

kilburn 

**ANNUAL  
REPORT  
AND  
ACCOUNTS  
2005-2006**

**KILBURN OFFICE AUTOMATION LTD.**

**Kilburn Office Automation Ltd.**

***DIRECTORS***

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

- CHAIRMAN  
- MANAGING DIRECTOR

***COMPANY SECRETARY***

D. K. GHOSH

***REGISTRARS & SHARE  
TRANSFER AGENTS***

MAHAESHWARI DATAMATICS PVT. LTD.  
6, MANGOE LANE, 2ND FLOOR,  
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,  
NEELAKANTA MEHTA STREET,  
T. NAGAR  
CHENNAI-600 017.

Kilburn Office Automation Ltd.

**NOTICE**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Thursday, the 14th day of September, 2006 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 2006 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. A. Guha Sarkar, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the appointment of Statutory Auditors and fix their remuneration as an ordinary resolution:-

**"RESOLVED THAT** Messrs. Patni & Co., Chartered Accountants, be and is hereby appointed as the Statutory Auditors of the Company, in place of Messrs. Lovelock & Lewes, 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 modifications, the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Mr. B. N. Chakraborty, who was appointed as an Additional Director by the Board of the Company on 23rd June, 2006, 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."

Place: Kolkata  
Date: 18th July, 2006

By Order of the Board  
S K Jalan  
Chairman

**NOTES**

1. The Register of Members of the Company will remain closed from 7th September, 2006 to 14th September, 2006 (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**

Mr. B. N. Chakraborty 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 23rd June, 2006. In accordance with the Section 260 of the Companies Act, 1956, the term of appointment of Mr. B. N. Chakraborty ends on the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith the requisite deposit under Section 257(1) of the Companies Act, 1956 from a shareholder proposing the appointment of Mr. B. N. Chakraborty, 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. B. N. Chakraborty, no director is concerned or interested in the said resolution.

**Kilburn Office Automation Ltd.**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT  
IN THE ANNUAL GENERAL MEETING SCHEDULED TO BE HELD ON 14TH SEPTEMBER, 2006**

<b>Name of the Director(s)</b>	<b>MR. S. K. JALAN</b>	<b>MR. A. GUHA SARKAR</b>	<b>MR. B. N. CHAKRABORTY</b>
<b>Age</b>	43 years	51 years	67 years
<b>Date of appointment</b>	29.03.1989	30.01.2003	23.06.2006
<b>Qualifications</b>	B.Com(Hons.), MBA	B.Com.,LLB,ACS	B.COM,FCA
<b>Expertise in specific functional areas</b>	Rich and varied experience in business, administration and commerce.	Adequate experience in Secretarial, legal functions, capital market and banking activities and various other corporate law matters.	Adequate experience in Accounts, Audit and Finance for the last 32 years.
<b>List of outside Directorships held</b>	<ol style="list-style-type: none"> <li>1. Kilburn Chemicals Ltd. Managing Director</li> <li>2. The Moran Tea Company India Ltd. Director</li> <li>3. Shree Durga Agencies Ltd. Director</li> <li>4. KRL Finance &amp; Investments Ltd. Director</li> <li>5. Just Desserts Ltd. Director</li> <li>6. Sandeep Investments Ltd. Director</li> <li>7. Surpriya Finance Ltd. Director</li> <li>8. Kilburn Software Technologies India Ltd. Director</li> <li>9. Buckingham Financial Services Ltd. Director</li> </ol>	<ol style="list-style-type: none"> <li>1. Majerhat Estates &amp; Developers Ltd. Director</li> <li>2. Metals Centre Ltd. Director</li> </ol>	Nil
<b>Memberships/Chairman of Committees held in other Public Companies</b>	<ol style="list-style-type: none"> <li>1. Kilburn Chemicals Ltd. Member of Shareholders'/ Investors Grievance Committee</li> </ol>	Nil	Nil

**N.B :** Mr. B. N. Chakraborty does not hold any shares in the Company.

**Kilburn Office Automation Ltd.****DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2006**

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2006.

**FINANCIAL RESULTS**

Your Company recorded the following results for the Financial Year ended 31st March, 2006.

