

HCL

13TH Annual Report 2004-2005

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HCL OFFICE AUTOMATION LTD.

Board of Directors	K.R. Vasudevan 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****HCL OFFICE AUTOMATION LTD.****REGD. OFFICE : 806, SIDDHARTH, 96, NEHRU PLACE, NEW DELHI 110 019**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Saturday, the 10th September, 2005 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, 2005, 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 reappointment.

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. K.R. Vasudevan, Additional Director, appointed in terms of Article 94 of the Articles of the 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 in writing alongwith a deposit of Rs. 500/- from a member 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 pursuant to Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr. K.R. Vasudevan, as a Manager of the Company for period of five years from July 29, 2005 without payment of any remuneration."

By Order of the Board
for HCL Office Automation Ltd.

New Delhi
29th July, 2005

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 Thursday, the 1st day of September, 2005 to Saturday, the 10th day of September, 2005 (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 Registrar and Share 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 : 011-29833777

011-29847136

Fax: 011-29848352

4. The Members are requested to notify any change in their addresses, mandates/bank details immediately to the Company's Registrar 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. S. Murali, Director retires by rotation and being eligible, offers himself for reappointment. 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 20 years of experience.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 (annexed to the notice dated 29th July, 2005).

Item No: 4 & 5

Mr. K.R. Vasudevan, is a Chartered Accountant and has vast experience of over 30 years and long outstanding association with electronic industry.

The Board of Directors had, vide resolution dated July 29, 2005, appointed Mr. K.R. Vasudevan as an additional Director. The Board of Directors had also approved the appointment of Mr. K.R. Vasudevan as the Manager of the Company without payment of any remuneration for a period of five years with effect from July 29, 2005.

The appointment of Mr. K.R. Vasudevan as the Manager of the Company is subject to the approval of the shareholders.

The Directors, therefore, recommend the resolution set out at item No. 4 & 5 for approval.

Except Mr. K.R. Vasudevan, 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 Whole-time Director and the memorandum of interest of the Director in the said appointment, as contemplated under Section 302 of the Companies Act, 1956.

By Order of the Board
for HCL Office Automation Ltd.

New Delhi
29th July, 2005

M. Muthukumarasamy
Company Secretary

Directors' Report

To the Members,

The Directors of your Company herewith present the Thirteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2004-2005	2003-2004
Sales and other income	67.67	45.50
Profit before Interest, Depreciation and Tax	12.05	(0.12)
Finance Charges	0	0
Depreciation	12.30	13.57
Profit/(Loss) before Tax	(0.25)	(13.69)
Provision for Taxation	0	0.44
Net Profit/(Loss)(After Tax)	(0.25)	(13.25)
Balance of Profit/(Loss) carried forward to next year	(2441.88)	(2441.63)

PERFORMANCE

The other income of the Company was Rs. 68 Lacs as against Rs. 45 Lacs in the previous year. The loss for the year ended 31st March, 2005 was Rs. 0.25 Lacs as against loss of Rs. 13.25 Lacs in the previous year. No business could be transacted during the year by the Company.

FIXED DEPOSITS

As on 31st March, 2005, 92 nos. of deposit aggregating to Rs. 10.15 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. Mr. K.R. Vasudevan has been appointed as an Additional Director by Board at their meeting held on July 29, 2005 who will hold office till the conclusion of the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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 along with 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 16 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

29th July, 2005
Noida

K.R. VASUDEVAN
Manager

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. K.R. Vasudevan	Executive	Manager
Mr. S. Murali	Non-Executive, Independent	Director
Mr. K.R. Radhakrishnan	Non-Executive, Independent	Director

(ii) Directors' Attendance Record:

During the financial year 2004-05, 4 meetings of the Board were held on 30th June, 2004, 30th July, 2004, 29th October, 2004 and 28th January, 2005.

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 (Resigned w.e.f. July 29, 2005)	Yes
Mr. K.R. Vasudevan	4	Appointed on July 29, 2005	No
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 Public Limited companies</i>	<i>Membership in Board Committees</i>
1.	Mr. K.R. Vasudevan	1	NIL
2.	Mr. S. Murali	1	NIL
3.	Mr. K.R. Radhakrishnan	6	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 2004-2005 on the following dates 30th June, 2004, 30th July, 2004, 29th October, 2004 and 28th January, 2005. 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 redressal of Shareholders' and Investors' complaints. The Committee met four 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 were two complaints received during the year and there are no complaints not solved to the satisfaction of the shareholder. There was no share transfer pending as on 31st March, 2005.

6. SHAREHOLDERS' MEETINGS

Detail of the 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.
2002-03	8 th September, 2003	Air Force Auditorium, Subroto Park, New Delhi	3.00 P.M.
2003-04	4 th September, 2004	Air Force Auditorium, Subroto Park, New Delhi	10.00 A.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...)



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 10, 2005	3.00 P.M.	Air Force Auditorium, Subroto Park, New Delhi-110 010

- (ii) Financial Calender (tentative) for the year 2005-06:

Financial Reporting for the quarter ending 30 th June, 2005	29 th July, 2005.
Financial Reporting for the quarter ending 30 th September, 2005	28 th October, 2005
Financial Reporting for the quarter ending 31 st December, 2005	27 th January, 2006
Audited Results for the financial year ended 31 st March, 2006	26 th June, 2006.

- (iii) Next dates of Book Closure 1st September, 2005 to 10th September, 2005
(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 2005 to March 2006 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, 2004	4.24	2.51
MAY, 2004	3.45	2.32
JUNE, 2004	3.50	1.74
JULY, 2004	3.35	1.90
AUGUST, 2004	4.00	2.30
SEPTEMBER, 2004	6.94	2.56
OCTOBER, 2004	10.56	4.10
NOVEMBER, 2004	17.10	11.61
DECEMBER, 2004	12.30	9.15
JANUARY, 2005	11.48	8.10
FEBRUARY, 2005	10.50	6.71
MARCH, 2005	9.75	5.41

(Source: Closing share prices at Mumbai Stock Exchange)

(viii) Registrar and Share Transfer Agents

As per the provisions of the Listing Agreement entered with The Stock Exchange, Mumbai, 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: 011-29833777, 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, 2005

Category	No. of Shares	% holding
A. Promoters' holding		
1. Promoters		
- Indian Promoters	9,836,207	67.13
- Foreign Promoters	Nil	-
2. Persons acting in concert	Nil	-
Sub Total (A)	9,836,207	67.13
B. Non-Promoters' holding		
3. Institutional Investors		
a. Mutual Funds and UTI	10,878	0.07
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-government institutions)	62,918	0.43
c. FIIs	Nil	-
4. Others		
a. Private Bodies Corporate	2,737,838	18.68
b. Indian Public	2,002,057	13.66
c. NRI/OCBs	2,788	0.02
d. Any other (Please specify)	Nil	-
Sub Total (B)	4,742,683	32.37
Grand Total (A+B)	1,46,52,686	100.00