

**Kilburn Office Automation Ltd.**

DIRECTORS                      SANDEEP KUMAR JALAN       - CHAIRMAN  
                                         VARADARAJAN VANCHI       - MANAGING DIRECTOR  
                                         CHITTARANJAN PAUL  
                                         MANMOHAN SINGH  
                                         ALLAPANDA DEVI AH NANAIYA  
                                         MADHUSUDAN SEN  
                                         AMRESH KUMAR JAIN

REGISTRARS & SHARE TRANSFER AGENTS      MAHESHWARI DATAMATICS PVT. LTD.  
                                         6, MANGO LANE, 2ND FLOOR,  
                                         KOLKATA-700 001.  
                                         PHONE NO. (033)-2243-5809/5029/2248-2248  
                                         FAX NO. (033)-2248-4787  
                                         E-MAIL : mdpl@cal.vsnl.net.in  
                                                                                                 mdpldc@yahoo.com

AUDITORS                                              RAKESH SETHIA & CO.,  
                                                                                                 CHARTERED ACCOUNTANTS

BANKERS                                                CANARA BANK  
                                                                                                 INDIAN OVERSEAS BANK  
                                                                                                 UNITED BANK OF INDIA  
                                                                                                 CENTRAL BANK OF INDIA

REGISTERED & CORPORATE OFFICE      "SHANTINIKETAN", 15TH & 16TH FLOOR,  
                                                                                                 8, CAMAC STREET,  
                                                                                                 KOLKATA-700 017.  
                                                                                                 PHONE NO. (033)-4027-4444/2282-8501  
                                                                                                 FAX NO. (033)-4027-4400  
                                                                                                 E-MAIL : koalcorporate@kilburn.in

## **NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Monday, the 23rd day of September, 2013 at 11.00 a.m. to transact the following business :-

### **AS ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Madhusudan Sen, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Allapanda Deviah Nanaiya, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration.

Place: Kolkata

Date : 30th May, 2013

Registered Office :

“Shantiniketan”, 15th Floor,  
8, Camac Street, Kolkata-700 017.

For and on behalf of the Board

**SANDEEP KUMAR JALAN**

**CHAIRMAN**

### **NOTES**

1. The Register of Members of the Company will remain closed from 16th September, 2013 to 23rd September, 2013 (both days inclusive).
2. **A Member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote thereat instead of himself and a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office and Corporate Office at “Shantiniketan”, (15th & 16th Floor), 8 Camac Street, Kolkata 700 017 not less than forty eight hours before the meeting.**
3. Shareholders are requested to bring the admission slip alongwith their Copy of the Annual Report at the Annual General Meeting.
4. Members are informed that consequent to the issue of Notification by the Department of Company Affairs, they can now avail the nomination facility in respect of their Shares/Debentures/Deposits held in the Company. Members may kindly send the Nomination Form to the Registrars & Share Transfer Agents of the Company at the earliest.

**ANNEXURE TO THE NOTICE OF THE ANNUAL GENERAL MEETING  
INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT  
FOR RE-APPOINTMENT OF DIRECTORS**

Name of the Director(s)	<b>MR.MADHUSUDAN SEN</b>	<b>MR. ALLAPANDA DEVIAH NANAIYA</b>
Age	70 Years	76 Years
Date of appointment	30.01.2003	21.02.1997
Qualifications	B.Sc	B. Sc
Expertise in specific functional areas	Sales & Marketing	Sales and General Administration
List of outside Directorships held	NIL	Kilburn Chemicals Limited
Memberships/Chairman of Committees held in other Public Companies	NIL	Kilburn Chemicals Limited -Member of Audit Committee -Member of Remuneration Committee -Member of Shareholders Grievance Committee

## ***Kilburn Office Automation Ltd.***

### **DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2013**

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2013.

#### **FINANCIAL RESULTS**

Your Company recorded the following results for the Financial Year ended 31st March, 2013:

	<b>31st March, 2013</b>	<b>31st March, 2012</b>
	<b>(Rs)</b>	<b>(Rs)</b>
Gross Operating Profit/(Loss)	(9,63,53,600)	(10,90,78,149)
Depreciation	11,76,452	19,52,087
Net Profit/(Loss) Before Exceptional Items And Taxation	(9,51,77,148)	(10,71,26,062)
Exceptional Items	(2,854)	9,21,31,555
Profit /(Loss) Before Extraordinary Items And Tax	(9,51,80,002)	(1,49,94,507)
Current Tax--deferred Tax	(21,35,479)	272,772
Profit/(Loss) For The Period After Taxation	(9,30,44,523)	(1,52,67,279)
Profit Brought Forward Previous Year	1,48,05,749	3,00,73,028
Surplus /(Deficit) Carried To Balance Sheet	(7,82,38,774)	1,48,05,749

#### **PERFORMANCE REVIEW**

The performance of the Company during the year continued to be disappointing. But for Coin Vending Machines, there was depressed negative growth on all its other product lines. On CVMs the Company registered growths, both on quantity and turnover, by over 75% over the previous year. This growth was the result of the emphasis placed on installation of such machines by the Reserve Bank of India to ease the shortage of coins country-wide. The overall revenues of the Company during the year dropped to Rs.25.73 crores as against Rs.42.00 crores in 2011-12, but the operating expenses were much in excess resulting in a steep loss on operations of Rs.9.30 crores after taxes.

#### **FUTURE PROSPECTS**

The Management is seized of the issues facing the Company. To combat the same, it has initiated a two pronged strategy; (i) to move away largely from Direct Sales to Channel-based sales through a network of distributors and dealers, and (ii) drastically downsize operating costs by closing down most of the regional and branch offices and releasing the associated personnel. Further, it has also closed down its factory operations and surrendered its manufacturing registrations and settled with its workmen by offering retrenchment compensation.

These measures together with the addition of a new range of Currency Handling Products and Digital Duplicators are expected to result in better improved performance in future.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Statement Pursuant to the Provisions of Sec.217(1)(e) of the Companies Act, 1956 Read with Companies (Disclosure of Particulars in the Report of Board of Directors)Rules, 1988 is given in Annexure "A".

## ***Kilburn Office Automation Ltd.***

### **PARTICULARS OF EMPLOYEES**

Industrial relations in the Company continued to be cordial and satisfactory. Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable.

### **DIRECTORS**

Mr. Madhusudan Sen and Mr. Allapanda Deviah Nanaiya, retire from office by rotation in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, and being eligible, offer themselves for re-appointment.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) inserted by Companies (Amendment) Act, 2000, your Directors have :

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanations relating to material departures;
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March, 2013 and of the loss of your Company for that period;
- c) 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 your Company and for preventing and detecting frauds and other irregularities; and
- d) prepared the Annual Accounts on a going concern basis.

### **AUDITORS**

Messrs. Rakesh Sethia & Co., Chartered Accountants, the Auditors of the Company, retire and being eligible, shall subject to Section 224 of the Companies Act, 1956 offer themselves for re-appointment.

The Directors are of the view that notes to the Accounts adequately provide the necessary information and answer to the observations of the Auditors in their Report.

### **COST ACCOUNTING RECORDS**

The Company is maintaining Cost Accounting Records under Section 209(1)(D) of the Companies Act, 1956.

### **CORPORATE GOVERNANCE**

A Separate Section on Corporate Governance is included in the Annual Report and the Certificate from the Statutory Auditors confirming compliance of the conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed thereto.

### **ACKNOWLEDGEMENT**

Your Directors acknowledge the recognition given and trust reposed in your Company by the Depositors, Banks, Registrar of Companies, Reserve Bank of India, Mumbai Stock Exchange and other Government Agencies and record appreciation for their support and look forward to their continued confidence in the Company. Your Directors also place on record their appreciation for the valuable contribution and co-operation of all categories of employees of the Company.

**For and on behalf of the Board**

Place: Kolkata

Date : 30th May, 2013

**SANDEEP KUMAR JALAN**  
**CHAIRMAN**

[www.kilburn.in](http://www.kilburn.in)

**Annexure 'A' to the Directors' Report**

**Statement pursuant to the Provisions of Sec. 217(1)(e) of the Companies Act, 1956 Read with  
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 operations are not energy intensive. Most equipments traded are of imported origin. For those equipments manufactured locally, our in-house facilities are restricted to Vendor development, assembly and testing of the Products. Maximum use is made of natural lighting in the production area/s.

- b) Additional investments and proposals, if any being implemented for reduction of Consumption of energy:-

Nothing in particular.

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

Impact of measures at (a) &(b) will be very marginal.All efforts are being made to keep the consumption within reasonable limits.

**B. Technology Absorption**

Research & Development (R&D)

- 1) **Specific areas in which R&D carried out by the Company:**

Cost reduction in manufacture of Shrink Wrap Machines by changing MOC of certain components of input and incorporating various design changes resulting in more compact sizes for the different models.

- 2) **Benefits derived as a result of above R&D:**

Since developing Shrink Wrap Machines specific to packing of soiled Currency Notes, the Company sold 407 units in the said financial year.

- 3) **Future plan of Action :**

Reduce dependence on own manufactured products as economies of scale do not justify own manufactured.

**Kilburn Office Automation Ltd.**

4) **Expenditure on R&D :**

- a) Capital } Research & Development is carried out
- b) Recurring } by the Company as part of Production
- c) Total } Process and therefore, no separate cost
- d) Total R&D expenditure as } has been booked under the head  
percentage of total turnover } "Research & development"

Technology, absorption, adaption and innovation : Not applicable.

Import of Technology : Nil.

**C. Foreign Exchange Earnings & Outgo**

- a) Foreign Exchange Earnings : Nil
- b) Total Foreign exchange used :

The Company trades in imported equipments which are procured from the foreign Principals. During the year, the Company has incurred expenditure in foreign exchange comprising of Rs.1,46,86,567 for import of finished goods and components.

