line method as per the rates and in the manner specified in Schedule XIV of Companies Act, 1956. Assets costing Rs. 5,000/- or less are fully depreciated in the year of acquisition. Lease hold land and improvements are depreciated over the lease period.

2.5 Revenue Recognition

Revenue / Sales are recognized when significant risks and rewards associated with ownership are transferred to the buyer. Revenue from contract related activity is recognised on progress method; the stage of completion is measured by reference to the proportion that contract costs incurred for work done till the balance sheet date bears to the estimated total contract costs; full provision is made for any loss in the period in which it is foreseen.

2.6 Tangible Fixed Assets

Fixed Assets are recorded at cost. The cost of fixed assets include all costs incidental to acquisition, commissioning and related internal costs. The fixed assets are carried at cost less accumulated depreciation.

2.7 Foreign currency transactions and translations

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency as at balance sheet date are restated at the exchange rates prevailing on that date. Exchange differences on such restatement or on settlement are recognized in the Statement of Profit and Loss. The Company's forward exchange contracts are not held for trading or speculation. The discount / premium arising

on entering into such contract is amortised over the life of such contracts and exchange differences arising on such contracts are recognised in the Statement of Profit and Loss; Forward contracts covering firm commitments are marked to market and loss if any is provided for.

2.8 Investments

Long-term investments are stated at cost less diminution in value other than temporary. Current investments are stated at lower of cost or fair market value. Cost of investments included acquisition charges such as brokerage, fees and duties. Dividends are accounted for when declared.

2.9 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Defined contribution plans

Provident fund is a defined contribution scheme and the contributions as required by the statute to Government Provident Fund are charged to Statement of Profit and Loss during the period in which employees perform the services that the payment covers. Superannuation fund is a defined contribution scheme. The Company contributes a sum equivalent to 15% of eligible employees' salary to Superannuation Fund administered by trustee and managed by a life insurance company.

Defined benefit plans

Gratuity liability is defined benefit obligation and is funded with Life Insurance Corporation of India. The present value of gratuity obligation is actuarially determined based on the projected unit credit method as at the Balance Sheet date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

Short-term employee benefits

The amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

Long-term employee benefits

The company accrues the liability for compensated absences based on the actuarial valuation as at the balance sheet date conducted by an independent actuary.

2.10 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. The borrowing costs in respect of funds borrowed to finance the qualifying fixed assets until the assets are ready for commercial use are capitalised.

2.11 Taxes on Income

Income Tax expense comprises current tax and deferred tax. Deferred tax is recognized on timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted on the balance sheet date. Deferred tax assets are recognized, on consideration of prudence if there is certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized; deferred tax asset consisting of losses / accumulated depreciation is recognized only if there is virtual certainty that the asset will be realized in future. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

2.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions involve substantial degree of estimation in measurement and are recognized when it is probable that there will be outflow of resources as a result of past events. Separate disclosure in notes to accounts is made for each class of provision. Contingent Liabilities (where outflow of resources is not considered probable) are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.

2.13 Deferred Expenses

Expenses incurred in relation to issue of shares are amortized over a period of 5 years.

Note 3 Share Capital

Particulars		As at 31st March, 2012		As at 31st March, 2011	
		Number of shares	**Rs. In Lacs**	Number of shares	Rs. In Lacs
(a)	**Authorised**				
	Equity shares of Rs 10/- each with voting rights	**21,747,900**	**2,174.79**	21,747,900	2,174.79
	Redeemable preference shares of Rs. 10/- each	**8,252,100**	**825.21**	8,252,100	825.21
(b)	**Issued**				
	Equity shares of Rs. 10/- each with voting rights	**13,255,768**	**1,325.58**	13,255,768	1,325.58
(c)	**Subscribed and fully paid up**				
	Equity shares of Rs. 10/- each with voting rights	**13,255,768**	**1,325.58**	13,255,768	1,325.58
	Total		**1,325.58**		1,325.58

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	**Opening Balance**	**Issue / Buy back**	**Closing Balance**
Equity shares with voting rights			
Year ended 31st March, 2012			
- Number of shares	13,255,768	-	13,255,768
- Amount (Rs. In Lacs)	1,325.58	-	1,325.58
Year ended 31st March, 2011			
- Number of shares	13,255,768	-	13,255,768
- Amount (Rs. In Lacs)	1,325.58	-	1,325.58

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**As at 31st March, 2012**		As at 31st March, 2011	
	Number of shares held	**% holding**	Number of shares held	% holding
Equity shares with voting rights				
Williamson Magor & Co. Ltd	**4,319,043**	**32.58**	4,319,043	32.58
Metal Centre Limited	**1,454,200**	**10.97**	1,454,200	10.97
United Machines Limited	**929,126**	**7.01**	929,126	7.01
Mcleod Russell India Limited	**848,168**	**6.40**	848,168	6.40

(iii) Aggregate number and class of shares bought back in the period of 5 years immediately preceding the Balance Sheet date:

Particulars	**Aggregate number of shares**				
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
Equity shares with voting rights	**Nil**	Nil	195,294	44,738	Nil

The company has only one class of shares referred to above as Equity Shares having par value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share.

