

12th
Annual Report
2003-2004

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, 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, SIDDHARTH, 96, NEHRU PLACE, NEW DELHI 110 019

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held on Saturday, the 4th September, 2004 at Airforce Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110 010 at 10.00 A.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, 2004, 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. K.R. Radhakrishnan 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 reappointment.

By Order of the Board
for HCL Office Automation Ltd.

New Delhi
22nd June, 2004

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 Books of the Company will remain closed from Wednesday, the 1st day of September, 2004 to Saturday, the 4th day of September, 2004 (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. Information regarding Re-appointment of Director:-

Mr. K.R. Radhakrishnan, Director retires by rotation and being eligible, offers himself for re-appointment. Mr. K.R. Radhakrishnan was co-opted on the Board w.e.f. 28th August, 1998. Mr. K.R. Radhakrishnan is an independent non-executive Director. He is a fellow member of The Institute of Company Secretaries of India and has over 24 years of experience.

By Order of the Board
for HCL Office Automation Ltd.

New Delhi
22nd June, 2004

M.Muthukumarasamy
Company Secretary.

Directors' Report

To the Members,

The Directors of your Company herewith present the Twelfth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

| | (Rs. in lacs) | |
|---|---------------|-----------|
| | 2003-2004 | 2002-2003 |
| Sales and other income | 45.50 | 44.53 |
| Profit before Interest, Depreciation and Tax | (0.12) | 3.73 |
| Finance Charges | 0 | 0 |
| Depreciation | 13.57 | 13.58 |
| Profit/(Loss) before Tax | (13.69) | (9.85) |
| Provision for Taxation | 0.44 | 0 |
| Net Profit/(Loss) | (13.25) | (9.85) |
| Balance of Profit/(Loss) carried forward to next year | (2441.63) | (2428.38) |

PERFORMANCE

The other income of the Company was Rs. 45 Lacs as against Rs. 44 Lacs in the previous year. The loss for the year ended 31st March, 2004 was Rs. 13.25 Lacs as against loss of Rs. 9.85 Lacs in the previous year. No business could be transacted during the year by the Company.

FIXED DEPOSITS

As on 31st March, 2004, 100 nos. of deposit aggregating to Rs. 11.32 Lacs was unclaimed.

DELISTING OF EQUITY SHARES FROM THE DELHI STOCK EXCHANGE ASSN. LTD.

The company's equity shares have been delisted from the Delhi Stock Exchange Assn. Ltd. vide its letter No. DSE/LIST/NR/54 dated 4th March, 04 in terms of Clause 5(2) of the Securities Exchange Board of India (Delisting of Securities) Guidelines, 2003. The Company's equity shares will continue to remain listed on the Stock Exchange - Mumbai, Mumbai.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) 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 as at the end of the financial year and of the profit or loss of the Company for that period;
- iii) 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;
- iv) 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 16 and, therefore, do not call for further comments.

Directors' Report (contd...)



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

22nd June, 2004
Noida

J.V. RAMAMURTHY
MANAGING DIRECTOR



Report on Corporate Governance



1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company continues to believe that it is necessary to be fair, transparent and equitable treatment to all stakeholders comprising shareholders, creditors, financiers and the like to achieve the goals of the Company. The Company complies with the requirements of Corporate Governance as introduced in Clause 49 of the Listing Agreement.

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 2003-04, 4 meetings of the Board were held on 27th June, 2003, 30th July, 2003, 30th October, 2003 and 30th January, 2004.

Detail 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 | 3 | Yes |

(iii) Directorship in other companies and board committees:

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

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 2003-2004 on the following dates 27th June, 2003, 30th July, 2003, 30th October, 2003 and 30th January, 2004. Except Mr. K.R. Radhakrishnan other two members were present in all the four meetings and Mr. K.R. Radhakrishnan attended three 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 redressal of Shareholders' and Investors' grievances. 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) There was only one complaint received during the year and there are no complaints unresolved to the satisfaction of the shareholder. There was no share transfer pending as on 31st March, 2004.

