

28th
Annual Report
2013-2014



VXL Instruments Limited

VXL Instruments Limited

BOARD OF DIRECTORS

Arun Kumar Bhuwania	<i>Chairman & Independent Director</i>
D. S. Rao	<i>Vice Chairman</i>
Madireddy V. Nagaraj	<i>Managing Director</i>
M. V. Shetty	<i>Whole Time Director</i>
K. Prakash	<i>Director</i>
N. V. Maslekar	<i>Independent Director</i>
Narayana Bhat	<i>CFO & Company Secretary</i>

AUDIT COMMITTEE

Arun Kumar Bhuwania	Chairman
N. V. Maslekar	Member
K. Prakash	Member

AUDITORS

Ishwar & Gopal
Chartered Accountants
Bangalore

NOMINATION AND REMUNERATION COMMITTEE

Arun Kumar Bhuwania	Chairman
N. V. Maslekar	Member
K. Prakash	Member

BANKERS

State Bank of India

STAKEHOLDERS' GRIEVANCE COMMITTEE

K Prakash	Chairman
M V Shetty	Member

REGISTRARS AND SHARE TRANSFER AGENTS

Bigshare Services Pvt Ltd
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.
Tel : 91-22-2847 0652/2856 0653
Fax : 91-22-2847 5207

SHARE TRANSFER / TRANSMISSION COMMITTEE

Madireddy V Nagaraj	Chairman
M V Shetty	Member

WORKS / 100% EOU

"House of Excellence"
No.17, Electronics City,
Hosur Road,
Bangalore - 560 100.
Tel : 91-80-2852 0046/2852 3252

REGISTERED OFFICE

"House of Excellence"
No.17, Electronics City,
Hosur Road,
Bangalore - 560 100
Tel : 91-80-2852 0046/2852 3252
Fax : 91-80-2852 0095
Website : www.vxl.net
CIN : L85110KA1986PLC007492
E-mail : cfo@vxl.net

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TWENTY EIGHTH ANNUAL GENERAL MEETING

on Saturday
the 13th September, 2014
at
“ WOODLANDS HOTEL ”
No.5, Rajaram Mohan Roy Road
Bangalore – 560 025.
at 12.00 noon

VXL Instruments Limited

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of the Company will be held at 12.00 noon, on Saturday the 13th September, 2014 at Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bangalore -560 025 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. K Prakash (DIN:00542262) who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. 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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Arun Kumar Bhuwania (holding DIN 00387445), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019."

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 provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. N V Maslekar (holding DIN 00904842), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for

five consecutive years for a term up to 31st March, 2019."

By Order of the Board

Narayana Bhat

*Chief Financial Officer &
Company Secretary.*

Place : Bangalore

Date : 29th July 2014

Notes:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and such proxy need not be a member of the Company. Proxies in order to be effective, must be received at the Registered Office of the Company at least 48 hours before the meeting.**
2. Explanatory Statement as per Section 102 of the Companies Act, 2013 is attached hereto.
3. The Register of Members and the Share Transfer books of the Company will remain closed from 8th September, 2014 to 13th September, 2014 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
5. Members/proxies should bring the Attendance slip sent herewith duly filled in to attend the meeting.
6. Members are requested to address all their correspondence including change of address, etc. to the present Registrars and Share Transfer Agent: Big Share Services Pvt. Ltd., E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.
7. Un-claimed dividends up to the year 2006-2007 have been transferred to the General Revenue Account of the Central Government. Consequent upon the amendment to Section 205A read with Section 205C of the Companies Act, 1956, the Dividend declared for the year ended 31st March, 2007 and for any financial year ending thereafter which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund established by the Central Government. Members are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which are unclaimed and unpaid for a period of seven years from the dates that they first became due

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for payment and no payment shall be made in respect of any such claims.

8. Pursuant to SEBI Notification No. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTA to enable/effect transfer of Shares in physical form.
9. To support the 'Green Initiative', the Members who have not registered their e-mail address are requested to register the same with Registrars and Share Transfer Agent: Big Share Services Pvt. Ltd.
10. As regards to re-appointment of Mr. K Prakash referred to in item No. 2 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mr. K Prakash aged 64 years, is a Director of the Company

Name of the Company/Firms	Nature of Interest
1. Trinity Heart Foundation Private Ltd	Company Secretary

11. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing to its members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means through e-Voting Services provided by National Securities Depository Limited (NSDL).

The instructions for E-voting are as under:

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

- (i) Open email and open PDF file viz; VXL Instruments – e-voting.pdf' with your Client ID or Folio No. as password.
The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- (iii) Click on Shareholder – Login.
- (iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.

- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" (E-Voting Event Number) of VXL Instruments Limited which is 100710.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vijaykt@vikt.in with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy]:

- (i) Initial password is provided in the attached "instruction for E-Voting facility" : EVEN (E-Voting Event Number) USER ID PASSWORD/PIN
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

Other Instructions:

- (i) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com.
- (ii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

VXL Instruments Limited

- (iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (iv) The e-voting period commences on 8th September, 2014 (9:00 am) and ends on 9th September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 1st August, 2014, may cast their vote electronically.
The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (v) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 1st August, 2014.
- (vi) if the share holder exercises his vote both electronically and physically, then the vote cast by him electronically will supercede .
- (vii) Mr. Vijayakrishna K.T, Practicing Company Secretary (Membership No. FCS- 1788) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (viii) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (ix) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.vxl.net and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and also communicated to BSE.

By Order of the Board

Place : Bangalore
Date : 29th July 2014

Narayana Bhat
*Chief Financial Officer &
Company Secretary.*

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EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Following Explanatory Statements are furnished in respect of Special Business

Item No. 4:

Mr. Arun Kurmar Bhuwania (DIN 00387445): As regards appointment of Mr. Arun Kumar Bhuwania as an Independent Director referred to, in item No. 4 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mr. Arun Kumar Bhuwania aged 66 Years, is the Chairman of the Company.

His other Directorship:

Name of the Company	Nature of Interest
1. Priya Limited	Director
2. Priya International Ltd	Director
3. Priya Chemicals	Partner
4. Cheshire Properties Investment Pvt. Ltd	Member/Through relative
5. Halifax Properties Investment Pvt. Ltd	Through Relative
6. Brent Properties Investment Pvt. Ltd	Member/Through Relative
7. Gaurav Electrochem Pvt. Ltd	Member/Through Relative
8. Verixo Technologies Pvt. Ltd	Through Relative

None of the Directors/Key Managerial Personnel except Mr. Arun Kumar Bhuwania himself is concerned or interested in this Resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 5:

Mr. N V Maslekar (DIN 00542262): As regards appointment of Mr. N V Maslekar as an Independent Director referred to, in item No.5 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mr. N V Maslekar, aged 63 years, is a Director of the Company

His other Directorship:

Name of the Company	Nature of Interest
1. Sattva eTech India Pvt. Ltd.	Shareholder, CEO & MD
2. Saankhya Engineering Private Ltd	Shareholder
3. Medley Webserve Pvt. Ltd	Shareholder
4. kSense Technology Pvt. Ltd	Director
5. Tata Consultancy Services Ltd.	Shareholder

None of the Directors/Key Managerial Personnel except Mr. N V Maslekar himself is concerned or interested in this Resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

By Order of the Board

Place : Bangalore
Date : 29th July 2014

Narayana Bhat
Chief Financial Officer &
Company Secretary.

VXL Instruments Limited

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

To

The Members

Your Directors present their report on the business and operations of your Company for the year ended 31st March 2014. As notified by MCA Circular No. 1/19/2013-CL-V dated 04.04.2014, the Company has followed the Companies Act, 1956, in respect of the report.

FINANCIAL RESULTS

Rs. in Lakhs

Particulars	2013-14	2012-13
Net Sales & Other Income	8,684	8,562
Depreciation/Amortization	45	81
Profit / (Loss) before taxation & Exceptional items	(806)	40
Exceptional items	1,722	—
Income Tax	303	4
Profit/(Loss) after Taxation & Exceptional items	613	36
Balance carried forward	(1,243)	(1,856)

YEAR UNDER REVIEW

During the year under review, your Company achieved a net turnover of Rs. 8,684 lakhs as compared to Rs. 8,562 lakhs in the previous financial year.

Tough economic conditions around the world have impacted on the expected sales growth.

Though the Company registered a marginal growth in overall Sales Value, the Company's Profitability was affected by a severe squeeze on the margins, brought about by sluggish market conditions in all markets, resulting in operating loss of Rs.806 lakhs. However, during the year under report, your Company disposed off one of the idle properties. Exceptional income of Rs. 1,722 lakhs, mainly from the sale of property, resulted in overall profit of Rs 613 lakhs.

OVERSEAS OPERATIONS

VXL-UK has been able to extend good support in terms of marketing of the Company's products in Europe and especially in USA during the year under review.

VXL has been one of the first Indian companies to venture into the export market and in spite of many obstacles and misconceptions about Indian progress as IT Hardware compared to Indian Software, VXL has established itself worldwide as a player of the long run.

FUTURE PROSPECTS

According to International Experts, after showing a strong double-digit growth for three years, the Global thin client market may end with flat performance of 1% in its unit shipments in 2014.