Note 4 Reserves and Surplus

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Capital reserve		
Balance at the beginning and end of the year	**0.08**	0.08
(b) Capital redemption reserve		
Balance at the beginning and end of the year	**24.01**	24.01
(c) Securities premium account		
Balance at the beginning and end of the year	**1,811.18**	1,811.18
(d) General reserve		
Opening balance	**843.10**	751.87
Add: Transferred from Surplus in Statement of Profit and Loss	**-**	91.23
Closing balance	**843.10**	843.10
(e) Surplus in Statement of Profit and Loss		
Opening balance	**6,784.26**	6,349.61
Add: Profit for the year	**62.61**	912.31
Less: Dividend		
Dividend proposed to be distributed to equity shareholders (Rs. 2.50 per share)	**-**	331.39
Tax on dividend	**-**	55.04
Transferred to General reserve	**-**	91.23
Closing balance	**6,846.87**	6,784.26
Total	**9,525.24**	9,462.63

Note 5 Long-term borrowings

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Term loan from IL&FS Financial Services Limited (IL&FS)		
Refer Note below		
Secured	**500**	-
Unsecured (This loan is secured by pledge of investments by Group Companies) Refer Note below	**-**	1,000
Total	**500**	1,000

For the Current maturities of Long-term borrowings refer item (a) of Note 9 Other Current Liabilities

Details of terms of repayment and security provided :

Secured during the year by pledge of 850,000 shares of Mcnally Bharat Engineering Company Limited and further secured by cross default arrangement on securities offered by Group Companies; in the previous year, the loan was unsecured.

Terms of Repayment: Payable in eight equal installments of Rs. 125 Lacs on quarterly basis, commencing from June, 2012 to March, 2014.

Rate of Interest : 475 basis points below the Long Term Borrowing Monthly Rate (LTBMR)of IL&FS . During the year, the rate varied from 14% p.a. to 15.25% p.a. (Previous year 14% p.a.)

Note 6 Long-term provisions

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Provision for employee benefits:		
Provision for compensated absences	**51.71**	63.47
(b) Provision - Others:		
(i) Provision for warranty & Liquidated Damages (Refer Note 27.7)	**5.33**	56.04
(ii) Provision for other contingencies (Refer Note 27.7)	**236.65**	244.20
(iii) Provision for gratuity (Refer Note 27.2)	**11.67**	10.51
	253.65	310.75
Total	**305.36**	374.22

Note 7 Short-term borrowings

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Secured Loans from Banks repayable on demand		
Cash Credit	**2,785.08**	1,984.60
Buyer's Credit	**516.73**	-
Total	**3,301.81**	1,984.60

Notes:

Details of security:

1. Equitable Mortgage created by way of Deposit of Title Deed on the Company's immovable property situated at Plot No.6, MIDC Industrial Area, Kalyan Bhiwandi Road, Saravali, Thane 421 311.
2. Hypothecation of present and future stocks of raw materials, semi-finished goods, finished goods and book debts by way of first charge and also by hypothecation of movable plant and machinery by way of first charge.

Note 8 Trade payables

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade payables:		
Acceptances	**537.29**	276.77
Other than Acceptances	**2,008.71**	2,177.45
Total	**2,546.00**	2,454.22

Note 9 Other current liabilities

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Current maturities of long-term debt (Refer Note 5 Long Term Borrowings for details of Security)	**500.00**	-
(b) Interest accrued but not due on borrowings	**3.71**	-
(c) Gross amount due to customers (Contract related activity)	**9.81**	53.67
(d) Unpaid dividends	**12.69**	7.77
(e) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	**69.41**	49.12
(ii) Interest accrued on trade payables	**5.45**	-
(iii) Trade / security deposits received	**0.29**	0.29
(iv) Advances from customers	**1,464.44**	944.90
(v) Royalty and selling commission	**75.86**	93.50
(vi) Gratuity (Refer Note 27.2)	**1.15**	-
Total	**2,142.81**	1,149.25

