

kilburn 

**Annual
Report
And
Accounts
2006-2007**

KILBURN OFFICE AUTOMATION LIMITED

Kilburn Office Automation Ltd.

DIRECTORS

SANDEEP KUMAR JALAN
V. VANCHI
C. R. PAUL
M. SINGH
A. D. NANAIYA
M. SEN
B. N. CHAKRABORTY

- CHAIRMAN
- MANAGING DIRECTOR

COMPANY SECRETARY

D. K. GHOSH

***REGISTRARS & SHARE
TRANSFER AGENTS***

MAHAESHWARI DATAMATICS PVT. LTD.
6, MANGO LANE, 2ND FLOOR,
KOLKATA-700 001.

AUDITORS

PATNI & CO.
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,
NEELAKANTA MEHTA STREET,
T. NAGAR
CHENNAI-600 017.

Kilburn Office Automation Ltd.

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Monday, the 10th day of September, 2007 at 11.00 a.m. to transact the following business :

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2007 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. C. R. Paul, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. Singh, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint the Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

5. 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. V. Vanchi as the Managing Director of the Company for a further period of 3 years effective from 14th November, 2006 on the terms and conditions enumerated in the Explanatory Statement."

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

"RESOLVED THAT subject to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such other approvals as may be necessary, the consent of the Company be and is hereby granted to the Board of Directors of the Company to voluntarily delist the Equity Shares from The Calcutta Stock Exchange Association Ltd."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things that may be necessary to give effect to the above Special Resolution."

For and on behalf of the Board

Place: Kolkata
Date: 15th June, 2007

S. K. Jalan
Chairman

NOTES

1. The Register of Members of the Company will remain closed from 3rd September, 2007 to 10th September, 2007 (both days inclusive).
2. A Member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote thereat instead of himself and a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office and Corporate Office at "Shantiniketan", (15th & 16th Floor), 8 Camac Street, Kolkata 700 017 not less than forty eight hours before the meeting.
3. Shareholders are requested to bring the admission slip alongwith their Copy of the Annual Report at the Annual General Meeting.
4. Members are informed that consequent to the issue of Notification by the Department of Company Affairs, they can now avail the nomination facility in respect of their Shares/Debentures/Deposits held in the Company. Members may kindly send the Nomination Form to the Registrars & Share Transfer Agents of the Company at the earliest.
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**

The term of office Mr. V. Vanchi as the Managing Director of the Company expired on 13th November 2006. Considering his qualifications, extensive business experience, skill and capabilities, the Board of Directors, at its meeting held on 30th October 2006, has re-appointed Mr. V. Vanchi as the Managing Director of the Company. The re-appointment and remuneration package of Mr. V. Vanchi was approved by the Remuneration Committee.

Kilburn Office Automation Ltd.

The details of the terms and conditions are enumerated below:-

- Period :** Mr. V. Vanchi shall be the Managing Director of the Company for a further period of Three Years with effect from 14th November 2006.
- Duties :** Mr. V. 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 to 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.1,00,000/- per month with such revision as the Board may approve from time to time in the Salary Grade of Rs.1,00,000/- to Rs.1,50,000/-.
- Perquisites & Allowances:** In addition to the above remuneration, Mr. V. Vanchi shall also be entitled to perquisites and allowances like furnished accommodation, house, maintenance allowance together with reimbursement of expenses or utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for self and family as per the rules of the Company. Club Fees, medical/personal accident insurance, leave encashment, benefits of Provident Fund, Gratuity Fund, Superannuation Fund, car, telephone etc. and such other perquisites and allowances as may be agreed to by the Board of Directors and Mr. V. Vanchi.
In case no accommodation is provided to Mr.V.Vanchi,he shall be paid House Rent Allowance as per the Rules of the Company subject to a ceiling of 60% of the Salary.
- Commission:** Such Commission of the net profits, as may be agreed upon by the Board of Directors and Mr. V. Vanchi, for each financial year or part thereof, subject to the condition that the total remuneration i.e., salary, perquisites and commission in any one financial year shall not exceed the limits prescribed or as may be prescribed from time to time under Section 198, 309 and other applicable provisions of the Companies Act, 1956 as may be for the time being in force.
- Minimum Remuneration:** In the event of loss or inadequacy of profits in any financial year during the tenure of his office, the payment of remuneration shall be governed in terms 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. V. Vanchi is concerned or interested.

The Abstract under 302 of the Companies Act,1956 has also been sent to the shareholders.

