

29<sup>th</sup>  
Annual Report  
2014-2015



VXL Instruments Limited

## VXL Instruments Limited

### BOARD OF DIRECTORS

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

#### AUDIT COMMITTEE

N. V. Maslekar	Chairman
Kumkum Buwania	Member
K. Prakash	Member
Prakash H Rao	Member

#### NOMINATION AND REMUNERATION COMMITTEE

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

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

K Prakash	Chairman
N. V. Maslekar	Member
Prakash H Rao	Member

#### SHARE TRANSFER / TRANSMISSION COMMITTEE

Madireddy V Nagaraj	Chairman
M V Shetty	Member

#### AUDITORS

Ishwar & Gopal  
Chartered Accountants  
Bengaluru

#### INTERNAL AUDITORS

Cuddappa Ramesh & co.  
Chartered Accountants  
Bengaluru

#### SECRETARIAL AUDITORS

S. Kedarnath & Associates  
Practising Company Secretaries  
Bengaluru

#### 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 0652/4043 0200  
Fax : 91-22-2847 5207

#### WORKS AND REGISTERED OFFICE

"House of Excellence"  
No.17, Electronics City, Hosur Road,  
Bengaluru - 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 NINTH ANNUAL GENERAL MEETING**  
on Monday the 21st September 2015

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 Ninth Annual General Meeting of the Members of the Company will be held at 12.00 noon, on Monday the 21st September 2015 at "WOODLANDS HOTEL" No.5, Rajaram Mohan Roy Road, Bengaluru – 560 025, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements including Audited Balance Sheet as at March 31, 2015, the Statement of Profit and Loss of the Company for the year ended as on that date together with the Board's Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. M V Shetty who retires by rotation and is eligible for re-appointment.
3. To consider and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Messrs Ishwar & Gopal, Chartered Accountants, having ICAI Firm Registration No. 001154S, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company for the Company's financial years 2015-16 to 2017-18 and to hold office from the conclusion of this Annual General Meeting until the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and re-imbursalment of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company".

#### SPECIAL BUSINESS:

4. To consider and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Articles of Association of the Company and the provisions of Section 161 of the Companies Act, 2013, Mr. Prakash H Rao (DIN: 00492187), who was appointed as an Additional Director of the Company by the Board of Directors, and who holds the office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, from a

member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company".

5. To consider and to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Articles of Association of the Company and the provisions of Section 161 of the Companies Act, 2013, Mrs. Kumkum Bhuvania (DIN: 07160610), who was appointed as an Additional Director of the Company by the Board of Directors, and who holds the office only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company".

6. To consider and to pass the following resolution as an Ordinary 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. Prakash H Rao (holding DIN 00492187), Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years i.e. for a term up to 11<sup>th</sup> June, 2020".

7. To consider and to pass the following resolution as an Ordinary 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, Mrs. Kumkum Bhuvania (holding DIN 07160610) Director of the Company be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years i.e. for a term up to 3<sup>rd</sup> May, 2020".

8. To consider and to pass the following resolution as a SPECIAL Resolution:

"RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and clause 49 (VII) of the Listing Agreement, consent of the members be and is hereby accorded to carry the related

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party transaction(s) by the Company with Priya Limited, a 'Related party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement within the limits mentioned in the below table:

SI. No.	Nature of Transactions	Estimated Value of Transactions per Annum (Rs./in Crores)
1	Purchase of materials /goods	90
2	Sale of materials /goods	125
3	Reimbursement of expenses	2

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all necessary steps to give effect to the above resolution including signing of any Agreements with the related parties and to issue purchase orders or sales invoice on behalf of the Company".

9. To consider, and to pass, the following resolution as a Special Resolution:

Alteration in Memorandum of Association of the Company:

"RESOLVED THAT pursuant to the provisions of Section 13(1) of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the Memorandum of Association of the Company be and is hereby altered in the following manner:

- By replacing numbering format 'I', 'II', 'III', 'IV', 'V' and 'VI' with '1<sup>st</sup>', '2<sup>nd</sup>', '3<sup>rd</sup>', '4<sup>th</sup>', '5<sup>th</sup>' and '6<sup>th</sup>' respectively to represent the various main clauses in the Memorandum of Association.
- By deleting the existing Clause III (C).
- By deleting the existing Clause 4 and by substituting the following new Clause 4 thereof as hereunder:

'4<sup>th</sup> The Liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.'

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do, from time to time, all such acts, deeds and things as may be necessary to give effect to the above resolution".

RESOLVED FURTHER THAT the new set of Memorandum of Association be and are hereby adopted by the shareholders to incorporate the provisions relating to the Companies Act, 2013 as in page no.6-8:

10. To consider, and to pass, the following resolution as a Special Resolution:

Alteration in Articles of Association of the Company:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and as warranted by the aforesaid Act, Articles of Association of the Company be and are hereby altered by deleting the existing Articles and by adopting the Articles from Table F under the said Act, with such modifications as may be applicable and relevant to the Company and as may be suggested by the Stock Exchanges in terms of the Listing Agreements executed by the Company with them,

RESOLVED FURTHER THAT the draft Articles of Association being available for inspection at the Registered Office of the Company and be uploaded on the website of the Company, be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the new set of Articles of Association be and are hereby adopted by the shareholders to incorporate the provisions relating to the Companies Act, 2013 as in page no.9-18:

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

## **VXL Instruments Limited**

**\*\*MEMORANDUM OF ASSOCIATION OF  
VXL INSTRUMENTS LIMITED (Company Limited by Shares)  
(Incorporated under the Companies Act, 1956 as amended under the Companies Act, 2013)**

- 1<sup>st</sup> The name of the Company is VXL INSTRUMENTS LIMITED.
- 2<sup>nd</sup> The Registered Office of the Company will be situated in the state of Maharashtra\*.
- 3<sup>rd</sup> The objects for which the Company is established are:-

**(A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**

1. To carry on business as manufacturers, assemblers, buyers, sellers, indentors, hirers, repairers, importers, exporters, agents, representatives, designers, system engineers, system analysts, consultants, research and development experts of any one or more of the following items :-
  - a) Electronic and electrical instruments for measurement, control, protection and analysis, used in industrial, mining, chemical, transportation, space, environmental, scientific, educational and commercial applications.
  - b) Transducers, transmitters, sensors and equipments for testing and measurement of parameters such as temperature, pressure, flow, strain, level, density, concentration, radiation, time, mass as well as electric and magnetic parameters and any combinations thereof.
  - c) Computers, peripherals and other allied products including hardware, firmware, and software, used in all types of commercial, industrial, scientific and other applications.
2. To develop, create, maintain and render all kinds of services in all IT enabled/related fields especially in the field of internet connectivity, digital based network services like e-commerce, application services, content services, communication services through chat rooms, audio/video conferencing and the like especially through cable T. V. Networks, Telephone lines/cables and all modes of personal communication systems/networks and for that purpose to develop and deal with all kinds of software and hardware related to all fields of internet communication including creation of web sites, web portals, online sites and the like.