6. SHAREHOLDERS' MEETINGS

Detail of the last three AGMs held

| Year | Date | Venue | Time |
|---------|----------------------------------|--|-----------|
| 2000-01 | 21 st September, 2001 | Air Force Auditorium, Subroto Park, New Delhi | 4.00 P.M. |
| 2001-02 | 18 th September, 2002 | Air Force Auditorium, Subroto Park, New Delhi | 4.00 P.M. |
| 2002-03 | 8 th September, 2003 | Air Force Auditorium, Subroto Park, New Delhi | 3.00 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 Exchange or SEBI or any statutory authorities relating to the above.

Report on Corporate Governance (contd...)

HCL

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 accounts results are published in the English and Hindi Newspapers.
 - which newspaper normally published in The Statesman (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> |
|-----------------------------|-------------|---|
| Saturday, September 4, 2004 | 10.00 A.M. | Air Force Auditorium Subroto Park New Delhi |

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

| | |
|--|--------------------------------|
| Financial Reporting for the quarter ending 30 th June, 2004 | 30 th July, 2004. |
| Financial Reporting for the quarter ending 30 th September, 2004 | 29 th October, 2004 |
| Financial Reporting for the quarter ending 31 st December, 2004 | 28 th January, 2005 |
| Audited Results for the financial year ended 31 st March, 2005 | 25 th June, 2005. |

- (iii) Next dates of Book Closure 1st September, 2004 to 4th September, 2004
(Both days inclusive)

- (iv) Dividend Payment Date Not Applicable

- (v) Listing on Stock Exchanges

The Shares of the Company are listed on the Stock Exchange at Mumbai. Listing fees for the period April 2004 to March 2005 has been paid to the Stock Exchange, Mumbai.

- (vi) Stock Code

Trading Symbol on 'The Stock Exchange, Mumbai : 523519

Report on Corporate Governance (contd...)



(vii) Stock Market Data (Rs.) :

| MONTH | HIGH | LOW |
|-----------------|------|------|
| APRIL, 2003 | 1.85 | 1.25 |
| MAY, 2003 | 2.05 | 1.15 |
| JUNE, 2003 | 2.24 | 1.20 |
| JULY, 2003 | 2.75 | 1.45 |
| AUGUST, 2003 | 4.00 | 1.61 |
| SEPTEMBER, 2003 | 2.99 | 2.05 |
| OCTOBER, 2003 | 3.10 | 1.91 |
| NOVEMBER, 2003 | 3.65 | 2.25 |
| DECEMBER, 2003 | 7.45 | 3.00 |
| JANUARY, 2004 | 8.51 | 3.76 |
| FEBRUARY, 2004 | 4.62 | 3.10 |
| MARCH, 2004 | 3.84 | 2.41 |

(Source: Closing share prices at Mumbai Stock Exchange)

(viii) Registrar and Transfer Agents

As per the provisions of the Listing Agreement entered with Mumbai Stock Exchange, 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 : 011-29843777, 011-29847136;
Fax: 011-29848352

(ix) Share Transfer System:

The shares received in physical mode by the Company's Registrar and Share Transfer Agents are transferred within a period of 25 days from the date of receipt.

(x) Distribution of Shareholding as on 31st March, 2004

| Category | No. of Shares | % holding |
|--|---------------|-----------|
| A. Promoters' holding | | |
| 1. Promoters | | |
| - Indian Promoters | 10,009,336 | 68.31 |
| - Foreign Promoters | Nil | - |
| 2. Persons acting in concert | Nil | - |
| Sub Total (A) | 10,009,336 | 68.31 |
| B. Non-Promoters' holding | | |
| 3. Institutional Investors | | |
| a. Mutual Funds and UTI | 11,128 | 0.08 |
| b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non-government institutions) | 64,782 | 0.44 |
| c. FIIs | Nil | - |
| 4. Others | | |
| a. Private Bodies Corporate | 2,718,658 | 18.55 |
| b. Indian Public | 1,847,062 | 12.61 |
| c. NRI/OCBs | 1720 | 0.01 |
| d. Any other (Please specify) | Nil | - |
| Sub Total (B) | 4,567,440 | 31.17 |
| Grand Total (A+B) | 14652686 | 100.00 |