

kilburn 

**ANNUAL**

**REPORT**

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**AND**

**ACCOUNTS**

**2004 - 2005**

KILBURN OFFICE AUTOMATION LTD.

  
D.K. GHOSH  
Company Secretary

**KILBURN OFFICE AUTOMATION LTD.**

Kilburn Office Automation Ltd.

**DIRECTORS**

S. K. JALAN  
V. VANCHI  
A. KHAITAN  
C.R. PAUL  
M. SINGH  
A. D. NANAIYA  
M. SEN  
A. GUHA SARKAR

CHAIRMAN  
MANAGING DIRECTOR

**COMPANY SECRETARY**

D. K. GHOSH

**REGISTRARS & SHARE  
TRANSFER AGENTS**

MAHESHWARI DATAMATICS PVT. LTD.  
6, MANGOE LANE, 2ND FLOOR  
SURENDRA MOHAN GHOSH SARANI  
KOLKATA 700 001

**AUDITORS**

LOVELOCK & LEWES  
CHARTERED ACCOUNTANTS

**SOLICITORS**

KHAITAN & CO.

**BANKERS**

CANARA BANK  
UNITED BANK OF INDIA  
CENTRAL BANK OF INDIA

**REGISTERED & CORPORATE  
OFFICE**

'SHANTINIKETAN'  
15TH & 16TH FLOOR  
8, CAMAC STREET,  
KOLKATA - 700 017

**WORKS**

MINERVA GARDEN COMPLEX  
DIAMOND HARBOUR ROAD  
JOKA, KOLKATA 700 104

**REGIONAL OFFICES**

EASTERN REGIONAL OFFICE  
7, RED CROSS PLACE  
KOLKATA - 700 001

WESTERN REGIONAL OFFICE  
"AVINASH BUILDING", GROUND FLOOR  
720, D. S. BABREKAR MARG  
OFF GOKHALE ROAD (NORTH)  
DADAR (WEST)  
MUMBAI - 400 028

NORTHERN REGIONAL OFFICE  
B-161/4, GAUTAM NAGAR  
GULMOHAR HOUSE, 4TH FLOOR  
NEW DELHI - 110 049

SOUTHERN REGIONAL OFFICE  
OLD NO. 12, NEW NO. 23  
OLD NEELAKANTA MEHTA STREET  
T. NAGAR  
CHENNAI - 600 017

Kilburn Office Automation Ltd.

**NOTICE**

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Thursday, the 1st day of September, 2005 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.D.Nanaiya, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M.Sen, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-  
**"RESOLVED THAT** pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the consent of the Company be and is hereby accorded for payment of an amount not exceeding Rs.20,000/- (Rupees Twenty Thousand Only) or such other amount as may be approved by the Board of Directors, subject to the ceiling prescribed under the Companies Act, 1956 or rules framed thereunder, as amended from time to time, as sitting fees for each meeting of the Board of Directors or the Committee(s) thereof, attended by the Non-Executive Directors of the Company."

By Order of the Board

**KILBURN OFFICE AUTOMATION LTD.****S K JALAN  
CHAIRMAN**

Date: 27th June, 2005

Place: Kolkata

**NOTES**

1. The Register of Members of the Company will remain closed from 25th August, 2005 to 1st September, 2005 (both days inclusive).
2. A Member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote thereat instead of himself and a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office and Corporate Office at "Shantiniketan", (15th & 16th Floor), 8 Camac Street, Kolkata 700 017 not less than forty eight hours before the meeting.
3. Shareholders are requested to bring the admission slip along with 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 173(2) of the Companies Act, 1956 is annexed hereto.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.5**

Clause 49 of the Listing Agreement with the Stock Exchanges has recently been amended and the revised Clause 49(1)(B) requires all Listed Companies to take previous approval of the Shareholders of the Company in a General Meeting for paying fees/compensation to any Non-Executive Director, including an Independent Director. The revised Clause will have to be implemented on or before 31st December, 2005.