**(B) THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS OF THE COMPANY ARE:**

1. To purchase or otherwise acquire and undertake the whole or any part of the business, property and liabilities of any person, firm or company carrying on any business which this company is authorised to carry on or possessed of property or rights suitable for any of the purposes of the company.
2. To manufacture, buy, sell, treat and deal in plant, machinery, apparatus, tools, utensils, substances, articles and things necessary or useful for carrying on any of the above business or usually dealt with by persons engaged therein.
3. To carry on any business relating to the production, manufacture and preparation of any other materials and component parts which may be usefully or conveniently combined with the research, development, engineering and manufacturing business of the Company or any contracts undertaken by the Company either for the purpose only of such contracts or an independent business.
4. To negotiate and enter into agreements with foreign companies and corporations for the purpose of activating research, developing and manufacturing projects on the basis of knowhow and/or financial participation.
5. To acquire or obtain any agency and distribution rights for all goods, as aforesaid, manufactured in India or outside.

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6. To apply for, tender, purchase, or otherwise acquire any contracts, sub-contracts, licences and concessions for or in relation to the objects or business herein mentioned or any other and to undertake, execute, carryout, dispose of or otherwise turn to account the same.
7. To sub-let all or any contracts from time to time and upon such terms and conditions as may be thought expedient
8. To erect, construct, extend, alter or maintain factories, buildings and structures of every kind necessary or convenient for the Company's business.
9. To insure any of the properties, undertakings, contracts, guarantees or obligations of the Company of every nature and kind in any manner whatsoever.
10. To apply for purchase or by any other means acquire and protect, prolong and renew any patents, patent-rights, licences, protections and concessions which may appear likely to be advantageous or useful to the Company and to use and turn to account and to manufacture under or grant licences or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.
11. To buy, sell, exchange, let on hire and deal in all kinds of goods, stores articles and things which may be required for the purposes of, or used in connection with the business of the Company.
12. To purchase, acquire and hold shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any Company constituted or carrying on business in India or elsewhere and bonds and securities issued or guaranteed by any government, municipality, public body or other local authority to acquire by original subscription, tender, purchase, exchange, or otherwise, and to subscribe for the same either conditionally or otherwise, and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof, and any such shares, stocks, debentures, debenture stocks, bonds, obligations or securities to sell or otherwise dispose of.
13. To purchase, take on lease or hire or otherwise acquire land, buildings, easements or any rights therein or there over temporarily or permanently for all or any of the objects of the Company and to construct or otherwise acquire, repair, maintain and use buildings or factories of any description, suitable for the objects of the Company or any of them, and to demolish, re-erect, add to, alter or otherwise deal with the same as occasion may require.
14. To establish branches or appoint agencies or representatives or correspondents for or in connection with any of the objects of the Company in any part of the world, and to engage in agency business for others in any part of the world in such manner and upon such terms as are calculated to further the objects of the Company or any of them.
15. To purchase or otherwise acquire, or to amalgamate, with, enter into a partnership, subscribe for stock or shares in or otherwise finance, assist or co-operate with any other Company, corporation, association, firm or person doing or desirous of doing business with objects in whole or in part similar to those of the Company and to make arrangements for union of interests or for sharing expenses or profits with any such concern or person or firm.
16. To invest or lend or otherwise deal with any of the moneys of the Company not immediately required for the objects thereof upon such securities, not being shares in the Company, and in such manner as the Directors may think fit, and from time to time realise or vary such investments.
17. To acquire or issue and use, deal in and pledge, mortgage, transfer, assign, sell or negotiate mercantile documents of every kind and description and without prejudice to this generality, to draw, make, accept, endorse, discount, execute, issue, negotiate and assign cheques, drafts, bills of exchange, promissory notes, hundies, debentures, bonds, bills of lading, railway receipts and other

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negotiable or transferable instruments or securities and to purchase, sell, endorse and surrender for renewal any Government Promissory Note or Government War Loan Bonds or other securities of the Government of India or any other Government, whether within or outside India.

18. To sell exchange, let, assign, mortgage or otherwise dispose of the undertaking of the Company or any part thereof, or all or any of the property, asset, rights or interest of the Company for such consideration and upon such terms as the Company may think fit and in particular, for shares, debentures or securities of any other Company, having objects, altogether or in part, similar to those of this company.
19. To borrow or raise or secure the payment of money from time to time for any of the purposes of the Company by bonds, or by taking credit, or by opening accounts current with any individual or firm or with any Bank or Bankers and whether with or without giving any securities, goods or other articles or by mortgaging or selling or by receiving advances on the sales of any lands, buildings, machinery, goods or other property of the Company or by such other means as the Directors may in their own absolute discretion deem expedient.
20. To distribute any of the property or assets of the Company or the sale, lease or other disposable thereof among the members in specie on the winding up of the Company and to issue to or distribute among the members of the Company shares instead of cash by way of dividend or bonus.
21. To receive money on deposit subject to the Reserve Bank of India's direction in the matter, or loan on such terms as the Company may approve and to guarantee payment of the debts and the performance of the contracts of members of the Company or persons having dealing with the Company or others, but the Company shall not carry on Banking business as defined by the Banking Regulation Act, 1949. The acceptance of deposits shall also be subject to the provision of Section 58A of the Companies Act, 1956 and the rules framed there under.
22. To subscribe or contribute to any charitable, benevolent or useful object of a public character the support of which will, in the opinion of the Directors, tend to increase the repute or popularity of the Company among its employees or the public.
23. To provide for welfare of the persons in the employment of the Company, or formerly engaged in any business acquired by the Company and the wives, widows, and families of such persons by grants of money, pensions or otherwise, and to contribute towards the premiums of insurance payable on any insurance on the lives of such employees and to charge the amount of all subscriptions, donations, contributions, premiums or payments which may be made under this and the immediately preceding sub-clause to the working expenses of the Company.
24. To do all or any of the above things as principal, agents, contractors, trustees or otherwise, and by or through trustees, agents or otherwise and either alone or in conjunction with others.
25. To carry out all public works and to enter into all types of government and private contracts.
26. To carry on the business of manufacture, erection, installation, commissioning and maintenance in all types of instruments / equipments / systems of electronic research.

4<sup>th</sup> The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

5<sup>th</sup> The authorized share capital of the company is Rs. 15,00,00,000.00 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) equity shares of Rs. 10.00 (Rupees Ten only) each.

\* Altered vide Special Resolution passed through postal ballot by the members of the Company on 12<sup>th</sup> August, 2015.

\*\* Altered vide Special Resolution passed at the 29<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> September, 2015.



