

11th Annual Report 2002-2003

HCL OFFICE AUTOMATION LTD.

Board of Directors

Managing Director
J. V. Ramamurthy

Directors
S Murali
K. R. Radhakrishnan

Company Secretary

M. Muthukumarasamy

Auditors

S. D. Chopra & Associates

Registered Office

806-808, Siddharth,
96, Nehru Place,
New Delhi - 110 019

Corporate Office

E-4, 5, 6, Sector XI, Noida
Distt. Gautam Budh Nagar (U.P.)

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Notice



HCL OFFICE AUTOMATION LTD.

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

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held on Monday, the 8th September, 2003 at Airforce Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110 010 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2003, 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. S. Murali who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. S.D. Chopra & Associates, Chartered Accountants, the retiring Auditors, being eligible offer themselves for re-appointment.

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 pursuant to Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. J.V. Ramamurthy as Managing Director of the Company for a period of five years with effect from 1st July, 2003 without payment of any remuneration."

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 applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, and the Rules framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such

approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), approval of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Delhi Stock Exchange Association Ltd, New Delhi."

"RESOLVED further that the Board of Directors of the Company including any committee(s) thereof formed for the time being to exercise the powers conferred by the Board be and is hereby authorised to take all necessary steps in this regard and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to voluntary de-listing of the equity shares from the aforesaid Stock Exchange and to execute all such deeds, documents, writings as may be necessary, expedient or desirable as it may deem fit and for this purpose delegate the authority duly vested in it by virtue hereof to any Director or the Company Secretary or any other person who it may consider suitable to do the various acts, deeds and things required to give effect to this resolution."

By Order of the Board
for HCL Office Automation Ltd.

New Delhi
27th June, 2003

M.Muthukumarasamy
Company Secretary

Notes :

1. 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 THE USE BY MEMBERS, IF REQUIRED. THE PROXY FORM DULY FILLED IN AND SIGNED ACROSS THE REVENUE STAMP OF Re. 1.00 SHOULD REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and the Share Transfer

Notice (contd.)

Books of the Company will remain closed from Monday, the 1st day of September, 2003 to Monday, the 8th day of September, 2003 (both days inclusive).

3. As per the provisions of Listing Agreements entered with the Stock Exchanges, the Company has appointed M/s. Skyline Financial Services Private Limited as a Common Registrar and Share Transfer Agents for the shares of the Company held in both physical as well as electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Share Registrar and Transfer Agents at the address given below:

M/s. Skyline Financial Services Private Limited
123, Vinoba Puri, Lajpat Nagar II
New Delhi-110 024.
Tel : 011-26833777, 011-26847136
Fax: 011-26918352

4. The Members are requested to notify any change in their addresses, mandates/bank details immediately to the Company's Registrars and Share Transfer Agents for shares held in physical

mode. The shareholders holding shares in electronic form are requested to notify any change in their addresses, mandates/bank details to their depository participants.

5. Members/Proxy holders are requested to produce at the entrance of the auditorium the enclosed admission slip duly completed and signed.
6. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend declared for the financial year 1994-95, which remained unpaid and unclaimed for a period of seven years was transferred to the Investor Education and Protection Fund of the Central Government.
7. Information regarding Re-appointment of Director:-

Mr. S. Murali, Director retires by rotation and being eligible, offers himself for re-appointment. Mr. S. Murali was co-opted on the Board w.e.f. 28th August, 1998. Mr. S. Murali is an independent non-executive Director. He is a Chartered Accountant and has over 18 years of experience.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No: 4

Mr. J.V. Ramamurthy was appointed as Managing Director of the Company without payment of any remuneration for a period of five years with effect from July 1, 1998.

The term of his appointment as a managing director has come to an end on 30th June, 2003. The Directors felt it necessary to re-appoint Mr. J.V. Ramamurthy as managing director of the Company without payment of any remuneration for a period of five years with effect from July 1, 2003.

Mr. J.V. Ramamurthy is an Engineer from Madras University and a post-graduate in Applied Electronics from Madras Institute of Technology, Madras. He has vast experience of over 24 years and long outstanding association with electronic industry.

The re-appointment of Mr. J.V. Ramamurthy is subject to the approval of the shareholders.

The Directors recommend the resolution as set out in item No: 4 for approval.

Except Mr. J.V. Ramamurthy, none of the Directors of the Company is interested in this resolution.

This should also be treated as an abstract of the terms of appointment of the aforesaid managing director and the memorandum of interest of the Director in the said appointment, as contemplated under Section 302 of the Companies Act, 1956.