Globally, the thin client sales growth has fallen in recent years, hurt by surging demand for tablets and other mobile devices

We can look for some recovery in emerging regions going forward, but it may coincide with slower growth in mature regions, and we do not see the recent gains as a motive to raise the long term outlook

RESEARCH AND DEVELOPMENT

Your Company recognizes R & D as one of its major focus areas in both Hardware and Software. This focus has helped your Company to design fully ROHS compliant products carrying better features and ergonomics. These products have been well received by our customers.

SUBSIDIARY COMPANIES

VXL, UK has managed to earn a profit of GBP 43,973 during the current financial year.

PARTICULARS OF EMPLOYEES

None of the employees drew remuneration in excess of the limits prescribed in Sec. 217 (2A) of the Companies Act, 1956.

DIRECTORS

Mr. N V Maslekar, Director, retires by rotation and being eligible, offer himself for re-appointment. In terms of the requirement of the new Companies Act, 2013, his appointment as Independent Director is proposed under Special Business.

Mr. K Prakash, Director, retires by rotation as per the new Companies Act, 2013 and being eligible, offers himself for re-appointment.

AUDIT COMMITTEE

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

AUDITORS

Messrs Ishwar & Gopal, Chartered Accountants, Auditors of the Company, being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

The Auditors have pointed out in their report with regard to non-provision in respect of Company's investments in and receivables from a subsidiary and accounting of deferred tax credits. In view of the long term prospects and steps taken to recover these receivables, the Directors feel that no provision need be made in the accounts.

FIXED DEPOSITS

The total amount of fixed deposits accepted from Directors as on 31st March, 2014 was NIL. There were no unclaimed deposits as at that date.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, the Directors state and confirm that

- (a) The financial statements have been prepared in conformity with the generally accepted accounting standards and principles and in terms of the requirement of the Companies Act, 1956. Reasonable and prudent judgments and estimates have been made wherever necessary.
- (b) The accounting policies selected and applied consistently give a true and fair view of the financial statements.
- (c) The Company has implemented adequate internal controls to provide reasonable assurance of the reliability of its financial records, proper safe guarding and use of its assets and detection of frauds and irregularities.
- (d) The Directors have prepared the annual accounts on a "going concern" basis.

CORPORATE GOVERNANCE

The Board meets at regular intervals and transacts various businesses. The Company consistently forwards the quarterly financial results to the Stock Exchange and publishes the same in the newspapers as per the listing agreement.

INDUSTRIAL RELATIONS

The industrial relations during the year was cordial and harmonious.

The Company has closed the unit manufacturing CRT Terminals as the product GVX terminal has been phased out. On this, workmen raised certain objection which was rejected by the Secretary, Department of Labour. Now the matter is before the High Court of Karnataka as per whose directive the Company has deposited the amount payable to Workmen with the High Court. This idle property was sold last year.

There was no complaint lodged by any woman employee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, with the Company during the period under report.

Bank Operation

On the back of sale proceeds of one of the company's idle properties, your company was able to repay the credit facilities

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

The information required to be furnished 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 annexed hereto and forms part of this Report.

APPRECIATION

The Directors wish to thank the Customers, Vendors, Business Associates, employees and the Investors for the continued support during the year.

The Directors also thank State Bank of India for the unstinted co-operation extended by them.

For and on behalf of the Board of Directors

Madireddy V Nagaraj
Managing Director

M.V. Shetty
Whole Time Director

Place : Bangalore

Date : 29th July, 2014

VXL Instruments Limited

ANNEXURE TO DIRECTORS' REPORT

(A) CONSERVATION OF ENERGY

Your Company's operations consume minimal electricity and fuel. However, efforts are being put on a continuing basis for the optimal usage of electricity and fuel.

(B) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

1. The areas in which work has been carried out by the Company.

- I. Thin Client variants based on ARM processor
- II. Vtona Zero client based on Teradici chip
- III. Web based Remote Management Tools
- IV. Kitchen automation Systems
- V. Thinkpad Notebook based Thin clients
- VI. Customised Thin client SW for large OEMs.

Benefits derived

- i. Access to wider markets
- ii. Improved performance and lower cost
- iii. Better performance
- iv. Solutions for cloud computing and desktop virtualization

2. Future Plan of Action

- i. Thin client Products with lower power, size and higher performance
- ii. Development of Products for converging IT and Telecom Technologies
- iii. VESA mountable Zero clients
- iv. EPEAT compliant Environmental friendly Thin clients

3. Total expenditure on R & D was Rs. 17.44 Lakhs which constituted 0.19 % of sales turnover.

TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION

1. Efforts made for development of specialized Thin Clients for specific requirements
2. Thermally efficient model of Thin Client.
3. New generation Linux OS –Gio5
4. Web based Management software -Fusion

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings out of Exports including Deemed Exports Rs. 7,380 lakhs.

Foreign Exchange outgo Rs. 6,520 lakhs.