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**\*ARTICLES OF ASSOCIATION  
OF  
VXL INSTRUMENTS LIMITED  
(Company limited by Shares)**

**(Incorporated under the Companies Act, 1956 as amended under the Companies Act, 2013)**

***PRELIMINARY***

(1) In these Articles:

“The Act” and reference to any Section or provision thereof respectively means and includes the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force and reference to the Section or provisions of the Act or such statutory modification.

“Affiliate” in respect of any Company, means any legal entity which, controls or is controlled by that Company, or is controlled by the same individual or entity which controls that Company. For the purposes of this definition, any entity is controlled by another entity or individual where that entity or individual owns, directly or indirectly, more than fifty percent of the shares entitled to a vote at general meetings of shareholders or has the power to cause the election of a majority of the Board of Directors of the first entity.

“Article” or “these Articles” means the Articles set out herein.

“Auditors” means and includes those persons appointed as such for the time being by the Company.

“Board” or “Board of Directors” means the Board of Directors and the Directors collectively or a meeting of the Directors duly called and constituted or, as the case may be, the Directors assembled at the Board or the Directors of the Company collectively.

“Capital” means the share capital for the time being raised or authorised to be raised for the purpose of the Company.

“Chairman” means the Chairman of the General Meetings and Board as referred to, in these Articles.

“the Company” or “the Corporation” means **VXL INSTRUMENTS LIMITED**.

“Director” means a Director appointed to the Board of the Company.

“Managing Director” means the Managing Director or Managing Directors of the Company for the time being.

“Dividend” includes any interim dividend.

“General Meeting” means the Annual General Meeting and Extraordinary General Meeting of the Company, as the case may be, as defined by the relevant provisions of the Act.

“Member” means a duly registered holder of Shares from time to time and includes the subscribers to the memorandum of the Company and beneficial owners as defined in the Depositories Act, 1996.

“Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto respectively under the Act.

“Month” means Calendar Month.

“Office” means the registered office for the time being of the Company.

“Paid up” includes credited as paid-up.

“Person” includes corporations as well as individuals.

“The Registrar” means the Registrar of Companies of the state in which the registered office of the Company is situated for the time being.

The word “debenture” includes debenture stock.

“Seal” means the common seal for the time being of the Company.

“Shareholder” means any person(s) who is a holder of any class of Shares.

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“Shares” and “Shares in the Company” mean all classes of shares in the Capital of the Company or any class thereof, as the case may be and includes any and all the rights conferred on a person by the ownership of such shares.

“Year” means the calendar year, and “Financial Year” shall have the meaning assigned thereto by Section 2(41) of the Act.

Words importing the masculine gender also include the feminine gender.

Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

“In writing” and “written” include printing or lithography or any other modes of representing or reproducing words in visible form.

- (2) Unless the context otherwise requires, words or expressions contained in these Articles of Association shall bear the same meaning as in the Act, or any statutory modification thereof in force on the date on which these Articles become binding on the Company.

### **1. APPLICATION OF TABLE ‘F’**

For the matters not provided herein, the provisions contained in Table ‘F’ shall apply to the Company.

### **2. PUBLIC COMPANY**

The Company is a Public Company within the meaning of Section 2(71) of the Companies Act, 2013, with a minimum Paid up Capital of Rupees Five lakhs or such higher paid up capital as may be prescribed and accordingly:

- (i) Does not restrict the right to transfer its shares;
- (ii) Does not limit the number of its members to be two hundred:  
Provided further that—
  - (A) persons who are in the employment of the company; and
  - (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and
- (iii) does not prohibit any invitation to the public to subscribe for any securities of the Company;

### **3. SHARE CAPITAL**

- (1) The Authorised Share Capital of the Company shall be such amount as stated in the Company’s Memorandum from time to time, with such rights, privileges and conditions attaching thereto as may be determined by the Company in General Meeting, and if no direction be given, as the Directors may determine.
- (2) The Shares of the Company shall be under the Control of the Board, subject to the provisions of the Act and Articles contained herein. The Board may issue, allot, or otherwise dispose off Shares in such manner as it may deem proper.

### **4. TRANSFER OF SHARES**

- (1) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in Depository.

### **5. TRANSMISSION OF SHARES**

- (1) On the death of sole member, his nominee(s), if any, shall be the only person(s) recognised by the Company as having any title to his interest in the shares to the exclusion of succession laws applicable to the deceased member.

- (2) Every member shall deliver to the Company a nomination in accordance with and subject to the Rules made by the Board.
- (3) In case, the nomination is not made as provided above, it shall be deemed that a nomination has been made by the deceased member himself, in the following order of precedence:
  - a. a spouse, if any;
  - b. child or children, if any, jointly;

EXPLANATION: This includes both unmarried and married children of both sexes.

**6. NOMINATION**

Equity holders of Shares/Debentures may nominate a person to whom its shares in, or the debentures of the Company, shall vest, in accordance with the provisions contained in Companies Act, 2013.

**7. SHARES IN ELECTRONIC FORM**

**(A). Definition:**

‘Beneficial Owner’ shall mean the beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.

‘Bye-laws’ means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996:

‘Depository’ shall mean a Depository as defined under clause (e) of sub section (1) of Section 2 of the Depositories Act, 1996.

‘Registered Owner’ means a Depository whose name is entered as such in the record of the Company.

‘Shareholder’ or ‘Member’ means the duly registered holder of the shares from time to time and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub Section (1) of Section 2 of the Depositories Act, 1996.

‘SEBI Board’ means the Securities and Exchange Board of India;

‘Depositories Act’ means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force:

‘Record’ includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations:

‘Regulations’ means the regulations made by the SEBI Board;

‘Security’ means shares, debentures and such other security as may be specified by the SEBI Board from time to time.

**(B). Dematerialisation of securities**

Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialize its securities in a dematerialised form, pursuant to the Depositories Act and the rules framed there under.

5(e) ‘The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised in future or issued in future in dematerialised form’.

5(f) ‘The Company shall be entitled to dematerialize its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any’.

**(C). Option to receive security certificates or hold securities with Depository**

(1) Every person subscribing to the securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.

(2) Where a person opts to hold a security with a Depository, the company shall intimate such depository the details of allotment of the security, and on receipt of such information the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

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### **(D). Securities in depositories to be in fungible form**

- (1) All securities held by a Depository shall be dematerialised and shall be in fungible form.
- (2) Nothing contained in Section 89 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.
- (3) In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply.

### **(E). Rights of Depositors and Beneficial Owners**

- (1) Notwithstanding anything to the contrary contained in the Articles or in any other law for the time being in force, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of a beneficial owner.
- (2) Save as otherwise provided in clause (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.
- (3) Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be the member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his securities held by a Depository.
- (4) Nothing contained in the foregoing Article shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of Depository.

### **(F). Depository to furnish information**

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in this behalf.

