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Annual Report 1996 - 1997



VXL Instruments Limited

**CERTIFIED
TRUE COPY**

For VXL Instruments Limited

**V. RANGARAJAN
Manager-Accounts**



VXL Instruments Limited

BOARD OF DIRECTORS

A V Kasargod	Chairman and Managing Director
J R Mundkur	Director
M V Nagaraj	Director
Kumar Shyam	Director
M V Shetty	Director

MANAGEMENT TEAM

A V Kasargod	Managing Director
J R Mundkur	Director (R & D)
M V Nagaraj	Director (Production)
Kumar Shyam	Director (Marketing)
M V Shetty	Director (Quality Assurance)
S Sivakumar	General Manager (Finance) & Company Secretary
S V Altaf	General Manager (R & D)
Anand M Tatti	General Manager (Works)
Deepak C Bhopatkar	General Manager (Marketing)

REGISTERED OFFICE

No.168, 7th Main
I Block, Koramangala
Bangalore 560 034
Tele : 5531680/5532094/5536415
5530282/5539092/5539524
Telex : 0845 - 2509 VXL IN
Fax : 5532082 /5530691
Email : vxl@vxlinf.globoemail.com

FACTORIES

86, 4th Cross
Electronics City
Hosur Road, Hebbagodi Post
Bangalore 561 229

ELECTRONIC HARDWARE TECHNOLOGY PARK (EHTP)

20, Veerasandra Indl. Area
19th KM, Hosur Road
Hebbagodi Post
Bangalore 562 158

R & D CENTRE

17, Electronics City
Konappana Agrahara
Hosur Road
Bangalore 561 229

BANKERS

State Bank of India

LEGAL ADVISOR

Mr. N Jayaraman

AUDITORS

S Madhavan & Co.
Chartered Accountants
Bangalore

FINANCIAL INSTITUTIONS

TDICI Limited
The Industrial Credit and Investment
Corporation of India Limited
Unit Trust of India
Industrial Development Bank of India
Karnataka State Industrial Investment &
Development Corporation Limited

REGISTRARS AND SHARE TRANSFER AGENTS

Sheshanka Financial Services (P) Ltd
S 702, Manipal Centre
Dickenson Road
Bangalore 560 042
Tele : 5597755 Fax : 5589970


VXL Instruments Limited

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the company will be held at 3.00 p.m. at Woodlands Hotel Private Limited, Raja Rammohan Roy Road, Bangalore on Monday, the 8th September, 1997 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Shri Kumar Shyam, who retires by rotation and is eligible for re-appointment.
3. To appoint a director in place of Shri A V Kasargod, who retires by rotation and is eligible for re-appointment.
4. To declare a dividend.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution :
 "RESOLVED THAT the Registered Office of the Company situated at No.168, 7th Main, 1 Block, Koramangala, Bangalore 560 034 be shifted to No.86, 4th Cross, Electronics City, Hosur Road, Hebbagodi Post, Bangalore 561 229 with effect from 17th November, 1997.

By order of the Board

A V KASARGOD
MANAGING DIRECTOR

Place : Bangalore

Date : 15th July, 1997

NOTES

1. Members are requested to bring their copy of the Annual Report with them for the Annual General Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
4. An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of item 6 of the Notice is annexed hereto.
5. Members/proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
6. The Register of Members and Share Transfer Books shall remain closed from 3rd September, 1997 to 8th September, 1997 (both days inclusive).
7. Subject to the provisions of Sections 205 and 206A of the Companies Act, 1956, the dividend on 42,30,825 shares as at 8th September, 1997 as recommended by the Board of Directors, if declared at the meeting, will be payable on or after 9th September, 1997, to those members or their mandatee(s) whose names appear in the Company's Register of Members at the close of business hours on 8th September, 1997.
8. Members are requested to furnish details of their Bank Account Number(s) with Bank Address to enable the Company to issue dividend warrants accordingly so as to avoid fraudulent encashment of dividends.
9. The members are requested to address all their correspondence including change of address, dividend mandates, etc. to the Registrars and Share Transfer Agents, Sheshanka Financial Services(P) Ltd., S-702, Manipal Centre, Dickenson Road, Bangalore 560 042.



Notice to the Eleventh Annual General Meeting

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 6

The existing Registered Office of the Company is situated at rented premises and may be shifted from time to time. The factory premises is owned by the Company. For administrative convenience, it is proposed to shift the Registered Office of the Company to the factory premises itself, for which, Members approval is being sought. However, as at present the Register of Members will be continued to be kept at the Office of the Company's Share Transfer Agents - M/s. Sheshanka Financial Services Private Limited.

Members may continue to address their correspondence to the existing address at 168, 7th Main, I Block, Koramangala, Bangalore 560 034.

None of the Directors are concerned or interested in this Resolution.

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Eleventh Annual General Meeting**on Monday, the 8th September, 1997****at****Woodlands Hotel Pvt. Ltd.****No.5, Raja Rammohan Roy Road,****Bangalore-25****at 3.00 p.m.**



DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting their report on the business and operations of your Company for the year ended March 31, 1997.