The Board recommends the resolution for the approval of the shareholders.

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 Institution appearing in the Prospectus:

Not applicable.

(4) Financial Performance based on given indicators:

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

	Year ended 31.03.2006 (Rs. in Lacs)	Year ended 31.03.2005 (Rs. in Lacs)	Year ended 31.03.2004 (Rs. in Lacs)	Year ended 31.03.2003 (Rs. in Lacs)
Turnover	3014.39	4546.68	3551.17	3328.37
Profit/(Loss) after Tax	107.87	57.98	35.41	6.22
Amount of Dividend paid	Nil	Nil	Nil	Nil
Percentage of Dividend	Nil	Nil	Nil	Nil

Kilburn Office Automation Ltd.**(5) Export Performance:**

Nil

(6) Foreign Investments or Collaborators:

Nil

II. Information about the Appointee:**(1) Background Details:**

Mr. V. Vanchi is a Bachelor in Mechanical Engineering (B.M.E.), aged about 59 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. Prior to 1994, he held several important positions like Vice President-Corporate Planning in McNeill & Magor Co. Ltd. and President in Kilburn Office Automation Limited (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 2006:

	Rs.
Salary	9,68,500/-
Money value of perquisites & benefits	3,40,537/-
Company's contribution to Provident, Superannuation & Gratuity Funds	2,96,361/-
	<u>16,05,398/-</u>

(3) Recognition or Awards:

Not material.

(4) Job Profile and his suitability:

Mr. V. Vanchi is overall in charge of affairs and business of the Company subject to the superintendence, control and direction of the Board. Mr. Vanchi has vast exposure in sales, marketing and in other allied functions such as finance, commercial, logistics and human resources. The Board found him suitable for the post of Managing Director.

(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:

Position	Company	Remuneration	Experience & Qualification
Managing Director *	Ricoh India Ltd. (erstwhile Gestener India Ltd.)	Rs.55,86,564	31 Years B.E. (Mech), MBA

* Source Annual Report -2005

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

Nil

Kilburn Office Automation Ltd.**II. Other Information:****(1) Reasons of loss/inadequacy of profits:**

The accumulated losses as shown in the Balance Sheet are on account of losses brought forward from previous years since 2000. However, the profits of the Company have shown a gradual and steady improvement.

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

Among the various steps taken by the Company to improve the financial position some are enumerated below:-

- To make available to the Indian markets, technologically superior products and services conforming to international standards and at a competitive price.
- Increase product range.
- Train and develop Company's employees and Dealers' employees to improve Customer Service upto Customer satisfaction.

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

- Company is budgeting for a minimum 25% annual growth in revenues.

ITEM NO. 6

The provisions of the Securities and Exchange Board of India (Delisting of Securities) Guideline, 2003 inter alia provide that there shall not be any compulsion for the existing Companies to remain listed on any stock exchange merely because it is a regional stock exchange. The companies can de-list from any stock exchange after complying with the said guidelines. It is observed that there has been no trading for few years in The Calcutta Stock Exchange Association Limited (CSEA). With the extensive connectivity of the Bombay Stock Exchange (BSE), the investors have access to dealings in the equity shares of the company across the country. In the light of the above and as a part of cost reduction measures, it is proposed to voluntarily de-list the equity shares of the Company from CSEA. The Board of Directors of the Company are of the view that the proposed delisting of equity shares of the Company from CSEA will not adversely affect the interest of the investors as the Company's equity shares will continue to stay listed at BSE.

The Directors recommends the resolution for the approval of the shareholders.

None of the Directors are concerned/interested in this resolution.

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. C. R. PAUL	MR. M. SINGH
Age	79 Years	59 Years
Date of appointment	30.12.1987	30.12.1987
Qualifications	M.Sc (Applied Physics)	B.A. LLB
Expertise in specific functional areas	Power Technologist and General Management	Marketing
List of outside Directorships held	Philips Carbon Black Limited Director	Manor Travels Pvt. Ltd. -Managing Director
Memberships/Chairman of Committees held in other Public Companies	1. Member of Audit Committee- Philips Carbon Black Limited 2. Member of Remuneration Committee-Philips Carbon Black Limited 3. Chairman of Shareholders' Grievance Committee -Philips Carbon Black Limited	Nil Nil

Kilburn Office Automation Ltd.**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007**

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2007.

FINANCIAL RESULTS:

Your Company recorded the following results for the Financial Year ended 31st March, 2007.

