

kilburn 

**Annual
Report
And
Accounts
2013-2014**

Kilburn Office Automation Limited

NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Wednesday, 10th day of September, 2014 at 11.00 a.m. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended as on that date and Cash Flow Statement for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sandeep Kumar Jalan, (holding DIN 00015836), who retires by rotation and, being eligible offers himself for re-appointment.
3. To re-appoint the Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of three consecutive Annual General Meetings and to fix their remuneration and in this regard pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 (corresponding 224 and other applicable provisions, if any, of the Companies Act, 1956), M/s. Rakesh Sethia & Co., Chartered Accountants, (Firm Registration No.327065E), be and is hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the three consecutive Annual General Meetings, subject to ratification by the shareholders annually at every Annual General Meeting, at a remuneration to be recommended by the Audit Committee and decided by the Board of Directors.

SPECIAL BUSINESS

4. **Appointment of Mr. Amresh Kumar Jain, as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Amresh Kumar Jain (holding DIN 01120626), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and who, pursuant to the provisions of the Companies Act, 2013, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto a conclusion of the 38th Annual General Meeting of the Company in the Calendar Year 2019.

5. **Appointment of Mr. Allapanda Deviah Nanaiya, as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an

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Ordinary Resolution :-

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Allapanda Deviah Nanaiya (holding DIN 00164067), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and who, pursuant to the provisions of the Companies Act, 2013, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto a conclusion of the 38th Annual General Meeting of the Company in the Calendar Year 2019.

6. **Appointment of Mr. Madhusudan Sen, as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Madhusudan Sen, (holding DIN-00056874), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and who, pursuant to the provisions of the Companies Act, 2013, is required to be appointed as an Independent Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto a conclusion of the 38th Annual General Meeting of the Company in the Calendar Year 2019.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :-

“RESOLVED THAT pursuant to the provisions required by Schedule XIII and other applicable Provisions of the Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Varadarajan Vanchi as the Managing Director of the Company for another 1 (One) Year effective from 14th November, 2013 and upto 13th November, 2014 on the terms and conditions enumerated in the Explanatory Statement.”

Place: Kolkata

For and on behalf of the Board

Date : 29th May, 2014

SANDEEP KUMAR JALAN
CHAIRMAN

Registered Office :

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

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NOTES

1. The Register of Members of the Company will remain closed from 3rd September, 2014 to 10th September, 2014 (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. The Proxy Form in order to be valid, should be duly stamped, executed and deposited at the registered office of the Company at least forty eight hours before the time fixed for the commencement of the meeting.
3. Shareholders are requested to bring the duly filled Attendance 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.
5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the ensuing Annual General Meeting is annexed hereto and forms part of this Notice.
6. The Members are requested to:
 - (a) Intimate change in their registered address, if any, to the Company's Registrars and Share Transfer Agents, M/s. Maheshwari Datamatics Pvt. Ltd. 6 Mangoe Lane, 2nd Floor Kolkata - 700 001 in respect of their holdings in physical form.
 - (b) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
 - (c) Register their email address and changes there in from time to time with M/s. Maheshwari Datamatics Pvt. Ltd. 6 Mangoe Lane, 2nd Floor Kolkata -700001, for shares held in physical form and with their respective Depository Participants for shares held in demat form.
7. Corporate /Institutional Members intending to send their authorized representatives are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the ensuing Annual General Meeting of the Company.
8. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the Equity Shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agents, M/s. Maheshwari Datamatics Pvt. Ltd. 6 Mangoe Lane, 2nd Floor Kolkata -700001 and have it duly filled in and sent back to them.
9. Electronic copy of the Annual Report for 2013-14 is being sent to all Members whose email Ids are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode.
10. Electronic copy of the Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email ids are registered with the Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their e- mail addresses, physical copies of the Notice of 33rd Annual General Meeting

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of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

11. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.kilburn.in for their download.

12. Voting through Electronic means:

i. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise means and the business may be transacted through e-voting services by Central Depository Services Limited (CDSL).

The instructions for e-voting are as under:

- a. Log on to the e-voting website: www.evotingindia.com during the voting period.
- b. Click on : "**SHAREHOLDERS**" tab
- c. Now, select Electronic Voting sequence No. as mentioned in the Attendance slip along with "**KILBURN OFFICE AUTOMATION LIMITED**".
- d. Now Enter your **USER ID** (as mentioned in the Attendance Slip)
 - i. For CDSL: 16 digits beneficiary ID.
 - ii. FOR NSDL: 8 Characters DP ID followed by 8 digits client ID
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Next enter the Image verification as displayed and Click on LOGIN.
- f. If you are holding shares in Demat Form and has logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- g. However, if you are a first time user, please use the E-Voting particular provided in the attendance Slip and fill up the same in the appropriate boxes.
- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j. For members holding shares in physical form, the details in attendance slip can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN "**KILBURN OFFICE AUTOMATION LIMITED**" for which you choose to vote.
- l. On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES/NO**" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option No implies that you dissent to the Resolution.
- m. Click on the "**RESOLUTION FILE LINK**" if you wish to view the entire Resolutions.

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- n. After selecting the resolution you have decided to vote on click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
- o. Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify the vote.
- p. You can also take out print out of the voting done by you clicking on “ **CLICK HERE TO PRINT**” option on the voting page.
- q. If Demat account holders have forgotten the changed password then enter the USER ID and image verification code (CAPTCHA CODE) click on Forgot Password and enter the details as prompted by the system.
- r. Corporate/Instiitutional shareholders(i.e. other than Individuals, HUF, NRI etc) are required to log on to [http:// www.evotingindia.co.in](http://www.evotingindia.co.in) and register themselves as Corporate:-
- They should submit a scanned copy of the registration form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com
 - After receiving the login details they have to create a user who would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Authorised Person/Custodian, if any, in PDF Format in the system for the scrutinizer to verify the same.
- II. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQ) and e-voting manual available at www.evotingindia.co.in. You can also contact the helpdesk on the toll free number: 1800-200-5533.
- III. The E-Voting period begins from 2nd September, 2014 (9.00 A.M.) and ends on 4th September, 2014 (6.00 P.M.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off/entitlement date of 8th August, 2014 may cast their vote electronically.
- The E-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a Resolution is cast by the shareholders by electronic means, the shareholders shall not be allowed to change it subsequently or cast his vote by any other means.
- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity capital of the Company as on the cut-of/entitlement date of 8th August, 2014.
- V. Mr. Sunil Kumar Banerjee, Practising Company Secretary has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least (2) witnesses not in the employment of the Company and make scrutinizer’s report of the votes cast in favour or against, if, any, forthwith.
- The results shall be declared on or after the 33rd Annual General Meeting of the Company. This Notice as well as the Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website and on the website of the CDSL within two (2) days of passing of the resolution at the 33rd Annual General Meeting of the Company on 10th September, 2014.