### **(G). Option to opt out in respect of any such security**

- (1) If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly.
- (2) The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company.
- (3) The Company shall, within (30) days of the receipt of intimation from a Depository and fulfilment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

### **(H). Section 56 of the Act not to apply**

Notwithstanding anything to the contrary contained in the Articles:

- (1) Nothing contained in Section 56 of the Act shall apply to a transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

### **(I). Registers and Index of beneficial owners**

- (1) The Register and index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of members for the purposes of the Act and these Articles.
- (2) Except as ordered by a court of competent jurisdiction or by Law required, the Company shall be entitled to treat the person whose name appears on the Register of members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the

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Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust, or equity and equitable contingent or other claim to or interest in such share on the part of any other person, whether or not it shall have express or implied notice thereof

(3) The Company shall keep a Register and index of Members in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by Law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India, a branch Register of members resident in that State or Country.

(4) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered on the Register of Members in respect thereof.

### 8. DIVIDEND

#### DIVISION OF PROFITS

8.1. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

#### THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

8.2. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

#### DIVIDENDS ONLY TO BE PAID OUT OF PROFITS

8.3. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Act or out of the profit of the Company and remaining undistributed or out of both, provided that;

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall , before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

(b) If the company has incurred any loss in any previous financial year or years, the amounts of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both case after providing for depreciation in accordance with the provisions of Section 123 of the Act or against both.

#### INTERIM DIVIDEND

8.4. The Board may subject to provisions of the Act, from time to time, pay to the members, such interim dividend as in its judgment the position of the Company justifies.

#### CAPITAL PAID UP IN ADVANCE AT INTEREST NOT TO EARN DIVIDEND

8.5. Where capital is paid in advance of call, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits or voting rights.

#### DIVIDEND IN PROPORTION TO AMOUNT PAID-UP

8.6. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend accordingly.

## **VXL Instruments Limited**

### **RETENTION OF DIVIDENDS UNTIL COMPLETION OF TRANSFER**

8.7. The Board may retain the dividends payable upon shares in respect of which any person is entitled to transfer, until such person shall become a member, in respect of such shares or shall duly transfer the same.

### **DIVIDEND ETC., TO JOINT HOLDERS**

8.8. Any one of several persons who are registered as the Joint-Holders of any share may give effectual receipts for all dividends or bonus or other moneys payable in respect of such shares.

### **NO MEMBER TO RECEIVE DIVIDEND WHILE INDEBTED TO THE COMPANY AND COMPANY'S RIGHT OF REIMBURSEMENT THEREOF**

8.9. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares, or otherwise, however, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of the money so due from him to the Company.

### **TRANSFER OF SHARES MUST BE REGISTERED**

8.10. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

### **DIVIDEND HOW REMITTED**

8.11. Unless otherwise directed, any dividend may be paid by Cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in Register in respect of the joint holders. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission; or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

### **UNCLAIMED DIVIDEND**

8.12. Dividends unclaimed for one year after having been declared may be invested or otherwise issued by the Board for the benefit of the Company until claimed. All dividends unclaimed on becoming barred by law may be forfeited by the Directors for the benefit of the Company. The Directors may remit the forfeiture whenever they may think proper. No unclaimed dividend shall be forfeited before the claim thereto becomes barred by law.

### **NO INTEREST ON DIVIDENDS**

8.13. No unpaid dividend shall bear interest as against the Company.

### **TRANSFER TO SPECIAL BANK ACCOUNT**

8.14. The Company after having declared the dividend must transfer the unpaid or unclaimed dividend, if any, to special account in a scheduled Bank to be named suitably to represent the Unpaid Dividend Account of **VXL INSTRUMENTS LIMITED** within 7 days after the expiry of 30 days commencing from the date of declaration of dividend.

### **TRANSFER TO GENERAL REVENUE ACCOUNT**

8.15. If any dividend remains unpaid or unclaimed for a period of seven years after the amount is transferred to the special bank Account, the amount remaining in the special bank Account will have to be transferred to the General Revenue Account of the Central Government, containing the details of the share-holders who have not been paid the dividend and the amount of dividend unclaimed.

**DIVIDEND AND CALL TOGETHER**

8.16. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged, between the company and the member, be set off against the calls.

**9. CAPITALIZATION OF RESERVE**

- (1) The Company in General Meeting, may upon the recommendation of the Board, resolve:
  - a. That it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - b. That such sum be accordingly set free for the distribution in the manner specified in Section (2) amongst the members who have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Section (3), either in or towards:
  - a. Paying up any amounts for the time being unpaid on any shares held by such members respectively
  - b. Paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion aforesaid or
  - c. Partly in the way specified in sub Section (a) and partly in that specified in sub Section
- (3) A share premium account and a capital redemption reserve account may for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the company in pursuance of this article.

**10. NUMBER OF DIRECTORS**

There shall be a minimum of 3 and maximum of 15 Directors including all kinds of Directors but excluding nominee Directors of the financial institutions.

**11. APPOINTMENT AND TENURE OF DIRECTORS**

- (1) The first Directors of the Company are:
  - (a) Mr. A.V. Kasargod
  - (b) Mr. M.V. Nagaraj
  - (c) Mr. J.R. Mundkur
  - (d) Mr. Kumar Shyam
  - (e) Mr. M.V. Shetty
- (2) The Directors shall cease to be Directors in case of death, resignation or removal as per the Act or disqualification or withdrawal of nomination by the nominating authority.
- (3) The Board may appoint additional Directors in accordance with the provisions of Section 161 (1) of the Companies Act, 2013 for the benefit of the Company in general, and in particular, when there is no quorum at the Board Meeting, and such meeting has to be conducted without adjournment.
- (4) The Board may appoint Alternate Directors as and when required subject to the provisions of Section 161 (2) of the Companies Act, 2013.
- (5) **Nominee Director**
  - (a) Notwithstanding anything contained in sub-article (1) and (2) hereof, financial institutions or banks who have granted long term loans to the Company may appoint Nominee Directors, during the

## **VXL Instruments Limited**

period of their loans remaining unpaid, subject to the provisions of Section 25 of the Industrial Finance Corporation Act, 1948 and Section 27 of the Finance Corporation Act, 1951, as the case may be, or such agreement or arrangement, as has been mutually agreed upon.

- (b) The Nominee Directors so appointed shall not retire by rotation.
- (c) The Nominee Directors shall have the same rights and privileges in respect of voting rights at the Board Meetings, payment of sitting fee and reimbursement of travelling expenses in the same manner as admissible to other directors.

### **12. QUALIFICATION OF DIRECTORS**

- (1) No Director shall be required to hold qualification shares.

### **13. SITTING FEE & COMMISSION**

- (1) The Company may pay sitting fees to any Director for attending the Board, Committee or General Meetings of the Company as may be decided by the Board of Directors from time to time. Subject to the requisite approvals, the Directors may be paid commission on profits also.
- (2) The Directors may however be paid all travelling, hotel and other expenses properly incurred by them:
  - a. In attending and returning from meetings of the Board or any committee thereof or General Meeting of the Company; or
  - b. In connection with the activities of the Company.

