

VINTRON INFORMATICS LIMITED

Vintron



10th Annual Report

2000 - 2001

An
ISO 9002
Company

Quality Policy

“Customer satisfaction
through quality and reliability of
our products and services
to be achieved by our will
to deliver better
by consistently improving our
products, systems and
procedures.”

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(R. K. Gupta)

Chairman & Managing Director

Vintron

Chairman & Managing Director

Shri R. K. Gupta

Directors

Shri P. K. Mittal

Shri Suresh Chauhan

Shri Rajoo Doshi

Shri Manish Agrawal

Shri Narsingh Awatar

Shri R. S. Duggal

Company Secretary

Shri Nagendra Kumar

Statutory Auditors

M/s. O. P. Bagla & Co.

Internal Auditors

M/s. S. Agarwal & Co.

Solicitor

Shri Om Prakash S. Shekhawat

Transfer Agent

M/s. Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar-II,

New Delhi - 110024

Bankers

Oriental Bank of Commerce

Corporation Bank

ICICI Bank Ltd.

Registered Office & Works

F-90/1A, Okhla Industrial Area,

Phase-I, New Delhi - 110020

Management Team

Shri Arvind Sharma

[Vice President - PC Division]

Shri Sunil Kumar

[Vice President - Peripherals]

Shri Rajan Garg

[Vice President - Finance & Corp. Affairs]

Shri Vibhor Agrawal

[Vice President - Sales]

Shri P. S. Raychaudhuri

[General Manager - Production]

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10th ANNUAL REPORT 2000-2001**NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the Members of Vintron Informatics Limited shall be held on Wednesday, the 26th day of September 2001 at 1030 hrs. at Shree Delhi Gujarati Samaj (Regd.), Mahatma Gandhi Sanskritik Kendra, MPCU Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi-110054, for transacting the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March 2001 and the Profit & Loss Account for the period ended on that date along with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Suresh Chauhan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Manish Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
4. To declare a Dividend on the Equity Shares of the Company for the Financial Year ended on 31st March 2001.
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 the provisions of Section 224A of the Companies Act, 1956, M/s. O. P. Bagla & Company, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and that the Board of Directors/Audit Committee of the Board be and is hereby authorized to fix their remuneration."

SPECIAL BUSINESS :

1. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the keeping with effect from 01/04/2001 of the Register of Members, Index of Members and Register of Share Transfer u/s 163 of the Companies Act, 1956, with M/s. Skyline Financial Services Private Limited (Registrar & Share Transfer Agent of the Company), at their office situated at 123, Vinoba Puri, Lajpat Nagar-II, New Delhi-110024, instead of the Registered Office of the Company."

2. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in supersession of the Ordinary resolution passed by the members of the Company at Sixth Annual General Meeting of the Company held on 30th September 1997 consent of the Company be and is hereby accorded pursuant to the provisions of Articles of Association and Section 293(1)(a), 293(1)(d), and other applicable provisions, if any, of the Companies Act, 1956 to borrow from time to time all such monies as may be deemed necessary for the purpose of the business of the Company from any/all financial institution(s)/bank(s) or other parties whether in Indian Rupees or foreign currency by way of loan(s) and/or deposit(s) and/or credit facility(ies) and/or deferred payment facility(ies) and/or issue of debentures and/or by way of any other instrument or mode or any combination of the above notwithstanding that the aggregate amount to be borrowed alongwith the amount already borrowed may exceed the aggregate amount of Paid-up Capital and Reserves provided that the aggregate of the amount so borrowed shall not at any point of time exceed Rs.100,00,00,000/- (Rupees One Hundred Crores only) and to the creation by the Board of Directors of the Company of such mortgage(s), charge(s) and hypothecation in addition/in modification to the existing mortgage(s), charge(s) and hypothecation on Assets of the Company, both present and future, in such manner as the Board may deem fit, in favour of all or any of the financial institution(s), bank(s) or any other investing agency(ies)/bodies, trustees for the holders of debentures/bond(s)/other instruments which may be issued/subscribed by placement or otherwise, to secure Rupee/foreign currency loans, debentures, bonds or other instruments of an amount in excess of the aggregate of Paid-up Capital and Reserves, but, in aggregate not exceeding at any point of time Rs.100,00,00,000/- (Rupees One Hundred Crores only)."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate for the same and finalize the terms and conditions of such raising of fund(s)/financial resources from any or all of the aforesaid parties and to do all such acts, deeds, matters and things and to execute all such documents and writings

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NOTICE Contd.

as may be necessary in this regard and to further authorize the Directors/Officials of the Company for the same."

