

Report  junction.com

***HCL OFFICE AUTOMATION LTD.***

**HCL OFFICE AUTOMATION LTD.****HCL****Board of Directors***Managing Director***J. V. Ramamurthy***Directors***S Murali****K. R. Radhakrishnan****Auditors****Price Waterhouse, New Delhi****Bankers****State Bank of India****Bank of Baroda****UCO Bank****Canara Bank****State Bank of Patiala****Indian Bank****State Bank of Mysore****Bank of India****State Bank of Saurashtra****Standard Chartered Bank****State Bank of Hyderabad****Registered Office****806-808, Siddharth****96, Nehru Place, New Delhi-110019****Corporate Office****A-10, 11****Sector III, NOIDA, Distt. Ghaziabad**

## Contents

Notice	3
Directors' Report	5
Auditors' Report	8
Balance Sheet	10
Profit and Loss Account	11
Schedules forming part of the Balance Sheet	12
Schedules forming part of the Profit & Loss Account	19
Significant Accounting Policies	22
Notes to Accounts	23
Balance Sheet Abstract and Company's General Business Profile	28
Cash Flow Statement	29
Statement pursuant to Section 217 (2A) of the Companies Act, 1956	31

**Notice****HCL****HCL OFFICE AUTOMATION LTD.**

REGD. OFFICE : 806-808, SIDDHARTH, 96 NEHRU PLACE, NEW DELHI 110 019

NOTICE is hereby given that the Seventh Annual General Meeting of the Company will be held on Monday, the 26th July, 1999 at Airforce Auditorium, Subroto Park, New Delhi 110 010 at 10.00 AM to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1999, the Profit and Loss Account for the Financial year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. J.V. Ramamurthy who retires by rotation in accordance with Article 102 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint M/s. S.D.Chopra & Associates, Chartered Accountants as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration in place of M/s.Price Waterhouse, Chartered Accountants who have shown their unwillingness to be reappointed.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary Resolution :

"RESOLVED that Mr. S. Murali, Additional Director, appointed in terms of Article 94 of the Articles of Association of the Company to hold office till the conclusion of this Annual General Meeting, and in respect of whom the Company has received

a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary Resolution :

"RESOLVED that Mr. K.R. Radhakrishnan, Additional Director, appointed in terms of Article 94 of the Articles of Association of the Company to hold office till the conclusion of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation".

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary Resolution :

"RESOLVED that pursuant to Section 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government in this regard, consent of the Company be and is hereby accorded to the waiver off recovery of excess remuneration of Rs.2.11 lacs paid to Mr. J.V.Ramamurthy, Whole Time Director for the period 1st January, 1998 to 30th June, 1998."

By Order of the Board

New Delhi  
25th May, 1999

K.R. RADHAKRISHNAN  
Director

**Notes :**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

**A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A blank proxy form is enclosed for use by members, if required. The proxy form duly signed across the revenue stamp of Re.1.00 should reach the Company's Registered Office atleast 48 hours before the time of the meeting.**

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 16th day of July, 1999 to Monday, the 26th July, 1999 (both days inclusive).

The members are requested to notify change in address, if any, to the Company.

Members/proxy holders are requested to produce at the entrance the enclosed admission slip duly completed and signed.

**EXPLANATORY STATEMENT****Item Nos. 4 & 5**

The Board of Directors at their meeting held on 28th August, 1998 appointed Mr. S. Murali and Mr. K. R. Radhakrishnan as Additional Directors with effect from 28th August, 1998 in terms of Article 94 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956.

Mr. S. Murali, is a Chartered Accountant and has over 14 years of experience. Mr.K.R.Radhakrishnan is a Company Secretary and has over 19 years of experience. In order to broad base the Board of Directors, Mr. S. Murali and Mr. K. R.Radhakrishnan were appointed as Directors.

Due notice under Section 257 of the Companies Act, 1956 alongwith the requisite deposit has been received from a member proposing the appointment of Mr. S. Murali and Mr. K. R. Radhakrishnan as Directors whose period of office shall be liable to determination by retirement of Directors by rotation.

The Directors recommend the resolution set out at Item Nos. 4 & 5 for approval.