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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)	MR.SANDEEP KUMAR JALAN
Age	51 Years
Date of appointment	29.03.1989
Qualifications	B.Com (Hons.),MBA
Expertise in specific functional areas	Rich and varied experience in business,administration and commerce.
List of outside Directorships held	1. Kilburn Chemicals Limited-Managing Director 2. The Scottish Assam India Limited-Alternate Director 3. Shree Durga Agencies Limited-Director 4. Just Desserts Limited-Director 5. Sandeep Investments Limited-Director 6. Supriya Finance Limited-Director 7. Kilburn Software Technologies India Limited-Director 8. Shreyans Investments Private Limited-Director 9. Arham Vyapaar Pvt. Ltd.-Director 10. Ana Vincom Pvt. Ltd.-Director
Memberships/Chairman of Committees held in other Public Companies	1. Kilburn Chemicals Limited-Member of Shareholders' Grievance Committee

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

Mr. Amresh Kumar Jain (Aged-47 yrs) is the Non-Executive and Independent Director of the Company. He joined the Board of Directors of the Company on 28.05.2008.

Mr. Amresh Kumar Jain (DIN 01120626).

Qualifications: FCA,DISA

Expertise in specific Functional Areas: Accounts & Finance

List of outside Directorships: 1. Jain Coaching Centre Pvt. Ltd.
2. Jain Institute Pvt. Ltd.

Memberships/Chairman of Committees held in other Public Companies : Nil

Shares held in the Company : Nil

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ITEM NO. 5

Mr.Allapanda Deviah Nanaiya(Aged-77 yrs) is the Non-Executive and Independent Director of the Company.He joined the Board of Directors of the Company on 21.02.1997.

Mr. Allapanda Deviah Nanaiya (DIN 00164067).

Qualifications:	B.sc
Expertise in specific Functional Areas:	Sales and General Administration
List of outside Directorships:	Nil
Memberships/Chairman of Committees held in other Public Companies:	Nil
Shares held in the Company:	Nil

ITEM NO. 6

Mr. Madhusudan Sen (Aged- 71 yrs) is the Non-Executive and Independent Director of the Company.He joined the Board of Directors of the Company on 30-01-2003.

Mr. Madhusudan Sen (DIN-00056874)

Qualifications:	B.sc
Expertise in specific Functional Areas:	Sales and Marketing
List of outside Directorships:	
Memberships/Chairman of Committees held in other Public Companies:	Nil
Shares held in the Company :	Nil

Mr. Amresh Kumar Jain, Mr. Allapanda Deviah Nanaiya and Mr.Madhusudan Sen being Non-executive and Independent Directors of the Company are proposed to be appointed for a term of five years w.e.f the date of ensuing AGM, pursuant to the provisions of Section 149,152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013.

The approval is sought from the members for the appointment of aforesaid independent Directors for a term of five consecutive years form the date of the ensuing AGM pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.They shall not be liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their Relatives, other than Directors for their respective appointment, are concerned or interested in their resolutions.

The Board recommends the resolution Nos. 4,5 and 6 for the approval of the members.

ITEM NO. 7

The term of office of Mr. Varadarajan Vanchi as the Managing Director of the Company expired on 13th November, 2013. Considering his qualifications, extensive business experience, skills and capabilities, the Board of Directors, at its meeting held on 11th November, 2013 has re-appointed Mr. Varadarajan Vanchi as the Managing Director of the Company for another 1(One) Year effective from 14th November,2013 and upto 13th November, 2014 and the same is being placed before the shareholders at the ensuing

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Annual General Meeting for their ratification. The re-appointment and remuneration package of Mr. Varadarajan Vanchi was also approved by the Remuneration Committee at its meeting held on 11th November, 2013.

The details of the terms and conditions including remuneration of Mr. Varadarajan Vanchi as the Managing Director of the Company :-

Period: Mr. Varadarajan Vanchi shall be the Managing Director of the Company for another 1 (One) Year with effect from 14th November 2013 and upto 13th November,2014.

Duties: Mr. Varadarajan Vanchi, subject to the superintendence, control and direction of the Board, shall perform such duties and exercise such powers which have been or may from time to time be entrusted to or vested on him by the Board. The proposed agreement also sets out the mutual rights and obligations of the concerned parties and the administrative details.

Remuneration:

Salary: Rs.2,00,000/- per month

Commission : At the rate of 1% of the Net Profits of the Company subject to a ceiling of fifty percent of the Annual Salary.

Perquisites & Allowances: In addition to the above remuneration, Mr. Varadarajan Vanchi shall also be entitled to leave travel concession for self and family, Club Fees, leave encashment, benefits of Provident Fund, Superannuation Fund and Gratuity Fund etc., in accordance with the rules of the Company.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the tenure of his office, the remuneration payable to him for that year shall be determined and allocated by the Board within the ceiling limit laid down in paragraphs 1 & 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Memorandum of Interest: None of the Directors of the Company except Mr. Varadarajan Vanchi- (Key Managerial Personnel) and Smt. Jayanti Vanchi (Wife of Mr.Varadraj Vanchi-KMP) is/are concerned or interested in the said resolution.

Number of Shares held- 1389 Nos. of Equity Shares.

Information in terms of Schedule XIII to the Companies Act, 1956

I. **General Information:**

(1) **Nature of Industry:**

Office Automation

(2) **Date or expected date of commencement of commercial production:**

The Company is an existing company and is in operation.

(3) **In case of new companies, expected date of commencement of activities as per Project approval by Financial Institutions appearing in the Prospectus:**

Not applicable.

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(4) **Financial Performance based on given indicators:**

The Financial Performance of the Company based on given indicators for the last four financial years were as under :-

PARTICULARS	YEAR ENDED 31ST MARCH, 2014	YEAR ENDED 31ST MARCH, 2013	YEAR ENDED 31ST MARCH, 2012	YEAR ENDED 31ST MARCH, 2011
TURNOVER	7,30,78,277	24,25,35,591	39,47,93,116	54,87,17,201
PROFIT/(LOSS)AFTER TAX	(1,25,57,169)	(9,30,44,523)	(1,52,67,279)	56,12,841
AMOUNT OF PREFERENCE DIVIDEND	Nil	Nil	Nil	Nil
PERCENTAGE OF PREFERENCE DIVIDEND	Nil	Nil	Nil	Nil

(5) **Export Performance:**

Nil

(6) **Foreign Investments or Collaborators:**

Nil

II. Information about the Appointee:

(1) **Background Details:**

Mr. Varadarajan Vanchi is a Bachelor in Mechanical Engineering (B.M.E.), aged about 66 years and has been associated with this company as a Director since 1994. Mr. Vanchi has served the company with distinction for several years and has notable achievements to his credit. He held several important positions like Vice President–Corporate Planning in Macneill & Magor Co. Ltd. and President in Kilburn Office Automation Ltd.(Formerly Kilburn Reprographics Ltd.).