At present, the Company is paying to each of its Directors excluding the Managing Director who is in employment of the Company, a Sitting Fee of Rs.1500/= for each Meeting of the Board of Directors or Committee(s) thereof attended by him.

The Board recommends the resolution for your approval.

All the non-executive Directors of the Company are deemed to be concerned or interested in the Resolution, since it relates to payment of sitting fees for Board/Committee Meetings attended by them.

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

Name of the Director(s)	MR.A.D.NANAIYA	MR.M.SEN
Age	68 years	63 years
Date of appointment	21-2-1997	30-1-2003
Qualifications	B.Sc	B.Sc
Expertise in specific functional areas	Sales & General Administration	Sales & Marketing
List of outside Directorships held	1.Kilburn Chemicals Ltd.-Director	Nil
Memberships/Chairman of Committees held in other Public Companies	1.Kilburn Chemicals Ltd.- Member of Shareholders'/Investors Grievance Committee	Nil

Kilburn Office Automation Ltd.

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2005**

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2005.

**FINANCIAL RESULTS**

Your Company recorded the following results for the Financial Year ended 31st March, 2005.

	Financial year Ended 31st March, 2005	Financial year Ended 31st March, 2004
Gross Operating Profit	59,91,357	35,46,515
Depreciation	18,80,703	22,14,703
Net Profit Before Taxation	41,10,654	13,31,812
Current Tax	(1,90,000)	—
Deferred Tax Credit	18,77,381	22,09,570
Net Profit after Taxation	57,98,035	35,41,382
Loss brought forward from Previous Year	(3,70,36,516)	(4,02,77,898)
Transfer to Debenture Redemption Reserve	—	3,00,000
Deficit carried to Balance Sheet	(3,12,38,481)	(3,70,36,516)

**PERFORMANCE REVIEW**

The year 2004-05 was an eventful one for the Company in as much as two major steps were taken to revitalize the operations of the Company. The Factory premises of the Company at Bhasa on the outskirts of Kolkata was relocated at a smaller leased premises and the Bhasa Factory was sold in September, 2004. Again in December, 2004, the Company sold its Mailing Division to M/s. Pitney Bowes India Pvt. Ltd., a 100% subsidiary of Pitney Bowes Inc., USA on a Stump-Sale basis effective 30th of September 2004. The proceeds from these two transactions were utilized for paying off the term liabilities and re-structuring of the bank facilities. On the operation front, the Company was able to register a 30% growth in its business on Copiers and Multi-Functional Products and also sustain its level of operation on the other Products during the year.

**FUTURE PROSPECTS**

Even after the sale of the Mailing Business, the Company continues its presence in the Mailing segment as a Limited Distributor of Pitney Bowes. Besides, the Company is working aggressively on plans to increase its market share on the digital range of Copiers & Multifunctional Products with its tie-up with M/s Kyocera Mita Singapore Pvt. Ltd. Simultaneously the Company has also launched an array of new products which include Electronic Memory Copyboards, Stamp Canceling Machines and a range of Note Counting Machines. All of these identified areas offer substantial opportunities for growth and the Company is hopeful of improved performance in future.

**PARTICULARS OF EMPLOYEES**

Industrial relations in the Company continued to be cordial and satisfactory. There is no employee in the Company within the requirements of Section 217(2A) of the Companies Act, 1956 and hence the Statement giving such information is not furnished.

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

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

Kilburn Office Automation Ltd.

**DIRECTORS**

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

Mr.Rajiv Khaitan resigned from the Board on 15-10-2004.The Board acknowledged its appreciation for the advice and co-operation extended by Mr.Rajiv Khaitan during his tenure as a Director of the Company.

**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,2005 and of the profit of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities; and
- d) prepared the Annual Accounts on a going concern basis.

**AUDITORS**

Messrs. Lovelock & Lewes, Chartered Accountants, the Auditor of the Company, retire and being eligible, shall subject to Section 224 of the Companies Act, 1956 offer themselves for re-appointment.

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

**SUBSIDIARY COMPANY**

The Report and Accounts of the Subsidiary Company is annexed to the Report along with the Statement pursuant to Section 212 of the Companies Act,1956.

