

kilburn 

**Annual
Report
And
Accounts
2009-2010**

KILBURN OFFICE AUTOMATION LIMITED

DIRECTORS

SANDEEP KUMAR JALAN – CHAIRMAN
VARADARAJAN VANCHI – MANAGING DIRECTOR
CHITTARANJAN PAUL
MANMOHAN SINGH
ALLAPANDA DEVIAH NANAIYA
MADHUSUDAN SEN
AMRESH KUMAR JAIN

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.
PHONE NO. (033)-2243-5809/5029
FAX NO. (033)-2248-4787
E-MAIL : mdpl@cal.vsnl.net.in

AUDITORS

PATNI & CO.
CHARTERED ACCOUNTANTS

SOLICITORS

MUKHERJEE & BISWAS

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)-2282-8501/8268/8272
FAX NO. (033)-2282-8502
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

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Company will be held at Gyan Manch, 11, Pretoria Street, Kolkata-700 071, on Friday, the 6th day of August, 2010 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, 2010 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 declare arrears on Preference Dividend on 11% Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Mr. Manmohan Singh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Allapanda Deviah Nanaiya, who retires by rotation and being eligible offers himself for re-appointment.
5. To re-appoint the Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

6. 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 a further period of 3 years effective from 14th November, 2009 on the terms and conditions enumerated in the Explanatory Statement.”

Place: Kolkata
Date: 28th May, 2010

For and on behalf of the Board
Sandeep Kumar Jalan
Chairman

NOTES

1. The Register of Members of the Company will remain closed from 30th July, 2010 to 6th August, 2010 (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. 6

The term of office of Mr. Varadarajan Vanchi as the Managing Director of the Company expired on 13th November 2009. Considering his qualifications, extensive business experience, skill and capabilities, the Board of Directors, at its meeting held on 28th October 2009 has re-appointed Mr. Varadarajan Vanchi as the Managing Director of the Company. The re-appointment and remuneration package of Mr. Varadarajan Vanchi was approved by the Remuneration Committee.

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 a further period of Three Years with effect from 14th November 2009.

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.1,65,000/-per month with such revision as the Board may approve from time to time in the Salary Grade of Rs.1,65,000/- to Rs.2,50,000/-p.m.

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.

Kilburn Office Automation Ltd.

(4) Financial Performance based on given indications:

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

	Year ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008	Year Ended 31.03.2007
Turnover	40,67,43,550	36,73,35,866	30,52,28,203	30,51,17,285
Profit/(Loss) after Tax	1,20,81,741	1,45,67,063	1,06,95,582	1,10,38,397
Amount of Preference Dividend	27,08,712*	Nil	Nil	Nil
Percentage of Preference Dividend	11%	Nil	Nil	Nil

*Arrears Preference

Dividend from 12.3.2000 to 31.3.2002

(5) Export Performance:

Nil

(6) Foreign Investments or Collaborators:

Distribution Agreements with the Indian Subsidiaries of various Foreign Principals like Pitney Bowes, Kyocera Mita and Kusters Engineering.

II. Information about the Appointee:

(1) Background Details:

Mr. Varadarajan Vanchi is a Bachelor in Mechanical Engineering (B.M.E.), aged about 62 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.Varadarajan Vanchi as Managing Director was as under for the year ended 31st March 2010 :

	<u>Rs.</u>
Salary	18,68,500
Money value of perquisites & Benefits	3,48,298
Company's contribution to Provident, Superannuation & Gratuity Funds	2,91,486
	<u>25,08,284</u>

(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

Kilburn Office Automation Ltd.

- (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:

Not applicable. The Company has been operating profitably for the last five years.

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

Various steps taken for improving the Company's operation over the previous few years have resulted in sustained profits and wiping out all carried forward losses in the Company. The Company is in a growth trajectory with distribution tie-ups with renowned International Companies (through their Indian subsidiaries). The Company's present focus is on high growth sectors like Banking, Education and Infrastructure.

All-out efforts are on to identify further range of Products having synergy with current range. This will help the Company make optimal use of its marketing and servicing infrastructure. Simultaneously the Company has been continually expanding its Channel/Dealer network all over India for greater market reach.