### **14. APPOINTMENT OF MANAGING/WHOLE TIME DIRECTOR**

- (1) The Board may appoint one or more of its body to the office of the Managing Director or Whole Time Director by whatsoever designation on such terms and conditions, including remuneration and privileges, as may be thought proper.
- (2) The Board may vest in such appointee(s) such powers and discretion as may be deemed necessary and expedient.
- (3) Notwithstanding anything contained herein, the Board shall have power to revoke such appointments before expiry of their tenure in the best interest of the Company and such revocation shall not be deemed to be removal within the meaning of Section 284 of the Act.

### **15. POWERS OF THE BOARD**

Without prejudice to the general powers conferred on the Board by the Act and the Articles of Association of the Company, the Board shall have the following powers:

- (a) to borrow, with or without security, from any source, without any restrictions as to ceiling, however, subject to the provisions of the Act;
- (b) to make loans or lend money to anyone with security and interest as may be deemed appropriate to achieve the objectives of the Company;
- (c) to invest the funds of the Company in any manner as may be deemed appropriate to achieve the objectives of the Company;
- (d) to give guarantee or provide any security for any amount, with or without consideration;
- (e) to draw, make, accept, negotiate, endorse, discount, assign, execute, issue, buy or sell, promissory notes, bills of exchange, bills of lading and other negotiable instruments;
- (f) to make donations in any form, statutorily required or otherwise for the purpose of contribution to:
  - (1) financial health of the Company; or
  - (2) welfare of the members and the employees of the Company (and their families) present or past;
- (g) to remit or give time for the payment, any debt due by a Director, customer or buyer or an employee;



- (h) to write off any bad debts;
- (i) to pay preliminary expenses, including those of any Company promoted by the Company;
- (j) to adopt, execute any or all the pre-incorporation contracts;
- (k) to delegate any or all the powers contained herein to any functional Directors, with an authority for further sub-delegation;
- (l) to purchase any property movable or immovable in India,
- (m) to appoint an attorney(ies) of the Company, with such powers, authorities and discretions(not exceeding those vested in or exercisable by the Board) as may be deemed proper and to revoke such appointments;
- (n) to frame rules where required by the provisions of these Articles; and
- (o) generally to do all deeds and things as the expedience of the business warrants.

**16. POWERS OF THE CHAIRMAN**

- (1) The Chairman shall preside over every Board Meeting and General Meeting.
- (2) In the event of equality of votes, the Chairman shall have a casting vote, in addition to his own vote as a Director or a member as the case may be.
- (3) The Chairman may adjourn Board Meeting or a General Meeting or a Meeting of any Committee, as he may deem proper, if and when;
  - (a) a quorum is not present within 15 minutes from the time appointed for holding the meeting;
  - (b) a poll is demanded;
  - (c) a member raises a point of order(strictly confined to incorrect procedure, irrelevancy and unparliamentarily language or transgressing the provisions of Articles of Association of the Company);
  - (d) the meeting is turned into a mock show.
- (4) The Chairman may at his discretion close a debate of motion by the member if he is satisfied that such debate serves no useful and constructive purpose.

**17. AUTHORITY TO CALL BOARD MEETINGS**

- (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (2) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

**18. MEETINGS**

The Board and General Meetings of the Company can be convened through video conference as per the Act.

**19. QUORUM**

- (1) Five members present in person at the General Meeting shall be the quorum for such a meeting of the Company.
- (2) Two Directors or one third of the total number of Directors as on the date whichever is higher shall be the quorum for the meetings of the Board/Committee.
- (3) If at the adjourned General Meeting a quorum is not present within half-an-hour from the time appointed for holding the meeting, the members present shall be a quorum.

**20. PERIOD OF NOTICE FOR CALLING GENERAL MEETING**

- (1) A written notice of not less than 21 (Twenty one) days shall, for every General Meeting, be given to the members to their addresses recorded in the Register of Members or through electronic mode. However

## VXL Instruments Limited

the General Meeting may be convened by giving shorter notice with the consent of the Shareholders as per the provisions of the Act.

- (2) The period of notice, provided in the foregoing sub-article, shall include the day of posting and delivery of a notice and the day of holding the meeting, and the 48 hours time of postal transit.
- (3) A notice, in pursuance of sub-article (i) shall be required to be given for every adjourned meeting of the Company.

### 21. CONTENTS OF NOTICE AND PERSONS TO WHOM IT IS TO BE SERVED

- (1) Every notice of a General Meeting shall specify the place, the day, and the time of the meeting and the agenda of business to be transacted there at.
- (2) Notice of every General Meeting shall be served on the members of the Company, who are entitled to vote there at, and the Auditors of the Company, in case of the Annual General Meeting.

### 22. ACCOUNTS

- (1) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the account and books of the Company or any of them shall be open to the inspection of members (not being Directors).
- (2) No member (not being a Director) shall have any rights of inspection any accounts or books of accounts of the Company except as conferred by the law or authorised by the Board or by the Company in General Meeting.
- (3) The Directors shall in all respects comply with the provisions of Sections 128,129,133,134, 135 and 136 of the Act, so far as they are applicable to a Private Company and the Statement of Income and Expenditure, Balance Sheet and Auditors Report and every other documents required by law to be annexed or attached, as the case may be, to the Balance Sheet shall be sent to every member of the Company at least 21 days before the date of the General Meeting of the Company at which they are to be laid.

### 23. AUDIT

- (1) The Auditors of the Company shall be appointed as per the Act.

### 24. INDEMNITY

Every Officer, Manager, Director or Agent of the Company, be and is hereby indemnified out of the assets of the Company against any liability incurred by him in discharging his acts bonafide.

### 25. COMMON SEAL

The Common Seal of the Company shall be affixed to any instrument (if such affixing has been authorised by a resolution of the Board or of a Committee of the Board) in the presence of one Director or the Company Secretary of the Company or such other person duly authorised by the Board, if any, and such Director or the Secretary or the said authorised person shall sign every instrument to which the Common Seal of the Company is so affixed in his presence.

\*Altered vide Special Resolution passed at the 29<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> September, 2015.

