

kilburn

**ANNUAL REPORT
AND
ACCOUNTS
2001 - 2002**

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KILBURN OFFICE AUTOMATION LTD.
(Formerly Kilburn Reprographics Limited)

Kilburn Office Automation Ltd.

DIRECTORS

SANDEEP KUMAR JALAN
V. VANCHI
A. KHAITAN
RAJIV KHAITAN
C.R. PAUL
MANMOHAN SINGH
A. D NANAIYA

-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

FACTORY

'BHASA' DIAMOND HARBOUR ROAD
PO BISHNUPUR
DIST. 24 - PARGANAS (S)
PIN - 743 503

REGIONAL OFFICES

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

WESTERN REGIONAL OFFICE
GRESHAM ASSURANCE HOUSE
SIR PHIROZESH AH MEHTA ROAD
(ABOVE ANZ GRINDLAYS BANK)
FORT, MUMBAI - 400 001

SOUTHERN REGIONAL OFFICE
200, PETERS ROAD, ROYAPETTAH,
CHENNAI - 660 014

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

Kilburn Office Automation Ltd.

KILBURN OFFICE AUTOMATION LTD.**NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Calcutta 700 071, on Wednesday, the 18th day of September, 2002 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 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 Directors in place of Mr. A. D. Nanaiya and Mr. Rajiv Khaitan, who retire by 'rotation and being eligible offer themselves for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Date: 31st July, 2002
Place: Kolkata

By Order of the Board
KILBURN OFFICE AUTOMATION LTD.

S. K. JALAN
CHAIRMAN

NOTES

1. The Register of Members of the Company will remain closed from 16th September, 2002 to 18th September, 2002 (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 Reports at the Annual General Meeting.

Kilburn Office Automation Ltd.

DIRECTORS' REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2002**

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2002.

PERFORMANCE OF THE COMPANY

Your Company recorded the following results for the Financial Year ended 31st March, 2002.

	Financial Year Ended 31st March, 2002	Financial Year Ended 31st March, 2001
Gross Operating Profit/(Loss)	24,41,040	(2,24,02,429)
Depreciation	20,22,225	20,89,854
Net Profit/(Loss) Before Taxation	4,18,815	(2,44,92,283)
Less: Taxation for the year		
Current Tax (Net off earlier year excess provision written back)	(25,32,334)	—
Deferred Tax(Credit)	<u>(17,54,196)</u>	—
Net Profit/(Loss) After Taxation	47,05,345	(2,44,92,283)
Loss brought forward from previous year	(4,54,05,958)	(2,09,13,675)
Transfer to Debenture Redemption Reserve	1,00,000	—
Deficit carried to Balance Sheet	(4,08,00,613)	(4,54,05,958)

PERFORMANCE REVIEW

The operations of the Company improved during the year under review with turnover registering a growth of 15.24% over the previous year. This was achieved inspite of the slow down in the Indian economy and recessionary conditions prevailing in most of user industries. The Company was able to increase its market share in Mailing Products marginally. Besides, it registered a 7.50% increase in service income revenues. Various steps initiated by the Company for cost control enabled the Company to achieve an improved overall performance during the year.

FUTURE PROSPECTS

The Company's business on Mailing Equipments in tie-up with M/s Pitney Bowes, USA is progressing satisfactorily. The decision by the Department of Post to dis-continue service stamps is expected to result in substantial business for the Company in the coming years. Besides, the Company's efforts of furthering the use of advanced types of Franking Machines for tax revenue applications is gaining momentum with many states having introduced modifications in their respective Stamp Acts.

Your Company is continuously exploring possibilities for better utilisation of its marketing and servicing infra-structure. Also with the continuously growing MIF (machines in-field) the Company expects a steady rise in service income revenue over the years.

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"

Statement Pursuant to the Provisions of Sec.217(2A) of the Companies Act, 1956 Read with the Companies (Particulars of Employees) Rules, 1975.

No employee of the Company was in receipt of remuneration during the Financial Year ended 31st March, 2002, in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

Mr. A. D. Nanaiya and Mr. Rajiv Khaitan 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.

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 at the end of the financial year 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 at the conclusion of this Meeting. Members are requested to appoint the Auditors for the current year and to authorise the Board of Directors to fix their remuneration.

The 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.