3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT approval of the members of the Company be and is hereby granted to writing off an amount of Rs.1,09,00,897/- (Rupees One Crore Nine Lacs Eight Hundred and Ninety Seven only) outstanding as trade debt in the name of erstwhile M/s. Altos India Limited, a Company in liquidation with the Honorable High Court of Punjab & Haryana, at Chandigarh."

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT approval of the members of the Company be and is hereby granted to merge and make Him Informatics, a firm situated at Parwanoo, Himachal Pradesh, in which the Company is a Partner with 97% shares, by acquiring 3% balance share from other partner, subject to the approval from concerned authorities/departments/banks/institutions etc."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things that may be necessary in connection with such merger including representation before any Government/ Semi Government Authorities, Banks/Financial Institutions."

**By order of the Board
For Vintron Informatics Limited**

PLACE: NEW DELHI
DATED: 4TH JUNE 2001

Sd/-
R. K. GUPTA
Chairman & Managing Director

NOTES:

1. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED IT SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
3. The Register of Members of the Company will remain closed from Monday, the 10th day of September 2001 to Wednesday, the 26th day of September 2001 (both days inclusive).
4. Members are requested to notify change in their address along with PIN CODE, to the Company at its Registered office quoting their Folio Numbers.
5. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their share certificates, to enable the Company to consolidate their holding in one folio.
6. Members are requested to bring their copy of Annual Report. No extra copy would be available for distribution at the venue of the meeting.
7. Members/Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the meeting hall.
8. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification. Members intending to seek any information on the Annual Account at the meeting are requested to inform the Company at least ten days before the date of the meeting.
9. Consequent to the amendment to Section 205A and introduction of Section 205C in the Companies Act, 1956, the amount of unpaid/matured dividend, share application/allotment money remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

10th ANNUAL REPORT 2000-2001**NOTICE Contd.****EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of The Companies Act, 1956)

Item No. 1

In accordance with instruction of The Securities & Exchange Board of India (SEBI), the shares of your Company have been brought into compulsory DEMAT mode, with effect from 8th May 2000. Accordingly, the Board of Directors have appointed M/s. Skyline Financial Services Private Limited, New Delhi as Share Transfer Agent. The Company has entered into the necessary agreement with them. The Register of Members as well as the Index of Members and Register of Share Transfer is being maintained by M/s. Skyline Financial Services Private Limited and shall continue to be maintained by them as long as the Board of Directors wishes so. Keeping of the statutory Registers & Records at a place other than the Registered Office of the Company requires approval of the members of the Company is sought thereto.

A copy of the Agreement entered into with M/s. Skyline Financial Services Private Limited is available at the Registered office of the Company for the perusal of the members of the Company.

None of the Directors is concerned or interested in the said resolution.

Item No. 2

Under Section 293(1)(a) and Section 293(1)(d) of the Companies Act, 1956, the power of the Board of Directors of the Company is limited to the borrowing upto a limit of the aggregate of Paid-up Capital & Reserves and the Company in its Sixth Annual General Meeting held on 30th September 1997 had authorized to borrow and raise funds by way of loans, or otherwise including placement of debentures to the extent of Rs.50,00,00,000/- (Rupees Fifty Crores only) and create mortgage/charge on the Assets, both present and future, of the Company. However, due to growing need and expanding business of the Company, the Company need to raise more funds/resources by way of placing different kind of instruments including debentures/commercial papers etc. and to enable the same, the Board of Directors propose the captioned resolution to the members for their consent and approval.

None of the Directors is concerned or interested in the said resolution.

Item No. 3

The Company had an outstanding receivables of Rs.1,09,00,897/- from erstwhile M/s. Altos India Limited against the goods supplied to the said Company. The Company has taken legal action against the said Company to recover the said amount. However, Honorable High Court of Punjab & Haryana, at Chandigarh vide its order dated 11.06.1998 in winding up petition No. 196 of 1997 have passed the order of compulsory winding up and appointed an Official Liquidator and in the opinion of the Liquidator as well as our legal advisor the assets of M/s. Altos India Limited are not sufficient to meet the liability of secured creditors and therefore, it is not possible to recover the money from M/s. Altos India Limited. In view of the same and in the opinion of legal advisors it is recommended that the said amount be written off as bad debt. Therefore, the members are requested to kindly approve the same. A copy of the Books of accounts relating to the said transaction is available at the Registered Office of the Company for perusal of the members of the Company.

None of the Directors is concerned or interested in the said resolution.

