

kilburn 

**Annual
Report
And
Accounts
2007-2008**

KILBURN OFFICE AUTOMATION LIMITED

Kilburn Office Automation Ltd.***DIRECTORS***

SANDEEP KUMAR JALAN - CHAIRMAN
 V. VANCHI - MANAGING DIRECTOR
 C. R. PAUL
 M. SINGH
 A. D. NANAIYA
 M. SEN
 AMRESH KUMAR JAIN

COMPANY SECRETARY

D. K. GHOSH

***REGISTRARS & SHARE
TRANSFER AGENTS***

MAHAESHWARI DATAMATICS PVT. LTD.
 6, MANGOE 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 Seventh Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Monday, the 18th day of August, 2008 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, 2008 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 re-appoint the Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Amresh Kumar Jain, who was appointed as an Additional Director by the Board of the Company on 28-5-2008, pursuant to Section 260 of the Companies Act, 1956 and Article 103 of the Articles of Association of the Company, be and is hereby appointed a Director of the Company."

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

"RESOLVED THAT the due date for redemption of 1,20,000 Nos. of 11% Cumulative Redeemable Preference Shares of Rs.100/= each issued as per the Special Resolution passed in the Extra-Ordinary General Meeting held on 6th March, 2000 and to be redeemed at the end of 9th and 10th Year from the date of allotment is to be postponed to 20th year, subject to the approval of the Preference Shareholders."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to exercise the option to redeem the aforesaid 11% Cumulative Redeemable Preference Shares at the end of the 20th year from the date of allotment or earlier at the sole discretion of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things to execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation thereto."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein consented to the Directors of the Company to give effect to the aforesaid resolution."

Place: Kolkata
Date: 24th June, 2008

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

NOTES

1. The Register of Members of the Company will remain closed from 11th August, 2008 to 18th August, 2008 (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.

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

Mr. Amresh Kumar Jain was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 103 of the Articles of Association of the Company, at the Board Meeting held on 28-5-2008. In accordance with the Section 260 of the Companies Act, 1956, the term of appointment of Mr. Amresh Kumar Jain ends on the date of the ensuing Annual General Meeting. The Company has received a notice in writing along with the requisite deposit under Section 257(1) of the Companies Act, 1956 from a shareholder proposing the appointment of Mr. Amresh Kumar Jain, as the Director of the Company at the ensuing Annual General Meeting.

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

Apart from Mr. Amresh Kumar Jain, no director is concerned or interested in the said resolution.

ITEM NO. 6

The Company had issued 1,20,000 -11% Cumulative Redeemable Preference Shares (CRPS) of Rs.100/= each in the year 2000. The said CRPS fall due for redemption in two equal instalments at the end of the 9th and 10th Year from the date of allotment i.e., 13th March, 2000. With a view to augment the long-term resources of the Company on a sustained basis, it is proposed to extend the date of redemption and redeem the aforesaid CRPS at the end of the 20th year from the date of allotment or earlier at the discretion of the Company, subject to consent and approval of the shareholders.

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

None of the Directors are concerned or interested in the said resolution except Mr. S. K. Jalan.

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

Name of the Director(s)	MR. A. D. NANAIYA	MR. M. SEN	Mr. AMRESH KUMAR JAIN
Age	71 Years	66 Years	42 Years
Date of appointment	21.02.1997	30.01.2003	28.05.2008
Qualifications	B.Sc	B.Sc	FCA, DISA
Expertise in specific functional areas	Sales & General Administration	Sales & Marketing	Accounts & Finance
List of outside Directorships held	Kilburn Chemicals Limited	Nil	Nil
Memberships/Chairman of Committees held in other Public Companies	1. Member of Shareholders Grievance Committee Kilburn Chemicals Limited	Nil	Nil

Kilburn Office Automation Ltd.**DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008**

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2008.

FINANCIAL RESULTS:

Your Company recorded the following results for the Financial Year ended 31st March, 2008.