By Order of the Board  
for VXL Instruments Limited

**Narayana Bhat**  
Chief Financial Officer &  
Company Secretary.

Place : Bengaluru  
Date : 30th July 2015

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### 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 16th September 2015 to 21st September 2015 (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 Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.
7. 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.
8. 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 Private Limited.
9. As regards to re-appointment of Mr. M. V. Shetty referred to in item No. 2 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Name of the Company/Firms	Nature of Interest
Nil	Nil

10. Voting through electronic means:  
In compliance with the 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 29<sup>th</sup> 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.
- (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@vjkt.in](mailto:vijaykt@vjkt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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**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 at the bottom of the Attendance Slip for the AGM : 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](http://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.
- (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 17th September 2015 (9:00 am) and ends on 20th September, 2015 (5:00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14th September 2015, 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 of 14th September 2015.
- (vi) if the share holder exercises his vote both electronically and physically, then the vote cast by him electronically will supercede .
- (vii) Mr. Vijayakrishna KT, Practising Company Secretary (Membership No. FCS- 1788 & CP 980) 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 within three (3) days from the conclusion of the AGM. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vxl.net](http://www.vxl.net) and on the website of NSDL within three (3) days of passing of the resolutions at the AGM of the Company and also communicated to BSE.
- (x) Further, members may note the following:
  - a. Remote e-voting shall not be allowed beyond the said date and time.
  - b. The Company is providing facility to vote on a poll to the members present at the meeting.
  - c. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
  - d. A person whose name is recorded in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting in the General Meeting.
  - e. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company i.e. No.17, House of Excellence, Electronics City, Hosur Road, Bengaluru - 560 100 during normal hours (10.00 am to 12.00 noon) on all working days, up to and including the date of the Annual General Meeting of the Company.

By Order of the Board  
for VXL Instruments Limited

Place : Bengaluru  
Date : 30th July 2015

**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:

At the meeting of the Board held on 12<sup>th</sup> June, 2015, Mr. Prakash H Rao was inducted as an Additional Director of the Company. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") he will hold office up to the date of the ensuing Annual General Meeting. Notice has been received from a Member signifying his intention to propose him as a Director at the ensuing Annual General Meeting along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only).

Except Mr. Prakash H Rao, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4.

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

The Board recommends the Ordinary Resolution set out at item No. 4 of the notice for approval by the members.

##### Item No. 5:

At the meeting of the Board held on 4<sup>th</sup> May, 2015, Mrs. Kumkum Bhawania was inducted as an Additional Director of the Company. Pursuant to Section 161 of the Companies Act, 2013 ("the Act") she will hold office up to the date of the ensuing Annual General Meeting. Notice has been received from a Member signifying his intention to propose her as a Director at the ensuing Annual General Meeting along with a deposit of Rs. 1,00,000/- (Rupees One Lakh only).

Except Mrs. Kumkum Bhawania, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

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

The Board recommends the Ordinary Resolution set out at item No. 5 of the notice for approval by the members.

##### Item No. 6:

Mr. Prakash H Rao (DIN 00492187): As regards appointment of Mr. Prakash H Rao as an Independent Director referred to in item No. 6 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mr. Prakash H Rao aged 65 Years, has done his Masters in Management Sciences (MBA) from PSG College of Technology, Madras University. He has promoted, managed and lead Filcon Electronics Pvt. Ltd which specializes in the manufacturing of Professional Grade Plastic Film Capacitors for Electronic and Electrical applications and caters to the telecom, Defence, Railways and Energy Meters Industries in India. He has over 38 years of experience.

He does not hold any Shares in the Company and is not related to any other Directors of the Company. Details of his directorship in other companies and other membership / chairmanship of Committees (i.e., Audit Committee / Stakeholders' Relationship Committee) are exhibited below:

#### **Other Directorships / Committee Memberships: NIL**

In terms of Section 149 and other applicable provisions of the Companies Act, 2013. Mr. Prakash H Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years from 12<sup>th</sup> June, 2015 to 11<sup>th</sup> June, 2020.

Mr. Prakash H Rao has furnished a declaration confirming that he satisfies the criteria of independence as required under Section 149(6) of the Companies Act, 2013. The Board of Directors at its meeting held on 12<sup>th</sup>

## VXL Instruments Limited

June, 2015, opined that Mr. Prakash H Rao fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Prakash H Rao as an Independent Director.

Mr. Prakash H Rao, being an appointee is concerned or interested in the resolution set out at Item No. 6 of the Notice.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolution set out at item No. 6 of the notice for approval by the members.

### Item No. 7:

Mrs. Kumkum Bhuwania (holding DIN 07160610): As regards appointment of Mrs. Kumkum Bhuwania as an Independent Director referred to in item No. 7 of the notice, the following necessary disclosures are made for the information of the Shareholders:

Mrs. Kumkum Bhuwania aged 62 Years, has over 25 years of experience in consumer goods industry in general and fashion industry in particular. She has her own business in the name of Messrs Aditi Fashions for the last 12 years catering to both domestic and international markets. She has a successful track record in managing human resources and grooming potential leaders.

She does not hold any Shares in the Company and is not related to any other Directors of the Company. Details of her directorship in other companies and other membership / chairmanship of Committees (i.e., Audit Committee / Stakeholders' Relationship Committee) are exhibited below:

### Other Directorships / Committee Memberships: NIL

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mrs. Kumkum Bhuwania being eligible and offering herself for appointment is proposed to be appointed as an Independent Director of the Company for a term of 5 consecutive years from 4<sup>th</sup> May, 2015 to 3<sup>rd</sup> May, 2020.

Mrs. Kumkum Bhuwania has furnished a declaration confirming that she satisfies the criteria of independence as required under Section 149(6) of the Companies Act, 2013. The Board of Directors, at its meeting held on 4<sup>th</sup> May, 2015, opined that Mrs. Kumkum Bhuwania fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Kumkum Bhuwania as an Independent Director.

Mrs. Kumkum Bhuwania, being an appointee is concerned or interested in the resolution set out at Item No. 7 of the Notice.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the resolution in relation to her appointment as an Independent Director for the approval by the shareholders of the Company.

### Item No. 8:

The Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has amended Clause 49 (VII) of

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the Equity Listing Agreement with effect from October 1, 2014. Further, SEBI has also given the option to companies who wish to comply prior to October 1, 2014 to do so. Under the said amendment, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by a Special Resolution. The said amendment further provides definition of the term 'Material' as follows:

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per the last audited financial statements of the company."

As a part of its regular business, the Company purchases/sells raw materials from Priya Limited (Priya). For the Financial Year 2015-16 ("on-going transaction") the Audit Committee has reviewed and approved the transactions as mentioned in the resolution set out at Item No. 8 of the Notice on 22.05.2015.

Priya Limited is a "Related Party" as per the definition under Section 2(76) of the Companies act, 2013 and Clause 49 of the Listing Agreement entered into with the stock exchange as Mr. Arun K Bhuwania being a Director of the Company is also a Director of Priya Limited.

The Board of Directors in its Meeting held on 22.05.2015, reviewed the estimated value of the transactions for the financial year 2015-16 in detail for recommending the same to the shareholders of the Company for their approval.

In terms of proviso to Clause 49-VII(C) of the Listing Agreement, the transactions with Priya Limited are material in nature as these transactions are likely to exceed 10% of the annual turnover as per the last audited financial statements of the Company. Therefore, in terms of Clause 49, the transactions with the said related parties require the approval of members of the Company by a Special Resolution.