**For and on behalf of the Board**

Place: Kolkata

Date : 30th May, 2013

**SANDEEP KUMAR JALAN**

**CHAIRMAN**

## **REPORT ON CORPORATE GOVERNANCE**

Your Company has been practicing the principle of good Corporate Governance, which comprises all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the Corporate Governance compliance by the Company as per the revised Clause 49 of the Listing Agreement with Stock Exchange are as under :-

### **COMPLIANCE OF MANDATORY REQUIREMENTS**

#### **A. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself to increasingly long-term Shareholders value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

#### **B. BOARD OF DIRECTORS**

##### **(i) Composition of Board, Directorships & Committee Positions held in other Companies as at 31st March, 2013:-**

The Board of Directors of your Company consists of eminent persons with considerable professional expertise and experience in business and industry, finance management, legal and marketing. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors, meets with the requirements of Clause 49(1)(A) of the Listing Agreement.

The Company did not have any pecuniary relationship or transactions with the Non – Executive Directors during the period under review.

The remuneration, in the form of sitting fees, of Non–Executive Directors is decided by the Board of Directors.

During the year, four Board Meetings were held on 31.05.2012, 14.08.2012, 8.11.2012, and 12.02.2013.

The composition of Directors and the attendance at the Board Meetings during the year and at the last Annual General Meeting and also number of other Directorships/ Committee Memberships are given below :



**Kilburn Office Automation Ltd.**

	Category	No. of Outside Directorships held (excluding *)		No. of Outside Committees #		No. of Board meetings attended	Attendance at Last A.G.M
		As Director	As Chairman	As Member	As Chairman		
1. Mr. S.K. Jalan	Chairman Non Executive & Non-Independent	6	-	1	-	4	Yes
2. Mr.V.Vanchi	Executive Managing Director	5	-	-	2	4	Yes
3.Mr.A.D.Nanaiya	Non-Executive Independent Director	1	-	3	-	-	No
4.Mr.C.R.Paul	Non-Executive Independent Director	1	-	2	1	2	Yes
5.Mr.M.Singh	Non-Executive Independent Director	1	-	3	-	1	No
6.Mr.M.Sen	Non-Executive Independent Director	-	-	-	-	4	Yes
7.Mr. Amresh Kumar Jain	Non-Executive Independent Director	-	-	-	-	4	Yes

Note :- \*Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956.

# Memberships / Chairmanships of Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee have been considered.

**(ii) CODE OF CONDUCT**

The Company has laid down a Code of Conduct for all its Board members and Senior Management Personnel who have affirmed their compliance therewith. The Code of Conduct is available on the Company's website. A Certificate of affirmation in this regard is appended.

**C. AUDIT COMMITTEE**

The Audit Committee comprises of Mr. Amresh Kumar Jain, Mr. C. R. Paul and Mr. M. Sen. Mr. Amresh Kumar Jain is the Chairman of the Committee.

The Audit Committee met four times during the year on 31.05.2012, 14.08.2012, 8.11.2012, and 12.02.2013.

The terms of reference of the Audit Committee are set out in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

**D. REMUNERATION COMMITTEE**

The Remuneration Committee comprises of Mr.M.Sen, Mr.C.R.Paul and Mr. Amresh Kumar Jain. Mr. M. Sen is the Chairman of the Committee.

The Remuneration Committee met on 31.05.2012.

The Committee is empowered to recommend/ fix/ revise the remuneration packages of the Whole Time / Managing Director based on performance and other defined criteria.

## **Kilburn Office Automation Ltd.**

The remuneration policy generally consists of basic remuneration, perquisites and performance incentives.

The details of remuneration paid to Directors for the year ended 31st March, 2013 are as follows:

Names of the Directors	Sitting Fees (₹)	Salary (₹)	Perquisites (₹)	Retirement Benefits (₹)	Total (₹)
Mr. S.K.Jalan, Chairman	18,000	–	–	–	18,000
Mr. V.Vanchi, Managing Director	–	30,00,000	–	4,68,000	34,68,000
Mr. A. D. Nanaiya	–	–	–	–	–
Mr. C. R. Paul	12,000	–	–	–	12,000
Mr. M. Singh	3,000	–	–	–	3,000
Mr. M. Sen	33,000	–	–	–	33,000
Mr. Amresh Kumar Jain	27,000	–	–	–	27,000

The Company does not have any Employee Stock Option Scheme.

The agreement with the Managing Director is contractual in nature and is for a period of one year (i.e. from 14th November, 2012 to 13th November, 2013). The agreement may be terminated by either party by giving a notice of not less than three months in writing.

### **E. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Shareholders/Investors Grievance Committee comprises of Mr.S.K.Jalan, Mr.V.Vanchi and Mr.M.Sen

Mr.M.Sen is the Chairman of the Committee.

The Shareholders/Investors Grievance Committee met twice during the year on 31.05.2012 & 12.02.2013.

All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on 31st March 2013.

Computation of complaints received and resolved during the year ended 31st March, 2013:-

a	No. of complaints received from Shareholders mainly for non receipt of annual report, share certificate etc	NIL
b	No. of Complaints resolved	NIL
c	No. of pending share transfers as on 31.03.2013	NIL

**F. GENERAL BODY MEETINGS**

**Details of Annual General Meetings:-**

The location and time of the Annual General Meetings held during the last three years are as follows:

AGM	Date	Venue	Time	No. of Special Resolutions passed
AGM	03.09.2012	Gyan Manch, 11,Pretoria Street, Kolkata-700 071	11 A.M	1
AGM	12.09.2011	- Do -	11 A.M	Nil
AGM	06.08.2010	- Do -	11 A.M	1

No Special Resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting.

**G. DISCLOSURES**

**(i) Disclosures on materially significant related party transactions :-**

Details of related party transactions during the year have been set out under Note No. 2.38 of the Annual Accounts. However, these are not having any Potential conflict with the interests of the Company at large.

**(ii) Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchange, SEBI or any Statutory authorities on any matter related to Capital Markets:-**

All the requirements of the listing agreement with the Stock Exchange as well as Regulations and guidelines of SEBI have been complied with by the Company. No penalty has been imposed or stricture has been made by SEBI, Stock Exchange or any Statutory Authorities on matters relating to Capital Markets during the last three years.

**(iii) Whistle Blower Policy**

The Company does not have any Whistle Blower Policy as of now but no personnel are being denied any access to the Audit Committee.

**(iv) Details of Compliance with mandatory requirement and adoption of non- mandatory requirements:-**

The Company has adopted the mandatory requirement recommended by Clause 49 of the Listing Agreement with the Stock Exchange and except, the constitution of the Remuneration Committee; none of the non-mandatory requirements of Clause 49 has been adopted or implemented.

**H. MEANS OF COMMUNICATION**

**(i) Financial Results and Annual Reports etc.,**

Quarterly Unaudited Financial Results and Annual Audited Financial results as approved and taken on record by the Board of Directors of the Company are published during the year under review in leading newspapers i.e., The Business Standard /The Financial Express (English-Kolkata edition) and Aajkaal/Dainik Statesman (Bengali-local edition) and are also sent immediately to the Mumbai Stock Exchange with which the Shares of the Company are listed. The Annual Reports are mailed to every shareholder of the Company timely.

## **Kilburn Office Automation Ltd.**

### **(ii) Management Discussion and Analysis Report (MD&AR):-**

The Management Discussion and Analysis Report have been given as part of Annual Report.

### **I. GENERAL SHAREHOLDER INFORMATION**

- i) **Next Annual General Meeting** : Date - 23rd September, 2013  
Time - 11.00 A.M.  
Venue - Gyan Manch, 11, Pretoria Street, Kolkata-700 071.
- ii) **Financial Year** : The Financial Year of the Company covers 1st April, 2012 to 31st March, 2013.
- iii) **Date of Book Closure** : 16th September, 2013 to 23rd September, 2013
- iv) **Information Pertaining to the Stock Exchange:-**
- a) **Listing on Stock Exchange** - The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
- b) **Stock Code for:**
- i) Bombay Stock Exchange - 523218
- ii) ISIN No. for the Company's Equity Shares in Demat Form: - INE793E01014
- iii) Depository Connectivity: - NSDL & CDSL.
- iv) The Annual Listing fees of the Bombay Stock Exchange have been paid by the Company for the Year 2013-2014.
- v) **STOCK MARKET PRICE DATA:-**

Month	Mumbai Stock Exchange		
	High (in ₹)	Low (in ₹)	BSE Closing Indices
April 2012	6.27	4.60	17,318.81
May 2012	6.40	4.82	16,218.53
June 2012	6.38	5.66	17,429.98
July 2012	5.66	4.72	17,236.18
August 2012	5.74	4.60	17,429.56
September 2012	5.18	4.35	18,762.74
October 2012	5.76	4.94	18,505.38
November 2012	5.70	4.54	19,339.90
December 2012	5.95	5.04	19,426.71
January 2013	5.90	4.91	19,894.98
February 2013	5.87	5.50	18,861.54
March 2013	5.60	4.15	18,835.77

**Kilburn Office Automation Ltd.****vi) Registrars & Share Transfer Agents:**

Maheshwari Datamatics Pvt. Ltd.  
 6, Mangoe Lane, Surendra Mohan Ghosh Sarani,  
 Kolkata 700 001.  
 Phone Nos. :- (033)-2243-5809/5029/2248-2248  
 Fax No.:- (033)-2248-4787  
 E-Mail No.-mdpl@cal.vsnl.net.in/mdpldc@yahoo.com

**vii) Share Transfer System:**

Transfers of shares are registered and processed by the Registrars/Share Transfer Agents within 15 days from the date of receipt, if the relevant documents are complete in all respects.