Note 10 Short-term provisions

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Provision for employee benefits:		
(i) Provision for bonus	**3.80**	5.84
(ii) Provision for compensated absences	**26.95**	-
	30.75	5.84
(b) Provision - Others:		
(i) Provision for tax (net of advance tax Rs. 293.10 lacs (As at 31 March, 2011 Rs. 282.19 lacs)	**259.40**	270.31
(ii) Provision for estimated loss on derivatives	**1.69**	-
(iii) Provision for warranty & Liquidated Damages (Refer Note 27.7)	**28.52**	265.19
(iv) Provision for proposed equity dividend	**-**	331.39
(v) Provision for tax on proposed dividends	**-**	55.04
	289.61	921.93
Total	**320.36**	927.77

Note 11 Fixed assets

Rs. In Lacs

A.	Tangible assets	Gross block				
		Balance as at 1st April, 2011	Additions	Disposals	Other adjustments	Balance as at 31st March, 2012
	(a) Leasehold Land	1,139.56	-	-	-	**1,139.56**
	(b) Buildings	65.19	4,234.05	-	-	**4,299.24**
	(c) Plant and Equipment	517.01	990.55	-	-	**1,507.56**
	(d) Furniture and Fixtures	84.29	373.88	-	-	**458.17**
	(e) Vehicles	142.05	-	(9.08)	-	**132.97**
	(f) Office equipment	114.61	57.50	-	-	**172.11**
	(g) Leasehold improvements	136.64	-	-	(136.64)	**-**
	Total	**2,199.35**	**5,655.98**	**(9.08)**	**(136.64)**	**7,709.61**
	Previous year	**2,052.81**	**146.54**	**-**	**-**	**2,199.35**

Rs. In Lacs

B.	Tangible assets	Accumulated depreciation and impairment					Net block	
		Balance as at 1st April, 2011	Depreciation /amortisation expense for the year	Eliminated on disposal of assets	Other adjust-ments	Balance as at 31st March, 2012	Balance as at 31st March, 2012	Balance as at 31st March, 2011
	(a) Leasehold Land	30.06	21.86	-	-	**51.92**	**1,087.64**	1,109.50
	(b) Buildings	10.73	74.84		-	**85.57**	**4,213.67**	54.46
	(c) Plant and Equipment	219.07	68.27		-	**287.34**	**1,220.22**	297.94
	(d) Furniture and Fixtures	22.08	16.48		-	**38.56**	**419.61**	62.21
	(e) Vehicles	25.63	12.67	(9.08)	-	**29.22**	**103.75**	116.42
	(f) Office equipment	74.15	18.92		-	**93.07**	**79.04**	40.46
	(g) Leasehold improvements	136.64	-		(136.64)	**-**	**-**	-
	Total	**518.36**	**213.04**	**(9.08)**	**(136.64)**	**585.68**	**7,123.93**	1,680.99
	Previous year	**422.20**	**96.17**	**-**	**-**	**518.36**	**1,680.99**	-

Note : Commercial production at the Saravali plant commenced from September, 2011.

Note 12 Non-current investments

Rs. In Lacs

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Quoted (No.)	**Total (Rs. In Lacs)**	Quoted (No.)	Total (Rs. In Lacs)
Investments (At cost):				
Trade				
Investment in fully paid-up equity shares				
a) Eveready Industries Limited of Rs. 5 each	**271,337**	**244.48**	271,337	244.48
b) Mcleod Russel India Limited of Rs. 5 each	**66,666**	**71.72**	66,666	71.72
c) Mcnally Bharat Engineering Company Ltd. of Rs. 10 each - Refer Note 26.4	**854,300**	**1,993.45**	300	0.84
Total - Trade		**2,309.65**		317.04
Less: Provision for diminution in value of investments		**183.29**		109.67
Total		**2,126.36**		207.37
Aggregate amount of quoted investments		**2,309.65**		317.04
Aggregate market value of listed and quoted investments		**987.77**		303.78

Note 13 Long-term loans and advances

Unsecured, considered good

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Capital advances	**58.39**	192.12
(b) Security deposits	**56.18**	104.88
(c) Advance Tax & TDS Receivable [Net of provisions Rs. 1,273.08 lacs (as at 31st March, 2011 Rs. 1,273.08 lacs]	**435.53**	298.65
Total	**550.10**	595.65

Note 14 Other non-Current Assets

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Retention Money (unsecured, considered good)	**44.61**	64.35
(b) Balances with banks		
- Balances held as margin money against guarantees	**20.25**	154.87
Total	**64.86**	219.22

Notes:

Balances with banks held as margin money include Rs. 20.25 lacs (previous year Rs. 154.87 lacs) having original maturity of more than 12 months and Rs. 20.25 lacs (previous year Rs. 154.87 lacs) having residual maturity of more than 12 months.