AUDIT COMMITTEE

The Company has constituted an Audit Committee pursuant to Section 292A of the Companies (Amendment) Act, 2000 comprising Mr. S K Jalan, Mr. V Vanchi and Mr. A D Nanaiya as the Members of the said Committee.

The Committee has met 3 times during the year ended 31st March, 2002.

CORPORATE GOVERNANCE

Members are aware that the Listing Agreement with the Stock Exchanges has been amended by the insertion therein of Clause 49, which requires the Company to implement the code of Corporate Governance within the financial year 2002-03 but not later than 31st March, 2003. Your Directors will take necessary steps to ensure compliance well within the stipulated period.

DEMATERIALISATION OF SHARES

Necessary steps have been taken by the Company for the Dematerialisation of its Shares. The members shall be informed suitably.

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: 31st July, 2002

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 existing plant and machinery of the Company and construction of Factories have been planned to avail of the maximum natural light facilities as ventilation. The Company does not have intense requirements of energy.

b) Additional investments and proposals, if any being implemented for reduction of Consumption of energy :

No substantial investments required for reduction of consumption of energy at present.

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

Our existing energy consumption itself is not substantial and impact of measures taken as per para (a) above cannot be gauged accurately.

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

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

Table Top Stamp Cancelling Machines both manual and electrically operated is being developed to suit the requirement of Postal Authorities.

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

The Table Top Stamp Cancelling Machines will help in liquidating the inventory of manual Franking Machines.

3) Future plan of action :

Keeping in view the fast changing scenario in the Industry, the Company will carry out research and development for introduction of new products, in response to the market need by way of modification and improvement of its existing products and curtail the cost of production by way of value engineering and import substitution.

4) Expenditure on R&D :

a) Capital

b) Recurring

c) Total

d) Total R&D expenditure as Percentage of total turnover

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".

Technology, absorption, adaption and innovation:

As a consequence of the continuing efforts of the Company towards upgradation of technology, the Company has had no occasion to import any technology, during the last year. R&D activities are being directed mainly towards expanding the existing product range.

Imported Technology :

The Company has not imported any technology.

C) Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings : Nil

a) Total Foreign exchange used :

The expenditure in foreign exchange has been equivalent to Rs.5,00,44,252 comprising of Rs.4,80,46,914 being the CIF value of imports consisting of raw materials, finished goods and components and Rs.19,97,338 for travelling.

Place: Kolkata
 Date: 31st July, 2002

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

AUDITORS' REPORT
TO THE SHAREHOLDERS OF KILBURN OFFICE AUTOMATION LTD.
(FORMERLY KILBURN REPROGRAPHICS LIMITED)

1. We have audited the attached Balance Sheet of KILBURN OFFICE AUTOMATION LIMITED as at 31st March 2002 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Reference is invited to the following Notes on Schedule XVII :
 - (a) Note No. 17 regarding recoverability of certain loans and advances, deposits and sundry debtors which in the opinion of the Management are good and recoverable, therefore no provision against the above dues have been made in these accounts.
 - (b) Note No 18(b) regarding recognition of deferred tax assets.
4. Further to our comments in paragraph 3 above, we report that
 - a) *In absence of adequate information we are unable to express opinion on the extent of realisability/ recoverability of Raw materials, Finished goods and components and Loans and Advances amounting to Rs. 30,03,138, Rs. 42,74,480, and Rs. 2,39,95,532 respectively (refer Note No 16 on Schedule XVII).*
 - b) *We are unable to comment on the extent of adjustment, if any, that may be required to be made to capital work in progress representing projects not being presently pursued by the company amounting to Rs. 22,85,000 to reflect its net realizable value (refer Note No 19 on Schedule XVII).*
 - c) *As indicated in Note No 1 (o) on Schedule XVII, service income and interest costs are accounted for on cash basis which is not in accordance with the requirements of applicable Accounting Standard issued by The Institute of Chartered Accountants of India.*
5. *The aggregate impact of our observations in paragraph 4 above on the results for the year ended 31st March, 2002 and the net assets position as at that date cannot be readily ascertained.*
6.
 - (a) *Subject to our remarks in paragraph 4 above, we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.*
 - (b) *In our opinion, subject to our remarks in paragraph 4(c) above, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.*
 - (c) *The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.*
 - (d) *In our opinion, subject to our remarks in paragraph 4(c) above, the Balance Sheet and Profit and Loss Account dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in section 211 (3C) of the Companies Act, 1956 of India (the Act).*
 - (e) *On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;*
 - (f) *In our opinion and to the best of our information and according to the explanations given to us and subject to our remarks in paragraph 4 above, the Balance Sheet and Profit and Loss Account together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act.*
 - (g) *In view of the significance of the matters referred to in paragraph 4 above, we are unable to form an opinion as to whether the Balance Sheet and Profit and Loss Account together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - a) *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and*
 - b) *in the case of the Profit and Loss Account, of the results for the year ended on that date.*