**viii) Distribution of Shareholding as on 31st March, 2013 :-****a) According to number of Ordinary Shares held :-**

Slab of Shareholding	Physical		Demat		Total		% age
	No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares	No. of Share Holders	No. of Shares	
1 TO 500	2455	453154	1454	288531	3909	741685	10.9878
501 TO 1000	123	96305	261	227818	384	324123	4.8018
1001 TO 2000	20	29100	124	200064	144	229164	3.3950
2001 TO 3000	5	12200	36	91797	41	103997	1.5406
3001 TO 4000	3	10600	17	60994	20	71594	1.0606
4001 TO 5000	1	4300	12	56955	13	61255	0.9075
5001 TO 10000	2	14500	26	195152	28	209652	3.1059
10001 AND ABOVE	1	30000	35	4978630	36	5008630	74.2008
<b>TOTAL</b>	<b>2610</b>	<b>650159</b>	<b>1965</b>	<b>6099941</b>	<b>4575</b>	<b>6750100</b>	<b>100.0000</b>

**b) According to Category of Holding :-**

CATEGORY	Physical		Demat		Total		% age
	No. of Folios	No. of Shares	No. of Folios	No. of Shares	No. of Folios	No. of Shares	
PROMOTERS	1	2200	7	3430096	8	3432296	50.848
MUTUAL FUNDS	1	6200	–	–	1	6200	0.092
BODIES CORPORATE	18	45851	79	926450	97	972301	14.400
PUBLIC	2583	592108	1865	1723080	4448	2315188	34.303
NRI	7	3800	13	10315	20	14115	0.209
TRUST	–	–	1	10000	1	10000	0.148
<b>TOTAL</b>	<b>2610</b>	<b>650159</b>	<b>1965</b>	<b>6099941</b>	<b>4575</b>	<b>6750100</b>	<b>100.0000</b>

***Kilburn Office Automation Ltd.***

ix) **Dematerialization of Shares and liquidity :-**

As per the SEBI's Guidelines, your Company's Equity Shares are available for trading in electronic form. As per the Agreements of the Company with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), the investors have the option to dematerialize their Equity Shares with either of the Depositories.

x) **Outstanding GDR's /ADR's/Warrant or any Convertible Instruments,Conversion**

**Date and likely on equity: -** Not Applicable

xi) **Address for Correspondence:**

'Shantiniketan', 15th & 16th floor

8, Camac street

Kolkata 700 017.

Phone Nos.(033)-4027-4444/(033)-2282-8501

Fax No. (033)-4027-4400

E-mail Nos.:- koalcorporate@kilburn.in

Place: Kolkata

Date: 30th May, 2013

**SANDEEP KUMAR JALAN**

**CHAIRMAN**

***Kilburn Office Automation Ltd.***

**Declaration regarding Compliance by Board Members and Senior Management Personnel  
on the Company's Code of Conduct**

To

**The Members of Kilburn Office Automation Limited,**

Declaration by the Managing Director under Clause 49 of the Listing Agreement

I, V. Vanchi, Managing Director of Kilburn Office Automation Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

Place: Kolkata

Date: 30th May, 2013

**VARADARAJAN VANCHI  
MANAGING DIRECTOR**

**AUDITOR'S CERTIFICATE**

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

**The Members of Kilburn Office Automation Ltd.**

We have examined the compliance of conditions of Corporate Governance by **Kilburn Office Automation Ltd.** for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

Place: Kolkata

Date: 30th May, 2013

For **Rakesh Sethia & Co.**  
Firm Registration No. 327065E  
Chartered Accountants  
CA RAKESH SETHIA  
Proprietor  
Membership No. 063487

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The Company is engaged in manufacturing, marketing and providing after sales service support on a diverse range of office automation products. After the sale of Copier Division Undertaking in August, 2011, the Company operates in the two segments i.e. Banking & Mailing products. The range of products under each of these segments, are constantly reviewed and changes pursued depending on market perception and needs. The growth rates in the various segments of operations vary. Due to various initiatives taken by Finance Ministry as also rapid technological strides in the area of IT & Communications, there is adequate potential for growth both the segments that the Company operates.

### **FUTURE OUTLOOK**

To ease the shortage of coins, RBI has initiated various steps for promotion of Coin Vending Machines in currency chests and other prominent locations. Likewise, to counter the threat of counterfeit currency, most Banks are in the process of installing Sorter and Authentication machines. Thus, the demand for some of the Company's currency handling products is likely to be very encouraging in the coming years. Likewise, demand for Digital Franking Machines and Digital Duplicators are expected to be good, due to projected growth in the education sector.

### **THREATS**

The major challenge the Company faces in its operations is Product obsolescence and falling operating margins due to intense competition. Further more, in recent past because of inflationary pressures, the operating costs are consistently on the increase. The Company hedges against technological and product obsolescence by offering reliable quality Products from reputed overseas vendors. The Company also faces the threat of cheap imports from China.

### **RISK MANAGEMENT**

The Company is exposed to risks arising out of exchange parity and changes in import tariff.

### **INTERNAL CONTROL SYSTEM**

The Management Information & Review System is an important tool of Company's Control Mechanism. Clearly defined rules, responsibilities and objectives are set out at the beginning of the year to all SBU Heads who are entrusted with the SBU's operational responsibilities. All operating parameters are monitored monthly and quarterly in depth and efforts are made to cover all the key areas of operation. The Company has already implemented an ERP solution covering its operations India-wide to further improve the MIS.



***Kilburn Office Automation Ltd.***

**HUMAN RESOURCES/INDUSTRIAL RELATIONS**

The Company has recognized that good human resource development is essential for the success, growth and improvement of the Company. The employees are provided need-based training both in-house and outside for this purpose. Your Company would like to record the whole-hearted support and dedication received from employees at all levels.

**CAUTIONARY STATEMENT**

Statements in the Management discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statement' within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions, change in the Government regulations, tax laws and other statutes and other incidental factors.

Other matters such as operational and financial performance etc., have been discussed under the respective heads in the Directors' Report.

**AUDITORS' REPORT TO THE MEMBERS OF KILBURN OFFICE AUTOMATION LTD.**

To The Members of  
KILBURN OFFICE AUTOMATION LIMITED

**Report of the Financial Statements**

We have audited the accompanying financial statements of **KILBURN OFFICE AUTOMATION LIMITED**, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and subject to our remarks in paragraph 2 below the consequential effect of which on the net asset position of the company as at 31st March, 2013 and the Profit/(Loss) for the year ended on that date is not ascertainable, and to be best of our information according to the explanations given to us the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

**Kilburn Office Automation Ltd.**

- (b) in the case of Statement of Profit and Loss , of the Loss for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order , 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. We report that:
  - a. As indicated in Note No. 1 (b), Service Income, Interest Income & Interest Expenses are accounted for on cash basis. However the consequential effect on the results for the year and net assets position of the company as at the year-end has not been ascertained.
  - b. As indicated in Note No. 2.39 and 2.40, we are unable to express an opinion on the recoverability of Loans and Advances and the resultant provision, if any, that may arise there from.
3. *The aggregate impact of our observations in paragraph 2 above on the results for the year ended 31st March, 2013 and the net assets position as at that date cannot be readily ascertained.*
4. As required by section 227(3) of the Act, we report that:
  - a. *Subject to our remarks in paragraph 2 (a) and (b) above and other relevant notes, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;*
  - b. in our opinion, *subject to our remarks in paragraph 2 (a) above, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;*
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this Report are in agreement with books of account;
  - d. in our opinion *and Subject to our remarks in paragraph 2 (a) and (b) above, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;*
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: Kolkata  
Date: 30th May, 2013

For **Rakesh Sethia & Co.**  
Firm Registration No.327065E  
Chartered Accountants  
CA RAKESH SETHIA  
Proprietor  
Membership No. 063487

**ANNEXURE TO AUDITOR'S REPORT**

In term of the information and explanations given to us and books of account examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under: -

- i) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. These fixed assets were physically verified by the management during the year. We have been informed that no discrepancies were noticed on such physical verification. Substantial parts of fixed assets have not been disposed off during the year, which will affect its status as going concern.
- ii) The Stock of inventory (excluding stocks with third parties and in transit) has been physically verified during the year by the Management at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate to the size of the company and the nature of its business. The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stock as compared to book records were not material. In respect of inventory lying with third parties, these have substantially been confirmed by them and those in transit have been verified by the management with reference to subsequent receipt and/or relevant documents.
- iii) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956. Hence question of reporting whether the terms and conditions of such loans are prejudicial to the interest of the company, whether reasonable steps for recovery of over dues of such loans are taken does not arise.

The company had taken unsecured loan from "5" parties covered in the register required to be maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was ` 1,392.77 Lacs. In our opinion, the rate of interest and other terms and conditions of loan taken by the company from companies, firms or other parties listed in the register required to be maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company. The company is regular in the payment of interest. There is no specific stipulations which regard to repayment of loans.

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
- v) As per information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into a register required to be maintained in pursuance of section 301 of the Act have been so entered. In our opinion, each of these contracts or arrangements made in pursuance of contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board on the company.

### **Kilburn Office Automation Ltd.**

- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company in respect of its product as prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we have not carried out a detailed examination of accounts and records.
- ix) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues with respect to provident fund, income-tax, sales-tax, employees' state insurance and service tax dues as applicable with the appropriate authorities though there is delay in some cases. However, the company is regular in depositing other statutory dues including investors' education and protection fund, wealth tax, customs duty, excise duty and other material statutory dues, as applicable.