(2) **Past Remuneration:**

The remuneration of Mr.V.Vanchi as Managing Director was as under for the year ended 31st March 2014 :

	<u>Rs.</u>
Salary	27,60,000
Company's contribution to Provident, Superannuation & Gratuity Funds	<u>3,74,400</u>
	<u>31,34,400</u>

(3) **Recognition or Awards:**

Not material.

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(4) Job Profile and his suitability:

Mr. Varadarajan Vanchi is overall in charge of affairs and business of the Company subject to the superintendence, control and directions of the Board. Mr. Vanchi has very vast exposure not only in sales and marketing, but also in other functions such as finance, commercial, logistics and human resources. The Board found Mr.Vanchi best suited for the responsibilities assigned to him.

(5) Remuneration Proposed:

Details are given in the Explanatory Statement.

(6) Comparative remuneration profile with respect to industry, size of the Company, Profile of the position and person:

Nil

(7) Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Nil

III. Other Information:

(1) Reasons of loss/inadequacy of profits:

Drop in Sales revenue due to poor order booking.

(2) Steps taken or proposed to be taken for improvement:

The Company is exploring suitable diversification opportunities.

(3) Expected increase in productivity and profits in measurable terms:

This will depend entirely on the diversification opportunity identified for implementation.

The Board of Directors of the Company recommends the passing of the resolution by the shareholders as set out in Item No. 7 of the Notice.

None of the Directors of the Company except Mr. Varadarajan Vanchi-(Key Managerial Personnel) and Smt.Jayanti Vanchi(Wife of Mr.Varadrajn Vanchi-KMP) is concerned or interested in the said resolution.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2014.

FINANCIAL RESULTS

Your Company recorded the following results for the Financial Year ended 31st March, 2014:

	31st March, 2014	31st March, 2013
	(Rs)	(Rs)
Gross Operating Loss	(6,54,72,040)	(9,63,53,600)
Depreciation	9,58,776	11,76,452
Net Loss Before Exceptional Items And Taxation	(6,45,13,264)	(9,51,77,148)
Exceptional Items	5,11,71,897	(2,854)
Net Loss Before Extraordinary Items And Taxation	(1,33,41,367)	(9,51,80,002)
Deferred Tax	(7,84,198)	(21,35,479)
Loss For The Period After Taxation	(1,25,57,169)	(9,30,44,523)
Profit/(Loss) Brought Forward Previous Year	(7,82,38,775)	1,48,05,749
Deficit Carried To Balance Sheet	(9,07,95,944)	(7,82,38,774)

PERFORMANCE REVIEW

The performance of the Company during the year continued to be disappointing. The overall operating revenues dropped to a low of Rs. 7.71 crores. In spite of various austerity measures exercised by the Company by down-sizing branch network and manpower, the operating expenses were still much in excess resulting in a net loss of Rs. 1.26 crores for the year.

FURTHER PROSPECTS

The Company has discontinued all manufacturing activity and is dependent entirely on servicing Revenues from Banking Products (mainly Coin Vending Machines) and routine Trading operations. The Company is scouting for suitable diversification opportunities and till such time something worthwhile is identified, the operations will continue to be under severe pressure.

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".

PARTICULARS OF EMPLOYEES

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

DIRECTORS

Mr. Sandeep Kumar Jalan, retires by rotation and being eligible, offers himself for re-appointment.

Mr. Amresh Kumar Jain, Mr. Allapanda Deviah Nanaiya and Mr. Madhusudan Sen, non-executive and independent directors of the Company, whose period of office are liable to determination by retirement of directors by rotation under the Companies Act, 1956 meet all the criteria of independence laid down under Section 149(6) and the Code of Independent Directors in Schedule IV of the Companies Act, 2013.

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Accordingly, the Board appointed all the aforesaid directors as Independent directors of the Company to hold the office for 5 (Five) consecutive years for a term upto a conclusion of the 38th Annual General Meeting of the Company in the Calendar Year 2019, whose period of office shall not be liable to determination by retirement of directors by rotation. Their candidatures are proposed by a member of the Company for the position of Independent Directors.

Brief particulars of the said directors have been given in the Notice convening the ensuing annual general meeting and your board recommends appointment/re-appointment as set out in the Notice.

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, 2014 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

M/s. Rakesh Sethia & Co., Chartered Accountants, (Firm Registration No. 327065E), the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting. Considering the recommendation of the Audit Committee, the Board recommends the re-appointment of M/s. Rakesh Sethia & Co., Chartered Accountants, as statutory auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the three consecutive Annual General Meetings to be held in 2017, subject to ratification by the members at every Annual General Meeting.

A certificate from the Statutory Auditors has been received to the effect that they meet the criteria laid down under Section 141 of the Companies Act, 2013.

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.

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.

The Management Discussion and Analysis (MD&AR) has not been annexed since the Company is evaluating various options of diversification which will determine the future business operations.

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 : 29th May, 2014

**SANDEEP KUMAR JALAN
CHAIRMAN**

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

NOT APPLICABLE

B. Technology Absorption

NOT APPLICABLE

C. Foreign Exchange Earnings & Outgo

a) Foreign Exchange Earnings : Nil

b) Total Foreign exchange used :

During the year, the Company has incurred expenditure in foreign exchange comprising of Rs.10,54,269 for import of finished goods and components and Rs. 2,54,593 on travelling expenses.

For and on behalf of the Board

Place: Kolkata

Date : 29th May, 2014

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, 2014 :-

Composition of Board, Directorships & Committee Positions held in other Companies as at 31st March, 2014:-

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 30.05.2013, 13.08.2013, 11.11.2013, and 13.02.2014.

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	4	-	-	2	4	Yes
3. Mr.A.D.Nanaiya	Non-Executive Independent Director	-	-	-	-	-	No
4. Mr.M.Sen	Non-Executive Independent Director	-	-	-	-	2	Yes
5. 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. M. Sen and Mr.A.D.Nanaiya. Mr. Amresh Kumar Jain is the Chairman of the Committee.

The Audit Committee met four times during the year on 30.05.2013, 13.08.2013, 11.11.2013, and 13.02.2014.

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. Amresh Kumar Jain and Mr.A.D.Nanaiya. Mr. M. Sen is the Chairman of the Committee.

The Remuneration Committee met on 11.11.2013.