	Financial Year Ended 31st March, 2008	Financial Year Ended 31st March, 2007
Gross Operating Profit	1,41,96,483	1,50,58,488
Depreciation	27,89,490	31,23,474
Net Profit Before Taxation	1,14,06,993	1,19,35,014
Prior Period Items	-	2,59,820
Current Tax	(12,25,000)	(19,90,000)
Deferred Tax Credit	12,07,589	20,49,515
Fringe Benefit Tax	(6,94,000)	(6,96,312)
Net Profit after Taxation	1,06,95,582	1,10,38,397
Loss brought forward from Previous Year	(94,13,044)	(2,04,51,441)
Surplus/Deficit carried to Balance Sheet	12,82,538	(94,13,044)

PERFORMANCE REVIEW:

The company was able to sustain its revenues and profitability for the year ended 31st March'08. There was a healthy 27% growth on Copier operations of the Company. However, sales revenues of Mailing Products suffered badly in anticipation of the migration policy on Digital Franking Machines by the Department of Posts, which came into effect only after the end of the financial year. This resulted in an overall modest growth of only 3% in revenues during the year. The Directors are happy to report that the entire carry-forward losses were wiped off during the year. Besides, the Company was able to finalise marketing tie-ups for various new products during the year, which would help towards delivering improved performance in future.

FUTURE PROSPECTS:

Market for all Office Automation Products is expected to grow at a healthy pace of around 30 - 35% during the year. Your company expects to sustain the industry growth. It has also diversified the product range of Copiers & MFPs to cover high-end models and colour copiers in tie-up with Kyocera Mita India Pvt. Ltd.

The Company has entered into a marketing and servicing agreement with the Indian subsidiary of M/s Kusters Engineering of Netherland for Coin Vending Machines and Cheque Drop Box Machines & Solutions. These products have immense growth potential in the Indian market in the banking, insurance and utility sectors. The Company has already received few prestigious orders on these products and expects to command a dominant share in this market segment.

Indian Post has recently (21st May'08) signed the MOU for launch of the much awaited Remotely Managed Franking System using new generation Digital Franking Machines. The Company hopes to take fullest advantage of this migration opportunity in the coming years.

Considering all of the above, your company is hopeful of improving its performance quite significantly in coming years.

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. A Statement pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure "B".

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.

Kilburn Office Automation Ltd.

The Board grieved Mr.B.N.Chakraborty's sudden death and placed on record its sincere appreciation for the valuable services rendered by him during his tenure as Director in the Company.

Mr.Amresh Kumar Jain was appointed by the Board as an Additional Director on 28-5-2008 pursuant to Section 260 of the Companies Act,1956 and Article 103 of the Articles of Association of the Company till date of the ensuing Annual General Meeting and is eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- a) followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanations relating to material departures;
- b) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March,2008 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.

EXTENSION OF REDEMPTION OF CUMULATIVE REDEEMABLE PREFERENCE SHARES (CRPS)

The Company had issued 1,20,000 -11% Cumulative Redeemable Preference Shares of Rs.100/= each in the year 2000.The said CRPS fall due for redemption in two equal instalments at the end of the 9th and 10th Year from the date of allotment i.e., 13th March,2000. With a view to augment the long term resources of the Company on a sustained basis, it is proposed to extend the date of redemption and redeem the aforesaid CRPS at the end of the 20th year from the date of allotment or earlier at the discretion of the Company, subject to consent and approval of the shareholders.

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

KRL Finance and Investments Ltd. ceased to be a subsidiary Company from March, 2008, hence the accounts of the subsidiary company is not annexed to the Report.

DELISTING OF EQUITY SHARES FROM CALCUTTA STOCK EXCHANGE

Following the approval of the Members at the Annual General Meeting held on 10th September, 2007, the Equity Shares of your Company have been delisted from the Calcutta Stock Exchange w.e.f 25th March, 2008 and, considering the interest of the general investors the said shares have been allowed to be traded under "Permitted Category" on the said Exchange.