- (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. 6 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. MANMOHAN SINGH	MR. ALLAPANDA DEVI AH NANA IYA
Age	62 Years	73 Years
Date of appointment	30.12.1987	21.02.1997
Qualifications	B.A. LLB	B.Sc.
Expertise in specific functional areas	Marketing	Sales and General Administration
List of outside Directorships held	1. Kilburn Engineering Limited 2. Manor Travels Pvt. Ltd. 3. Manor Hotels Pvt. Ltd. 4. Glen Eagle Golf Club Pvt. Ltd. 5. Delhi Golf and Country Club Pvt. Ltd. 6. Nineteen Hole Golf Club Pvt. Ltd. 7. Forest Hills Golf Club Pvt. Ltd. 8. Pat Pong Golf and Country Club Ltd.	Kilburn Chemicals Limited
Memberships/Chairman of Committees held in other Public Companies	Nil	1. Member of Shareholders Grievance Committee – Kilburn Chemicals Ltd. 2. Member of Audit Committee Kilburn Chemicals Ltd.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010

Your Directors submit their Report together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2010.

FINANCIAL RESULTS:-

Your Company recorded the following results for the Financial Year ended 31st March, 2010.

	Financial Year Ended 31st March, 2010	Financial Year Ended 31st March, 2009
Gross Operating Profit	1,98,18,593	1,71,44,298
Depreciation	28,36,072	27,19,791
Net Profit Before Taxation	1,69,82,521	1,44,24,507
Current Tax	(28,86,200)	(16,34,300)
Deferred Tax Credit	(20,14,580)	25,67,392
Fringe Benefit Tax	-	(7,90,536)
Net Profit after Taxation	1,20,81,741	1,45,67,063
Profit brought forward from Previous Year	1,58,49,601	12,82,538
Profit available for Appropriations	2,79,31,342	1,58,49,601
Transferred to General Reserve	3,02,100	-
Proposed Dividend on :-		
11% Cumulative Redeemable Preference Shares	27,08,712	-
Dividend Tax	4,60,346	-
Surplus Carried to Balance Sheet	2,44,60,184	-

PREFERENCE DIVIDEND:

Your Directors recommend arrears Preference Dividend of 11% on Cumulative Redeemable Preference Shares for the period from 12th March, 2000 to 31st March, 2002 amounting to Rs.27,08,712.

PERFORMANCE REVIEW:

The overall operations of the Company during the year was satisfying and the Company was able to sustain its past trend of growth. Operating income increased to Rs.4067.43 lacs from Rs.3673.36 lacs in the previous year. Company was able to register healthy growth on quantity sales on both its major segments of operations. On Copier and Multi-functional devices, the Company registered a 13.72% quantity growth inspite of a flat growth registered by the Copier Industry during the year. Further, the Company was able to register a 46.28% quantity growth and 60.47% revenue growth on Coin Vending Machines. Though operating margins on all products continued to be under pressure, the Company was able to register a 17.73% increase on Profit before Taxation during the year compared to the previous year. The Company, however, expects to benefit from recurring service revenues in future years. The Company introduced Shrink Wrap Machines for packing of currency notes during the year which was well received by the Banking Sector.

FUTURE GROWTH:

Your Company is constantly pursuing initiatives to broaden the product portfolio with both its Principals viz. Kyocera Mita and Kusters Engineering with a view to optimal use of its pan-India sales and service infra-structure. Besides, your Company has finalized a tie-up for marketing and servicing of Digital Duplicators which find extensive use in the high growth educational and Government sectors.

The long awaited Government directive for migration from the currently used Electronic Franking Machines to Remotely Managed Digital Franking Machines is expected to be notified shortly. This will result in good business for your Company over the next 2 - 3 years. Considering all of the above, your company is hopeful of improved performance in the current and following 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. Manmohan Singh and Mr.Allapanda Deviah Nanaiya 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,2010 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.

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.

Place: Kolkata
Date: 28th May, 2010

For and on behalf of the Board
Sandeep Kumar Jalan
Chairman

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. Most equipments traded are of imported origin. For those equipments manufactured locally, our in-house facilities are restricted to Vendor development, assembly and testing of the Products. Maximum use is made of natural lighting in the production area's.

- 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 :

The Company was successful to develop three models of Shrink-Wrap Machines for packing of soiled Currency Notes during the year. All of these models have gained good commercial acceptance.

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

Company was able to manufacture over 250 SWS machines based on the R&D. Order flow is expected in future for such machines.

- 3) Future plan of Action :

Company is targeting production of Currency inspection systems, High Speed Note Counting Machines and Shrink-Wrap 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 :

Though the Company trades mostly on imported products, the Products are procured on Rupee payment terms from the Indian Subsidiaries of the said Principals. During the year, the Company has incurred expenditure in foreign exchange equivalent to Rs. 45,14,812 for import of finished goods and components.

Place: Kolkata
Date: 28th May, 2010

For and on behalf of the Board
Sandeep Kumar Jalan
Chairman