Except Mr. S. Murali and Mr. K. R. Radhakrishnan, none of the Directors of the Company are concerned or interested in this resolution.

**Item No.6 :**

Due to the loss suffered by the Company during the financial period ended 31st March,1999, the remuneration paid to the Whole Time Director is in excess of the limits prescribed under the Companies Act,1956. The excess remuneration paid during the period over the permissible limit is Rs.2.11 lacs. In view of the valuable services being rendered by Mr. J. V. Ramamurthy as Whole Time Director, the Board of Directors in their meeting held on 25th May,1999 had waived off the recovery of the above excess remuneration. The waiver off the excess remuneration requires the approval of shareholders and the Central Government.

Accordingly approval of shareholders is sought to this resolution.

The Directors recommend the resolution for favourable consideration by the shareholders. Except Mr. J. V. Ramamurthy, none of the Directors are concerned or interested in this resolution.

By Order of the Board

New Delhi  
25th May, 1999

K.R. RADHAKRISHNAN  
Director

## Directors' Report

**HCL**

To the Members,

The Directors of your Company herewith present the 7th Annual General Report of the Company together with the audited accounts for the financial year ended the 31st March, 1999.

### FINANCIAL HIGHLIGHTS

	Rs./lacs	
	Period ended 31.03.1999	Year ended 31.10.1997
Turnover	4096.66	6080.34
Profit/(Loss) before Depreciation, Interest & Taxes	(423.40)	12.00
Depreciation	149.64	691.09
Interest	376.16	724.50
Profit/(Loss) before Tax	(949.20)	(1403.59)
Provision for Taxation	13.87	-
Profit/(Loss) after Tax	(963.07)	(1403.59)
Profit/(Loss) carried over	(2333.36)	(1370.29)

\*17 months period

### OPERATIONS REVIEW :

The turnover of the Company was Rs.40.97 crores as against Rs.60.80 crores in the previous year. The loss for the period ended 31st March, 1999 was Rs.9.63 crores as against Rs.14.03 crores in the previous year. In view of losses during the period, your Directors regret their inability to recommend any Dividend.

The Company was facing severe competition in its main products, i.e. plain paper copier & EPABX. The intense competition in the industry, closure of manufacturing operations and the carry over losses of the previous years have put a heavy strain on the margins making the operations unviable to continue.

As such, as approved by the shareholders at their meeting held on 24th June, 1998, the customer support activity of your Company including related products sales alongwith required stocks and manpower was sold off in June '98 to generate cash flows to pay off the liabilities. The Company is also in the process of negotiating with the lenders for settlement of their dues. The financial year of the Company was extended upto 31st March, 1999 after seeking the necessary approvals to fall in line with Income Tax requirements.

In order to protect the interests of shareholders, the promoters of the Company has made an open offer to acquire shares so that interested shareholders can opt to exit from the Company. Offer price was computed in conformity with the SEBI guidelines under the SEBI (Substantial acquisition of shares and take-over) Regulations, 1997. Accordingly, the Promoters as a result of the said offer acquired 222606 equity shares from the public.

### PUBLIC DEPOSITS :

As on 31st March, 1999, deposit aggregating to Rs. 4.79 lacs was unclaimed.

### DIRECTORS :

During the year M/s Shiv Nadar, D.S. Puri, S. Raman, Aseem Dasgupta, Vineet Nayyar, A. Mohan Rao, E.A. Kshirsagar, Prof. R.P. Aiyar and A.S. Gupta have resigned from the Directorship and their resignations have been accepted by the Board of Directors on 28th August, 1998.

Mr. S. Murali and Mr. K.R. Radhakrishnan have been co-opted in the Board as Additional Directors with effect from 28th August, 1998. Mr. J.V. Ramamurthy was also appointed as a Managing Director without remuneration with effect from 1st July, 1998 after his resignation as Whole time Director. In accordance with Article 94 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, Mr. S. Murali and Mr. K.R. Radhakrishnan will hold office upto the date of the forthcoming Annual General Meeting. The Company has received notices under

Section 257 from some members signifying their intentions to propose the appointments of Mr. S. Murali and Mr. K.R. Radhakrishnan as Directors of the Company.