The Company's best interests are always kept in mind by your Directors considering the various criteria including prices, proximity, quality, uninterrupted supply or purchase of goods and availing services and other advantages of the reliability.

As per Clause 49(VII) of the Listing Agreement (Effective October 1, 2014), all entities falling under the definition of related parties shall abstain from voting on the resolution and accordingly Mr. Arun K Bhuwania, being a "related party" is concerned or interested in the resolution set out at Item No. 8 of the Notice.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Ordinary Resolution set out at item No. 8 of the notice for approval by the members.

### **Item No. 9:**

As per the new Companies Act, 2013, the Memorandum of Association of the Company needs to be altered to fall in line with the Table A of the said Act and accordingly, those alterations are proposed.

It may be noted here that approval of Shareholders has been already sought and the polling closes on 8<sup>th</sup> August 2015 by way of Postal Ballot vide Notice dated 24<sup>th</sup> June, 2015 to shift the registered office of the Company from Bengaluru, in the state of Karnataka to Mumbai in the state of Maharashtra subject to all the procedural compliances and approval of Ministry of Corporate Affairs. Accordingly, the Registered office clause is exhibited.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

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

The Board recommends the Special Resolution set out at Item No. 9 of the notice for approval by the members.

## **VXL Instruments Limited**

**Item No. 10:**

It is proposed to adopt the new set of Articles of Association of the Company as per Table 'F' under the Companies Act, 2013.

The proposed new draft of Articles of Association is being uploaded on the Company's website for perusal by the Shareholders.

Copy of the proposed new draft of Articles of Association is available for inspection by members at the registered office of the Company.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

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

The Board recommends the Special Resolution set out at Item No. 10 of the notice for approval by the members.

By Order of the Board  
for VXL Instruments Limited

Place : Bengaluru  
Date : 30th July, 2015

**Narayana Bhat**  
*Chief Financial Officer &  
Company Secretary.*



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### BOARD'S REPORT

The Board of Directors has pleasure in presenting the 29<sup>th</sup> Annual Report and Audited statement of Accounts for the year ended 31<sup>st</sup> March, 2015 together with the Independent Auditors' Report.

#### 1. FINANCIAL RESULTS:

Rs. in Lakhs

Particulars	2014-15	2013-14
Net Revenue from operations	7323	8650
Other Income	57	34
Profit / (Loss) before Depreciation		
Depreciation	(47)	(851)
Depreciation	30	45
Profit / (Loss) before Taxation		
Taxation	(77)	(806)
Provision for Taxation (Deferred Tax Adjustments)	508	304
Profit / (Loss) after Taxation	(585)	(1110)
Exceptional Items	16	1723
Profit / (Loss) for the period	(569)	613

Uncertainty in economic conditions around the world has resulted in reduced sales during the year under review. The Company's profitability was affected adversely by a squeeze on the margins, brought about by the sluggish market conditions. However, loss before taxation reduced from Rs. 806 lakhs in the previous year to Rs. 77 Lakhs during the year under review even though loss for the period was Rs. 569 Lakhs against profit of Rs. 613 Lakhs during the previous period.

#### FUTURE PROSPECTS:

Long term market drivers such as the push to virtualization technology, a transition from PC to thin clients and sustained economic expansion are expected to push the demand for thin clients during the year 2015-16.

#### 2. RESERVES:

In view of the losses, the question of transferring any amount to Reserves does not arise.

#### 3. SHARE CAPITAL:

There were no changes in the Share Capital of the Company during the year.

#### 4. MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments between the end of the Financial Year and the Date of the Report, which affect the financial position of the Company.

#### 5. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There are no material changes after 31<sup>st</sup> March, 2015 till the signing of this Report. However, based on the recommendation of the Board, approval of the shareholders has been sought by way of Postal Ballot to shift the Registered Office of the Company from the State of Karnataka to the State of Maharashtra to derive more economic and efficient operational advantages. Necessary approval from the Ministry of Corporate Affairs will also be sought.

#### 6. CHANGE IN NATURE OF BUSINESS:

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014.

#### 7. DIVIDEND:

Whilst your Directors understand the sentiments of the Investors, the financials in the year that has passed, do not enable the Board to recommend any dividend.

However, the Directors will strive hard to bring the Company back to dividend track before long and the improving performance of the Company is hoped to continue to facilitate consideration of dividend in the days to come.

#### 8. BOARD MEETINGS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary

The Board of Directors duly met 6 (Six) times from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 on 30<sup>th</sup> May 2014, 29<sup>th</sup> July 2014, 30<sup>th</sup> September 2014, 31<sup>st</sup> October 2014, 31<sup>st</sup> January 2015 and 31<sup>st</sup> March 2015.

## VXL Instruments Limited

### 9. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Prakash H Rao and Mrs. Kumkum Bhawania, who were appointed as Additional Directors, hold office up to the date of ensuing Annual General Meeting; they are proposed to be appointed as Independent Directors of your Company.

Notice has been received from a member of the Company under Section 160 of the Companies Act, 2013 along with the requisite deposits.

Mr. Prakash H Rao and Mrs. Kumkum Bhawania, Directors of the Company, are proposed to be appointed as Independent Directors for consecutive 5 years and they fulfill the requirements as per the Companies Act, 2013. Their appointments are proposed under Special Business.

Mr. M. V Shetty, Executive Director, retires by rotation, as per the Companies Act, 2013 and being eligible, offers himself for re-appointment.

### 10. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

### 11. COMPOSITION OF AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Following are the composition of various Committees:

#### i) Composition of Audit Committee:

- a) Mr. N. V. Maslekar - Chairman
- b) Mr. K. Prakash - Member
- c) Mr. Prakash H Rao - Member
- d) Mrs. Kumkum Bhawania - Member

#### ii) Nomination and Remuneration Committee:

- a) Mr. N. V. Maslekar - Chairman
- b) Mr. A K Bhawania - Member
- c) Mr. Prakash H Rao - Member
- d) Mr. K Prakash - Member

#### iii) Composition of Stakeholders' Relationship Committee:

- a) Mr. K Prakash - Chairman
- b) Mr. N V Maslekar - Member
- c) Mr. Prakash H Rao - Member

### 12. RISK MANAGEMENT POLICY:

The Company has not yet formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and undertakes periodical review to ensure that executive management controls risk by means of a properly designed framework.

### 13. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a whistle blower policy for vigil mechanism which is available on the website of the company and there were no cases reported during the applicability of Section 135 of the Companies Act read with the Companies (Accounts) Rules, 2015. However this clause is not applicable to the Company.

### 15. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loan or guarantee covered under the provisions of section 186 of the Companies Act, 2013.