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

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

Kilburn Office Automation Ltd.

The details of remuneration paid to Directors for the year ended 31st March, 2014 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	–	27,60,000	–	3,74,400	31,34,400
Mr. A. D. Nanaiya	–	–	–	–	–
Mr. C. R. Paul**	27,000	–	–	–	27,000
Mr. M. Singh**	–	–	–	–	–
Mr. M. Sen	18,000	–	–	–	18,000
Mr. Amresh Kumar Jain	27,000	–	–	–	27,000

**Note: Mr.M.Singh resigned from the Board on 13-08-2013 and Mr. C.R.Paul resigned from the Board on 13-02-2014.

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, 2013 to 13th November, 2014). 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 30.05.2013 & 13.02.2014.

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 2014.

Computation of complaints received and resolved during the year ended 31st March, 2014:-

a	No. of complaints received from Shareholders mainly for non receipt of annual report, share certificate etc	1
b	No. of Complaints resolved	1
c	No. of pending share transfers as on 31.03.2014	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	23.09.2013	Gyan Manch, 11,Pretoria Street, Kolkata-700 071	11 A.M	Nil
AGM	03.09.2012	- Do -	11 A.M	1
AGM	12.09.2011	- Do -	11 A.M	Nil

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.

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

The Management Discussion and Analysis Report have not been given as part of Annual Report.

Kilburn Office Automation Ltd.

I. GENERAL SHAREHOLDER INFORMATION

- i) **Next Annual General Meeting** : Date - 10th September, 2014
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, 2013 to 31st March, 2014.
- iii) **Date of Book Closure** : 3rd September, 2014 to 10th September, 2014
- 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 2014-2015.

v) STOCK MARKET PRICE DATA:-

Month	Mumbai Stock Exchange		
	High (in ₹)	Low (in ₹)	BSE Closing Indices
April 2013	5.00	4.14	19,504.18
May 2013	4.30	3.89	19,760.30
June 2013	3.80	3.62	19,395.81
July 2013	3.99	3.80	19,345.70
August 2013	4.59	3.80	18,619.72
September 2013	5.19	4.72	19,379.77
October 2013	-	-	21,164.52
November 2013	5.00	5.00	20,791.93
December 2013	5.00	4.76	21,170.68
January 2014	5.51	5.24	20,513.85
February 2014	5.77	4.73	21,120.12
March 2014	4.53	2.90	22,386.27

- 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.

Kilburn Office Automation Ltd.

viii) **Distribution of Shareholding as on 31st March, 2014 :-**

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	2436	449959	1482	289112	3918	739071	10.9490
501 TO 1000	123	96305	258	224672	381	320977	4.7551
1001 TO 2000	19	27600	124	199335	143	226935	3.3620
2001 TO 3000	5	12200	36	91821	41	104021	1.5410
3001 TO 4000	3	10600	17	60929	20	71529	1.0597
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	4986660	36	5016660	74.3198
TOTAL	2590	645464	1990	6104636	4580	6750100	100.0000

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	50.8481
MUTUAL FUNDS	1	6200	-	-	1	6200	0.0919
BODIES CORPORATE	18	45851	76	923381	94	969232	14.3588
PUBLIC	2563	587413	1889	1726119	4452	2313532	34.2740
NRI'S	7	3800	12	10215	19	14015	0.2076
CLEARING MEMBERS	-	-	5	4825	5	4825	0.0715
TRUST	-	-	1	10000	1	10000	0.1481
TOTAL	2590	645464	1990	6104636	4580	6750100	100.0000

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: 29th May, 2014

SANDEEP KUMAR JALAN
CHAIRMAN

www.kilburn.in

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, 2014.

Place: Kolkata

Date: 29th May, 2014

**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, 2014 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: 29th May, 2014

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

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, 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014 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

Kilburn Office Automation Ltd.

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, 2014;
- (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. 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, 2014 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) 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, 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) 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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: 29th May, 2014

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 been disposed off during the year, but it will not 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 "9" 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 ₹ 4,484.67 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, 2014 for a period of more than six months from the date they became payable, except Income Tax of ₹ 6,09,290/-, ESIC of ₹ 1,92,253/-, Service Tax of ₹ 52,82,128/-, Profession Tax of ₹ 52,007/-, Central Sales Tax (CST) of ₹ 7,758/- & VAT of ₹ 23,36,200/-.

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 ₹ 1,16,24,055/- in the financial year under report and of ₹ 8,79,71,390/- 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.
- 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 (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.

Kilburn Office Automation Ltd.

- 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: 29th May, 2014

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, 2014

<u>Particulars</u>	<u>Note No</u>	(Amount in ₹)	
		<u>As at</u> <u>31st March, 2014</u>	<u>As at</u> <u>31st March, 2013</u>
<u>EQUITY AND LIABILITIES</u>			
1) Shareholder's Funds			
a) Share Capital	2.1	79,501,000	79,501,000
b) Reserves and Surplus	2.2	(47,079,174)	(34,522,004)
2) Non-Current Liabilities			
a) Long-Term Borrowings	2.3	327,960	1,577,800
b) Long Term Provisions	2.4	4,908,021	10,092,987
3) Current Liabilities			
a) Short-Term Borrowings	2.5	343,841,322	278,714,033
b) Trade Payables	2.6	43,862,315	288,203,154
c) Other Current Liabilities	2.7	43,436,128	63,274,876
Total		468,797,572	686,841,846
<u>ASSETS</u>			
1) Non-Current Assets			
a) Fixed Assets	2.8		
Tangible Assets		3,460,211	13,085,987
b) Deferred Tax Assets (Net)	2.9	30,032,431	29,248,233
c) Long term Loans and Advances	2.10	55,183,824	54,618,281
d) Other Non Current Assets	2.11	1,435	28,682
2) Current Assets			
a) Inventories	2.12	186,514,787	191,676,692
b) Trade Receivables	2.13	119,123,832	311,407,736
c) Cash and Bank Balances	2.14	12,848,347	23,462,843
d) Short-term Loans And Advances	2.15	61,401,423	63,108,952
e) Other Current Assets	2.16	231,282	204,440
Total		468,797,572	686,841,846

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 29, 2014

Kilburn Office Automation Ltd.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹)