Your Directors while welcoming Mr. S. Murali and Mr. K.R. Radhakrishnan on the Board, place on record their sincere appreciation for the guidance and support provided by the outgoing Directors during their tenure.

Mr. J.V. Ramamurthy, Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

#### **AUDITORS :**

Price Waterhouse, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and do not wish to be reappointed. M/s. S.D. Chopra & Associates, Chartered Accountants are proposed to be appointed as Auditors till the conclusion of the next Annual General Meeting.

#### **PERSONNEL :**

Inter personnel relations in the Company continue to be cordial. The Board wishes to place on record their appreciation of the contribution made by all the employees to the operations of the Company during

the period under review. Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rule, 1975, as amended is given in the Annexure forming part of this Report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO :**

The information requires under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rule, 1988 with respect to these matters is appended hereto and form part of this Report.

#### **ACKNOWLEDGEMENTS :**

The Directors wish to thank the Government authorities , financial institutions, bankers and shareholders for their co-operation and assistance extended to the Company.

For and on behalf of the Board

New Delhi  
25th May, 1999

J. V. RAMAMURTHY  
Managing Director

**Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/ Outgo, forming part of the Directors' Report in terms of Section 217(1)(e) of the Companies Act, 1956.**

**A. CONSERVATION OF ENERGY**

The Company's operations did not warrant any measures to be taken for energy conservation and /or for additional investment for reduction in energy consumption .

**B. RESEARCH AND DEVELOPMENT**

Not applicable as the Company is engaged in trading activity.

**C. TECHNOLOGY ABSORPTION , ADAPTION AND INNOVATION**

Not applicable as the Company is engaged in trading activity

**D. FOREIGN EXCHANGE EARNINGS /OUTGO**

During the year under review the Company's foreign currency earnings were Rs. 67.78 lacs (Previous year Rs. 131.65 lacs ). The foreign exchange utilised during the year amounted to Rs.1056.54 lacs (Previous Year Rs. 1108.91 lacs ).

Report  junction.com



## Auditors' Report

**HCL**

To

The Members of HCL Office Automation Limited

1. We report that we have audited the attached Balance Sheet of HCL Office Automation Limited as at 31st March, 1999 and the relative Profit and Loss Account for the period ended on that date both of which have been signed by us under reference to this report.
2. Our Audit is not intended, designed or performed to identify or detect problems that may result from computer hardware, software or other automated processes' inability to properly process dates which include issues related to year 2000. Further, we have no responsibility with regard to company's efforts to make its systems, or any other systems, such as those of company's vendors, service providers, or any other third parties, capable of properly processing dates including the year 2000 or provide assurance on whether the company has addressed or will be able to address all of the affected systems on timely basis. These are responsibilities of the company's management.
3. We draw attention to Note 19 on Schedule-22 regarding the basis of preparation of accounts and company's ability to meet in full its liabilities which is dependent on realisation of assets in full the value at which they are stated in the books.
4. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the Accounting Policies and Notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and subject to the matters stated in paragraph 3 and Note 3(c) on Schedule-22 regarding waiver of recovery of payment of excess remuneration awaiting approval of Central Government also give respectively a true and fair view of the state of the company's affairs as at 31st March, 1999 and its loss for the period ended on that date.
5. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956 to the extent applicable.
6. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September, 1988 issued by the Central Government 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:
  - a) i) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
  - ii) The company has a policy of physical verification of its fixed assets every third year. Pursuant to this policy a physical verification has been carried out during the period for majority of the items and no material discrepancy between the book records and physical inventory has been noticed.
  - b) The fixed assets of the company have not been revalued during the period.
  - c) The stocks of finished goods of the company at all its locations have been physically verified by the management at the period end.
  - d) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - e) The discrepancies between the physical stocks and the book stocks which have been properly dealt with were not material.
  - f) In our opinion, the valuation of stocks of finished goods has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
  - g) The company has not taken/ granted any loans during the period from/to parties listed in the register maintained under Section 301 of the Companies Act, 1956. As far as we have been able to ascertain there are no companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.