According to the information and explanations given to us, no undisputed amounts, payable in respect of Provident Fund, income tax, wealth tax, sales tax, service tax, customs duty and excise duty were in arrears, as at 31st March, 2013 for a period of more than six months from the date they became payable, except Income Tax of ₹ 6,09,290/-, ESIC of ₹ 7,537/-, Service Tax of ₹26,36,458/-, Profession Tax of ₹10,373/-, Central Sales Tax (CST) of ₹ 16,79,005/- & VAT of ₹63,41,338/- .

According to the information and explanations given to us and the records of the company examined by us, there are no dues on account of sales tax, income tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of dispute **except** :

Name of Statute	Nature of Dues	Amount ('₹ In Lakhs)	Assessment Year	Forum where dispute is pending
Income Tax Act' 1961	Income Tax	275.00	2005-2006	CIT – Appeals – Kolkata

- x) The accumulated losses of the company are more than 50% of its net worth. The company has incurred cash losses of ₹ 8,79,71,390/- in the financial year under report and of ₹ 1,25,81,487/- in the immediately preceding financial year. In arriving at the accumulated losses and net worth as above, we have considered all qualifications which are quantifiable in the audit reports of the years to which these losses pertain except qualification made in para 2(a) under "Report on other Legal and Regulatory Requirements" of Auditor's Report.
- xi) According to the records of the company examined by us and on the basis of the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The company has not issued any debentures.
- xii) As informed to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company. Therefore, the provisions of this clause of the Companies

**Kilburn Office Automation Ltd.**

(Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004 are not applicable to the company.

- xiv) The company is not dealing in shares, securities, debentures and other investments .
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) The company has not taken any term loans. Hence, comments under the clause are not called for.
- xvii) According to the information and explanation given to us, we report that no funds raised on short-term basis have been used for long term investment by the company and vice versa.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix) The company has not issued any debenture.
- xx) The company has not raised any money by public issues during the period covered by our audit report.
- xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Place: Kolkata  
Date: 30th May, 2013

For **Rakesh Sethia & Co.**  
Firm Registration No.327065E  
Chartered Accountants  
CA RAKESH SETHIA  
Proprietor  
Membership No. 063487

**Kilburn Office Automation Ltd.**

**BALANCE SHEET AS AT 31ST MARCH, 2013**

Particulars	Note No	(Amount in ₹)	
		As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>1) Shareholder's Funds</b>			
a) Share Capital	2.1	79,501,000	79,501,000
b) Reserves and Surplus	2.2	(34,522,004)	58,522,519
<b>2) Non-Current Liabilities</b>			
a) Long-Term Borrowings	2.3	1,577,800	520,000
b) Long Term Provisions	2.4	10,092,987	7,565,538
<b>3) Current Liabilities</b>			
a) Short-Term Borrowings	2.5	278,714,033	236,536,121
b) Trade Payables	2.6	288,203,154	299,958,716
c) Other Current Liabilities	2.7	63,274,876	51,582,759
<b>Total</b>		<b>686,841,846</b>	<b>734,186,653</b>
<b>ASSETS</b>			
<b>1) Non-Current Assets</b>			
a) <u>Fixed Assets</u>	2.8		
Tangible Assets		13,085,987	13,300,782
b) Deferred Tax Assets (Net)	2.9	29,248,233	27,112,754
c) Long term Loans and Advances	2.10	54,618,281	43,900,919
d) Other Non Current Assets	2.11	28,682	-
<b>2) Current Assets</b>			
a) Inventories	2.12	191,676,692	205,978,258
b) Trade Receivables	2.13	311,407,736	348,537,631
c) Cash and Bank Balances	2.14	23,462,843	23,944,898
d) Short-term Loans And Advances	2.15	63,108,952	71,360,309
e) Other Current Assets	2.16	204,440	51,102
<b>Total</b>		<b>686,841,846</b>	<b>734,186,653</b>

Significant Accounting Policies 1

Notes To The Financial Statements 2

The accompanying notes are an integral part of the financial statements

As per attached report on even date

For **Rakesh Sethia & Co**  
Firm Reg. No. 327065E  
Chartered Accountants  
**CA Rakesh Sethia**  
(Proprietor)  
Membership No. 063487

For and on behalf of Board  
**Sandeep Kumar Jalan**  
Chairman  
**Varadarajan Vanchi**  
Managing Director

Place : Kolkata  
Date : May 30, 2013

**Kilburn Office Automation Ltd.**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

Particulars	Note No	Year ended	Year ended
		31st March, 2013	31st March, 2012
<b>INCOME</b>			
I) Revenue From Operations	2.17	<b>242,535,591</b>	394,793,116
II) Other Income	2.18	<b>14,784,630</b>	25,240,889
III) <b>Total Revenue</b>		<b>257,320,221</b>	<b>420,034,005</b>
<b>IV) EXPENDITURE</b>			
Cost of Materials Consumed	2.19	<b>5,358,658</b>	12,255,181
Purchase of Stock-in-Trade	2.20	<b>134,454,977</b>	203,337,659
Changes in Inventories	2.21	<b>14,390,361</b>	74,066,984
Employee Benefit Expense	2.22	<b>51,270,322</b>	60,465,793
Financial Costs	2.23	<b>73,233,564</b>	86,886,560
Depreciation Expenses	2.24	<b>1,176,452</b>	1,952,087
Other Expenses	2.25	<b>72,613,035</b>	88,195,803
<b>Total Expenses</b>		<b>352,497,369</b>	<b>527,160,067</b>
V) <b>Profit / (Loss) Before Exceptional and Extraordinary Items and Tax (III - IV)</b>		<b>(95,177,148)</b>	<b>(107,126,062)</b>
VI) Exceptional Items	2.26	<b>(2,854)</b>	92,131,555
VII) <b>Profit / (Loss) Before Extraordinary Items and Tax (V + VI)</b>		<b>(95,180,002)</b>	<b>(14,994,507)</b>
VIII) Extraordinary Items		—	—
IX) <b>Profit / (Loss) Before Tax (VII + VIII)</b>		<b>(95,180,002)</b>	<b>(14,994,507)</b>
X) <b>Tax Expenses</b>	2.27		
1) Current tax		—	—
2) Deferred tax		<b>(2,135,479)</b>	272,772
XI) <b>Profit / (Loss) For The Period (IX - X)</b>		<b>(93,044,523)</b>	<b>(15,267,279)</b>
XII) <b>Earning per equity share of face Value of ₹ 10/- each</b>	2.28		
Basic & Diluted (in ₹ )		<b>(13.98)</b>	(2.46)

Significant Accounting Policies

1

Notes To The Financial Statements

2

The accompanying notes are an integral part of the financial statements

As per attached report on even date

For **Rakesh Sethia & Co**

Firm Reg. No. 327065E

Chartered Accountants

**CA Rakesh Sethia**

(Proprietor)

Membership No. 063487

For and on behalf of Board

**Sandeep Kumar Jalan**

Chairman

**Varadarajan Vanchi**

Managing Director

Place : Kolkata

Date : May 30, 2013

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**Kilburn Office Automation Ltd.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before tax and extraordinary Items	<b>(95,180,002)</b>	(14,994,507)
<b>Adjustment for:</b>		
Interest charged	<b>73,233,564</b>	86,886,560
Income Tax for earlier years	<b>2,398,661</b>	-
Stock Written off	<b>1,525,250</b>	-
Depreciation	<b>1,176,452</b>	1,952,087
(Profit)/ Loss on sale of Fixed Assets	<b>2,854</b>	(13,476)
Income from Slump Sale	-	(92,118,079)
Interest Income	<b>(1,171,410)</b>	(774,521)
Rent Received	-	(2,678,826)
Liabilities no longer required written back	<b>(242,513)</b>	(13,533,421)
Gain on Exchange Fluctuation	<b>1,415,172</b>	(44,665)
Debtors Written off	<b>779,703</b>	14,052,496
Sundry Balances Written off	<b>1,678,283</b>	8,705
<b>Operating Profit Before Working Capital Changes</b>	<b>(14,383,986)</b>	<b>(21,257,647)</b>
<b>Adjustment for:</b>		
Trade payables ,Other liabilities & Provisions	<b>1,613,886</b>	(46,354,494)
Inventories	<b>12,776,316</b>	71,639,471
Trade Receivables and Other Current & Non Current Asset	<b>33,773,415</b>	25,525,238
<b>Cash Generated From Operations</b>	<b>33,779,631</b>	29,552,568
Tax Paid (net of refund)	<b>(4,711,558)</b>	(1,308,149)
Net Cash From Operating Activities	<b>29,068,073</b>	28,244,419
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(967,511)</b>	(374,783)
Sale of Fixed Assets	<b>3,000</b>	53,276
Fixed Assets transferred in Slump Sale	-	3,055,041
Net Proceed from Sale of Division	-	92,118,079
Proceeds from Fixed Deposit (Bank)	<b>(1,887,442)</b>	5,183,127
Rent	-	2,678,826
Interest received	<b>1,171,410</b>	774,521
<b>Net Cash used in Investing Activities</b>	<b>(1,680,543)</b>	<b>103,488,087</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	Year ended 31st March, 2013	Year ended 31st March, 2012
	₹	₹
<b>C. Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) from Fixed Deposits (Net)	52,000	1,844,000
Increase in cash credit / Term Loan /overdraft from bank	(20,325,462)	(50,729,845)
Proceeds/(Repayment) from/to Inter Corporate Deposits(Net)	63,750,000	80,000
Interest Paid	(73,233,564)	(86,886,561)
<b>Net Cash Flow used in Financing Activities</b>	<b>(29,757,026)</b>	<b>(135,692,406)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,369,496)	(3,959,900)
Opening Cash and Cash Equivalents	7,362,274	11,322,176
Closing Cash and Cash Equivalents	4,992,778	7,362,274

**Notes :**

**a) Cash & Cash Equivalents at the End of the Year**

Cash In Hands	82,619	1,491,317
Cash at Bank	4,547,439	883,810
Remittance in transit	362,720	4,987,147
	<b>4,992,778</b>	<b>7,362,274</b>

b) Figure in brackets represents cash outflows.

c) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.

d) Previous years figures have been rearranged and/or re-grouped wherever necessary.

