

Vintron®

**11th
ANNUAL REPORT
2001 - 2002**



VINTRON INFORMATICS LIMITED

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."

(Raj Kumar Gupta)
Chairman & Managing Director

Chairman & Managing Director

Shri Raj Kumar Gupta

Directors

Shri P. K. Mittal

Shri Suresh Chauhan

Shri Raj Roop Doshi

Shri Manish Agrawal

Shri Narsingh Awatar

Shri Ravinder Singh Dugal

Company Secretary

Shri Nagendra Kumar

Statutory Auditors

M/s. O. P. Bagla & Co., New Delhi

Internal Auditors

M/s. S. Agarwal & Co., New Delhi

Solicitor

Shri Om Prakash S. Shekhawat

Share Transfer Agent

M/s. Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri, Lajpat Nagar-II,
New Delhi - 110024

Bankers

Oriental Bank of Commerce
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 Aggarwal

[Vice President - Sales]

Shri P. S. Raychaudhuri

[General Manager - Production]

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11th ANNUAL REPORT 2001-2002**NOTICE**

Notice is hereby given that the **Eleventh Annual General Meeting** of the members of Vintron Informatics Limited shall be held on Tuesday, the 24th day of September 2002 at 10.30 A.M. at Shree Delhi Gujarati Samaj (Regd.), Mahatma Gandhi Sanskritik Kendra, MPCU Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi-110054 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2002, the Profit & Loss Account for the year ended on that date, Auditors' Report thereon and the Directors' Report annexed thereto.
2. To appoint a Director in place of Shri Narsingh Awatar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ravinder Singh Dugal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Raj Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
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:

6. 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 198, 269, 309 and 310 read together with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (as amended and prevailing for the time being) or any other law in force, the consent of the Company be and is hereby accorded to the re-appointment of Shri Manish Agrawal as Whole Time Director of the Company for another period of five years with effect from 22nd August 2002 on the following terms and conditions:

Salary: Rs.21,000/- per month

Housing: The expenditure incurred by the Company on hiring unfurnished accommodation subject to ceiling of 50% of Salary OR

In case no accommodation is provided by the Company, House Rent Allowance shall be paid @ 50% of Salary.

Medical Reimbursement: Expenses incurred on Self and family subject to one month's salary in a year or three months salary over a period of three years.

Leave Travel Concession: Entitled to travel with family once in a year subject to a ceiling of one month's Salary

Club Fee: Fees of Clubs subject to maximum of two clubs excluding admission and life membership fee.

Personal Accident Insurance: Premium not exceeding Rs.4000/- per annum

Explanation: Family shall mean to include the spouse, dependant children, and dependant parents of the appointee

Contribution to Provident Fund: As per policy of the Company.

Gratuity: Half month's Salary for every completed year of service.

Telephone: Provision of telephone at the residence with personal long distance calls to be billed by the Company to the appointee.

Electricity Bill: Payment of electricity bill of the residence on actual basis.

Conveyance: Provision of Car with driver for the use on Company's business. The use of Car for personal purposes shall be billed by the Company to the appointee.

Commission: The Commission on Net Profit to be paid @ 1% on the Net Profit of the Company as per Section 349 & Section 350 of the Companies Act, 1956. The Commission will be payable with effect from 22nd August 2002."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the above shall be treated as the minimum remuneration payable to Shri Manish Agrawal and shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter and vary, on recommendation of the Remuneration Committee, any of the aforesaid terms in regard to remuneration and perquisites within the ceiling laid down in Schedule XIII to the Companies Act, 1956 as amended from time to time."

NOTICE CONTD.

"RESOLVED FURTHER THAT for giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary."

By order of the Board
For Vintron Informatics Limited

Place:
F-90/1A, Okhla Indl. Area Phase-I
New Delhi-110020

Date: **July 8, 2002**

Sd/-
(RAJ KUMAR GUPTA)
Chairman & Managing Director

NOTES:

- a) 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
- b) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
- c) The documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays and other public Holidays between 2.00 P.M. to 4.00 P.M. upto the date of Annual General Meeting.
- d) The Register of Members and Share Transfer Books of the Company shall remain closed from 10th day of September 2002 to 24th day of September 2002 (both days inclusive).
- e) Members are requested to bring their copies of Annual Report to the Meeting as spare copies will not be available.

RESUME OF DIRECTORS BEING RE-APPOINTED

Shri Narsingh Awatar is a fellow member of the Institute of Chartered Accountants of India and a Law Graduate, practicing as a Chartered Accountant for over last 38 years. Shri Awatar has been associated with various organizations including professional bodies, and is widely experienced for which he has been on the Board of several well known large sized Public Companies as a professional expert as well as representing All India Financial Institutions like IDBI, IFCI and ICICI as their nominee Director. He has been associated with the Company since 1999.