Note 15 Inventories

(At lower of cost and net realisable value) Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Raw materials	**842.86**	709.07
Goods-in-transit	**10.66**	85.05
Total	**853.52**	794.12
(b) Work-in-progress (Refer Note below)	**432.02**	366.69
(c) Finished goods	**262.12**	469.42
(d) Stores and spares	**54.31**	40.99
Total	**1,601.97**	1,671.22
Note: Details of inventory of work-in-progress		
Dryers and Drying systems and components for Food Processing Industry	**381.97**	281.14
Process Equipments and components thereof	**50.05**	85.55
Total	**432.02**	366.69

Note 16 Trade receivables

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	**446.67**	649.09
Doubtful	**22.94**	23.55
	469.61	672.64
Less: Provision for doubtful trade receivables	**22.94**	23.55
	446.67	649.09
Other Trade receivables		
Unsecured, considered good	**1,682.58**	3,193.20
Total	**2,129.25**	3,842.29

Note 17 Cash and cash equivalents

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Cash on hand	**6.72**	1.85
(b) Balances with banks		
(i) In Current accounts	**71.54**	2,115.52
(ii) In EEFC accounts	**1.16**	1.16
(iii) In Earmarked accounts		
- Unpaid dividend accounts	**12.69**	7.77
- Balances held as margin money against guarantees	**427.87**	273.84
- Deposit under Capital Gains Scheme	**7.55**	261.38
Total	**527.53**	2,661.52

Notes:

Balances with banks held as margin money include Rs. 89.95 lacs (Previous Year Rs. 30.66 lacs) having original maturity of more than 12 months.

Note 18 Short-term loans and advances

Unsecured

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Loans and advances to employees considered good	**11.12**	8.43
(b) Prepaid expenses considered good	**12.39**	20.21
(c) Balances with government authorities considered good		
(i) CENVAT credit receivable	**286.76**	115.12
(ii) VAT credit receivable	**366.30**	162.62
(iii) Service Tax credit receivable	**648.82**	535.54
(iv) Octroi and Duty Drawback receivable	**169.72**	44.63
	1,471.60	857.91
(d) Advance to Vendors:		
Considered good	**324.61**	472.73
Considered doubtful	**0.50**	0.50
	325.11	473.23
Less: Provision for doubtful advances	**0.50**	0.50
	324.61	472.73
(e) Inter-corporate deposits		
Considered good	**1,325.00**	1,825.00
Total	**3,144.72**	3,184.28

Note 19 Other current assets

Rs. In Lacs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Gross amount due from customers (Contract related activity)	**2,271.01**	19.63
(b) Accruals		
(i) Interest accrued on Bank deposits	**0.91**	8.61
(ii) Interest accrued on intercorporate deposits	**350.85**	321.92
(c) Others		
(i) Forward Premium on Derivatives	**5.36**	-
(ii) Others	**43.69**	22.51
Total	**2,671.82**	372.67

Note 20 Revenue from operations

Rs. In Lacs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(a) Sale of products (Refer Note (i) below)	**3,374.94**	10,654.78
(b) Contract Revenue (Refer Note (i) below)	**6,499.55**	2,530.99
(c) Sale of services (Refer Note (ii) below)	**38.98**	52.25
(d) Other operating revenues (Refer Note (iii) below)	**174.46**	108.32
	10,087.93	13,346.34
Less:		
(e) Excise duty	**(430.32)**	(752.01)
Total	**9,657.61**	12,594.33

Rs. In Lacs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Note		
(i) Sale of Manufactured products / Contract Revenue comprises:		
Dryers and Drying systems and components for Food Processing Industry	**2,308.67**	3,752.95
Process Equipments and components thereof	**7,565.82**	9,432.82
Total	**9,874.49**	13,185.77
(ii) Sale of services comprises:		
Erectioning and Commissioning	**8.21**	11.40
Annual Maintenance Services	**14.13**	16.06
Design and Engineering	**16.64**	24.79
Total	**38.98**	52.25
(iii) Other operating revenues comprise:		
Sale of scrap	**135.73**	101.31
Duty drawback and other export incentives	**38.73**	3.78
Job Work Income	**-**	3.23
Total	**174.46**	108.32