As per our Report of even date.

For **Rakesh Sethia & Co**  
Firm Reg. No. 327065E  
Chartered Accountants  
**CA Rakesh Sethia**  
(Proprietor)  
Membership No. 063487

For and on behalf of Board  
**Sandeep Kumar Jalan**  
Chairman  
**Varadarajan Vanchi**  
Managing Director

Place : Kolkata  
Date : May 30, 2013

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

**NOTE : 1**

**SIGNIFICANT ACCOUNTING POLICIES**

**A) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention and in accordance with the generally accepted Accounting Standards in India. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

**B) System of Accounting**

The financial statements have been prepared under the historical cost convention using accrual method of accounting except Service Income, Interest Income & Interest Expense which is accounted for on cash basis.

**C) Use of Estimates**

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets & liabilities disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenue and expenses for the year. Actual results could differ from these estimates.

**D) Fixed Assets and Depreciation**

Fixed Assets are carried at cost less Depreciation. Cost includes inward freight, duties and taxes and expenses incidental to acquisition and installation and also a share of pre-operative expenses in case of assets acquired/constructed before commencement of commercial production. Assets acquired under Hire Purchase agreement have been capitalized as per accepted accounting practices although the ownership on such assets will vest on a future date.

All fixed assets are depreciated on straight-line method in accordance with Schedule XIV (as amended) of the Companies Act, 1956, except for office equipments which are given on rentals are provided at higher rate.

Profit or Loss on disposal of fixed asset is recognized in Statement of Profit & Loss.

An impairment loss is recognized where applicable when the carrying value of fixed assets exceeds their resale value or value in use whichever is higher.

**E) Inventories**

Raw materials and Work in Process is valued at Cost or Net realizable value whichever is lower, Finished Goods and Components are valued at lower of cost (weighted average) or net realizable value.

**F) Foreign Currency Transactions**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

Transactions in foreign currency are recorded in rupees by applying the rate of exchange ruling on the date of transaction. Gain or loss on settled transactions is recognized in Profit & Loss Account except for fixed assets acquired from a company outside India, which are adjusted to carrying amount of fixed assets. Unsettled transactions as at the year-end are translated at the closing rate and the gain or loss is recognized in Profit & Loss Account except for liabilities incurred for purchase of fixed assets, which are adjusted to the carrying amount of fixed assets.

**G) Government Grants**

Subsidies received on capital account are credited to Capital Reserve.

**H) Sales / Revenue Recognition**

Sales represent invoiced value of goods supplied including excise duty but exclude sales tax.

**I) Retirement Benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered. The Company contributes to Provident Fund and Superannuation Fund which is administered by duly constituted and approved independent Trust/Government and such contributions are charged against revenue every year.

The Company's liability in respect of gratuity payable in future to employees is actuarially ascertained every year and is funded with Life Insurance Corporation of India under Group Gratuity Scheme.

The Company's liability in respect of leave encashment payable in future to employees is actuarially ascertained every year and is funded with HDFC Standard Life under Kilburn Office Automation Leave Encashment Fund.

**J) Provision for Current and Deferred Tax**

Current Tax represents the amount that would be payable based on computation of tax as per the prevailing taxation laws under the Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are only recognized if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**K) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

<b>2.1 SHARE CAPITAL</b>	<b>2012-2013</b>	<b>2011-2012</b>
	₹	₹
<b>Authorised Share Capital :</b>		
80,00,000 Equity Shares of ₹ 10/- each	<b>80,000,000</b>	80,000,000
2,00,000 11% Cumulative Redeemable Preference Shares of ₹ 100/- each	<b>20,000,000</b>	20,000,000
	<b>100,000,000</b>	100,000,000
<b>Issued, Subscribed and Paid-up :</b>		
67,50,100 Equity Shares of ₹ 10/- each fully paid-up	<b>67,501,000</b>	67,501,000
1,20,000 11% Cumulative Redeemable Preference Shares of ₹ 100 each fully paid-up	<b>12,000,000</b>	12,000,000
	<b>79,501,000</b>	<b>79,501,000</b>

**2.1.1 Terms attached to Equity shares**

Each holder of Equity shares is entitled to one vote per share.

**2.1.2 Terms attached to Preference shares**

1,20,000 11% Cumulative Redeemable Preference Shares of ₹ 100 each are redeemable at par in two equal instalments at the end of the 19th and 20th year from date of allotment i.e. 12/03/2019 and 12/03/2020

**2.1.3 The reconciliation of the number of Equity Shares outstanding is set out below:**

<b>Particulars</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the period	<b>6,750,100</b>	6,750,100
Add: Issued during the period	—	—
Outstanding at the end of reporting date	<b>6,750,100</b>	6,750,100

**The reconciliation of the number of Preference Shares outstanding is set out below:**

<b>Particulars</b>	<b>No. of Shares</b>	<b>No. of Shares</b>
At the beginning of the period	<b>120,000</b>	120,000
Add: Issued during the period	—	—
Outstanding at the end of reporting date	<b>120,000</b>	120,000

**2.1.4 The details of Shareholders holding more than 5% of Equity shares :**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>
Shree Durga Agencies Limited	2096925	31.07	2096925	31.07
Nirvan Commercial Company Limited	1178028	17.45	1178028	17.45
Metals Centre Limited	545095	8.08	545095	8.08

**The details of Shareholders holding more than 5% of Preference shares :**

<b>Name of the Shareholder</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>
Sandeep Kumar Jalan	30000	25.00	30000	25.00
Divya Jalan	30000	25.00	30000	25.00
S.K.Jalan (HUF)	30000	25.00	30000	25.00
B.P.Jalan & Sons (HUF)	30000	25.00	30000	25.00

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	2012-2013 ₹	2011-2012 ₹
<b>2.2 RESERVES AND SURPLUS</b>		
<u>Capital Reserve</u>		
Balance as per the last financial statements	<b>1,000,000</b>	1,000,000
 <b>Securities Premium Account</b>		
Balance as per the last financial statements	<b>14,455,400</b>	14,455,400
 <b>General Reserve</b>		
Balance as per the last financial statements	<b>28,261,370</b>	28,261,370
 <b>Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as per the last financial statements	<b>14,805,749</b>	30,073,028
Profit / (Loss) during the year	<b>(93,044,523)</b>	(15,267,279)
Closing Balance	<b>(78,238,774)</b>	14,805,749
<b>Total Reserve &amp; Surplus</b>	<b>(34,522,004)</b>	<b>58,522,519</b>
 <b>2.3 LONG TERM BORROWINGS</b>		
<u>Deposits (Unsecured)</u>		
Fixed Deposit from Public	<b>1,213,000</b>	520,000
Other Loan from Bank (Secured) #	<b>364,800</b>	-
	<b>1,577,800</b>	520,000
 # Nature of Security and terms of repayment for Long Term secured borrowings:		
<u>Nature of Security</u>	<u>Terms of Repayment</u>	
Loan amounting ₹ 3,64,800/- (P.Y. ₹ Nil) from HDFC Bank Ltd. is secured against Motor Vehicle acquired under Hire Purchase Finance Scheme.	Repayable in 36 monthly installments commencing from July 2012. Last installment due on 07.06.2015	
Installments falling due in respect of all the above loans upto 31.03.2014 have been grouped under "Current Maturities of Long Term Debt" (Refer Note 2.7)		
 <b>2.4 LONG TERM PROVISIONS</b>		
<u>Provision for Employee Benefits</u>		
Provision For Gratuity	<b>4,022,544</b>	2,084,347
Provision For Leave Encashment	<b>1,679,369</b>	1,074,295
Provision For Super Annuation	<b>4,335,662</b>	4,335,662
Provision For Pension	<b>55,412</b>	71,234
	<b>10,092,987</b>	<b>7,565,538</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	2012-2013 ₹	2011-2012 ₹
<b>2.5 SHORT TERM BORROWINGS</b>		
<u>Loans repayable on demand</u>		
From Bank (Secured) #	<b>119,539,711</b>	140,470,799
From Others (Unsecured)	<b>30,050,000</b>	30,050,000
From Related Parties (Unsecured) ##	<b>114,527,322</b>	50,777,322
<u>Deposits (Unsecured)</u>		
Fixed Deposit from Public	<b>14,597,000</b>	15,238,000
	<b>278,714,033</b>	<b>236,536,121</b>
# Cash Credit Facilities are secured by hypothecation of present and future stock of Raw Materials, Stock in Process, Finished Goods, Stores & Spares (not relating to Plant & Machinery) Book Debts, Receivables etc.		
## Loan from related parties includes enterprises over which Key Managerial Personnel (KMP) or Relatives of KMP exercises significant influence.		
<b>2.6 TRADE PAYABLES</b>		
Trade Payables	<b>288,203,154</b>	299,958,716
	<b>288,203,154</b>	<b>299,958,716</b>
<b>2.7 OTHER CURRENT LIABILITIES</b>		
<u>Current Maturities of Long Term Debts</u>		
- From Bank	<b>291,840</b>	51,014
Interest accrued and due on borrowings	<b>2,381,455</b>	-
Book Overdraft with Banks	<b>7,989,895</b>	6,982,694
Deposit matured but not claimed	<b>384,000</b>	180,000
Liabilities for Expenses	<b>4,353,246</b>	4,092,751
Statutory Dues Payable	<b>43,550,982</b>	35,568,750
Payable To Employees	<b>2,412,037</b>	2,951,660
Advance from Customers	<b>467,163</b>	431,362
Advance from Others	<b>626,679</b>	626,679
Other Liabilities	<b>817,579</b>	697,849
	<b>63,274,876</b>	<b>51,582,759</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