	Financial Year Ended 31st March, 2006	Financial Year Ended 31st March, 2005
Gross Operating Profit	1,22,94,231	59,91,357
Depreciation	15,97,798	18,80,703
Net Profit Before Taxation	1,06,96,433	41,10,654
Current Tax	(12,25,000)	(1,90,000)
Deferred Tax Credit	19,10,566	18,77,381
Fringe Benefit Tax	(5,94,959)	—
Net Profit after Taxation	1,07,87,040	57,98,035
Loss brought forward from Previous Year	(3,12,38,481)	(3,70,36,516)
Deficit carried to Balance Sheet	(2,04,51,441)	(3,12,38,481)

**PERFORMANCE REVIEW :**

During the year under review, your Company was able to post encouraging growth which translated into healthy operating results. Your Company was able to register over 80% growth in its business on Copiers and Multi-Functional Products and also sustain its levels of operations on all other Products. This enabled the Company to post a 160% growth in Profit Before Tax (PBT) for the year. Correspondingly, the Profit After Tax also registered a healthy growth of 86% from Rs.57.98 lacs in 2004-05 to Rs.107.87 lacs during the year.

**FUTURE PROSPECTS :**

Your Company foresees respectable growth in the Indian Office Automation market. With steady migration from Analog to Digital technology and launch of State-of-Art feature-rich machines, your Company is consciously working towards stepping up its market share on Digital Copiers and Multi-functional Products with its tie-up with Kyocera Mita Singapore Pte. Ltd. The launch of Currency Note Counting Machines by the Company towards the latter part of the year met with good acceptance and your Company was successful in garnering few prestigious orders. This, in turn, should augur well for the success of these Products in future. Besides, the Company continues to build its presence in the Mailing Business with its tie-up with Pitney Bowes India Pvt. Ltd. Further, your Company is planning to enrich its product-mix by more value-added products & services and is therefore hopeful of sustained 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. S. K. Jalan and Mr. A. Guha Sarkar 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. B. N. Chakraborty was appointed by the Board as an Additional Director on 23rd June, 2006 pursuant to Section

**Kilburn Office Automation Ltd.**

260 of the Companies Act, 1956 and Article 103 of the Articles of Association of the Company till the 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 :
- followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanations relating to material departures;
  - 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, 2006 and of the profit/loss of your Company for that period;
  - 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
  - prepared the Annual Accounts on a going concern basis.

**AUDITORS**

Messrs. Lovelock & Lewes, 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. Patni & 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. Patni & 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.

**SUBSIDIARY COMPANY**

The copy of the Annual Report and Accounts of the Subsidiary Company is annexed to this Report as required under 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: 18th July, 2006

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**

Nothing in particular.

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.7,93,75,383 comprising of Rs. 7,91,44,815 import of raw materials, finished goods and components and Rs.2,30,568 for travelling & others.

For and on behalf of the Board  
S K Jalan  
Chairman

Place: Kolkata  
Date: 18th July, 2006

**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 held as at 31st March, 2006:-

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, five Board Meetings were held on 27th June,2005, 25th July,2005, 1st September,2005, 27th October,2005 and 27th January,2006.

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 **)		Outside Committees #		No of Board meetings attended	Attendance at last A.G.M.
		As Director	As Chairman	As Member (including Chairmanship)	As Chairman		
1. Sri S.K. Jalan	Chairman Non Executive Chairman & Non-Independent	9	-	1	-	5	Yes
2. Mr. V. Vanchi	Executive Managing Director	6	-	1	1	4	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	-	1	No
5. Mr. C. R. Paul	Non-Executive Independent Director	1	-	2	1	3	Yes
6. Mr. M. Singh	Non-Executive Independent Director	-	-	-	-	3	Yes
7. Mr. M. Sen	Non-Executive Independent Director	-	-	-	-	4	No
8. Mr. A. Guha Sarkar	Non-Executive Non-Independent Director	2	-	-	-	5	Yes



**Kilburn Office Automation Ltd.**

- # Membership/Chairmanship of Audit Committee and Shareholders/Investor Grievances Committee has been considered.
- \*\* Exclude Directorship held in Pvt. Ltd. Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956.