Note 21 Other income

Rs. In Lacs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
(a) Interest income (Refer Note (i) below)	**362.22**	385.81
(b) Dividend income from long-term investments	**21.78**	4.02
(c) Net gain on foreign currency transactions and translation	**22.57**	0.00
(d) Other non-operating income (Refer Note (ii) below)	**307.61**	4.00
Total	**714.18**	393.83
Note		
(i) Interest income comprises:		
Interest from banks on deposits	**32.71**	124.43
Interest on loans and advances	**188.31**	255.50
Interest on overdue trade receivables	**141.20**	5.88
Total - Interest income	**362.22**	385.81
Note		
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	**0.28**	-
Liabilities / provisions no longer required written back	**307.20**	1.45
Miscellaneous income	**0.13**	2.55
Total - Other non-operating income	**307.61**	4.00

Note 22.a Cost of materials consumed

Rs. In Lacs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Opening stock	**794.12**	606.07
Add: Purchases (including job work charges)	**5,953.35**	7,510.92
	6,747.47	8,116.99
Less: Closing stock	**853.52**	794.12
Cost of material consumed	**5,893.95**	7,322.87

Material consumed comprises:		
Steel	**2,440.50**	2,017.18
Components & Others	**2,647.54**	4,191.96
Total	**5,088.04**	6,209.14

Note 22.b Changes in inventories of finished goods and work-in-progress

Rs. In Lacs

Particulars	**For the year ended 31st March, 2012**	For the year ended 31st March, 2011
Inventories at the end of the year:		
Finished goods	**262.12**	469.42
Work-in-progress	**432.02**	366.69
	694.14	836.11
Inventories at the beginning of the year:		
Finished goods	**469.42**	48.52
Work-in-progress	**366.69**	365.97
	836.11	414.49
Net (increase) / decrease	**141.97**	(421.62)

Note 23 Employee benefits expense

Rs. In Lacs

Particulars	**For the year ended 31st March, 2012**	For the year ended 31st March, 2011
Salaries and wages	**1,093.93**	711.72
Contributions to provident and other funds (Refer Note 27.2)	**131.46**	125.35
Staff welfare expenses	**84.50**	124.28
Total	**1,309.89**	961.35

Note 24 Finance costs

Rs. In Lacs

Particulars	**For the year ended 31st March, 2012**	For the year ended 31st March, 2011
(a) Interest expense on:		
(i) Borrowings	**458.77**	85.49
(ii) Trade payables	**49.60**	40.43
(b) Other borrowing costs	**123.66**	153.28
Total	**632.03**	279.20

Note 25 Other Expenses

Rs. In Lacs

Particulars	**For the year ended 31st March, 2012**	For the year ended 31st March, 2011
Consumption of Stores, Spares and Loose Tools (Indigenous)	**180.01**	120.07
Subcontracting	**285.28**	670.76
Power and fuel	**49.61**	16.54
Rent including lease rentals (Refer Note 27.8)	**55.79**	74.06
Repairs and maintenance - Buildings	**6.16**	11.85
Repairs and maintenance - Machinery	**9.61**	28.32
Repairs and maintenance - Others	**96.31**	86.46
Royalty Charges	**-**	67.30

Insurance		**31.56**		26.20
Rates and taxes		**3.60**		19.43
Bank Charges		**10.50**		24.42
Travelling and conveyance		**361.34**		321.46
Freight and forwarding (net)		**193.22**		269.50
Sales commission		**114.95**		80.71
Site Expenses		**23.46**		213.76
Legal and professional		**49.47**		128.67
Liquidated Damages, Warranties and Rebates (Refer Note 27.7)		**3.19**		321.23
Payments to auditors (Refer Note (i) below)		**14.45**		11.84
Advances / Bad Debts written off	**60.40**		266.70	
Less: Provision for Doubtful Debts / Advances / Liquidated Damages written back	**(60.40)**	**-**	(73.18)	193.51
Net loss on foreign currency transactions and translation		**-**		13.80
Amortisation of share issue expenses		**-**		5.46
Adjustments (reduction) to the carrying amount of long-term investments		**73.62**		26.10
Provision for Doubtful Debts / Advances		**19.64**		23.56
Provision for estimated loss on Derivatives		**1.69**		-
Miscellaneous expenses		**275.12**		266.05
Total		**1,858.58**		3,021.06

Notes:

Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	**13.00**	10.00
For other services	**1.25**	1.80
Reimbursement of expenses	**0.20**	0.04
	14.45	11.84

Note 26 Additional information to the financial statements

(Rs. In Lacs)