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGEMENT**

Your Directors acknowledge the recognition given and trust reposed in your Company by the Depositors. Financial Institutions, Banks, Registrar of Companies, Reserve Bank of India, Stock Exchanges 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.

Place: Kolkata  
Date: 27th June, 2005

For and on behalf of the Board  
S K Jalan  
Chairman

Kilburn Office Automation Ltd.

**Annexure 'A' to the Directors' Report****Statement pursuant to the Provisions of Sec. 217(1)(e) of the Companies Act, 1956 Read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988****A. Conservation of Energy**

- a) Energy Conservation measures taken :-  
The Company's operations are not energy intensive. Mostly equipments are graded and in some cases local assemblies are done. Factory roofing provide for maximum natural light available.
- b) Additional investments and proposals, if any being implemented for reduction of Consumption of energy -  
Nothing in particular.
- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production goods :-  
Impact of measures at (a) and (b) is very marginal.

**B) Technology Absorption****Research & Development (R&D)**

- 1) Specific areas in which R&D carried out by the Company :-  
Two Models of Stamp Cancelling Machines have been perfected in consultation with the Postal Authorities. Commercial manufacture of these machines have been taken up based on this development.
- 2) Benefits derived as a result of above R&D :-  
Desk Top Stamp Cancelling Machines will help in liquidating the inventory of manual / mechanical Franking Machines.
- 3) Future plan of action :-  
Company is targeting production of Note Counting Machines to make optimum utilization of its available infrastructure.
- 4) Expenditure on R&D :-
- |  |  |   |
|--|--|---|
| a) Capital   |  | Research & Development is carried out by the Company as part of Production Process and therefore, no separate cost has been booked under the head "Research & development". |
| b) Recurring   |  |   |
| c) Total   |  |   |
| d) Total R&D expenditure as Percentage of total turnover |  |   |

**Technology, absorption, adaption and innovation :-**

Commercial exploitation of the in house R&D efforts have helped in streamlining the production process of Stamp Cancelling Machines.

**Imported Technology :**

The Company has not imported any technology.

**C) Foreign Exchange Earnings & Outgo**

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

The Company trades in imported equipments mainly Digital Copiers & Multifunctional Products. During the year, the Company has incurred expenditure in foreign exchange equivalent to Rs.11,19,12,570/- comprising of Rs.11,13,70,936/- for import of raw materials, finished goods and components and Rs. 5,41,634 for travelling & others.

Place: Kolkata  
Date: 27th June, 2005

For and on behalf of the Board  
S K Jalan  
Chairman

Kilburn Office Automation Ltd.

**REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

The Directors present the Company's Report on Corporate Governance:

**A. MANDATORY REQUIREMENTS****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company firmly believes in transparency, professionalism and accountability in its dealings and lays emphasis on integrity and compliance of regularity provisions and has constantly endeavoured to practice good Corporate Governance. The above policies adopted by the Company recognise the accountability of the Board and assist its top management in the efficient conduct of the business of the Company and at the same time in meeting its social obligations.

**2. BOARD OF DIRECTORS**

The Board consists of eight Directors, one of whom is the Managing Director. All other Directors are non-executive. The Chairman is non-executive and not less than one third of the Board comprises of independent Directors.

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, seven Board Meetings were held on 20th May,2004,29th June,2004,14th July,2004,15th October,2004,25th January,2005,28th February,2005 and 21st March,2005.