The Company's shares will however continue to remain listed on the Bombay Stock Exchange Limited.

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, 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: 24th June, 2008

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 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 has enumerated production of Note Counting Machines to make optimum utilization of its available infra-structure.

- 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 & Multi-functional Products. During the year, the Company has incurred expenditure in foreign exchange equivalent to Rs.13,95,58,157 comprising of Rs. 13,91,82,303 import of raw materials, finished goods and components and Rs.3,75,854 for travelling & others.

Place: Kolkata
 Date: 24th June, 2008

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

Kilburn Office Automation Ltd.

Annexure 'B' to the Directors' Report
Statement pursuant to the Provisions of Sec. 217(2A) of the Companies Act, 1956
Read with Companies (Particulars of Employees) Rules, 1975

Employees throughout the year and were in respect of remuneration which in the aggregate was more than Rs.24,00,000 p.a

Nature of Employees	Designation	Remuneration (Rs.)	Qualifications and Experience	Date of Commencement of employment	Age	Particulars of last employment
Mr. V. Vanchi	Managing Director	24,36,761	B.E. (Hons) DCM 34 Years	01.02.92	61 Years	Vice-President Corporate Planning Macneill & Magor Limited

Place: Kolkata
Date: 24th June, 2008

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

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Kilburn Office Automation Ltd.**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 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, 2008:-**

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, Four Board Meetings were held on 15th June, 2007, 27th July, 2007, 31st October, 2007 and 29th January, 2008.

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	8	-	1	-	4	Yes
2. Mr. V. Vanchi	Executive Managing Director	7	-	1	2	4	Yes
3. Mr. A. D. Nanaiya	Non-Executive Independent Director	1	-	2	-	3	No
4. Mr. C. R. Paul	Non-Executive Independent Director	1	-	2	1	4	No
5. Mr. M. Singh	Non-Executive Independent Director	-	-	-	-	1	No
6. Mr. M. Sen	Non-Executive Independent Director	-	-	-	-	4	Yes
7. Mr.B.N.Chakraborty	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.

Membership/Chairmanship of Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee have been considered.

• Expired on 18.02.2008

Kilburn Office Automation Ltd.**(ii) CODE OF CONDUCT**

The Company has laid down a Code of Conduct for all its Board members and Senior Management Personnel excluding Mr.B.N.Chakraborty 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..B.N.Chakraborty, Mr.C.R.Paul and Mr.M.Sen..Mr. B.N.Chakraborty is the Chairman of the Committee.

The Audit Committee met five times during the year on 18th May, 2007, 15th June, 2007, 27th July, 2007, 31st October, 2007 and 29th January, 2008.

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

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

D. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr.M.Sen, Mr.C.R.Paul and Mr.B.N.Chakraborty.

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

The Remuneration Committee did not meet during the year, as there was no agenda.

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, 2008 are as follows:

Names of the Directors	Sitting Fees (Rs)	Salary (Rs)	Perquisites (Rs)	Retirement Benefits (Rs)	Commission (Rs)	Total (Rs)
Mr. S. K. Jalan	15,000	-	-	-	-	15,000
Mr. V. Vanchi Managing Director	-	13,14,167	9,17,584	2,05,010	-	24,36,761
Mr. A. D. Nanaiya	7,500	-	-	-	-	7,500
Mr. C. R. Paul	22,500	-	-	-	-	22,500
Mr. M. Singh	1,500	-	-	-	-	1,500
Mr. M. Sen	27,000	-	-	-	-	27,000
Mr. B. N. Chakraborty*	22,500	-	-	-	-	22,500

Note : * Expired on 18.02.2008

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, 2006 to 13th November, 2009). The agreement may be terminated by either party by giving a notice of not less than six months in writing.