



Kilburn Engineering Limited



◀ ROTARY DRYER
FOR CABOT SA, FRANCE



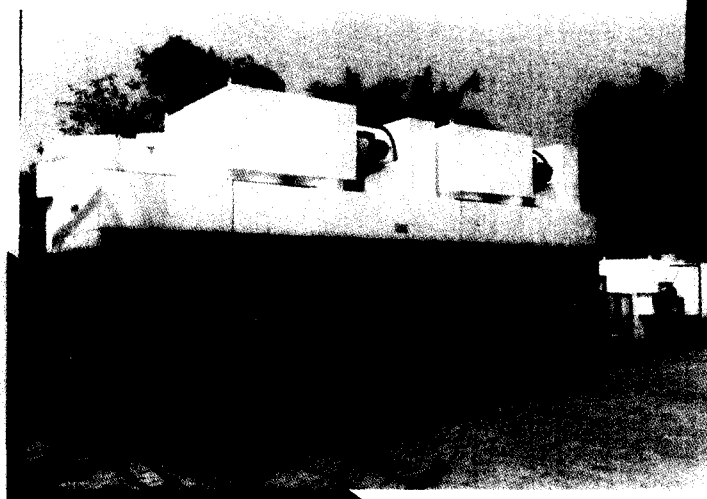
▲ ROTARY KILN FOR
M/S NAVIN FLUORINE, SURAT



IUG
SYSTEM
FOR
M/S LARSEN
& TOUBRO
FOR ONGC
OFFSHORE
PLATFORM



▲ PADDLE DRYER FOR
M/S UNITED RICELAND LTD.



◀ KILBURN VIBRO
FLUID BED DRYER PHASE - V

Representative Kilburn Products - Systems Manufactured in 2003/04



Kilburn Engineering Limited

DIRECTORS

V. R. SINHA
A. U. KATRA
P. K. MOGAL
Y. NARA

— *Managing Director*
— *IDBI Nominee*

SR. G. M. - FINANCE

S. N. GUPTA

REGISTRARS

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.

AUDITORS

DELOITTE HASKINS & SELLS
Chartered Accountants

BANKERS

UNITED BANK OF INDIA
UNION BANK OF INDIA
THE FEDERAL BANK LTD.

REGISTERED OFFICE

Four Mangoe Lane,
Surendra Mohan Ghosh Sarani,
Kolkata 700 001.

HEAD OFFICE AND FACTORY

Subhash Nagar,
Bhandup, Mumbai 400 078.

REPORT & ACCOUNTS 2002-2003**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Wednesday, the 31st March, 2004 at 11.00 a.m at Nilhat House, 11 .R.N. Mukherjee Road, Kolkata - 700 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 30th September, 2003, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. Y. Nara, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following resolution:

4. As a Special Resolution

"RESOLVED THAT in terms of the guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to the provisions of the applicable Laws, Guidelines, Rules and Regulations and subject to such approvals as may be required from the Stock Exchange with which the securities of the Company are listed and/ or any other relevant authority, the approval of the Company be and is hereby accorded to the delisting of the shares of the Company from Vadodara Stock Exchange Ltd. where the Company's shares are presently listed, at such time as the Board of Directors (which term shall be deemed to include a Committee of the Board or any other person authorized by the Board) may, in their absolute discretion, consider appropriate and on the terms and conditions as may be stipulated and mutually agreed to in the best interest of the Company, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to Stock Exchange and volume of trading on the relevant Stock Exchange."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, appropriate or desirable and execute all such applications, documents and writings as it may consider necessary or proper for giving effect to this Resolution."

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b) Proxies, in order to be effective, must be received by the Company at the Registered Office, at least 48 hours before the meeting.
- c) Members are requested to notify immediately change of address, if any, to the Registrars and Transfer Agents of the Company, Intime Spectrum Registry Ltd.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday 30th March, 2004 to Wednesday, 31st March, 2004 both days inclusive.
- e) Queries on accounts should reach the Registered Office of the Company at least seven days before the meeting.
- f) Members are requested to bring their own copies of the Annual Report to the meeting.

By the Order of the Board

Regd. Office:

Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata 700 001
Mumbai, 27th February, 2004

V. R. Sinha
Managing Director



EXPLANATORY STATEMENT :

Under Section 173(2) of the Companies Act, 1956 in respect of Special Business

ITEM NO.4

As the members are aware that the Company's shares are presently listed on Stock Exchanges at Mumbai, Kolkata and Vadodara. Listing at Vadodara was primarily done with a view of Company's plans to shift its entire manufacturing activities to Vadodara and subsequently also shift the Registered Office of the Company from Kolkata to Vadodara. However with Vadodara plant already sold pursuant to the Rehabilitation Scheme sanctioned by the BIFR, the Company does not have any activities at Vadodara. Against this background, also considering negligible volume of trading in Company's scrip at Vadodara Stock Exchange and reducing administrative costs associated with listing of securities, the Company therefore proposes to de-list its shares from the said exchange.

It is accordingly proposed to give the authority to the Directors to de-list these shares of the Company from the Vadodara Stock Exchange Ltd.