**(ii) CODE OF CONDUCT**

The Company has laid down a Code of Conduct for all its Board members and senior management personnel who have affirmed their compliance therewith. The Code of Conduct is available on the Company's website.

**C. AUDIT COMMITTEE**

The Audit Committee comprises of Mr. Man Mohan Singh, Mr. C. R. Paul, Mr. M. Sen and Mr. A. Guha Sarkar. Mr. Man Mohan Singh is the Chairman of the said Committee.

The Audit Committee met four times during the year on 27/06/2005, 25/7/2005, 27/10/2005 and 27/01/06.

Mr. D. K. Ghosh, Company Secretary of the Company, acts as the Secretary of the said 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. Man Mohan Singh.

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

The Remuneration Committee met once during the year on 27/01/2006.

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, 2006 are as follows:

Names of the Directors	Sitting Fees (Rs)	Salary(Rs) (Rs)	Perquisites (Rs)	Retirement Benefits (Rs)	Commission (Rs)	Total (Rs)
Mr. S. K. Jalan	15,000	-	-	-	-	15,000
Mr. V. Vanchi - MD	-	9,68,500	3,40,537	2,96,361	-	16,05,398
Mr. A. K. Khaitan	-	-	-	-	-	-
Mr. A. D. Nanaiya	1,500	-	-	-	-	1,500
Mr. C. R. Paul	7,500	-	-	-	-	7,500
Mr. M. Singh	7,500	-	-	-	-	7,500
Mr. M. Sen	13,500	-	-	-	-	13,500
Mr. A. Guha Sarkar	16,500	-	-	-	-	16,500

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.

**E. 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 twice during the year on 27/6/2005 and 27/01/06.

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 2006.

**Kilburn Office Automation Ltd.**

Computation of complaints received and resolved during the year ended 31st March, 2006:-

a	No. of complaints received from Shareholders mainly for non receipt of annual report, share certificate etc	5
b	No. of Complaints resolved	5
c	No. of pending share transfers as on 31.03.2006	Nil

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

**F. GENERAL BODY MEETINGS****Details of Annual General Meetings:-**

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

AGM	Date	Venue	Time	No. of Special Resolutions passed
AGM	01.09.2005	Gyan Manch 11, Pretoria Street Kolkata-700 071	11.00 A.M.	Nil
AGM	23.09.2004	Do	Do	Nil
AGM	26.09.2003	Do	Do	Nil

No Special Resolutions were put through Postal Ballot at last Annual General Meeting. No Special Resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting

**G. DISCLOSURES****(i) Disclosures on materially significant related party transactions :-**

Details of related party transactions during the year have been set out under Note No. 20 of Schedule XVII of the Annual Accounts. However, these are not having any Potential conflict with the interests of the Company at large.

**(ii) Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any Statutory authorities on any matter related to Capital Markets:-**

All the requirements of the listing agreement with the Stock Exchanges as well as Regulations and guidelines of SEBI have been complied with by the Company. No penalty has been imposed or stricture has been made by SEBI, Stock Exchange or any Statutory Authorities on matters relating to Capital Markets during the last three years.

**(iii) Whistle Blower Policy :-**

The Company does not have any Whistle Blower Policy of now but no personnel is being denied any access to the Audit Committee.

**(iv) Details of Compliance with mandatory requirement and adoption of non-mandatory requirements:-**

The Company has adopted the mandatory requirement as recommended by Clause 49 of the Listing Agreement with Stock Exchange and is in the process of examining implementation of some of the non mandatory requirements. However, till date, except for the constitution of the Remuneration Committee of the Board, none of the non mandatory requirements of Clause 49 has been adopted or implemented.

**H. MEANS OF COMMUNICATION****(i) Financial Results and Annual Reports etc.:**

Quarterly Unaudited Financial Results and Annual Audited Financial results as approved and taken on record by the Board of Directors of the Company are published during the year under review in leading newspapers i.e., The Financial Express (English-Kolkata edition) and Aajkaal (Bengali-local edition) and are also sent