Particulars	Note No	Year ended	Year ended
		31st March, 2014	31st March, 2013
INCOME			
I) Revenue From Operations	2.17	73,078,277	242,535,591
II) Other Income	2.18	4,076,953	14,784,630
III) Total Revenue		77,155,230	257,320,221
IV) EXPENDITURE			
Cost of Materials Consumed	2.19	584,610	5,358,658
Purchase of Stock-in-Trade	2.20	46,124,999	134,454,977
Changes in Inventories	2.21	4,583,633	14,390,361
Employee Benefit Expense	2.22	27,955,782	51,270,322
Financial Costs	2.23	29,802,335	73,233,564
Depreciation Expenses	2.24	958,776	1,176,452
Other Expenses	2.25	31,658,359	72,613,035
Total Expenses		141,668,494	352,497,369
V) Profit / (Loss) Before Exceptional and Extraordinary Items and Tax (III - IV)		(64,513,264)	(95,177,148)
VI) Exceptional Items	2.26	51,171,897	(2,854)
VII) Profit / (Loss) Before Extraordinary Items and Tax (V + VI)		(13,341,367)	(95,180,002)
VIII) Extraordinary Items		—	—
IX) Profit / (Loss) Before Tax (VII + VIII)		(13,341,367)	(95,180,002)
X) Tax Expenses	2.27		
1) Current tax		—	—
2) Deferred tax		(784,198)	(2,135,479)
XI) Profit / (Loss) For The Period (IX - X)		(12,557,169)	(93,044,523)
XII) Earning per equity share of face Value of ₹ 10/- each	2.28		
Basic & Diluted (in ₹)		(2.06)	(13.98)

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 29, 2014

www.kilburn.in

Kilburn Office Automation Ltd.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
A. Cash Flow from Operating Activities		
Net Profit Before tax and extraordinary Items	(13,341,367)	(95,180,002)
Adjustment for:		
Interest charged	29,802,335	73,233,564
Income Tax for earlier years	–	2,398,661
Stock Written off	–	1,525,250
Depreciation	958,776	1,176,452
(Profit)/ Loss on sale of Fixed Assets	(55,782,248)	2,854
Interest Income	(1,829,624)	(1,171,410)
Liabilities no longer required written back	–	(242,513)
(Gain)/Loss on Exchange Fluctuation	1,628	1,415,172
Debtors Written off	759,121	779,703
Sundry Balances Written off	(2,213)	1,678,283
Operating Profit Before Working Capital Changes	(39,433,593)	(14,383,986)
<u>Adjustments for:</u>		
Trade payables, Other liabilities & Provisions	(262,827,603)	1,613,886
Inventories	5,161,904	12,776,316
Trade Receivables and Other Current & Non Current Asset	192,667,761	33,773,415
Cash Generated From Operations	(104,431,530)	33,779,631
Tax Paid (net of refund)	–	(4,711,558)
Net Cash From Operating Activities	(104,431,530)	29,068,073
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(729,005)	(967,511)
Sale of Fixed Assets	65,178,250	3,000
Proceeds from Fixed Deposit (Bank)	7,823,788	(1,887,442)
Interest received	1,829,624	1,171,410
Net Cash used in Investing Activities	74,102,657	(1,680,543)

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

	Year ended 31st March, 2014 ₹	Year ended 31st March, 2013 ₹
C. Cash Flow from Financing Activities		
Proceeds/(Repayment) from Fixed Deposits (Net)	(11,871,000)	52,000
Increase in cash credit / Term Loan /overdraft from bank	(126,368,500)	(20,325,462)
Proceeds/(Repayment) from/to Inter Corporate Deposits(Net)	195,580,000	63,750,000
Interest Paid	(29,802,335)	(73,233,564)
Net Cash Flow used in Financing Activities	27,538,165	(29,757,026)
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,790,708)	(2,369,496)
Opening Cash and Cash Equivalents	4,992,778	7,362,274
Closing Cash and Cash Equivalents	2,202,070	4,992,778

Notes :

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

Cash In Hands	40,056	82,619
Cash at Bank	2,162,014	4,547,439
Remittance in transit	-	362,720
	2,202,070	4,992,778

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 29, 2014

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

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.

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) Sales / Revenue Recognition

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

E) 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.

F) 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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

G) Foreign Currency Transactions

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.

H) Government Grants

Subsidies received on capital account are credited to Capital Reserve.

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 2014

2.1 SHARE CAPITAL	2013-2014	2012-2013
	₹	₹
Authorised Share Capital :		
80,00,000 Equity Shares of ₹ 10/- each	80,000,000	80,000,000
2,00,000 11% Cumulative Redeemable Preference Shares of ₹ 100/- each	20,000,000	20,000,000
	100,000,000	100,000,000
Issued, Subscribed and Paid-up :		
67,50,100 Equity Shares of ₹ 10/- each fully paid-up	67,501,000	67,501,000
1,20,000 11% Cumulative Redeemable Preference Shares of ₹ 100 each fully paid-up	12,000,000	12,000,000
	79,501,000	79,501,000

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:

Particulars	No. of Shares	No. of Shares
At the beginning of the period	6,750,100	6,750,100
Add: Issued during the period	-	-
Outstanding at the end of reporting date	6,750,100	6,750,100

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

Particulars	No. of Shares	No. of Shares
At the beginning of the period	120,000	120,000
Add: Issued during the period	-	-
Outstanding at the end of reporting date	120,000	120,000

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

Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
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 :

Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
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 2014 (Contd.)

	2013-2014 ₹	2012-2013 ₹
2.2 RESERVES AND SURPLUS		
Capital Reserve		
Balance as per the last financial statements	1,000,000.00	1,000,000
Securities Premium Account		
Balance as per the last financial statements	14,455,400	14,455,400
General Reserve		
Balance as per the last financial statements	28,261,370	28,261,370
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per the last financial statements	(78,238,775)	14,805,749
Profit / (Loss) during the year	(12,557,169)	(93,044,523)
Closing Balance	(90,795,944)	(78,238,775)
Total Reserve & Surplus	(47,079,174)	(34,522,004)
2.3 LONG TERM BORROWINGS		
Deposits (Unsecured)		
Fixed Deposit from Public	255,000	1,213,000
Loan (Secured) #		
From Bank	72,960	364,800
	327,960	1,577,800
# Nature of Security and terms of repayment for Long Term secured borrowings:		
<u>Nature of Security</u>		<u>Terms of Repayment</u>
Loan amounting ₹ 72,960/- (P.Y. ₹ 3,64,800/-) 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)		
2.4 LONG TERM PROVISIONS		
Provision for Employee Benefits		
Provision For Gratuity	38,447	4,022,544
Provision For Leave Encashment	509,749	1,679,369
Provision For Super Annuation	4,335,662	4,335,662
Provision For Pension	24,163	55,412
	4,908,021	10,092,987