Shri Ravinder Singh Dugal is a Graduate in Electronics and Tele-Communications from Pune University having more than 20 years of experience in Electronics Industry. His wide experience in the Electronics Industry has helped the Company in many ways. He has been a source of guidance to the Company since 1999, when he associated as Director on the Board of this Company.

Shri Raj Kumar Gupta is a Mechanical Engineer from the Birla Institute of Technology and Sciences (BITS), Pilani, and since 1977 he has been into the Electronics & Computer Industry, and gained wide experience in Personal Computers and Computer Peripheral Industry. Shri Raj Kumar Gupta is one of the main Promoter Director and a source of guidance and energy for the Company since its inception. Under his able leadership, the Company has achieved a level of national brands in the Country in the areas of Personal Computers and Computer Peripherals.

EXPLANATORY STATEMENT:

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the Notice and should be taken as forming part thereof.

Item No. 6

The members in their Sixth Annual General Meeting held on Tuesday, the 30th of September, 1997 had approved the appointment of Shri Manish Agrawal, Wholtime Director of the Company pursuant to provisions of Section 269 read with Schedule XIII of the Companies Act, 1956. Considering the increased responsibility relating to diversification and expansion activities of the Company, being undertaken by Shri Manish Agrawal, Wholtime Director of the Company and inflationary trends resulting into higher cost of living, his remuneration was revised in Extra-ordinary General Meeting held on 23rd day of December 1999. His tenure of appointment expires on 21st August 2002. Considering his contribution to the Company, the Remuneration Committee of the Board of Directors, in its meeting held on 29th June 2002 have considered and approved the re-appointment of Shri Manish Agrawal, Wholtime Director for another period of five years w.e.f. 22nd August 2002

11th ANNUAL REPORT 2001-2002**NOTICE Contd.**

on the same terms and conditions prevailing in his current tenure. The terms and conditions and remuneration have not been increased in view of the current state of economy in Computer Hardware Industry. His appointment has also been approved by the Board of Directors. His appointment, if approved by the shareholders, shall be in accordance with the provisions of Section 198, 269, 309 and 310 read together with Schedule XIII to the Companies Act, 1956.

Shri Manish Agrawal, aged 35 years is a Graduate in Engineering from Nagpur University, and has an experience of over 13 years in the field of Computer Industry. Since 1992, he has been associated with this Company, and gained wide experience in Personal Computers and Computer Peripheral Industry. Under his able leadership, the operations of the Company has reached to a level of national brands in the Country in the areas of Personal Computers and Computer Peripherals.

The Board recommends the passing of Resolution covered under Item No.6 of the Notice read with the explanation given above.

None of the Directors except Shri Manish Agrawal, Wholetime Director of the Company are interested or concerned, in any way, in the Resolution covered under Item No.6 of the Notice.

By order of the Board
For Vintron Informatics Limited

Place:
F-90/1A, Okhla Indl. Area Phase-I
New Delhi-110020

Date: **July 8, 2002**

Sd/-
(RAJ KUMAR GUPTA)
Chairman & Managing Director

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DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting the Eleventh Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2002.

BUSINESS PHILOSOPHY

We are passing through a phase where unprecedented events have affected the global economy and the recessionary trends are prevalent all over the world. This has forced all the big corporations around the world to change their business strategies in order to face this challenge. We at Vintron have also decided to stage a V shape recovery of our operations all over the Country by resorting to effective cost saving measures and by shedding the excess flab to streamline the operations of the Company.

The Company has decided to continue with its policy of creating superior value for the customers by building superior products and providing accident services.

OUTLOOK

Financial Year 2001-2002 has an extremely challenging year for the over all economy and there are as yet no indications of a quick recovery in Financial Year 2002-2003. GDP growth in 2002-2003 is expected to be less than 5% with the Industrial sector bearing the brunt of the slowdown with year on year growth not expected to cross 4%. The tragic earthquake in Gujarat and the current communal violence in the State, Terrorist attacks during the year, the difficult conditions in the financial markets and tension on the border resulted in subdued consumer sentiments. The consumer goods and non-durable sectors were adversely affected with negligible demand growth. Consumer durables fared only slightly better. Economy indicators and business confidence in India and around the world point to a restricted growth environment in the near term. As your Company operates in SOHO market, the product of your Company is mostly serving the end-users, and hence, sentiments of consumers has affected performance of your Company to a large extent.

Your Company's performance during the year as compared to the last year is as under:

FINANCIAL RESULTS AND PERFORMANCE

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

PARTICULARS	(Rs. in Lacs)	
		Previous Year
Turnover & Other Income		16666.07
Share of Profit in Partnership Firm		51.42
Profit/(Loss) before Depreciation, Interest/Financial Charges and Tax		877.33
Depreciation		70.50
Interest and Financial Charges		586.54
Profit/(Loss) before Income Tax		220.06
Provision for Income Tax (Net)		16.10
Profit/(Loss) after Tax		198.16
Surplus brought forward		944.01
Balance in Profit & Loss A/c		1100.12
APPROPRIATIONS:		
General Reserve		10.00
Proposed Dividend		29.28
Corporate Dividend Tax		2.99

Although, 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, 9/11 attack on World Trade Centre followed by the prevailing economic situation, communal riots in Gujarat, and tensed border situation, has resulted into poor performance of your Company. This situation has been further aggravated due to increased competition from international brands as well as assemblers' segment on the one hand and hair thin margins on the other. 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 by the end of this calendar year, the Industry will take an upward trend.

