kilburn

Annual Report And Accounts 2011-2012

Kilburn Office Automation Limited

Kilburn Office Automation Ltd.

DIRECTORS	SANDEEP KUMAR JALAN - CHAIRMAN VARADARAJAN VANCHI - MANAGING DIRECTOR CHITTARANJAN PAUL MANMOHAN SINGH ALLAPANDA DEVIAH NANAIYA MADHUSUDAN SEN AMRESH KUMAR JAIN
REGISTRARS & SHARE TRANSFER AGENTS	MAHESHWARI DATAMATICS PVT. LTD. 6,MANGOE LANE,2ND FLOOR, KOLKATA-700 001. PHONE NO. (033)-2243-5809/5029/2248-2248 FAX NO.(033)-2248-4787 E-MAIL : mdpl@cal.vsnl.net.in mdpldc@yahoo.com
AUDITORS	PATNI & CO., CHARTERED ACCOUNTANTS
BANKERS	CANARA BANK UNITED BANK OF INDIA CENTRAL BANK OF INDIA INDIAN OVERSEAS BANK
REGISTERED & CORPORATE OFFICE	"SHANTINIKETAN",15TH & 16TH FLOOR, 8,CAMAC STREET, KOLKATA-700 017. PHONE NO. (033)-2282-8501/4027-4444 FAX NO. (033)-4027-4400 E-MAIL : koalcorporate@kilburn.in
WORKS	7, 7A & 8 MINERVA GARDEN COMPLEX DIAMOND HARBOUR ROAD , JOKA , KOLKATA- 700 104 . PHONE NO. (033)-2453-7925/26 AUTO FAX NO. (033)-2453-7925/26 E-MAIL :koalfactory@kilburn.in

www.kilburn.in

NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Monday, the 3rd day of September,2012 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, 2012 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. S.K.Jalan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr.Chittaranjan Paul, who retires by rotation and being eligible offers himself for re-appointment.
4. "**RESOLVED THAT** Messrs.Rakesh Sethia & Co. Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company,in place of Messrs.Patni & Co., Chartered Accountants,who have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company, and that the new Auditor will hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration that may be mutually decided by the Board of Directors on the recommendation by the Audit Committee and the new Auditors."

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.Varadarajan Vanchi as the Managing Director of the Company for another 1 (One) Year effective from 14th November,2012 on the terms and conditions enumerated in the Explanatory Statement."

Place: Kolkata
Date : 31st May, 2012
Registered Office :
"Shantiniketan",15th Floor,
8,Camac Street, Kolkata-700 017.

For and on behalf of the Board
SANDEEP KUMAR JALAN
CHAIRMAN

NOTES

1. The Register of Members of the Company will remain closed from 27th August, 2012 to 3rd September, 2012 (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 of Mr. Varadarajan Vanchi as the Managing Director of the Company is expiring on 13th November,2012.Considering his qualifications, extensive business experience, skills and capabilities, the Board of Directors, at its meeting held on 31st May,2012 has re-appointed Mr. Varadarajan Vanchi as the Managing Director of the Company for another 1(One) Year effective from 14th November, 2012, and the same is being placed before the share holders at the ensuing Annual General Meeting. The re-appointment and remuneration package of Mr. Varadarajan Vanchi was also approved by the Remuneration Committee at its meeting held on 31st May, 2012.

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 2012.
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.2,50,000/- per month with such revision as the Board may approve from time to time.
Perquisites & Allowances:	In addition to the above remuneration, Mr. Varadarajan Vanchi shall also be entitled to perquisites and allowances like unfurnished 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. Varadarajan Vanchi.
Commission:	Such Commission of the net profits, as may be agreed upon by the Board of Directors and Mr. Varadarajan 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. Varadarajan Vanchi is concerned or interested.

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.

(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, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Turnover	39,47,93,116	54,87,17,201	40,67,43,550	36,73,35,866
Profit/(Loss)After Tax	(1,52,67,279)	56,12,841	1,20,81,741	1,45,67,063
Amount of Preference Dividend	Nil	Nil	27,08,712*	Nil
Precentage of Preference Dividend	Nil	Nil	Nil	Nil

*Arrears of Preference Dividend from 12.03.2000 to 31.03.2002.

(5) Export Performance: Nil

(6) Foreign Investments or Collaborators:
Distribution Agreements with the Indian Subsidiaries of various Foreign Principals like Pitney Bowes,SCS International BV, Kusters Engineering and Ningbo.

II. **Information about the Appointee:**

(1) Background Details:

Mr. Varadarajan Vanchi is a Bachelor in Mechanical Engineering (B.M.E.), aged about 65 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 2012 :

	Rs.
Salary	26,28,333
Money value of perquisites & Benefits	15,49,025
Company's contribution to Provident, Superannuation & Gratuity Funds	4,10,020
	45,87,378

(3) Recognition or Awards:

Not material.

(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 direction 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:

A substantial portion of the expected business during the year spilled over to the following year. Besides, landed costs of the imported products were badly impacted due to currency depreciation whilst the Company was bound by fixed DGS&D Rate Contracts on many of its products. Further all operational costs increased impacting product margins.

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

The Company has expanded its product offerings to cover many cash processing products for the Banking Industry. Besides, the Company expects reasonable growth in its business on Digital Franking Machines aided by the migration circular of the Dept. of Posts, Ministry of I.T. and Communications, whereby all current users of Electronic Franking Machines have to migrate to use of Digital RMFS by 30th June, 2013. Increase in MIF (Machines –in-field) of Banking Products will also result in healthy growth of Service revenues in the years to come.