Note	Particulars	As at 31st March, 2012	As at 31st March, 2011
26.1	**Contingent liabilities and commitments (to the extent not provided for)**		
(i)	Contingent liabilities		
	(a) Guarantees and Letters of Credit issued by Banks against which FDR of Rs. 448.12 lacs (previous year Rs. 428.71 lacs) pledged with banks	**2,121.94**	2,986.05
	(b) Demand Notice from DGFT for non-fulfilling of export obligations. The Company expects no liability on this account	**137.00**	137.00
	(c) The Company is a party to litigation by certain ex-employees in respect of claim for Superannuation fund dues/ retrenchment compensation arising around the year 2000-01. The Company has provided for the probable obligation. This is expected to materialize on resolution of the dispute.		

(d)	Other claims not acknowledged as debts	**0.80**	0.80
(e)	During the year the Company has received demand notice u/s 143(3) for the Assessment year 2009-10 from Income Tax Authorities. The Company has filed appeal before CIT (A) after depositing Rs. 30 lacs under protest and expects the outcome of the appeal to be in its favour.	**148.65**	-
(ii)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible Assets.	**-**	951.17

26.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year.	**35.16**	-
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	**-**	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	**-**	-
(iv)	The amount of interest due and payable for the year.	**-**	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year.	**-**	-
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	**-**	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

26.3 Details on derivatives instruments and unhedged foreign currency exposures

Year	Purpose	No of Contracts	Amount in FCY (in Lacs)	Amount in Rs (in Lacs)
A. Outstanding forward exchange contracts entered into by the Company in USD				
Current	Firm Commitment	8	12.00	608.28
Previous	Trade Receivables and Firm Commitment	6	11.56	513.52
B.The following are the foreign currency exposure not hedged as at the year end				
Current	Trade Receivables	USD	6.58	333.70
		EURO	0.30	20.25
Previous		USD	3.08	136.86
		EURO	0.30	18.80
Current	Liabilities	USD	19.70	1,008.15
		EURO	3.39	230.86
Previous		USD	0.16	7.20
		EURO	0.48	30.38

26.4 No provision for diminution of Rs. 1248.91 lacs has been made for Investment in equity shares of Mcnally Bharat Engineering Company Limited (Book value Rs. 1,993.45 lacs), as the company is holding this as a strategic Investment on a long term basis and is of the view that the diminution is temporary.

26.5 Exceptional Items represent relocation related expenses, including rent, incurred by the Company in view of its shifting of manufacturing operations to Saravali which has been completed during the year.

(Rs. In Lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
26.6 Value of imports calculated on CIF basis :		
Raw materials	**834.97**	341.98
Components and spare parts	**369.29**	597.18
Total	**1,204.26**	939.16

(Rs. In Lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
26.7 Expenditure in foreign currency :		
Travelling	**71.18**	65.13
Selling Commission	**3.72**	9.43
Royalty	**-**	67.30
Medical expenses	**11.28**	-
Total	**86.18**	141.86

26.8 Details of consumption of imported and indigenous items	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Rs. in lacs	**%**	Rs. in lacs	%
Raw materials and components consumed				
Indigenous	**3,500.77**	**68.80%**	5,126.78	82.57%
Imported	**1,587.27**	**31.20%**	1,082.36	17.43%
Total	**5,088.04**	**100.00%**	6,209.14	100.00%

(Rs. In Lacs)

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
26.9 Earnings in foreign exchange :		
Export of goods calculated on FOB basis	**2,599.83**	4,112.73
Designing Fees	**16.64**	24.79
Freight and other charges recovered	**37.73**	20.35
Total	**2,654.20**	4,157.87

Note 27 Disclosures under Accounting Standards

Note 27.1

In accordance with requirements of Accounting Standard 7 notified by the Companies Accounting Standard Rules, 2006, the Company has recognized unbilled revenue of Rs. 2158.13 lacs as on 31st March, 2012 (Previous year Rs.-53.67 lacs) in respect of high value, long delivery orders which are delivered in parts over the execution period. The Unbilled revenue is calculated based on percentage of completion of individual contracts.