As required under SEBI Regulations for voluntary delisting by the Company, member's approval by a special resolution is required for this purpose and hence the proposed resolution at item 4 above.

The Directors holding shares of the Company may be concerned or interested in the Resolution.

PARTICULARS OF DIRECTOR RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

Name of Director	MR. YORIYOKI NARA
Date of Birth	8th February, 1944
Date of Appointment	30th July, 1990
Qualification	N.A.
Expertise in Specific Functional area	Industrialist
Directorships held in other Indian Companies	NIL
Particulars of Committee Memberships with position	NIL

By the Order of the Board

Regd. Office:

Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata 700 001
Mumbai, 27th February, 2004

V. R. Sinha
Managing Director

REPORT & ACCOUNTS 2002-2003**DIRECTORS' REPORT**

The Directors present the Report and Accounts for the financial year ended 30th September, 2003.

	Year ended 30th September, 2003 (Rs. lacs)	Year ended 30th September, 2002 (Rs. lacs)
FINANCIAL RESULTS		
Sales and Services	2,255.53	1,789.43
Profit/ (Loss) for the year before interest, depreciation extraordinary items and taxation	391.59	309.89
Deduction therefrom :		
Interest	1,494.39	1,159.26
Depreciation	141.93	161.31
Operating Profit/ (Loss)	(1,244.73)	(1,010.68)
Extraordinary Income/ (Expense) (net)	(91.68)	54.38
Prior Period Expenses/ Income (net)	19.38	(58.59)
Profit/ (Loss) before tax	(1,317.03)	(1,014.89)
(Provision for taxation)/ Refund of earlier years	25.77	0.00
Profit/ (Loss) after tax	(1,291.26)	(1,014.89)
Balance brought forward from previous year	(8,043.64)	(7,028.75)
Balance carried to Balance Sheet	(9,334.91)	(8,043.64)

DIVIDEND

In view of the losses sustained, the Directors are unable to recommend any dividend on the Equity Shares.

ANALYSIS OF RESULTS 2002-2003

Operating performance of the Company improved with the net sales registering a growth of nearly 29% as compared to the previous year. Profit for the year before interest, depreciation, extraordinary items and taxation (PBIDT) amounted to Rs.3.92 crores against Rs.3.09 crores of last year. These results were achieved despite continuing lack of working capital facilities. PBIDT for the year would have improved further but for a large increase in the cost of steel which is the main raw material.

Your Company continues to provide improved quality of products and services at competitive prices to customers both in the Tea Industry as well as in the Chemical and Petrochemical Industries.

Major achievements during the year under review were successful execution of orders from reputed customers including Nuclear Power Corporation of India Ltd., J. Ray McDermott Middle East Inc., Abu Dhabi, Continental Carbon Ltd. and Nirma Ltd.

Your Company also made significant technological improvements in the Vibratory Fluid Bed Tea Dyers (VFBD) being supplied to the Tea Industry worldwide. The newly designed VFBDs were installed in various overseas locations including Sri Lanka, Philippines, Africa and Bangladesh. The Company expects to obtain a patent for the new Phase V Dual Purpose Dryer in the coming year.

BIFR STATUS

Your Directors are pleased to report that the 'Rehabilitation Scheme' has been approved by the Hon'ble Bench of BIFR in its hearing held on February 10, '04. The Hon'ble Bench concurrently ordered that the Company should settle the matter



of sales tax loan directly with the Government of Gujarat.

With the positive outcome as above your Company will immensely benefit from various reliefs and concessions namely waiver of interest dues, clearance of substantial part of the principal dues to the term lenders out of the sale proceeds of the Company's Vadodara Plant, reduction in the rate of interest, conversion of excess bank borrowing to working capital term loan (WCTL) and reschedulement of future repayment obligations.

Your Company has implemented part of the scheme by concluding the sale of its Vadodara Plant on February 23, '04. Your Directors now expect regularization of working capital facilities by the commercial banks along the lines of the sanctioned scheme which will enable the Company to optimise manufacturing operations at the plant in Bhandup, Mumbai.

CURRENT YEAR 2003-04 AND FUTURE OUTLOOK

Despite the continuing working capital constraints, the Company expects to meet the targeted performance in the first half of the current year. With expected immediate availability of the required working capital facilities both fund and non-fund based from its bankers, your Directors expect to achieve operating results as projected for the current fiscal year ending September 30, '04.

With the implementation of various measures over the past four years leading to substantial reduction in the Company's overhead including the interest cost, the Company is now poised for sustainable growth and profit.

Your Company's continuing focus on technology will further improve its products and is expected to lead to significantly higher levels of sales turnover in the coming years. Your Directors are pleased to report that M/s Cabot Corporation of USA have approved the technological and manufacturing competence of your Company resulting in an order being executed for Cabot SA, France. Your Company has also initiated contacts with overseas customers including its collaborators for design and manufacture of products to be exported to them.

Your Directors expect a progressively increasing exports turnover both for the process equipment as well as for the tea industry worldwide.