2.8 FIXED ASSETS

	ELECTRICAL INSTALLATIONS	BUILDING	PLANT & MACHINERY	FURNITURE & FIXTURES	MOTOR VEHICLES	OFFICE EQUIPMENTS	TOTAL
<b>GROSS BLOCK</b>							
Cost/ Valuation							
At 1 April 2011	488,893	12,757,389	969,472	3,136,787	1,309,102	17,201,986	35,863,629
Additions	131,500	-	19,280	-	-	1,059,847	1,210,627
Disposal	-	-	-	15,957	243,905	6,870,738	7,130,600
<b>As at March 2012</b>	<b>620,393</b>	<b>12,757,389</b>	<b>988,752</b>	<b>3,120,830</b>	<b>1,065,197</b>	<b>11,391,095</b>	<b>29,943,656</b>
Additions	22,000	-	-	-	862,851	82,660	967,511
Disposals	25,000	-	-	-	-	-	25,000
<b>As at March 2013</b>	<b>617,393</b>	<b>12,757,389</b>	<b>988,752</b>	<b>3,120,830</b>	<b>1,928,048</b>	<b>11,473,755</b>	<b>30,886,167</b>
<b>DEPRECIATION</b>							
At 1 April 2011	231,046	2,962,795	810,333	1,844,491	809,342	12,068,539	18,726,546
Charge for the year	24,169	207,945	19,183	178,220	74,378	1,448,192	1,952,087
Disposals/ Reversal	(2,702)	-	-	11,868	243,905	3,782,688	4,035,759
<b>As at March 2012</b>	<b>257,917</b>	<b>3,170,740</b>	<b>829,516</b>	<b>2,010,843</b>	<b>639,815</b>	<b>9,734,043</b>	<b>16,642,874</b>
Charge for the year	25,247	207,945	17,593	174,209	136,650	614,808	1,176,452
Disposals/ Reversal	19,146	-	-	-	-	-	19,146
<b>As at March 2013</b>	<b>264,018</b>	<b>3,378,685</b>	<b>847,109</b>	<b>2,185,052</b>	<b>776,465</b>	<b>10,348,851</b>	<b>17,800,180</b>
<b>NET BLOCK</b>							
As at March 2012	362,476	9,586,649	159,236	1,109,987	425,382	1,657,052	13,300,782
As at March 2013	353,375	9,378,704	141,643	935,778	1,151,583	1,124,904	13,085,987



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	2012-2013 ₹	2011-2012 ₹
<b>2.9 DEFERRED TAX ASSETS (NET)</b>		
On account of Carry Forward Losses	29,082,601	26,801,750
Disallowance U/S 43B	1,014,518	1,708,369
On account of Depreciation	(848,886)	(1,397,365)
	<b>29,248,233</b>	<b>27,112,754</b>
<b>2.10 LONG TERM LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Security Deposits	1,008,554	1,044,554
Loan to Employees	53,609,727	42,856,365
	<b>54,618,281</b>	<b>43,900,919</b>
<b>2.11 OTHER NON CURRENT ASSETS</b>		
Deferred Finance Charges	28,682	-
	<b>28,682</b>	<b>-</b>
<b>2.12 INVENTORIES</b> (As certified by the management)		
Raw Materials	11,907,905	11,819,110
Work in Progress	356,453	371,931
Finished Goods #	179,412,334	193,787,217
	<b>191,676,692</b>	<b>205,978,258</b>
# Finished Goods includes ₹ 30,08,340/- (P.Y. ₹ Nil) Goods-in-transit.		
<b>2.13 TRADE RECEIVABLES</b> (Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	224,200,055	246,721,414
Other Receivables	87,207,681	101,816,217
	<b>311,407,736</b>	<b>348,537,631</b>
<b>2.14 CASH AND CASH EQUIVALENTS</b>		
a) <b>Cash and Cash Equivalent</b>		
<u>Balances With Banks</u>		
On Current Account	4,547,439	883,810
Cheques/Drafts in hand	362,720	4,987,147
Cash in hand (As certified by management)	82,619	1,491,317
b) <u>Other Bank Balances</u>		
Deposits with original maturity for more than 12 months #	18,470,065	16,582,624
	<b>23,462,843</b>	<b>23,944,898</b>
# The company has availed Letter of Credit facility and has taken bank guarantee from banks against pledge of Fixed Deposit Receipts of ₹ 1,61,70,065/- (P.Y. ₹ 1,45,82,624/-).		
<b>2.15 SHORT TERM LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
<u>Security/Tender Deposits</u>	23,712,294	21,856,427
<u>Other Advances</u>		
Balance with Revenue Department (Net of Provision ₹ 41,00,400/-, P.Y. ₹ 3,29,27,553/-)	22,471,139	28,849,652
Advance to Suppliers	9,402,557	12,846,366
Advances to Staffs	3,837,971	3,921,611
Advance to Others	3,587,691	3,595,898
Prepaid Expenses	97,300	290,355
	<b>63,108,952</b>	<b>71,360,309</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	2012-2013 ₹	2011-2012 ₹
<b>2.16 OTHER CURRENT ASSETS</b>		
Deferred Finance Charges	58,129	-
Other Current Assets	146,311	51,102
	<b>204,440</b>	<b>51,102</b>
<b>2.17 REVENUE FROM OPERATION</b>		
<u>Sales of Products</u>		
Traded Goods	219,631,131	349,543,004
Manufactured Goods	11,147,569	17,619,102
	<b>230,778,700</b>	367,162,106
Less : Excise Duty	-	323,721
	<b>230,778,700</b>	<b>366,838,385</b>
<u>Sales of Services</u>		
Service Income	11,756,891	27,954,731
	<b>242,535,591</b>	394,793,116
<b>2.18 OTHER INCOME</b>		
<u>Interest Income</u>		
On Fixed Deposits	1,171,410	774,521
On Others	291	3,363
<u>Other Non-Operating Income</u>		
Rent Received	-	2,678,826
Discount Rceived	-	2,097,289
Miscellaneous Income	13,370,416	6,108,804
Liabilities Written off	242,513	13,533,421
Gain On Foreign Exchange Fluctuation	-	44,665
	<b>14,784,630</b>	25,240,889
<b>2.19 COST OF MATERIAL CONSUMED</b>		
Raw Material Consumed	5,358,658	12,255,181
	<b>5,358,658</b>	12,255,181
<b>2.20 PURCHASE OF STOCK IN TRADE</b>		
Purchase of Goods Traded	134,454,977	203,337,659
	<b>134,454,977</b>	203,337,659

# Purchase of Goods Traded includes ₹ 30,08,340/- (P.Y. ₹ Nil) Goods-in-transit.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	2012-2013 ₹	2011-2012 ₹
<b>2.21 CHANGES IN INVENTORIES</b>		
Opening Stock		
Finished Goods	193,787,217	268,169,929
Work in Progress	371,931	56,203
	<b>194,159,148</b>	268,226,132
<b>Less : Closing Stock</b>		
Finished Goods	179,412,334	193,787,217
Work in Progress	356,453	371,931
	<b>179,768,787</b>	194,159,148
<b>Changes in Inventories</b>	<b>14,390,361</b>	<b>74,066,984</b>
<b>2.22 EMPLOYEE BENEFITS EXPENSES</b>		
Salary, Wages & Bonus	39,845,084	49,745,227
Contribution to Provident & Other Funds	7,852,845	5,618,087
Staff Welfare Expenses	3,572,393	5,102,479
	<b>51,270,322</b>	60,465,793

**2.22.1**As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

**Defined Contribution Plans**

Contribution to defined Contribution Plans, recognised as expense for the year is as under:

	2012-13	2011-12
Employers Contribution to Provident Fund (₹)	1,353,915	1,287,463
Employers Contribution to Pension Scheme (₹)	757,540	990,747

The Company's Provident Fund is exempted under section 17 of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate.

**Defined Benefit Plan**

The employees' gratuity fund scheme is lying with Life Insurance Corporation of India and it is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method. Under the PUC method a 'projected accrued benefit' is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The 'projected accrued benefit' is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a members final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as of the beginning of the year for active members.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

The employees leave encashment is funded and is lying with HDFC Standard Life Insurance Company Limited and it is defined benefit scheme. The Defined benefit scheme is recognised in the same manner as gratuity.