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	2013-2014 ₹	2012-2013 ₹
2.5 SHORT TERM BORROWINGS		
<u>Loans repayable on demand</u>		
From Bank (Secured) #	-	119,539,711
From Others (Unsecured)	-	30,050,000
From Related Parties (Unsecured) ##	340,157,322	114,527,322
<u>Deposits (Unsecured)</u>		
Fixed Deposit from Public	3,684,000	14,597,000
	343,841,322	278,714,033
# Cash Credit Facilities was 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. Company has repaid all the outstanding dues to Banks and no Cash Credit facility is availed by the company as on 31.03.2014.		
## Loan from related parties includes enterprises over which Key Managerial Personnel (KMP) or Relatives of KMP exercises significant influence.		
2.6 TRADE PAYABLES		
Trade Payables	43,862,315	288,203,154
	43,862,315	288,203,154
2.7 OTHER CURRENT LIABILITIES		
<u>Current Maturities of Long Term Debts</u>		
- From Bank	291,840	291,840
Interest accrued and due on borrowings	-	2,381,455
Book Overdraft with Banks	1,452,946	7,989,895
Deposits matured but not claimed	451,000	384,000
Liabilities for Expenses	4,230,053	4,353,246
Statutory Dues Payable	24,471,120	43,550,982
Payable To Employees	4,527,231	2,412,037
Advance from Customers	4,018,809	467,163
Advance from Others	626,679	626,679
Other Liabilities	3,366,451	817,579
	43,436,128	63,274,876

2.8 FIXED ASSETS

	ELECTRICAL INSTALLATIONS	BUILDING	PLANT & MACHINERY	FURNITURE & FIXTURES	MOTOR VEHICLES	OFFICE EQUIPMENTS	TOTAL
<u>GROSS BLOCK</u>							
Cost/ Valuation							
At 1 April 2012	620,393	12,757,389	988,752	3,120,830	1,065,197	11,391,095	29,943,654
Additions	22,000	-	-	-	862,851	82,660	967,512
Disposal	25,000	-	-	-	-	-	25,000
As at March 2013	617,393	12,757,389	988,752	3,120,830	1,928,048	11,473,755	30,886,166
Additions	-	-	-	-	-	729,005	729,005
Disposals	-	12,757,389	83,250	189,329	-	131,910	13,161,878
As at March 2014	617,393	-	905,502	2,931,501	1,928,048	12,070,850	18,453,293
<u>DEPRECIATION</u>							
At 1 April 2012	257,917	3,170,740	829,516	2,010,843	639,815	9,734,043	16,642,875
Charge for the year	25,247	207,945	17,593	174,209	136,650	614,808	1,176,452
Disposals/ Reversal	19,146	-	-	-	-	-	19,145
As at March 2013	264,018	3,378,685	847,109	2,185,052	776,465	10,348,851	17,800,182
Charge for the year	25,239	205,667	14,397	144,219	155,074	414,180	958,776
Disposals/ Reversal	-	3,584,352	10,910	142,497	-	28,117	3,765,876
As at March 2014	289,257	-	850,596	2,186,774	931,539	10,734,914	14,993,082
<u>NET BLOCK</u>							
As at March 2013	353,375	9,378,704	141,643	935,778	1,151,583	1,124,904	13,085,987
As at March 2014	328,136	-	54,906	744,727	996,509	1,335,936	3,460,211

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	2013-2014 ₹	2012-2013 ₹
2.9 DEFERRED TAX ASSETS (NET)		
On account of Carry Forward Losses	29,082,601	29,082,601
Disallowance U/S 43B	1,014,518	1,014,518
On account of Depreciation	(64,688)	(848,886)
	30,032,431	29,248,233
2.10 LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)		
Security Deposits	1,040,654	1,008,554
Loan to Employees	54,143,170	53,609,727
	55,183,824	54,618,281
2.11 OTHER NON CURRENT ASSETS		
Deferred Finance Charges	1,435	28,682
	1,435	28,682
2.12 INVENTORIES (As certified by the management)		
Raw Materials	11,329,635	11,907,905
Work in Progress	361,443	356,453
Finished Goods #	174,823,710	179,412,334
	186,514,787	191,676,692
# Finished Goods includes ₹ 30,08,340/- (P.Y. ₹ 30,08,340/-) for Goods-in-transit.		
2.13 TRADE RECEIVABLES (Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	114,547,762	224,200,055
Other Receivables	4,576,070	87,207,681
	119,123,832	311,407,736
2.14 CASH AND CASH EQUIVALENTS		
a) Cash and Cash Equivalent		
Balances With Banks		
On Current Account	2,162,014	4,547,439
Cheques/Drafts in hand	-	362,720
Cash in hand (As certified by management)	40,056	82,619
b) Other Bank Balances		
Deposits with original maturity for more than 12 months #	10,646,277	18,470,065
	12,848,347	23,462,843

The company has availed Letter of Credit facility and has taken bank guarantee from banks against pledge of Fixed Deposit Receipts of ₹ 81,48,022/- (P.Y. ₹ 1,61,70,065/-).

Fixed Deposits of ₹ 106.47 Lac (P.Y. ₹ 184.70 Lac) includes Accrued Interest.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	2013-2014 ₹	2012-2013 ₹
2.15 SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Security/Tender Deposits	22,164,327	23,712,294
<u>Other Advances</u>		
Balance with Revenue Department (Net of Provision ₹ 41,00,400/-, P.Y. ₹ 41,00,400/-)	23,367,997	22,471,139
Advance to Suppliers	9,970,273	9,402,557
Advances to Staffs	2,116,038	3,837,971
Advance to Others	3,765,940	3,587,691
Prepaid Expenses	16,848	97,300
	61,401,423	63,108,952
2.16 OTHER CURRENT ASSETS		
Deferred Finance Charges	27,248	58,129
Other Current Assets	204,035	146,311
	231,282	204,440
2.17 REVENUE FROM OPERATION		
<u>Sales of Products</u>		
Traded Goods	67,262,222	219,631,131
Manufactured Goods	960,500	11,147,569
	68,222,722	230,778,700
Less : Excise Duty	-	-
	68,222,722	230,778,700
<u>Sales of Services</u>		
Service Income	4,855,555	11,756,891
	73,078,277	242,535,591
2.18 OTHER INCOME		
<u>Interest Income</u>		
On Fixed Deposits	1,829,624	1,171,410
On Others	1,349	291
<u>Other Non-Operating Income</u>		
Discount Rceived	11,270	-
Miscellaneous Income	2,234,710	13,370,416
Liabilities Written off	-	242,513
	4,076,953	14,784,630
2.19 COST OF MATERIAL CONSUMED		
Raw Material Consumed	584,610	5,358,658
	584,610	5,358,658