Item No. 5 :

At present, the Company's equity shares are listed on the stock exchanges at Delhi and Mumbai. The shares of the Company are compulsorily traded in dematerialised form by all categories of investors w.e.f. January 29, 2001.

As The Stock Exchange, Mumbai (BSE) has provided wide networking, investors have access to online dealings in the Company's securities across the Country. The Company's shares are mostly traded at the stock exchange at Mumbai.

The trading volumes and liquidity of the shares of the Company at the Delhi Stock Exchange Association Ltd. are lower. The listing fees paid to Delhi Stock Exchange Association Ltd is disproportionate to the volume and trading at this Exchange. It is, therefore, proposed to de-list the equity shares of the Company at Delhi Stock Exchange Association Ltd.

Members' approval is being sought for enabling voluntary de-listing of shares of the Company from the Delhi Stock Exchange Association Ltd.

Notice (contd.)



The proposed de-listing of the shares of the Company from the Delhi Stock Exchange Association Ltd as and when the same takes place, will not adversely affect the investors. The shares of the Company will continue to be listed at The Stock Exchange, Mumbai.

The de-listing will take effect after all approvals, permissions and sanctions are received. The exact date on which de-listing will take effect will be suitably notified at that time.

The Directors recommend the resolution as set out in item No: 5 for approval.

None of the Directors of the Company is interested in this resolution.

By Order of the Board
for HCL Office Automation Ltd.

New Delhi
27th June, 2003

M. Muthukumarasamy
Company Secretary



Directors' Report

To the Members,

The Directors of your Company herewith present the Eleventh Annual Report together with the Audited Accounts for the financial year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2002-2003	2001-2002
Sales and other income	44.53	123.81
Profit before Interest, Depreciation and Tax	3.73	(76.10)
Finance Charges	0	0
Depreciation	13.58	16.55
Profit/(Loss) before Tax	(9.85)	(92.64)
Provision for Taxation	0	24.60
Net Profit/(Loss)	(9.85)	(117.24)
Balance of Profit/(Loss) carried forward to next year	(2428.38)	(2418.53)

PERFORMANCE

The other income of the Company was Rs. 44 Lacs as against Rs. 123 Lacs in the previous year. The loss for the year ended 31st March, 2003 was Rs. 9.85 Lacs as against loss of Rs. 117.24 Lacs in the previous year. No business could be transacted during the year by the Company.

FIXED DEPOSITS

As on 31st March, 2003, 114 nos. of deposit aggregating to Rs. 13.91 Lacs was unclaimed.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. S. Murali, Director will retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- that the directors had 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 the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that the directors had taken proper and sufficient

care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- that the directors had prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s. S.D. Chopra & Associates, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The clause 3 referred to in the Auditors' Report are explained in Schedule 19 and, therefore, do not call for further comments.

PERSONNEL

Inter-personnel Relations in the Company during the period under review continued to be harmonious. 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 year under review.

During the year, there were no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ADDITIONAL INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As there has been no business activities in the Company during the year under review, the additional information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not provided.

CORPORATE GOVERNANCE

A separate report on "Corporate Governance" is annexed hereto as part of Annual Report.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Noida
27th June, 2003

J.V. Ramamurthy
Managing Director

Report on Corporate Governance



1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that Corporate Governance is recognised as a key component in the efficient functioning of every business. The Company considers that it is necessary to be fair, transparent and equitable to all stakeholders. To strengthen the efforts to achieve the goals of the Company, it is necessary to be fair, transparent and equitable treatment to all stakeholders comprising shareholders, creditors, financiers and the like. Hence, the requirements of Corporate Governance as introduced in Clause 49 of the Listing Agreement are being complied with.

2. COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES

(i) Board of Directors:

<i>Name of the Director</i>	<i>Category</i>	<i>Designation</i>
Mr. J.V. Ramamurthy	Executive, Independent	Managing Director
Mr. S. Murali	Non-Executive, Independent	Director
Mr. K.R. Radhakrishnan	Non-Executive, Independent	Director

(ii) Directors' Attendance Record:

During the financial year 2002-03, 4 meetings of the Board were held on 29th June, 2002, 30th July, 2002, 28th October, 2002 and 29th January, 2003.