Item No. 4

M/s. Him Informatics, a firm, in which Vintron Informatics Limited is a Partner with 97% share, is manufacturing Monitors with its operating base at Parwanoo, Himachal Pradesh. The said firm is eligible for Sales Tax exemption benefit for a period of 10 years from June 1995. It is proposed that said firm be merged with Vintron Informatics Limited by acquisition of balance 3% of share from existing partner. The Company has received a letter from the Director of Industries, Parwanoo, to this effect that Vintron Informatics Limited shall continue to enjoy the facility of exemption under Sales Tax. This will facilitate the operational benefit to the Company. In the opinion of the Auditors of the Company, benefit under Section 80 I A / 80 I B of Income Tax Act, 1961 shall continue with the Company.

A copy of the relevant documents relating to the said transaction is available at the Registered Office of the Company for perusal of the members of the Company.

None of the Directors is concerned or interested in the said resolution.

**By order of the Board
For Vintron Informatics Limited**

Sd/-

R. K. GUPTA

Chairman & Managing Director

PLACE: NEW DELHI

DATED: 4TH JUNE 2001

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2001.

FINANCIAL RESULTS

We give below the financial highlights for the year under review: -

	(Rs. in Lacs)	
	Current Year	Previous Year
Turnover & Other Income	16629.80	10517.91
Share of Profit in Partnership Firm	51.42	105.85
Profit before Depreciation, Interest/Financial Charges and Tax	877.33	746.32
Depreciation	70.50	44.11
Interest and Financial Charges	586.54	382.37
Profit before Income Tax	220.06	319.84
Provision for Income Tax (Net)	16.10	62.00
Profit after Tax	198.16	261.85
Surplus brought forward	944.01	755.19
Balance in Profit & Loss A/c	1100.12	944.01
APPROPRIATIONS:		
General Reserve	10.00	10.00
Proposed Dividend	29.28	51.67
Corporate Dividend Tax	2.99	11.37

DIVIDEND

Considering the results, your Directors recommend a dividend @ 5% to be paid for the year ended on 31st March 2001 on equity capital of Rs.5,85,58,000/- divided into 58,55,800 equity shares of Rs.10/- each. The total outgo on account of the dividend including the corporate tax on dividend will be Rs.32.27 Lacs.

PERFORMANCE & OPERATIONS

Growing dependence on Information Technology and extensive use of Personal Computers both at commercial as well as domestic level has contributed to a phenomenal growth of Computer Industry and increase in demand for Personal Computers. The International Research Corporation IDC's observes a tough time during calendar year 2001 for the PC industry although, PC market growth is projected to grow at 40% this fiscal. This is due to increased competition affecting the entry-level prices to touch a new low of around Rs.30,000/-, and top end machines within Rs.80,000/-. To survive in the market one has to pack higher performance and add-ons within existing price points. In spite of this scenario, it is expected that from September 2001 onwards the Industry will take an upward trend.

Your Company has made good progress during the current financial year and has posted a positive growth of 55% in its turnover and with a corresponding increase in the gross Profit by 9.78%, although Profit after Tax has come down by 24.33% because of mainly two reasons i.e. writing off bad debt to the extent of Rs.109.01 Lacs (trade debt recoverable from M/s. Altos India Limited because of the said Company being in liquidation) and secondly squeeze in margins caused by stiff competition. However, your Company has been able to sustain its growth and achieve a remarkable presentation in the market. There was a marked increase in revenues from PCs, both in quantitative as well as value terms. It is heartening to note that PC presentation in the market received a big boost and VINTRON'S brand equity has consolidated to a great extent.

During the financial year under review, your Company has acquired the business and assets together with employees of M/s. Crystal Software Pvt. Ltd., a Company which was operating in the area of back end software development for its clients abroad. By this purchase your Company also got the existing clients of said Company. The said work is being undertaken in a separate division of the Company called VSOF, which has got the status of 100% EOU under STPI scheme. Your Company is also in the process of establishing its wholly owned subsidiary in USA to perform marketing, co-ordination and after sales service for the softwares developed by said VSOF.

10th ANNUAL REPORT 2000-2001**DIRECTORS' REPORT Contd.****PROSPECTS**

The current financial year is a very crucial and promising year for the Company. There are plans for registering big growth in top lines and bottom lines. Quantities of PCs as well as peripherals are likely to witness sizeable growth. Newly established software division under STPI scheme is working in full strength and has commenced marketing abroad. Your Company is also making vigorous efforts to enter the high-profile area of software development. This activity is a knowledge-based phenomenon, highly dependent on human factor and extensively tech-savy. Hence, your Company is proceeding cautiously in this area.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Manish Agrawal and Shri Suresh Chauhan, Directors of the Company will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

FIXED DEPOSITS

Your Company has neither invited nor accepted any deposits from public within the meaning of the Companies (Acceptance of Deposit) Rules, 1975, during the last financial year.

AUDITORS

The Auditors of the Company M/s. O. P. Bagla & Company, Chartered Accountants, retire and offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits specified under Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

The Auditors' Report to the members together with Accounts for the year ended on 31st March 2001 and Notes thereon is attached, which are self-explanatory.