	Financial Year Ended 31st March, 2007	Financial Year Ended 31st March, 2006
Gross Operating Profit	1,50,58,488	1,22,94,231
Depreciation	31,23,474	15,97,798
Net Profit Before Taxation & Prior Period Items	1,19,35,014	1,06,96,433
Prior Period Items	2,59,820	—
Current Tax	(19,90,000)	(12,25,000)
Deferred Tax Credit	20,49,515	19,10,566
Fringe Benefit Tax	(6,96,312)	(5,94,959)
Net Profit after Taxation	1,10,38,397	1,07,87,040
Loss brought forward from Previous Year	(2,04,51,441)	(3,12,38,481)
Deficit carried to Balance Sheet	(94,13,044)	(2,04,51,441)

PERFORMANCE REVIEW:

The Company was able to come up with improved performance for the year ended 31st March'07. This was achieved inspite of a flat revenue growth. Your company was able to register a 90% growth in terms of number of units sold during the year on copiers and multi-functional products, which constitute the main products of the Company. This reflects a very healthy trend in relation to the overall market scenario. Sale of mailing products registered a sharp decline in anticipation of policy changes. Profit before Tax registered a 9% increase over the previous year.

FUTURE PROSPECTS:

Market for Office Automation Products, especially B/W & colour MFP's is on a growth phase, growing annually at around 35%. Your Company is comfortably placed to exploit the growth scenario with its tie-up with Kyocera Mita Singapore Pte. Ltd., whose products have over time proved to be very versatile and reliable in the Indian operating environment. Besides, the market for other products of the Company is also buoyant. As such your Company is hopeful of sustaining and improving its 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".

DIRECTORS:

Mr. C.R.Paul and Mr.Man Mohan Singh 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.A.Khaitan and Mr.A.Guha Sarkar resigned from the Board of the Company. The Board placed on record its sincere appreciation for the valuable services rendered by them during their tenure as Directors in the Company.

Kilburn Office Automation Ltd.**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, 2007 and of the profit/loss of your Company for that period;
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities; and
- d) prepared the Annual Accounts on a going concern basis.

AUDITORS

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

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

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 from all categories of employees of the Company.

Place: Kolkata
Date: 15th June, 2007

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 traded and are of imported origin 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) & (b) will be very marginal. All efforts are being made to keep the consumption within reasonable limits.

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

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

Two Models of Stamp cancelling Machines have been perfected in consultation with the Postal Authorities.

- 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, the manufacture of which have been discontinued few years back.

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

Technology, absorption, adaption and innovation : Not applicable.

Import of Technology : Nil.

C) Foreign Exchange Earnings & Outgo

- a) Foreign Exchange Earnings : Nil.

- b) Total Foreign exchange used :

The Company trades in imported equipments mainly Digital Copiers & Multifunctional Products. During the year, the Company has incurred expenditure in foreign exchange equivalent to Rs.10,08,46,862 comprising of Rs. 10,03,26,814 import of raw materials, finished goods and components and Rs.5,20,048 for travelling & others.

Place: Kolkata
 Date: 15th June, 2007

For and on behalf of the Board
S. K. Jalan
 Chairman

Kilburn Office Automation Ltd.**REPORT ON CORPORATE GOVERNANCE**

Your Company has been practising 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 Exchanges are as under :-

I. 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, 2007:-**

The Board consists of seven 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, six Board Meetings were held on 18th May, 2006, 23rd June, 2006, 18th July, 2006, 30th October, 2006, 29th January, 2007 and 12th March, 2007.

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	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. Sri S.K. Jalan	Chairman Non-Executive Chairman & Non-Independent	9	-	1	-	5	Yes
2. Mr. V. Vanchi	Executive Managing Director	7	-	-	1	6	Yes
3. Mr. A. Khaitan**	Non-Executive Non-Independent Director	10	-	1	-	Nil	No
4. Mr. A. D. Nanaiya	Non-Executive Independent Director	1	-	1	-	2	No
5. Mr. C. R. Paul	Non-Executive Independent Director	1	-	1	1	4	Yes
6. Mr. M. Singh	Non-Executive Independent Director	-	-	-	-	1	Yes
7. Mr. M. Sen	Non-Executive Independent Director	-	-	-	-	6	Yes
8. Mr.A.Guha Sarkar**	Non-Executive Non-Independent Director	2	-	-	-	4	Yes
9. Mr.B.N.Chakraborty•	Non-Executive Independent Director	-	-	-	-	4	No