(Rs. In Lacs)

Details of contract revenue and costs	**For the year ended 31st March, 2012**	For the year ended 31st March, 2011
Contract revenue recognised during the year	**6,499.55**	2,530.99
For Contracts in Progress:		
Aggregate of contract costs incurred and recognised profits (less recognised losses) upto the reporting date	**3,383.73**	654.54
Advances received	**629.33**	524.41
Retention money	**133.06**	60.84

Note 27.2

Employee benefit plans

Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 62.88 lacs (Year ended 31st March, 2011 Rs. 42.83 Lacs) for Provident Fund contributions and Rs. 36.54 lacs (Year ended 31st March, 2011 Rs. 55.44 lacs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

The following table sets out the funded status of the Gratuity benefit and the amount recognised in the financial statements:

(Rs. In Lacs)

Particulars	**For the year ended 31st March, 2012**	For the year ended 31st March, 2011
Components of employer expense		
Current service cost	**11.03**	9.82
Interest cost	**8.49**	6.36
Expected return on plan assets	**(7.39)**	(6.58)
Past service cost	**-**	15.88
Actuarial losses/(gains)	**2.94**	3.04
Total expense recognised in the Statement of Profit and Loss	**15.07**	28.52
Actual contribution and benefit payments for year		
Actual benefit payments	**(11.00)**	(10.48)
Actual contributions	**12.76**	12.78
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	**115.87**	102.87
Fair value of plan assets	**103.05**	92.36
Net asset / (liability) recognised in the Balance Sheet	**12.82**	10.51

Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	**102.87**	77.06
Current service cost	**11.03**	9.82
Interest cost	**8.49**	6.36
Actuarial (gains) / losses	**4.48**	4.24
Past service cost	**-**	15.88
Benefits paid	**(11.00)**	(10.48)
Present value of DBO at the end of the year	**115.87**	102.87
Change in fair value of assets during the year		
Plan assets at beginning of the year	**92.36**	82.29
Expected return on plan assets	**7.39**	6.58
Actuarial gain / (loss)	**1.54**	1.2
Actual contributions	**12.76**	12.78
Actual benefit payments	**(11.00)**	(10.48)
Plan assets at the end of the year	**103.05**	92.36
Actuarial assumptions		
Discount rate	**8.50%**	8.25%
Expected return on plan assets	**8.60%**	8.25%
Salary escalation	**5.00%**	5.00%
Attrition	**2.00%**	2.00%
Mortality table	**LIC 1994-96 (Ultimate)**	LIC 1994-96 (Ultimate)

Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date - Rs. 28.13 lacs

Experience adjustments	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**
Experience gain / (loss) adjustments on plan liabilities	6.80	4.24	1.29	0.60	1.56
Experience gain / (loss) adjustments on plan assets	1.54	1.20	0.49	0.44	0.18

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors. 100% of Plan Assets are invested in Group Gratuity Scheme offered by LIC of India.

27.3 Based on the guiding principles given in the Accounting Standard on 'Segment Reporting' (AS-17) issued by the Institute of Chartered Accountants of India, the primary segment of the Company is business segment which comprises of Engineering Segment. As the Company operates in a single primary business segment, no segment information thereof is given.

Segment information for secondary segment reporting (by geographical segments).

The company has a customer base within and outside India.

(Rs. In Lacs)

Particulars	**India**	**Outside India**	**Total**
Revenue	7,003.41	2,654.20	9,657.61
	(8,436.46)	(4,157.87)	(12,594.33)
Segment Assets	19,613.21	353.95	19,967.16
	(17,888.34)	(669.18)	(18,557.52)
Segment Liabilities	7,877.33	1,239.01	9,116.34
	(7,852.48)	(37.58)	(7,890.06)
Capital Expenditure	1,368.17	-	1,368.17
	4,164.24	-	4,164.24

Previous year figures are in brackets

27.4 Related Party Disclosure:

(Rs. In Lacs)

Sr. No.	Name of Related Party	Nature of Relationship	Nature of Transaction	Transactions during the year	
				Current year	Previous year
1	Mr. Supriya Mukherjee	Key Management Personnel	Managerial Remuneration	144.05 *	143.47
			Payable as on 31st March	21.69	24.00
2	Williamson Magor & Co. Ltd.	Company having significant influence	Service Charges	24.00	24.00
			Rent	16.80	16.80
			Electricity Expenses	2.96	3.84
			Payable as on 31st March	11.01	7.93
			Pledge of shares held as security for term loan - refer Note 5		

* Additionally Rs. 31.45 lacs (Previous year Nil) incurred towards hospitalisation expenses.