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	2013-2014 ₹	2012-2013 ₹
2.20 PURCHASE OF STOCK IN TRADE		
Purchase of Goods Traded	46,124,999	134,454,977
	46,124,999	134,454,977
<p># Purchase of Goods Traded includes ₹ 30,08,340/- (P.Y. ₹ 30,08,340/-) Goods-in-transit.</p>		
2.21 CHANGES IN INVENTORIES		
Opening Stock		
Finished Goods	179,412,334	193,787,217
Work in Progress	356,453	371,931
	179,768,787	194,159,148
Less : Closing Stock		
Finished Goods	174,823,710	179,412,334
Work in Progress	361,443	356,453
	175,185,153	179,768,787
Changes in Inventories	4,583,633	14,390,361
2.22 EMPLOYEE BENEFITS EXPENSES		
Salary, Wages & Bonus	24,684,401	39,845,084
Contribution to Provident & Other Funds	1,820,036	7,852,845
Staff Welfare Expenses	1,451,346	3,572,393
	27,955,782	51,270,322

2.22.1As 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:

	2013-14	2012-13
Employers Contribution to Provident Fund (₹)	936,846	1,353,915
Employers Contribution to Pension Scheme (₹)	366,546	757,540

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)	
	2013-14	2012-13	2013-14	2012-13
Defined Benefit obligation at beginning of year	7,376,478	6,530,897	3,921,809	2,904,465
Current Service Cost	570,538	640,240	20,418	1,299,461
Interest Cost	648,891	522,472	352,963	232,357
Actuarial (Gain) / Loss	(266,563)	236,455	(1,382,061)	(514,474)
Benefits Paid	(5,273,796)	(553,586)	(700,000)	-
Defined Benefit obligation at year end	3,055,548	7,376,478	2,213,129	3,921,809

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

	Gratuity (Funded)		Leave Encashment (Funded)	
	2013-14	2012-13	2013-14	2012-13
Fair Value of Plan assets at beginning of year	4,723,636	4,446,550	2,319,254	1,848,278
Expected return on plan assets	341,810	377,957	197,137	157,104
Actuarial Gain / (Loss)	(13,926)	9,496	(113,011)	13,872
Employer Contribution	3,974,035	443,219	-	300,000
Benefits paid	(6,008,454)	(553,586)	(700,000)	-
Fair Value of Plan assets at year end	3,017,101	4,723,636	1,703,380	2,319,254
Actual return on plan assets	-	387,453	84,126	170,976

iii) Reconciliation of fair value of assets and obligations

	Gratuity (Funded)		Leave Encashment (Funded)	
	2013-14	2012-13	2013-14	2012-13
Fair value of Plan assets	3,017,101	4,723,636	1,703,380	2,319,254
Present value of obligation	3,055,548	7,376,478	2,213,129	3,921,809
Net Assets / (Liability)	(38,447)	(2,652,842)	(509,749)	(1,602,555)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

iv) Expenses recognised during the year

	Gratiuity (Funded)		Leave Encashment (Funded)	
	2013-14	2012-13	2013-14	2012-13
Current Service Cost	570538	640,240	20,418	1,299,461
Interest Cost	648891	522,472	352,963	232,357
Expected return on Plan assets	(341,810)	(377,957)	(197,137)	(157,104)
Actuarial (Gain) / Loss	(266563)	226,959	(1,269,050)	(528,346)
Net Cost	611056	1,011,714	(1,092,806)	846,368

v) Investment Detail

	% Invested		% Invested	
	2013-14	2012-13	2013-14	2012-13
Insurance Policies	100%	100%	100%	100%

vi) Actuarial assumptions

	Gratiuity (Funded)		Leave Encashment (Funded)	
	2013-14	2012-13	2013-14	2012-13
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.00%	8.00%	9.00%	8.00%
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%	5.00%	5.00%	5.00%

Note: The company has recognised expenses and liability in respect to Gratiuity 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	15,573,272	20,563,613
on loan from Others	2,428,481	8,710,570

Other Borrowing Cost

Bill Discounting Charges	9,245,419	35,682,529
Bank Guarantee Commission & Other Charges	1,995,369	5,474,690
Brokerage	559,794	2,802,162
	29,802,335	73,233,564

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

	2013-2014 ₹	2012-2013 ₹
2.24 DEPRECIATION EXPENSES		
Depreciation on Tangible Assets	958,776	1,176,452
	958,776	1,176,452
2.25 OTHER EXPENSES		
Rent	3,493,930	6,455,880
Repairs - Buildings	536,084	524,361
Repairs - Machinery	16,470	19,907
Insurance Expenses	635,841	881,208
Rates & Taxes	3,814,859	6,131,637
Advertisement	92,572	161,004
Motor Car Expenses	176,825	1,008,132
Carriage Freight & Packing Expenses	2,305,120	13,150,778
Commission Paid	751,709	5,766,609
Debtors written off	759,121	779,703
Legal & Professional Charges	2,870,310	6,098,685
Power & Fuel (including Electricity)	1,314,275	2,221,186
Printing & Stationery	378,581	774,135
Service Expenses	196,343	2,350,695
Telephone Expenses	1,235,437	1,836,236
Tour, Travelling & Conveyance	9,241,379	12,632,064
Income Tax for Earlier Year	-	2,398,661
Loss on Foreign Exchange Fluctuation	1,628	1,415,172
Payment to Auditors		
As Audit Fees	300,000	300,000
As Tax Audit Fees	60,000	60,000
Miscellaneous Expenses	3,477,876	7,646,982
	31,658,359	72,613,035
2.26 EXCEPTIONAL ITEMS		
Profit / (Loss) on Sale of Fixed Asset	55,782,248	(2,854)
Retrenchment Compensation #	(4,610,351)	-
	51,171,897	(2,854)
# Company has closed down its factory operations and surrendered its manufacturing registration during the year. Company has paid ₹ 46.10 Lacs to its workmen as retrenchment compensation		
2.27 TAX EXPENSES		
Current Tax		
Provision for Taxation	-	-
Deferred Tax		
Deferred Tax Liability/(Asset)	(784,198)	(2,135,479)
2.28 EARNING PER SHARE		
Profit / (Loss) after taxation	(12,557,169)	(93,044,523)
Less: Dividends on Cumulative Preference share	1,320,000	1,320,000
Profit / (Loss) after taxation attributable to Equity Shareholders (A)	(13,877,169)	(94,364,523)
No of Equity shares of ₹ 10/- each fully paid up (B)	6,750,100	6,750,100
Basic & Diluted Earnings per share (A/B)	(2.06)	(13.98)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

2.29 Contingent Liabilities :

- 11% Cumulative Redeemable Preference Shares - arrear dividend from 01.04.2002 to 31.03.2014 ₹ 1,18,39,812/- (from 01.04.2002 to 31.03.2013 - ₹ 1,45,19,812/-).
- 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 - ₹ 80,90,675/- (and as on 31.3.2013 - ₹ 1,56,69,700/-)