DIRECTORS VIEW ON AUDITORS OBSERVATIONS

Management response to the various observations of the auditors even though explained wherever appropriate in the notes to the Accounts is reproduced in compliance with the relevant legal provision.

1. *The Company has been making provisions for gratuity on cash basis because of the volatility of manpower in the industry. However, from the financial year 2001-2002 onwards, it is planned that the Company will create a trust for gratuity provisions and the accumulated balance of gratuity till this financial year shall be provided for by making one fifth of the provision in next every five years.*
2. *The method of valuation of stocks of software has been taken on realizable value basis, as there was no separate software division of the Company earlier. In absence of the same it has not been practical to take the cost basis, as the employees cost are not possible to bifurcate for specific job. However, since a separate software unit has been created from this year, next year onwards the valuation shall be taken on cost basis.*

DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217

As required under Section 217(2AA) of the Companies Act, 1956 your Directors state that:

- While preparing Annual Accounts, the applicable accounting standards have been followed.
- The Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent which gives true and fair view of affairs of the Company.
- The Company had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities.
- The Company had prepared accounts on a going concern basis.

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DIRECTORS' REPORT Contd.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 does not form part of this Report. No employee of your Company is covered as per provisions contained u/s 217(2A) of the Companies Act, 1956.

ADDITIONAL INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

Information in respect of conservation of energy, technology absorption etc. required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

LISTING FEES

The Equity Shares of the Company continue to be listed at the Stock Exchange(s) of Delhi (Regional), Calcutta and The Stock Exchange, Mumbai, and the listing fees for the year 2001-2002 have already been paid.

EMPLOYEE DEVELOPMENT

Your Company treats its human resources as its most valuable assets. The Company has a continuous program of developing skills of employees through continuing upgradation of their skills and periodical training. The management shares a very healthy relationship with its employees.

ACKNOWLEDGMENTS

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by the Oriental Bank of Commerce, Industrial Finance Corporation of India Limited and the ICICI Bank Limited.

The Board appreciates the efforts put in by all employees for their commitment, and dedication to fulfill their corporate duties with diligence and integrity.

Your Directors are also pleased to place on record their appreciation for the excellent support received from Dealers, Business Associates and Customers by promoting and patronizing the products of the Company.

By order of the Board
For Vintron Informatics Limited

PLACE: NEW DELHI
DATED: 4TH JUNE 2001

Sd/-
R. K. GUPTA
Chairman & Managing Director

10th ANNUAL REPORT 2000-2001**ANNEXURE TO DIRECTORS' REPORT****STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY**

Your Company is not covered under Industries, which are required to furnish the information in Form-A under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. The consumption of energy in the operation of the Company is not significant. However, the Company is taking all steps to optimize the use of energy through improved operational methods.

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R & D)

Specific areas in which R & D is carried out by the Company	:	R & D are carried out for improvement in production process and quality of products.
Benefits derived as a result of the above R & D	:	The products are finding better acceptability in the market.
Future plan of action	:	The Company is carrying on R & D to further enhance the product features and improve their quality.
Expenditure on R & D		
- Capital	:	NIL
- Recurring	:	NIL
- Total	:	NIL
- Total R & D expenditure as a percentage of total turnover	:	NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

None

FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the Company were Rs. 186.15 Lacs as compared to Rs. 187.08 Lacs in the previous year. The foreign exchange outflow was Rs. 11999.50 Lacs as compared to Rs. 6165.34 Lacs in the previous year.

CORPORATE GOVERNANCE

We at Vintron Informatics Limited are committed to the concept and philosophy of Corporate Governance as a means of effective internal control, fair and transparent decision making process and fullest support of the Board and Management for enhancing customer satisfaction and shareholders value.

The Securities and Exchange Board of India has codified the code of Corporate Governance, which has been implemented by amending the listing agreement entered into by the Company with various Stock Exchanges. Your Company is required to comply with all requirements of the code of Corporate Governance latest by 31st March 2003.

Given below is a brief report on the practices followed by Vintron Informatics Limited towards achievement of good Corporate Governance.

A. Composition of Board**Responsibilities of the CEO**

The current policy of the Company is to have an executive Chairman & Managing Director and Director Operations. There is a clear demarcation of responsibilities and authority between the two. The Chairman & Managing Director is responsible for corporate strategy, brand equity, planning, external contacts, acquisitions and Board matters. The Director Operations is responsible for all day-to-day operations, related issues and for the achievement of annual targets in customer satisfaction, sales, profitability, quality, productivity, recruitment, training and employee retention. The senior management makes periodic presentations to the Board on their responsibilities, performance and targets.