As per your approval at the Extraordinary General Meeting held on 27th October, 2003, Vadodara Plant of the Company has been sold to M/s Rhine Engineering Pvt Ltd, a subsidiary of Gryogenic Group A.G. Switzerland, Share Capital has been reclassified and sub-divided, Redeemable Preference Shares shall be issued in due course. Steps are underway for shifting the Registered Office of the Company from Kolkata to Mumbai and for obtaining Central Government permission for the re-appointment of Mr. V R Sinha as Managing Director of the Company on revised terms and conditions.

DIRECTORS

Pursuant to the provisions of the Articles of Association of the Company, Mr. Y. Nara retires by rotation and being eligible, offers himself for re-election.

Mr. A U Katra was nominated by IDBI as their nominee on the Board w.e.f. 19-2-2004 in place of Mrs. B K Mandal .

PERSONNEL STRENGTH

Total number of employees in the Company as on September 30, 2003 is 74 (previous year 176). This number is 74 as on January 31, 2004.

ISO 9001-2000

The Company successfully upgraded the ISO certification to ISO-9001-2000 in November, 2003.

COLLABORATORS

The Board thanks its collaborators Nara, Japan and Silica, Germany for their valuable support. The Board also records its appreciation of technology alliances with M/s Bertrams of Switzerland, CAS of Germany and Carrier Vibrating Equipment Inc, of USA. The Company has continued discussions with new collaborators for products and processes.

HUMAN RELATIONS

Measures to improve human relations including management development at all levels have been initiated and are expected to yield good results.



REPORT & ACCOUNTS 2002-2003**DIRECTORS' RESPONSIBILITY STATEMENT**

Directors hereby confirm :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have 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 the Company at the end of the financial year and of the profit and loss of the Company for the period.
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

The Corporate Governance is applicable to our Company from this year. A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

SUBSIDIARY COMPANY

The audited Balance Sheet as at 31st March, 2003 of Pristine Investments Ltd. is attached. Particulars required under section 212 of The Companies Act, 1956 are also annexed to the accounts. However, since the Company has remained dormant since inception, an application under section 560 of The Companies Act, 1956 has been filed with the Registrar of Companies, Maharashtra for striking off the name of the Company.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above Rules, your Board is pleased to give the particulars as prescribed therein in Annexure A, which forms part of the Director's Report.

COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

No employee is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended and as such there is nil information to submit.

AUDITORS

Messrs. Deloitte Haskins & Sells, the Auditors of the Company retire and, being eligible, offer themselves for reappointment. Your Directors are of the view that Notes to the Accounts adequately provide the necessary information and answer the observations of the Auditors in their Report.

ACKNOWLEDGEMENT

Your Directors thank the Shareholders, Customers, Employees of the Company, the Financial Institutions and the Bankers for their support and look forward to their continued confidence in the Company.

For and on behalf of the Board

P. K. MOGAL
Director

V. R. SINHA
Managing Director

Mumbai, 27th February, 2004

ANNEXURES TO DIRECTORS' REPORT

ANNEXURE A : COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. Conservation of energy :

- (a) Energy conservation measures taken :

The Company's production activity is not energy intensive. However, all measures are being taken for optimising energy usage.

- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: The Company is implementing a phased programme for replacing obsolete equipment for conserving energy subject to availability of funds.

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

Impact of measures being undertaken can be identified after implementation.

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

Total consumption	-	716442 KWH
Consumption per unit	-	940.02 KWH/ M.T.

B. Research and Development (R&D) :

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

- The Company has upgraded the Vibratory Fluid Bed Dryer and introduced a Phase V Dual Purpose Model for which a patent has been applied for.
- The Company has successfully modified and adapted the Vibratory Fluid Bed Dryer for use in Rice Mills for Paddy drying/ cooling.
- The Company has successfully commissioned a closed loop Paddle Dryer System for drying Sodium Cyanide.
- The Company has taken trials and developed a special Paddle Dryer for Rice Mills for drying par-boiled rice.

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

This has helped the Company to use its products with modifications to new applications and penetrate wider sector of industry.

3. Future plan of action :

The Company continues its efforts to upgrade the vibratory Fluid Bed Dryers and experiment in the R&D to adapt their equipment with suitable modifications for new applications.

4. Expenditure on R&D :

(a) Capital	:	-
(b) Recurring	:	Rs.12.15 lacs
(c) Total	:	Rs.12.15 lacs
(d) Total R&D expenditure as a percentage of total turnover	:	0.54%

C. Technology absorption, adaptation and innovation :

- I. Efforts, in brief, made towards technology absorption, adaptation and innovation :

The Company maintained its steady pace of absorption of technology from existing collaborators.

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

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Product upgradation, new applications and wide markets.

III. Technology Import : NA

D. Foreign exchange earnings and outgo :

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

The Company's G.M. – Marketing has visited Sri Lanka, Thailand and Indonesia in the last 3 months and has generated enquiries for desiccated coconut dryers and orthodox tea dryers.

- b) Total foreign exchange used and earned :

Total foreign exchange used – Rs.44.32 lacs

Total foreign exchange earned – Rs.482.00 lacs

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