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DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS Contd.

DIVIDEND

Considering the results of the Company into losses, dividend on shares has not been recommended by the Board.

INDUSTRY STRUCTURE AND DEVELOPMENT

Even though, the Hardware Industry recorded a flat to marginal growth during the year 2001-2002. But due to severe competition and erosion in selling prices, there has been no growth in value terms. In the Personal Computer market, the real flat segment and Notepad segment has out grown the over all pace of growth in the other segments of Personal Computers. However, considering the forecast in respect of Hardware Industry in view of over all growth in the consumer segment (SOHO Market) the Personal Computer and Peripheral segments still holds ground, and foresees remarkable growth in next five to ten years.

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 as well as bottom lines. Quantities of PCs as well as peripherals are likely to witness sizeable growth. Newly established software division 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-savvy. Hence, your Company is proceeding cautiously in this area.

OUTLOOK ON THREATS, RISKS AND CONCERNS

The Company has an integrated approach to managing the risks inherent in various aspects of its business. As part of this approach, the Board of Directors (BoD), is responsible for monitoring risk levels on various parameters, and the Board of Directors supported by professionals in various fields is responsible for ensuring implementation of mitigation measures, if required. The Audit Committee provides the overall direction on the risk management policies.

The over all economic environment will have a strong bearing on how things shape in the coming years. Political uncertainty and the devaluation of Rupee vis-à-vis Dollar are potential risks. The over all Industrial and Business sentiment is not very buoyant. Your Company, however, is confident that with the launch of high quality, competitively priced products, we will be able to expand our market share.

SEGMENT WISE PERFORMANCE

Hardware Division of the Company consists of manufacturing and selling of Personal Computers and Computer Peripherals which includes Mother Boards, Add-on Cards. The Company's revenue depends mostly on this hardware division of the Company, and it is the quality and performance of hardware division of the Company which has led to one of the respectable brand equity position of "Vintron".

The Company has recently ventured into the areas of software development and marketing. It is a co-incidence that since the time, your Company ventured into software activities, the market has not being able to respond positively due to various reasons, and therefore, your Company is going very cautious in software operations. It is because of this reason, the revenue from this division has been negligible as yet, but the Company is confident of achieving a significant growth in this area in time to come.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Internal Control Systems of the Company are designed to provide adequate assurance on the efficiency of the operation and security of its assets, and the Company is committed to high standards in this regard. The accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of the Internal Control as well as compliance with laid down systems and policies are comprehensively monitored by your Company's Internal Auditors. The Company regularly validates its major IT enabled business applications for their integrity, control and quality of functionality. The Audit Committee of the Board, which met three times during the year, actively reviews Internal Control Systems as well as financial disclosures.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company continues to have excellent employee relations. Your Directors acknowledge and thank the employees for their continuous support. The Company has strong commitments to follow the best of the HR practices and believes in up-lifting the over all competence of its employees through regular training workshops and seminars.

The total number of employees at the end of the year was 266 as against 275 employees at the end of the previous year.

DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS Contd.

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.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Narsingh Awatar, Shri Ravinder Singh Dugal, and Shri Raj Kumar Gupta, 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.

SUBSIDIARY COMPANY

The Company holds a Wholly Owned Subsidiary by the name of VSOF GLOBAL INC. at #107, 451 Village Green BLVD, ANN ARBOR, MI-48105 USA, with a total subscribed and paid-up capital of 1500 Capital Stocks held by your Company. Such Company was incorporated in February 2001, and there has been no change of interest of your Company. The said subsidiary Company had started business only during end of calendar year 2001 and earned a total income of US\$2760.00, and incurred net loss of US\$45349.00 after writing off total expenses/deductions during calendar year 2001. The resultant net loss of US\$45349.00 is carried forward to the next year. These figures have been taken from the copy of Tax Return filed with US Revenue Department and supplied by the subsidiary Company.

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 2002 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 valuation of stocks of software has been taken as it was during the close of last financial year, because during the financial year under review no fresh software has been developed.***

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.

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.

11th ANNUAL REPORT 2001-2002**DIRECTORS' REPORT &
MANAGEMENT DISCUSSION & ANALYSIS Contd.****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 2002-2003 have already been paid.

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:
**F-90/1A, Okhla Indl. Area Phase-I
New Delhi-110020**

Date: **July 8, 2002**

Sd/-
(RAJ KUMAR GUPTA)
Chairman & Managing Director

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