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 :

Names of Directors	Category of Directorship	Directorships held in Domestic Companies (including Kilburn Office Automation Ltd.)*		Committee Memberships held in Domestic Public Companies (including Kilburn Office Automation Ltd) **		No of Board meetings attended	Attendance at last A.G.M.
		As Director	As Chairman	As Member	As Chairman		
1. Sri S.K. Jalan	Chairman Non Executive Chairman	10	1	3	-	5	Yes
2. Mr.V.Vanchi	Executive Managing Director	7	-	1	3	7	Yes
3. Mr.A.Khaitan	Non-Executive Independent Director	8	-	3	-	Nil	No
4. Mr.A.D.Nanaiya	Non-Executive Independent Director	2	-	3	-	Nil	No
5. Mr.C.R.Paul	Non-Executive Independent Director	2	-	2	1	6	Yes
6. Mr.M.Singh	Non-Executive Independent Director	1	-	-	-	2	Yes
7. Mr.M.Sen	Non-Executive Independent Director	1	-	1	1	6	No
8. Mr.A.Guha Sarkar	Non-Executive Independent Director	3	-	1	2	6	No.



**Kilburn Office Automation Ltd.**

- \* Excludes Directorships held in Private Limited Companies, Foreign Companies. Companies under section 25 of the Companies Act, 1956 and Memberships of Managing Committees of various Chambers/ Institutions.
- \*\* Memberships / Chairmanships of Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee have been considered.

**3. AUDIT COMMITTEE**

The Audit Committee comprises of Mr.S.K.Jalan, Mr.M.Sen, Mr.A.Guha Sarkar and Mr.A.D.Nanaiya.

Mr.A.Guha Sarkar is the Chairman of the said Committee.

The Audit Committee met four times during the year on 29/06/2004, 14/7/2004, 14/10/2004 and 25/01/05.

During the year, Mr.S.K.Jalan, Mr.A.Guha Sarkar and Mr.M.Sen attended all the four meetings. However Mr.A.D.Nanaiya could not attend any of the meetings.

Mr. D.K. Ghosh, Secretary of the Company, acts as the Secretary of the said committee.

The terms of reference of the Audit Committee include the powers as stipulated in Clause 49 (IIC) of the Listing Agreement and the role as laid out in aforesaid Clause 49(IID) of the Listing Agreement.

**4. REMUNERATION COMMITTEE**

The Remuneration Committee comprises of Mr.M.Sen, Mr.A.Guha Sarkar and Mr.A.D.Nanaiya.

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

The Remuneration Committee did not meet during the Financial Year 2004-2005.

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.

The details of remuneration paid to Directors for the year ended March 31, 2005 are as follows:

Names of the Directors	Sitting Fees(Rs.)	Salary (Rs.)	Perquisites (Rs.)	Retirement Benefits(Rs.)	Commisson (Rs.)	Total (Rs.)
Mr.S.K.Jalan	16,500	—	—	—	—	16,500
Mr.V.Vanchi, Managing Director	—	8,25,667	2,67,741	2,52,654	—	13,46,062
Mr. A. Khaitan	—	—	—	—	—	—
Mr.R.Khaitan	—	—	—	—	—	—
(Resigned on 15-10-2004)	—	—	—	—	—	—
Mr. A. D. Nanaiya	—	—	—	—	—	—
Mr. C. R. Paul	9,000	—	—	—	—	9,000
Mr. M. Singh	3,000	—	—	—	—	3,000
Mr.. M. Sen	15,000	—	—	—	—	15,000
Mr. A. Guha Sarkar	18,000	—	—	—	—	18,000

The Company does not have any Employee Stock Option Scheme.

The agreement with the Managing Director is contractual in nature and is for a period of three years (i.e. from 14th November, 2003 to 13th November, 2006). The agreement may be terminated by either party by giving a notice of not less than six months in writing.

**5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

The Shareholders/Investors Grievance Committee comprises of Mr.S.K.Jalan, Mr.V.Vanchi and Mr.A.Guha Sarkar.

Mr.A.Guha Sarkar is the Chairman of the said Committee.

The Shareholders/Investors Grievance Committee met two times during the year on 14/7/2004 and 25/01/05.



**Kilburn Office Automation Ltd.**

During the year, Mr.S.K.Jalan, Mr.A.Guha Sarkar and Mr. V. Vanchi attended both the meetings.

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 2005.

Computation of compliants received and resolved during the year ended 31st March,2005:-

a	No. of complaints received from Shareholders mainly for non receipt of annual report, share certificate etc.,	12
b	No. of Compliants resolved	12
c	No. of pending share transfers as on 31.03.2005	Nil

Mr. D. K. Ghosh, Secretary of the Company is the Compliance Officer.