2.30 Managerial Remuneration :

	<u>2013-2014</u> Amount (₹)	<u>2012-2013</u> Amount (₹)
Remuneration to Managing Director		
Salary	2,760,000.00	3,000,000.00
Company's contribution to Provident, Superannuation and Gratuity Funds	374,400.00	468,000.00
	<u>3,134,400.00</u>	<u>3,468,000.00</u>

2.31 Quantitative Information For The Year Ended 31st March, 2014 :

Details of Traded Goods

<u>Particulars</u>	<u>Units</u>	<u>2013-2014</u>		<u>2012-2013</u>	
		<u>Qty.</u>	<u>Amount (₹)</u>	<u>Qty.</u>	<u>Amount (₹)</u>
Opening Stock					
Office Automation Products	Nos	954	34,151,172	749	47,522,754
Other Finished Components		-	144,546,456	-	144,509,517
Purchases					
Office Automation Products	Nos	454	44,716,957	1994	127,204,307
Other Finished Components		-	1,408,042	-	7,250,670
Sales					
Office Automation Products	Nos	591	66,166,424	1789	216,006,042
Other Finished Components		-	1,095,798	-	3,625,089
Closing Stock					
Office Automation Products	Nos	817	29,970,029	954	34,151,172
Other Finished Components		-	144,340,682	-	144,546,456

Details of manufactured Finished Goods:

Particulars of Turnover & Stock

<u>Class of Goods</u>	<u>Op. Stock</u> (Qty.)	<u>Production</u> (Qty.)	<u>Cl. Stock</u> (Qty.)	<u>Sales</u>	
				<u>Qty.</u>	<u>Amount (₹)</u>
Office Automation Products	61	4	61	4	960,500
	(368)	(341)	(61)	648	11,147,569

Raw Materials consumed :

<u>Particulars</u>	<u>2013-2014</u>		<u>2012-2013</u>	
	<u>% of total consumption</u>	<u>Amount (₹)</u>	<u>% of total consumption</u>	<u>Amount (₹)</u>
Indigenous	100%	584,610.00	100%	5,358,658.00
Imported	-	-	-	-
Total	100%	584,610.00	100%	5,358,658.00

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

Raw Materials consumed (Indigenous):

<u>Particulars</u>	<u>Units</u>	<u>2013-2014</u>		<u>2012-2013</u>	
		<u>Qty.</u>	<u>Amount (₹)</u>	<u>Qty.</u>	<u>Amount (₹)</u>
1/3 Hp Geared Motor	Nos.	–	–	1	7,865.00
Lamp Control 3KW	Nos.	–	–	3	31,670.00
Others			584,610.00		5,319,123.00
		–	584,610.00	4	5,358,658.00

Work in Progress:

<u>Class of Item</u>	<u>Unit</u>	<u>2013-2014</u>		<u>2012-2013</u>	
		<u>Qty.</u>	<u>Amount (₹)</u>	<u>Qty.</u>	<u>Amount (₹)</u>
Office Automation Products	Nos	–	361,443	–	356,453
Total			361,443		356,453

	<u>2012-2013</u>	<u>2011-2012</u>
	<u>Amount</u>	<u>Amount</u>
	<u>₹</u>	<u>₹</u>
2.32 C.I.F.Value of Imports :		
i) Raw Materials	Nil	Nil
ii) Finished Goods & Components	1,054,269	14,686,567
	<u>1,054,269</u>	<u>14,686,567</u>
2.33 Expenditure in Foreign Currency		
Travelling Expenses	<u>254,593</u>	–
	254,593	–

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (Contd.)

2.34 Debtors amounting to ₹ 759,121/- has been written off as in the opinion of the management, realization from those Debtors are doubtful.

2.35 In the opinion of the management all current assets as at 31st March, 2014, 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) **Assoiates :** Shree Durga Agencies Limited
- d) **Enterprises over which KMP or Relatives of KMP exercises significant influence:**
 - Ø Kilburn Chemicals Limited
 - Ø Nirvan Commercial Co. Limited
 - Ø Supriya Finance Limited
 - Ø Pushpdant Vyapaar Private Limited
 - Ø Arham Vyapaar Private Limited
 - Ø Ana Vincom Private Limited
 - Ø Maryada Advisory Services Private Limited
 - Ø Sandeep Investments Limited

e) Transactions & Outstanding Balances for the year 2013-2014 with Related Parties:

Name of the Party	Nature of Transaction	Volume of Transaction		Outstanding as on	
		2013-14	2012-13	31.03.2014	31.03.2013
Mr V.Vanchi	Remuneration	31,34,400.00	34,68,000.00	—	—
Mrs. V.Vanchi	Rent	12,15,000.00	10,80,000.00	—	—
Nirvan Commercial Co. Limited	Loan (Taken)	2,20,00,000.00	—	2,56,00,000.00	36,00,000.00
Shree Durga Agencies Limited	Loan (Taken)	14,69,25,000.00	6,35,00,000.00	14,43,25,000.00	8,25,00,000.00
	Loan (Repaid)	8,51,00,000.00	—	—	—

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	
		2013-14	2012-13	31.03.2014	31.03.2013
Kilburn Chemicals Limited	Loan (Taken)	—	75,00,000.00	1,56,77,322.00	1,56,77,322.00
	Loan –Repaid	—	75,00,000.00	—	—
	Interest Paid	—	109,315.00	—	—
Supriya Finance Limited	Loan (Taken)	7,72,00,000.00	2,77,50,000.00	5,95,25,000.00	1,27,50,000.00
	Loan -Repaid	3,04,25,000.00	1,75,00,000.00	—	—
Pushpdant Vyapaar Private Limited	Loan (Taken)	4,78,00,000.00	2,90,00,000.00	4,51,50,000.00	—
	Loan –Repaid	26,50,000.00	3,90,00,000.00	—	—
Araham Vyapaar Private Limited	Loan (Taken)	4,70,50,000.00	—	89,00,000.00	—
	Loan –Repaid	3,81,50,000.00	—	—	—
Ana Vincom Private Limited	Loan (Taken)	3,40,00,000.00	—	2,79,40,000.00	—
	Loan –Repaid	60,60,000.00	—	—	—
Sandeep Investment Ltd.	Loan (Taken)	1,28,00,000.00	—	1,28,00,000.00	—
Maryada Advisory Services Private Limited	Loan (Taken)	4,99,00,000.00	—	2,40,000.00	—
	Loan –Repaid	4,96,60,000.00	—	—	—

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 ₹ 5,41,43,170/- (P.Y. ₹ 5,36,09,727/-) 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 ₹ 6,73,57,212/- (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 29, 2014

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.