The Company has also taken the actuarial valuation to determine the liability of gratuity and leave encashment as mentioned below :

**i) Reconciliation of opening and closing balances of Defined Benefit Obligation:**

	Gratuity (Funded)		Leave Encashment (Funded)	
	2012-13	2011-12	2012-13	2011-12
Defined Benefit obligation at beginning of year	6,530,897	6,463,086	2,904,465	1,818,287
Current Service Cost	640,240	520,989	1,299,461	368,831
Interest Cost	522,472	549,362	232,357	154,554
Actuarial (Gain) / Loss	236,455	1,374,374	(514,474)	562,793
Benefits Paid	(553,586)	(2,376,914)	-	-
Defined Benefit obligation at year end	7,376,478	6,530,897	3,921,809	2,904,465

**ii) Reconciliation of opening and closing balances of fair value of plan assets**

	Gratuity (Funded)		Leave Encashment (Funded)	
	2012-13	2011-12	2012-13	2011-12
Fair Value of Plan assets at beginning of year	4,446,550	6,045,093	1,848,278	1,473,180
Expected return on plan assets	377,957	498,720	157,104	121,537
Actuarial Gain / (Loss)	9,496	(20,349)	13,872	(46,439)
Employer Contribution	443,219	300,000	300,000	300,000
Benefits paid	(553,586)	(2,376,914)	-	-
Fair Value of Plan assets at year end	4,723,636	4,446,550	2,319,254	1,848,278
Actual return on plan assets	387,453	478,371	170,976	75,098

**iii) Reconciliation of fair value of assets and obligations**

	Gratuity (Funded)		Leave Encashment (Funded)	
	2012-13	2011-12	2012-13	2011-12
Fair value of Plan assets	4,723,636	4,446,550	2,319,254	1,848,278
Present value of obligation	7,376,478	6,530,897	3,921,809	2,904,465
Net Assets / (Liability)	(2,652,842)	(2,084,347)	(1,602,555)	(1,056,187)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

**iv) Expenses recognised during the year**

	<u>Gratuity (Funded)</u>		<u>Leave Encashment (Funded)</u>	
	2012-13	2011-12	2012-13	2011-12
Current Service Cost	640240	520,989	1,299,461	368,831
Interest Cost	522472	549,362	232,357	154,554
Expected return on Plan assets	(377,957)	(498,720)	(157,104)	(121,537)
Actuarial (Gain) / Loss	226959	1,394,723	(528,346)	609,232
<b>Net Cost</b>	<b>1011714</b>	<b>1,966,354</b>	<b>846,368</b>	<b>1,011,080</b>

**v) Investment Detail**

	<u>% Invested</u>		<u>% Invested</u>	
	2012-13	2011-12	2012-13	2011-12
Insurance Policies	100%	100%	100%	100%

**vi) Actuarial assumptions**

	<u>Gratuity (Funded)</u>		<u>Leave Encashment (Funded)</u>	
	2012-13	2011-12	2012-13	2011-12
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.00%	8.50%	8.00%	8.50%
Expected Rate of return on plan assets (per annum)	8.50%	8.50%	8.50%	8.50%
Rate of escalation in salary (per annum)	5.00%	4.00%	5.00%	4.00%

Note: The company has recognised expenses and liability in respect to Gratuity and Leave Encashment on the basis of data provided by the Life Insurance Corporation of India and HDFC Standard Life Insurance Company Limited, Fund Manager respectively in the financial statements.

**2.23 FINANCE COST**

**Interest Expenses**

on loan from Banks	<b>20,563,613</b>	27,013,103
on loan from Others	<b>8,710,570</b>	10,162,143

**Other Borrowing Cost**

Bill Discounting Charges	<b>35,682,529</b>	41,193,088
Bank Guarantee Commission & Other Charges	<b>5,474,690</b>	5,160,949
Brokerage	<b>2,802,162</b>	3,357,277
	<b><u>73,233,564</u></b>	<u>86,886,560</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

	2012-2013 ₹	2011-2012 ₹
<b>2.24 DEPRECIATION EXPENSES</b>		
Depreciation on Tangible Assets	1,176,452	1,952,087
	<b>1,176,452</b>	<b>1,952,087</b>
<b>2.25 OTHER EXPENSES</b>		
Rent	6,455,880	7,021,877
Repairs - Buildings	524,361	226,072
Repairs - Machinery	19,907	99,045
Insurance Expenses	881,208	742,623
Rates & Taxes	6,131,637	1,102,998
Advertisement	161,004	418,420
Motor Car Expenses	1,008,132	1,624,933
Carriage Freight & Packing Expenses	13,150,778	15,307,188
Commission Paid	5,766,609	7,761,470
Debtors written off	779,703	14,052,496
Legal & Professional Charges	6,098,685	8,401,358
Power & Fuel (including Electricity)	2,221,186	1,965,315
Printing & Stationery	774,135	1,019,785
Service Expenses	2,350,695	2,614,540
Telephone Expenses	1,836,236	2,113,101
Tour, Travelling & Conveyance	12,632,064	15,085,984
Income Tax for Earlier Year	2,398,661	-
Loss on Foreign Exchange Fluctuation	1,415,172	-
<b>Payment to Auditors</b>		
As Audit Fees	300,000	300,000
As Tax Audit Fees	60,000	60,000
Miscellaneous Expenses	7,646,982	8,278,598
	<b>72,613,035</b>	<b>88,195,803</b>
<b>2.26 EXCEPTIONAL ITEMS</b>		
Profit / (Loss) on Sale of Fixed Asset	(2,854)	13,476
Income from Sale of Copier Business	-	92,118,079
	<b>(2,854)</b>	<b>92,131,555</b>
<b>2.27 TAX EXPENSES</b>		
<u>Current Tax</u>		
Provision for Taxation	-	-
<u>Deferred Tax</u>		
Deferred Tax Liability/(Asset)	(2,135,479)	272,772
<b>2.28 EARNING PER SHARE</b>		
Profit / (Loss) after taxation	(93,044,523)	(15,267,279)
Less: Dividends on Cumulative Preference share	1,320,000	1,320,000
Profit / (Loss) after taxation attributable to Equity Shareholders (A)	(94,364,523)	(16,587,279)
No of Equity shares of ₹ 10/- each fully paid up (B)	6,750,100	6,750,100
Basic & Diluted Earnings per share (A/B)	(13.98)	(2.46)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

**2.29 Contingent Liabilities :**

- 11% Cumulative Redeemable Preference Shares - arrear dividend from 01.04.2002 to 31.03.2013 ₹ 1,45,19,812/- ( from 01.04.2002 to 31.03.2012 - ₹ 1,31,99,812/-).
- A legal case is pending at ECGC Jaipur against the company in the consumer court, liability which may arise in the future can not be estimated at this stage. Total Amount involved in the case is ₹ 66,000/-.
- Bank Guarantee - ₹ 1,56,69,700/- (and as on 31.3.2012 - ₹ 1,02,55,494/-)

<b>2.30 Managerial Remuneration :</b>	<b>2012-2013</b>	<b>2011-2012</b>
	<b>Amount (₹)</b>	<b>Amount (₹)</b>
<b>Remuneration to Managing Director</b>		
Salary	3,000,000.00	2,628,333.00
Company's contribution to Provident, Superannuation and Gratuity Funds	468,000.00	410,020.00
	<b>3,468,000.00</b>	<b>3,038,353.00</b>

**2.31 Quantitative Information For The Year Ended 31st March, 2013 :**

**Details of Traded Goods**

<b>Particulars</b>	<b>Units</b>	<b>2012-2013</b>		<b>2011-2012</b>	
		<b>Qty.</b>	<b>Amount (₹)</b>	<b>Qty.</b>	<b>Amount (₹)</b>
<b>Opening Stock</b>					
Office Automation Products	Nos	749	47,522,754	1254	62,836,232
Other Finished Components		-	144,509,517	-	204,300,429
<b>Purchases</b>					
Office Automation Products	Nos	1994	127,204,307	11897	190,588,182
Other Finished Components		-	7,250,670	-	12,749,477
<b>Sales</b>					
Office Automation Products	Nos	1789	216,006,042	12384	318,443,025
Other Finished Components		-	3,625,089	-	31,099,979
<b>Closing Stock</b>					
Office Automation Products	Nos	954	34,151,172	749	47,522,754
Other Finished Components		-	144,546,456	-	144,509,517

**Details of manufactured Finished Goods:**

**Particulars of Turnover & Stock**

<b>Class of Goods</b>	<b>Op. Stock</b>	<b>Production</b>	<b>Cl. Stock</b>	<b>Sales</b>	
				<b>Qty.</b>	<b>Amount (₹)</b>
Office Automation Products	368	341	61	648	11,147,569
	(284)	(621)	(368)	(537)	(17,619,102)

**Raw Materials consumed :**

<b>Particulars</b>	<b>2012-2013</b>		<b>2011-2012</b>	
	<b>% of total consumption</b>	<b>Amount (₹)</b>	<b>% of total consumption</b>	<b>Amount (₹)</b>
Indigenous	100%	5,358,658	100%	12,255,181
Imported	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>5,358,658</b>	<b>100%</b>	<b>12,255,181</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

**Raw Materials consumed (Indigenous):**

<u>Particulars</u>	<u>Units</u>	<u>2012-2013</u>		<u>2011-2012</u>	
		<u>Qty.</u>	<u>Amount (₹)</u>	<u>Qty.</u>	<u>Amount (₹)</u>
1/3 Hp Geared Motor	Nos.	1	7,865	7	55,056
Lamp Control 3KW	Nos.	3	31,670	4	42,227
Others			5,319,123		12,157,898
		<b>4</b>	<b>5,358,658</b>	<b>11</b>	<b>12,255,181</b>

**Work in Progress:**

<u>Class of Item</u>	<u>Unit</u>	<u>2012-2013</u>		<u>2011-2012</u>	
		<u>Qty.</u>	<u>Amount (₹)</u>	<u>Qty.</u>	<u>Amount (₹)</u>
Office Automation Products	Nos	-	356,453	-	371,931
<b>Total</b>			<b>356,453</b>		<b>371,931</b>

	<u>2012-2013</u>	<u>2011-2012</u>
	<u>Amount</u>	<u>Amount</u>
	<u>₹</u>	<u>₹</u>
<b>2.32 C.I.F.Value of Imports :</b>		
i) Raw Materials	Nil	Nil
ii) Finished Goods & Components	<u>14,686,567</u>	<u>25,248,184</u>

**2.33 Expenditure in Foreign Currency**

Travelling Expenses	<u>-</u>	<u>140,498</u>
	<u>-</u>	<u>140,498</u>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 (Contd.)**

2.34 Debtors amounting to ₹ 779,703/- has been written off as in the opinion of the management, realization from those Debtors are doubtful. Further, Inventory amounting to ₹ 15,25,250/- has been written off as in the opinion of the management, realization of the said inventory is doubtful.

2.35 In the opinion of the management all current assets as at 31st March, 2013, including loans and advances, deposits and trade receivables have a value on realization in the ordinary course of business at least equal to the amounts at which they have been stated in the Balance Sheet of the company as at that date.