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7. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of section 227(4A) of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :
- i) The Company in our opinion is maintaining proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the management at reasonable intervals and no material discrepancies between book records and physical inventories were noticed on such verification.
 - ii) The fixed assets of the Company have not been revalued during the year.
 - iii) The stock of finished goods, including components and raw materials of the Company except stock lying with third parties have been physically verified by the management during the year and the frequency of such verification is reasonable.
 - iv) In our opinion the procedures of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
 - v) The discrepancies noticed on physical verification of stocks as compared to book records which in our opinion were not material have been properly dealt with in the books of account.
 - vi) On the basis of our examination of stock records, we are of the opinion that the valuation of the stock is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
 - vii) The Company has during the year taken unsecured loans from companies listed in the register maintained under section 301 of 'The Act' and the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company. The Company has not taken any loan from firms or other parties listed in the register maintained under section 301 of 'The Act'.
 - viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of 'The Act'.
 - ix) The parties including employees to whom loans or advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated where such stipulations are available and are also regular in payment of interest wherever applicable save for loans and advances amounting to Rs 2,39,95,532 in respect of which, in our opinion reasonable steps for recovery have been taken.
 - x) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw material and components, plant and machinery, equipment and other assets and for the sale of goods.
 - xi) There are no transactions of purchases of goods and materials and sale of goods, materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of 'The Act', aggregating during the year to Rs 50,000/- or more in respect of each party save for sale of services to a company where we are unable to comment on the reasonableness of the prices of such transactions in the absence of readily available market price.
 - xii) In our opinion, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and necessary adjustments for the loss arising therefrom have been in the accounts.
 - xiii) The Company has complied with the provisions of Section 58A of 'The Act' and the rules framed thereunder with regards to deposits accepted from the public.
 - xiv) In our opinion the Company is maintaining reasonable records for the sale and disposal of realisable scraps. There are no by products arising out of the manufacturing process of the Company.
 - xv) In our opinion, although the company has an internal audit system commensurate with the size and nature of its business however there is scope for improvement in terms of coverage.
 - xvi) Maintenance of cost records has not prescribed by the Central Government under Section 209(1)(d) of 'The Act' for any of the products of the Company.
 - xvii) There are delays in depositing of Provident Fund dues with the appropriate authorities in India for most of the months of the year and the amount of overdue provident fund deposit as at 31st March, 2002 is Rs 50,351 which has however been deposited subsequent to the year end. Other than for certain categories of employees pertaining to the Calcutta factory as indicated in Note 2 of Schedule XVII, the Company is generally regular in depositing its Employee State Insurance dues with the appropriate authorities in India.

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- xviii) There are no amounts outstanding as on 31st March, 2002 in respect of undisputed Income Tax, Wealth Tax, Customs Duty and Excise Duty which were due for more than six months from the date they become payable other than for sales tax amounting to Rs. 28,568.
- xix) According to the information and explanations given to us and the records of the Company examined by us in accordance with generally accepted audit practices followed in India, no personal expenses of employees have been charged to Revenue Account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
- xx) The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies, (Special Provision) Act of 1985 of India.
- xxi) In respect of service activities :
 - a) The Company has, in our opinion, a reasonable system of recording receipts, issues and consumption of materials and stores and allocating materials consumed to the relative jobs commensurate with the size and nature of its business.
 - b) Though the Company does not have a system of allocating man hours consumed to the relative jobs, in our opinion reasonable control is exercised thereon.
 - c) There is, in our opinion, a reasonable system of authorisation at proper levels and adequate system of internal control commensurate with the size and nature of its business on the issue and allocation of stores to jobs and as the system does not provide for allocation of labour to relative jobs, the question of reporting on authorisation and related control thereon does not arise.
- xxii) In respect of Company's trading activities damaged goods have been determined and necessary adjustments for the loss have been made in the accounts.

Kolkata
31st July, 2002

For Lovelock & Lewes
Chartered Accountants

PARTHA MITRA
Partner