27.5 Earnings Per Share :

(Rs. In Lacs)

Earning Per Share (Basic / Diluted)		Current year	Previous year
A.	Profit after Tax	**62.61**	**912.31**
B.	Weighed Average Number of Equity Shares used (in Lacs)	**132.56**	**132.56**
C.	Basic / Diluted Earnings per Share (A/B) (In Rs.)	**0.47**	**6.88**

27.6 Deferred tax (liability) / asset

(Rs. In Lacs)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	**(230.72)**	(38.03)
Tax effect of items constituting deferred tax liability	**(230.72)**	(38.03)
Tax effect of items constituting deferred tax assets		
Expenses allowable on payment basis under Income Tax Act	**65.28**	158.79
Unabsorbed Depreciation	**165.44**	-
Tax effect of items constituting deferred tax assets	**230.72**	158.79
Net Deferred Tax Asset	**-**	120.76

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

27.7 Disclosure of provisions as required by Accounting Standard 29 **(Rs. In Lacs)**

Description of Provision	Opening Balance	Amount used during the year	Excess Provision Written back	Provisions made during the year	Closing Balance
Provision for Contingencies (Claims under litigation)*	244.20	7.55	—	—	236.65
	(244.38)	(1.20)	—	(1.02)	(244.20)
Provision for Liquidated Damages / Warranties #	321.23	25.38	265.19	3.19	33.85
	(69.23)	(69.23)	—	(321.23)	(321.23)

(Figures for the previous year are shown in bracket)

* Refer Note 26.1(i)(c)

The timing of outflows of Warranties and Liquidated damage is expected to be generally within 1 to 2 years. Rs. 5.33 lacs (previous year Rs. 56.04 lacs) of the closing balance classified as Long Term Provisions (Refer Note 6) based on the estimated timing of outflows.

27.8 Operating Leases :

(i) Significant Leasing Agreements :

a) The Company had taken a factory shed and appurtenant land on Leave and License basis for the purpose of manufacturing, fabrication, storage of plants and machinery and other allied and permissible commercial activities.

b) The tenure of the agreement was for a period of 3 years commencing from 7th May, 2008

c) The agreement was non-cancellable for a period of 2 years.

(ii) Lease payments recognized in the Statement of Profit and Loss : Rs. 68.74 lacs (Previous Year Rs. 206.06 lacs)

(iii) Total of future minimum lease payments under the non-cancellable period of the lease : Not later than 1 year : Nil (Previous Year Rs. 11 lacs)

Note 28

The total amount incurred on Research and Development activities during the year amount to Rs. 46.60 lacs (Previous Year 39.43 lacs).

Note 29

Pursuant to an application dated 18th February 2008, the company had received an allotment letter dated 21st May 2008 for 20 acres of land from Asansol Durgapur Development Authority (ADDA). The company was informed that ADDA is in the process of acquiring the land.

Note 30

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Deepak Khaitan London **Supriya Mukherjee**
Chairman 30th May, 2012 Managing Director

A. Suresh **Jayesh Udeshi**
VP-Finance & Chief Financial Officer Company Secretary

Place : Kolkata
Date : 29th May, 2012

KILBURN ENGINEERING LTD.

REGD. OFFICE : Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700 001.

ATTENDANCE SLIP

Folio No. _____

*Client ID No. _____

*DP ID No. _____

I hereby record my presence at the TWENTY-FOURTH ANNUAL GENERAL MEETING of the Company on Saturday, 29th September, 2012 at 10:30 a.m. at Nilhat House, 11, R.N. Mukherjee Road, Kolkata-700 001.

_____ _____

Name of attending Member/Proxy Member's/Proxy's Signature

(To be signed at the time of handing over this slip)

NOTES:

1. Shareholder/Proxy wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy wishing to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

*Applicable in case shares are held in demat mode.

- (TEAR HERE) -

KILBURN ENGINEERING LTD.

REGD. OFFICE : Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700 001.

PROXY FORM

Folio No. _____

*Client ID No. _____

*DP ID No. _____

I/We _____ of _____

in the district of _____ being a Member/Members of the

above named Company, hereby appoint _____ of _____

in the district of _____ or failing him/her _____ of _____

in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the TWENTY-FOURTH Annual General Meeting of the Company, to be held on Saturday, 29th September, 2012 at 10:30 a.m. at Nilhat House, 11, R.N. Mukherjee Road, Kolkata-700 001 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Affix Revenue Stamp

Signature _____

Note: The proxy form duly signed and stamped must be returned so as to reach the Registered Office of the Company at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata 700 001 not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

* Applicable in case shares are held in demat mode.

Skid Mounted Rotary Dryer System for Sludge

Adsorber for Gas Dryer

Rotary Dryer for Sugar

KILBURN ENGINEERING LTD.

Plot No.6, MIDC Industrial Area, Saravali,
Kalyan-Bhiwandi Road, Thane - 421 311.

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