2.36 Based on the information available with the company, the balance due to Micro and Small enterprises, as defined under the Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) is ₹ Nil (P.Y. ₹ Nil). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

2.37 The Company has received Order Under Section 143(3)/147 of the Income Tax Act, 1961 for the financial year 2004-05 in which certain disallowances were made by the income tax department while computing the tax liability of the company and accordingly demand of ₹ 2.75 Crore has been raised by the Authority. But an appeal has been preferred by the Company with CIT(Appeals) for defending the case and management is hoping that the case will be decided in the favour of the company so no provision has been made in regard to demand raised by the Income Tax Department.

**2.38 Related Party Disclosures :**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

- a) **Key Managerial Personnel (KMP):** Mr. V. Vanchi and Mr. S.K. Jalan
- b) **Relatives of Key Managerial Personnel (KMP):** Mrs. V. Vanchi
- c) **Enterprises over which KMP or Relatives of KMP exercises significant influence:**
  - Ø Shree Durga Agencies Limited
  - Ø Kilburn Chemicals Limited
  - Ø Nirvan Commercial Co. Limited
  - Ø Supriya Finance Limited
  - Ø Pushpdant Vyapaar Private Limited

**d) Transactions & Outstanding Balances for the year 2012-2013 with Related Parties:**

Name of the Party	Nature of Transaction	Volume of Transaction		Outstanding as on	
		2012-13	2011-12	31.03.2013	31.03.2012
Mr V.Vanchi	Remuneration	34,68,000	30,38,353	—	3,02,000
Mrs. V.Vanchi	Rent	10,80,000	10,80,000	—	—
Nirvan Commercial Co. Limited	Loan (Taken)	—	—	36,00,000	36,00,000
	Interest Paid	—	5,89,315	—	—
Shree Durga Agencies Limited	Loan (Taken)	6,35,00,000	—	8,25,00,000	1,90,00,000
	Interest Paid	—	36,96,000	—	—

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)**

Name of the Party	Nature of Transaction	Volume of Transaction		Outstanding as on	
		2012-13	2011-12	31.03.2013	31.03.2012
Kilburn Chemicals Limited	Loan (Taken)	75,00,000	—	1,56,77,322	1,56,77,322
	Loan-Repaid	75,00,000	22,00,000	—	—
	Interest Paid	109,315	—	—	—
Supriya Finance Limited	Loan (Taken)	2,77,50,000	—	1,27,50,000	25,00,000
	Loan -Repaid	1,75,00,000	—	—	—
Pushpdant Vyapaar Private Limited	Loan (Taken)	2,90,00,000	1,00,00,000	—	1,00,00,000
	Loan-Repaid	3,90,00,000	—	—	—
	Interest Paid	—	1,54,098	—	—

e) **The management certifies that there were no other payments to key management personnel or their relatives.**

f) **Provision to be made with regard to Outstanding Amount : ₹ Nil**

**2.39** Loans and Advances of ₹ 5,36,09,727/- (P.Y. ₹ 4,28,56,365/-) represent the amount advanced in the normal course of operations to sustain and grow the Company's sales and after-sales service activities through its dealer distribution network. The management is of opinion that all these amounts are good and is confident of its recovery and accordingly feels that no provision for the same is required at this stage.

**2.40** Deposits amounting to ₹ 1,25,00,000/- (P.Y. ₹ 1,25,00,000/-) were given to certain parties as deposits against opening up of service network in respect of some of the products of the Company and use of godown facility for storing service components relevant for the same. As the Company still continues active business relationship with these parties, the management is of opinion that all these amounts are good and is confident of its recovery and accordingly feels that no provision for the same is required at this stage.

**2.41** Debtors outstanding over six months include ₹ 3,43,63,484/- (P.Y. ₹ 3,43,63,484/-) representing amounts receivable against sale of products in earlier years wherein payments are delayed on account of technical issues, which the company is trying to resolve. In the opinion of the management, these amounts are good and fully recoverable and therefore no provision is considered necessary against these dues at this stage.

**2.42** Balance of Trade Receivables and Trade Payables are subject to confirmation.

**2.43** Previous year figures have been regrouped and/or rearranged wherever necessary.

Signatures Note to 1 to 2

As per attached report on even date

For **Rakesh Sethia & Co**  
Firm Reg. No. 327065E  
Chartered Accountants  
**CA Rakesh Sethia**  
(Proprietor)  
Membership No. 063487

For and on behalf of Board  
**Sandeep Kumar Jalan**  
Chairman  
**Varadarajan Vanchi**  
Managing Director

Place : Kolkata  
Date : May 30, 2013

## **DIVERSE KILBURN RANGE OF OFFICE AUTOMATION PRODUCTS**

MAILING PRODUCTS & SOLUTIONS — DIGITAL POSTAL FRANKING MACHINES  
— TAX METERS  
— STAMP CANCELLING MACHINES

BANKING PRODUCTS — CURRENCY COUNTERS/ COUNTERFEIT NOTE  
DETECTORS  
— COIN VENDING MACHINES  
— SHRINK WRAP MACHINES  
— BANK NOTE AUTHENTICATORS  
— BANK NOTE SORTERS  
— BANK NOTE BANDING/BUNDLING MACHINES

DOCUMENT MANAGEMENT PRODUCTS — DIGITAL DUPLICATORS

OFFICE PRODUCTS — DOCUMENT BINDERS  
— PAPER SHREDDERS

DRAWING OFFICE EQUIPMENTS & SERVICES — AMMONIA PRINTING MACHINES  
— NC SCRIBERS

***ONCE TRIED ALWAYS TRUSTED***

kilburn 

**Annual  
Report  
And  
Accounts  
2012-2013**

**Kilburn Office Automation Limited**

# BOOK POST

*If undelivered please return to :*

**Maheshwari Datamatics Pvt. Ltd.**

**(Unit: Kilburn Office Automation Ltd.)**

6, Mangoe Lane, 2nd Floor,  
Surendra Mohan Ghosh Sarani,  
Kolkata-700 001.

# KILBURN OFFICE AUTOMATION LTD.

Registered Office : 'Shantiniketan', 15th Floor, 8, Camac Street, Kolkata-700 017.

## P R O X Y

R.F. NO./CLIENT ID:-

I/We.....  
of..... being Member / Members of  
Kilburn Office Automation Ltd. hereby appoint .....  
..... of.....  
or failing him..... of.....  
or failing him..... of.....  
as my/our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting to be held at  
Gyan Manch, 11 Pretoria Street, Kolkata 700 071 on Monday, 23rd September, 2013 at 11 a.m.

Date this .....day of .....2013

Signature

Affix  
Revenue  
Stamp

Note :

The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the meeting.



## KILBURN OFFICE AUTOMATION LTD.

## ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIED ARE ENTITLED TO BE PRESENT AT THE MEETING.

Name & Address

R.F. No.

Client ID No.

I here by record my presence at the Annual General Meeting held at Gyan Manch, 11 Pretoria Street, Kolkata 700 071 on Monday, 23rd September, 2013 at 11 a.m.

SIGNATURE OF THE SHAREHOLDER/PROXY

Note : Shareholder / Proxy desiring to attend the Meeting is requested to bring his/her copy of the Report for reference at the Meeting.

Tear Here

## KILBURN OFFICE AUTOMATION LTD.

'Shantiniketan', 15th & 16th Floor, 8, Camac Street, Kolkata-700017  
Tel: 033-2282 8501/4027 4444; Fax: 033-4027 4400

Dear Shareholder,

### **Sub: Green Initiative**

Ministry of Corporate Affairs (MCA) has recently issued Circulars regarding 'Green Initiative' in Corporate Governance by allowing paperless compliances by serving documents through electronic mode. Accordingly, we propose to send all future shareholders' communications like Notices, Company's Annual Reports etc. through electronic mode. This will ensure prompt receipt of communication, avoid loss in postal transit and most importantly, will enable your Company to help in conservation of forest resources.

If you are holding shares in electronic form, we would request you to register your e-mail address with your Depository Participant at the earliest, in case you have not already done so. You are also requested to intimate to the Depository Participant the changes, if any, in your registered addresses, e-mail id and/or changes in your bank account details. You are not required to re-register unless there is a change in your e-mail address etc.

If you are holding shares in Physical form, you may kindly provide your e-mail address to our Registrar & Share Transfer Agents at the following address for receiving the documents in electronic mode.

Maheshwari Datamatics Private Limited  
6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata 700 001  
Phone: +91 (033) 2243-5809/5029, 22482248, Fax No: +91 33 22484787  
E-mail: mdpl@cal.vsnl.net.in/mdpldc@yahoo.com

We appreciate the 'Green Initiative' taken by MCA and trust you would help in implementing the e-governance initiative of the Government.

With best wishes,  
Thanking you,  
Yours faithfully,  
For KILBURN OFFICE AUTOMATION LTD.

S. K. JALAN  
CHAIRMAN  
Place: Kolkata

-----  
The Director  
Maheshwari Datamatics Private Limited  
Unit: Kilburn Office Automation Ltd.  
6, Mangoe Lane, 2nd Floor  
Surendra Mohan Ghosh Sarani  
Kolkata – 700 001

### **Sub: E-mail updation**

Dear Sir,

In view of the MCA Circulars bearing no. 17/2011 dated 21st April 2011 and No. 18/2011 dated 29th April 2011 I, ....., Son of/Daughter of/Wife of ..... holding ..... shares of ..... ("the Company") bearing Folio No. .... /DP ID ..... Client Id ..... do hereby wish to receive all future communications/requisite documents of the Company at the following E-mail id:

E-mail id : \_\_\_\_\_

You are requested to please update the same in your Book of Records.

Signature:-

Name of Sole/First holder

Name of second holder

Name of Third holder