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

The Company is planning to double its Revenue turn-over over the next 2 years, which will also increase the profits substantially.

The Board of Directors of the Company recommends the passing of the resolution by the shareholders as set out in Item No. 5 of the Notice.

None of the Directors except Mr. Varadarajan Vanchi is concerned or interested in the 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.S.K.JALAN	MR.C.R.PAUL
Age	49 Years	83 Years
Date of appointment	29.03.1989	30.12.1987
Qualifications	B.Com (Hons.),MBA	M.Sc (Applied Physics)
Expertise in specific functional areas	Rich and varied experience in business, administration and commerce.	Power Technologist And General Management
List of outside Directorships held	1. Kilburn Chemicals Limited -Managing Director	1. Philips Carbon Black Limited -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	
	7. Supriya Finance Limited -Director	
	8. Kilburn Software Technologies India Limited-Director	
	9. Shreyans Investments Private Limited-Director	
	10. Arham Vyapaar Pvt. Ltd. -Director	
	11. Ana Vincom Pvt. Ltd. -Director	
	12. Kilburn Pigments Ltd. -Director	
Memberships/Chairman of Committees held in other Public Companies	1. Kilburn Chemicals Limited -Member of Shareholders' Grievance Committee	1. Philips Carbon Black Limited -Member of Audit Committee 2. Philips Carbon Black Limited -Member of Remuneration Committee 3. Philips Carbon Black Limited -Chairman of Shareholders Grievance Committee

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2012.

FINANCIAL RESULTS

Your Company recorded the following results for the Financial Year ended 31st March, 2012:

	Financial Year ended 31st March, 2012 (Rs)	Financial Year ended 31st March, 2011 (Rs)
Gross Operating Profit /(Loss)	**(10,90,78,149)**	1,07,30,698
Depreciation	**19,52,087**	28,08,764
Net Profit /(Loss) before Exceptional Items & Taxation	**(10,71,26,062)**	79,21,934
Exceptional Items	**9,21,31,555**	(13,73,316)
Profit before Extraordinary Items and Tax	**(1,49,94,507)**	65,48,618
Current Tax	**–**	12,14,200
Deferred Tax	**2,72,772**	(2,78,425)
Net Profit / (Loss) after Taxation	**(1,52,67,279)**	56,12,843
Profit brought forward from previous year	**3,00,73,028**	2,44,60,185
Surplus carried to Balance Sheet	**1,48,05,749**	3,00,73,028

PERFORMANCE REVIEW

The Company's overall performance during the year was disappointing. Due to difficult business conditions and continuing erosion of operating margins, the Company sold the Copier Division undertaking to M/S Kyocera Mita India Pvt. Ltd., a 100% subsidiary of Kyocera Mita Corporation, Japan on a Slump Sale basis effective 31st August, 2011. This impacted the operational revenues considerably (Copier operation revenues was Rs. 6.53 crores in 2011-2012 upto 31st August, 2011 as against Rs. 28.66 crores in the previous year). Post sale of the Copier Division, the Company worked aggressively to enhance its marketing activities on Banking Products and Digital Franking Machines. The Company could achieve a growth of over 80% on Franking Machines from Rs. 11.86 crores in 2010-2011 to Rs. 21.47 crores in 2011-12. However, sizeable business expected on Coin Vending Machines, Shrink Wrap Machines and Digital Franking Machines during the year spilled over to the following year resulting in a steep fall of Revenue Turnover and operational performance. The Company suffered a loss of Rs. 1.53 crores during the year against a Net Profit after Taxes of Rs. 56.13 lacs in the previous year, after accounting for Profits from Slump Sale of its Copier Division Undertaking.

FUTURE PROSPECTS

Your Company foresees reasonable growth in its operations in the coming years. The Company has already launched three new need-based banking products viz. Sorting Machines, Note Authentication Machines and Currency Banding Machines all of which have found good acceptance. Active tenders for

these products are under process in various public sector and co-operative banks. Besides, the Company expects reasonable growth in its business on Digital Franking Machines aided by the migration circular of the Dept. of Posts, Ministry of I.T. and Communications, whereby all current users of Electronic Franking Machines have to migrate to use of Digital RMFS by 30th June, 2013. Increase in MIF (Machines – in-field) of Banking Products will result in healthy growth of Service revenues in the years to come. Further, the Company is trying to enrich its product mix by introducing more value – added products and services and is, therefore, hopeful of improved performance in future.

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 and Mr.Chittaranjan Paul 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.

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,2012 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 retiring Auditors have expressed their unwillingness to be re-appointed as Auditors at the ensuing Annual General Meeting of the Company. The Company has however, received a letter from Messrs Rakesh Sethia & Co., Chartered Accountants, confirming their eligibility under Section 224(1B) of the Companies Act,1956 and also willingness to be appointed as Auditors of the Company, if appointed. Accordingly, approval of the shareholders will be sought at the

ensuing Annual General Meeting of the Company to the appointment of and remuneration payable to Messrs. Rakesh Sethia & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

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.

COST ACCOUNTING RECORDS

The Audit Committee recommended the appointment of M/s.DGM & Associates, Cost Accountants, Kolkata and the same was approved by the Board of Directors of the Company for the maintenance of Cost Accounting Records for the Financial Year 2011-12 in compliance with the directives issued by the Central Government.

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, 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

SANDEEP KUMAR JALAN

Date : 31st May, 2012

CHAIRMAN