Your Company's focus during the year was on export of terminals and high end monitors. Software & hardware development capabilities coupled with quality manufacturing enabled your Company to record growth of 75% in export sales, accounting for nearly 54% of the total sales.

FINANCIAL RESULTS

(in Rs Lakhs)

	1996-97	1995-96
Gross profit	634.44	834.74
Interest	388.25	229.85
Depreciation	133.71	108.09
Provision for tax	—	48.00
Appropriations :		
Proposed Dividend	42.31	105.80
Corporate tax on Dividend	4.23	—
General Reserve	32.20	342.50
Balance C/F	0.08	0.14

TURNOVER AND PROFITS

Your Company's sales turnover increased by 17% to reach 52.23 crores, exports accounting for 54% of this. In spite of the growth in sales, profit after tax fell by 75% due to the depressed market conditions which prevailed in India throughout the year.

Your Company's financial performance is tabulated below :

(in Rs Lakhs)

	1996-97	1995-96
Gross revenue	5223.34	4477.86
Net worth	1880.90	1848.56
Profit available for appropriation	78.82	448.44
EPS (Rs.)	1.85	10.56
Return on net worth %	4.19	24.26

DIVIDEND

Your Directors recommend a dividend of Re 1.00 per share net of dividend tax and seek the approval of the members at the Annual General Meeting.

Eleventh Annual Report 1996-97

RESEARCH AND DEVELOPMENT AND NEW PRODUCTS

VXL's outlay on R & D increased to Rs.285 lakhs from Rs.184 lakhs of the previous year. The technical manpower was increased substantially in order to handle larger number of projects.

A colour terminal developed in-house enabled your Company to increase exports substantially. Another major project undertaken was the WINLIX terminal which will open new markets so far not tapped by VXL.

SUBSIDIARY COMPANIES

The performance of XLnet Software Systems Limited during the year under review has been satisfactory. For the year under review, XLnet posted a sales turnover of Rs.78.46 lakhs and a profit after tax of Rs 14.30 lakhs.

Your Directors are pleased to inform VXL Instruments Ltd., UK, the foreign subsidiary company of VXL has made a modest but significant profit of £ 17,000 during the year. The company is expected to improve its performance with your Company's new products which offer the latest in network computing.

MILESTONES

Your Company received an award from the Export Promotion Council for 'Outstanding Export'.

Your Company received ISO9000 certification for its export factory, from the Underwriters' Laboratory, US.

A delegation of leading Taiwanese industry giants visited India in February 1997. VXL was one of the few factories visited by them. They evinced keen interest in the products and capabilities of your Company.

FUTURE PROSPECTS

Your Company has acquired know-how from Citrix, a US based company, which has developed multi-user capabilities in WINDOWS environment. The product developed using this technology has enormous growth potential for your Company. Your Company expects to offer more products in network computing during the year. A series of digital monitors are also planned to tap the growing PC market requirements.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 is annexed hereto and forms a part of this Report.

DIRECTORS

Mr.K.Ganapathy Subramanian, Nominee Director of TDICI, ceased to be a Director during the year. Your Directors thank Mr. Subramanian for his valuable services to the Company.

Mr. A.V.Kasaragod and Mr. Kumar Shyam, Directors, retire by rotation and being eligible, offer themselves for re-election.

AUDITORS

M/s S Madhavan and Co., Chartered Accountants, Bangalore being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

Members' attention is drawn to Note No. 5 of Schedule of Schedule 21 dealing with Notes to Accounts, which have been dealt with in Point No.4 of the Auditors' Report and is self-explanatory.

FIXED DEPOSITS

Your Company has been accepting fixed deposits from the public and shareholders. The total amount of such fixed deposits as on 31st March, 1997 was Rs.17.43 lakhs. There were no unclaimed deposits as at that date.



VXL Instruments Limited

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial during the year.

HUMAN RESOURCES

Your Company believes that human resources are the greatest assets. Well trained and motivated employees are a key to business success. Your Directors are pleased to inform you that your Company has an on-going programme for training of employees at all levels. Employees in key areas making outstanding contribution to the growth of the Company are rewarded under a profit sharing scheme.

STATEMENT OF PROJECTIONS Vs. PERFORMANCE FOR 1996-97

(Rs in lakhs)		
Particulars	Projections	Actuals
Profit before tax	995.70	112.48
Profit after tax	921.80	78.69

Despite the impressive export performance the Profits of your Company suffered due to the depressed market conditions in India. The Company has shifted its focus towards the exports to counter the uncertainties of the Indian markets in the light of political instability.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required to be furnished under Section 217(1)(c) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

APPRECIATION

Your Directors wish to thank all the customers, vendors and the investors for their continued support to your Company.

Your Directors also thank State Bank of India, TDICI, ICICI and IDBI for their unstinted support that this Company has always received from them.

Lastly, your Directors also thank the employees but for whose dedication and motivation, your Company would not have been able to achieve the impressive results for the year under review.

for and on behalf of the Board of Directors

Place : Bangalore

Date : 28th June, 1997

A. V. KASARGOD
Chairman and Managing Director