Details of Directors' attendance and other particulars are given below:

<i>Name of Director</i>	<i>No. of Board Meetings held</i>	<i>No. of Board Meetings attended</i>	<i>Last AGM attended (Yes/No)</i>
Mr. J.V. Ramamurthy	4	4	Yes
Mr. S. Murali	4	4	Yes
Mr. K.R. Radhakrishnan	4	4	Yes

(iii) Directorship in other companies and board committees:

<i>S.N</i>	<i>Name of the Director</i>	<i>Directorship in other companies</i>	<i>Membership in Board Committees</i>
1.	Mr. J.V. Ramamurthy	HCL Infinet Ltd.	NIL
2.	Mr. S. Murali	International Data Management Ltd.	NIL
3.	Mr. K.R. Radhakrishnan	HCL Cellstar Ltd. HCL Employees Investment Co Ltd. Hindustan Management & Technical Services Pvt. Ltd. Microcomp Ltd. International Integrations Pvt. Ltd. HCL Infosolutions Ltd. Newage Industries Pvt Ltd. First Stonex Ltd. International Data Management Ltd. South Asian Computers Ltd.	NIL

Report on Corporate Governance (contd...)



3. AUDIT COMMITTEE

The Company constituted the audit committee to review various areas of accounts and audit. The Committee, chaired by Mr. S. Murali, comprises of Mr. J.V. Ramamurthy and Mr. K.R. Radhakrishnan.

The Committee met 4 times during the financial year 2002-2003 on the following dates 28/06/2002, 30/07/2002, 28/10/2002 and 29/01/2003. All the members were present in all the four meetings.

4. REMUNERATION COMMITTEE

As neither remuneration nor sitting fees is paid to the Directors, no remuneration committee has been set up.

5. INVESTORS' GRIEVANCE COMMITTEE

(i) The Company has constituted a 'Shareholders/investors Grievance Committee' headed by Mr. K.R. Radhakrishnan, a Non Executive Director to specifically look into redressing of Shareholders' and Investors' complaints. The Committee met three times during the year. The Company Secretary has been designated as the compliance officer of the Company in compliance with the Listing Agreement.

(ii) No. of shareholders complaints received during the year : NIL

No. of complaints not solved to the satisfaction of the shareholders : NIL

No. of pending share transfers as on 31st March, 2003 : NIL

6. GENERAL BODY MEETINGS

Details of last three AGMs held

Year	Date	Venue	Time
2001-02	18 th September, 2002	Air Force Auditorium, Subroto Park, New Delhi	4.00 P.M.
2000-01	21 st September, 2001	Air Force Auditorium, Subroto Park, New Delhi	4.00 P.M.
1999-00	25 th September, 2000	Air Force Auditorium, Subroto Park, New Delhi	4.00 P.M.

No special resolutions were put through Postal Ballot last year. At present, there are no resolutions which are required to be passed by postal ballot.

7. DISCLOSURES

Related Party Transactions:

There are no related party transactions of the Company of material nature, with Promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large.

Non Compliance by the Company, Penalties, Strictures:

The Company has complied with the requirements of the Stock Exchange/SEBI/ any Statutory Authority on all matters related to capital markets during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authorities relating to the above.

Report on Corporate Governance (contd...)

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8. MEANS OF COMMUNICATION

- a. At present quarterly / half yearly reports are not being sent to each household of shareholders.
- b. The quarterly / half yearly/ annual results are published in the English and Hindi Newspapers.
 - which newspaper normally published in The Stateman (English)
Veer Arjun (Hindi)
 - Any website where displayed No
 - whether it also displays official news release No
 - whether presentations made to institutional investors or to analyst No
- c. The Management Discussion and Analysis forms a part of the Annual Report.

9. GENERAL SHAREHOLDERS' INFORMATION

- (i) Annual General Meeting :

<u>Day & Date</u>	<u>Time</u>	<u>Venue</u>
Monday, September 8, 2003	3.00 p.m.	Air Force Auditorium Subroto Park New Delhi

- (ii) Financial Calendar (tentative) for the year 2003-04:

Financial Reporting for the quarter ending 30 th June, 2003	30 th July, 2003.
Financial Reporting for the quarter ending 30 th September, 2003	30 th October, 2003
Financial Reporting for the quarter ending 31 st December, 2003	29 th January, 2004
Audited Results for the financial year ended 31 st March, 2004	29 th June, 2004

- (iii) Next dates of Book Closure
(Both days inclusive) 1st September, 2003 to 8th September, 2003

- (iv) Dividend Payment Date Not Applicable

- (v) Listing on Stock Exchanges

The Shares of the Company are listed on the Stock Exchanges at New Delhi and Mumbai. Listing fees for the period April 2003 to March 2004 has been paid to all the Stock Exchanges.

- (vi) Stock Code

Trading Symbol on 'The Delhi Stock Exchange Association Limited'	:	08002
Trading Symbol on 'The Stock Exchange, Mumbai'	:	523519