## 6. GENERAL BODY MEETINGS

Details of Annual General / Extra-Ordinary General Meetings :-

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

AGM/EGM	Date	Venue	Time	No. of Special Resolutions passed
EGM	21.03.2005	Gyan Manch, 11, Pretoria Street, Kolkata – 700 071	11.00 A.M	1
AGM	23.09.2004	- Do -	- Do -	Nil
AGM	26.09.2003	- Do -	-Do -	Nil
AGM	18.09.2002	-Do -	-Do -	Nil

No Special Resolutions were put through Postal Ballot, at the last Annual General Meeting.

The Extra-Ordinary General Meeting was held on 21.3.2005 for issuing 7,50,000 Equity Shares at a price of Rs. 10/- each on preferential basis to Industrial Development Bank of India Limited (IDBI) as per the One Time Settlement (OTS).

## 7. DISCLOSURES

- The Company did not have any materially significant related party transactions, which may have a potential conflict with the interest of the Company.
- There were no instances of non compliance on any matter related to the capital market, during the last three years.
- The non compliances to the requirements of the listing agreements with the stock exchanges pertaining to unaudited quarterly results which were qualified by the auditors in the respective Limited Review Reports have been intimated to the stock exchanges by the company.

## 8. MEANS OF COMMUNICATION

Quarterly and half-yearly results are published in 'The Financial Express' and 'Aajkaal'. The annual results are mailed to every shareholders of the Company. Half yearly reports are not send to each shareholder.

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

Kilburn Office Automation Ltd.

**9. GENERAL SHAREHOLDER INFORMATION**

i) Annual General Meeting

DATE	—	1st September 2005
TIME	—	11.00 A.M.
VENUE	—	GYAN MANCH,11,PRETORIA STREET,KOLKATA-700 071.

ii) FINANCIAL CALENDAR : 1st April, 2004 to 31st March, 2005

- a) Unaudited results for 1st Quarter ended 30th June, 2004 - Approved by Board on 14th July, 2004.
- b) Unaudited results for 2nd Quarter ended 30th September, 2004-Approved by Board on 15th October,2004
- c) Unaudited results for 3rd Quarter ended 31st December, 2004-Approved by Board on 25th January,2005
- d) Audited results for the financial year ended 31st March, 2005-Approved by Board on 27th June, 2005
- iii) Date of Book Closure - 25th August 2005 to 1st September 2005
- iv) Listing on Stock Exchange
- 1. The Calcutta Stock Exchange Association Ltd.
  - 2. The Stock Exchange, Mumbai.

Listing fees for the year 2005-2006 have been paid to the Stock Exchanges.

v) STOCK CODE :

- a) The Calcutta Stock Exchange Association Ltd. — 21006
- b) The Stock Exchange, Mumbai — 523218
- c) Demat ISIN No. for NSDL& CDSL — INE793E01014

vi) STOCK PRICE DATA :-

Month wise	Mumbai Stock Exchange		Calcutta Stock Exchange	
	High(Rs.)	Low(Rs.)	High (Rs.)	Low (Rs.)
April 2004	—	—	—	—
May 2004	—	—	—	—
June 2004	—	—	—	—
July 2004	3.40	3.40	—	—
August 2004	5.49	2.75	—	—
September 2004	6.00	3.21	—	—
October 2004	6.00	4.00	—	—
November 2004	9.50	4.51	—	—
December 2004	9.00	7.16	—	—
January 2005	9.45	7.17	—	—
February 2005	10.99	8.05	—	—
March 2005	8.75	7.50	—	—

Note :— represents no trading.

The Company has not issued any GDRs/ ADRs Warrant or Convertible instruments.

vii) REGISTRARS & SHARE TRANSFER AGENTS : MAHESHWARI DATAMATICS PVT. LTD.  
6, MANGOE LANE, KOLKATA 700 001.

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.