### 16. DIRECTORS' RESPONSIBILITY STATEMENT:

**In pursuance of Section 134 (3) (c) of the Companies Act, 2013, the Directors hereby confirm that:**

- (a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments 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 and loss of the Company for that period;
- (c) 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;
  - (d) the Directors had prepared the annual accounts on a going concern basis;
  - (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
  - (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

**17. EXTRACT OF ANNUAL RETURN:**

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual return in MGT-9 is attached as a part of this Annual Report. as **Annexure-I.**

**18. AUDITORS:**

The Auditors, Messrs Ishwar & Gopal Chartered Accountants, Bengaluru, retire at the ensuing Annual General Meeting. The Company has received a certificate under Section 141 of the Companies Act, 2013 from them that their appointment would be within the limits specified therein.

**19. SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. S Kedarnath, Bengaluru, a Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor in the form of MR-3 is annexed to this Report as **Annexure-II.**

**EXPLANATION BY BOARD ON ADVERSE COMMENTS BY AUDITORS:**

The Auditors have pointed out under "Emphasis of Matters" with regard to non-provision in respect of Company's investments in and receivables from its Subsidiary. In view of the long term prospects and the steps taken to recover these receivables and cash flow of the Subsidiary, the Directors feel that no provision need be made in the accounts.

**20. CONSERVATION OF ENERGY:**

Your Company gives high priority for conservation of energy through better supervision and training of employees to economize the usage of electricity.

**TECHNOLOGY ABSORPTION:**

The Company's products are manufactured by using in-house know how and Research facilities and no outside technology is being used for manufacturing activities. Therefore no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company earned Rs. 61,42,38,969/- in foreign exchange and expended Rs. 43,89,02,693/- in foreign exchange during the period under review.

**21. DEPOSITS:**

Your Company has not invited/accepted/renewed any deposits from public as defined under the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 and accordingly, there were no deposits which were due for repayment on or before 31<sup>st</sup> March, 2015.

**22. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

The Company continued to maintain, high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by

## VXL Instruments Limited

your Company's management at all levels of the organization. The Audit Committee, which meets at-least four times a year, actively reviews internal control systems as well as financial disclosures with adequate participation and inputs from the Statutory, Internal and Corporate Secretarial Auditors.

### **23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company have duly complied with the provision of Section 186 of the Companies Act, 2013 and it has taken:

Secured Loans: Rs. 29,52,036/-

Unsecured Loans: Rs. 3,75,00,000/-

Current / Non-Current Investments: Rs. 51,80,261/-

Guarantees: NIL

Securities Extended: Hypothecation of vehicles for Secured Loans

### **24. MATERIAL ORDER PASSED BY ANY COURT OR REGULATOR OR TRIBUNAL IMPACTING GOING CONCERN STATUS OF COMPANY:**

No order was passed by any court or regulator or tribunal during the period under review which impacts going concern status of the Company.

### **25. RELATED PARTY TRANSACTIONS (RPTs):**

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. Web link for the same is [www.vxl.net.in/Investors/vxl-disclosures.aspx](http://www.vxl.net.in/Investors/vxl-disclosures.aspx) Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC- 2 annexed to this Report as **Annexure-III**.

### **26. HUMAN RESOURCES & INDUSTRIAL RELATIONS:**

Your Company recognizes the critical significance of competent and experienced employees. The team VXL Instruments continued to stand by the Company during tiring and tough times and your

Board places its appreciation for these relentless efforts, untiring dedication and sense of belongingness exhibited by the employees at all levels. Your Company focuses on long term Human Resource planning aimed at managing change more efficiently, grooming internal talent for future roles and also driving efficiency within the Organisation.

Pursuant to the closure of the unit manufacturing CRT Terminals caused by the phase out of GVX Terminals, the matter is before the Honourable High Court of Karnataka. As per the directions of the Honourable High Court, pending final decision, the Company has been directed to deposit the amount payable to the workmen with the Honourable High Court. This has been complied with.

Industrial relations have been cordial and constructive, which have helped your Company to achieve production targets.

### **27. DETAILS OF HOLDING COMPANY/ SUBSIDIARIES/JV:**

The Company's Subsidiary Company is VXL Instruments Limited (UK) located in the United Kingdom. Financial performance of the Subsidiary Company referred to in Section 129 of the Companies Act, 2013 in Form AOC-1 is annexed to this Report as **Annexure-IV**.

### **28. ANNUAL BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

### **29. RATIO OF REMUNERATION TO EACH DIRECTOR:**

Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 (1) (2) (3) of the Companies (Appointment and Remuneration) Rules, 2014, details/disclosures of Ratio of Remuneration of each Director to the median employee's remuneration is annexed to this report as **Annexure -V**.

### **30. LISTING WITH STOCK EXCHANGE:**

The Company confirms that it has paid the Annual Listing Fees for the year 2015-16 to BSE where the Company's Shares are listed.

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### 31. CORPORATE GOVERNANCE AND SHAREHOLDERS' INFORMATION:

In compliance with the Listing Agreement with the Stock Exchange, your Board has adhered to the Corporate Governance Code. All the requisite Committees are functioning in line with the guidelines.

As reported earlier, a reputed firm of independent Chartered Accountants has been carrying out the responsibilities of Internal Auditors and periodically they have been reporting their findings of systems, procedures and management practices.

As required under Clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance and a Certificate from Messrs Ishwar & Gopal Chartered Accountants, confirming compliance with the requirements of Corporate Governance forms integral part of this Report as **Annexure VI**.

### 32. CAPITAL EXPENDITURE:

As on 31<sup>st</sup> March, 2015, the gross tangible and intangible assets stood at Rs. 18,43,33,771/- and the net tangible and intangible assets, at Rs. 17,07,92,765/-. Additions during the year amounted to Rs. 38,63,957/-. The Company has not purchased any assets under lease.

### 33. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the sexual harassment of women at the work place (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15:

Number of complaints received: NIL

Number of complaints disposed off: NIL

### 34. MANAGEMENT DISCUSSION AND ANALYSIS:

As requisite and appropriate Management Discussion & Analysis is covered under this Report itself, a separate note on the same is not being furnished.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

### 35. ACKNOWLEDGEMENTS:

The Directors place on record their appreciation for valuable contribution made by employees at all levels, active support and encouragement received from the Government of India, Government of Karnataka, Company's Bankers, Customers, Principals, Business Associates and other Acquaintances.

Your Directors recognize the continued support extended by all the Shareholders and gratefully acknowledge with a firm belief that the support and trust will continue in future also.

For and on behalf of the Board of Directors

**Madireddy V Nagaraj**

*Managing Director*

DIN: 00515419

**M.V. Shetty**

*Whole Time Director*

DIN: 00515711

Place : Bengaluru

Date : 30th July, 2015

**VXL Instruments Limited****FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN****As on the financial period ended on March 31, 2015**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L85110KA1986PLC007492
2.	Registration Date	28/02/1986
3.	Name of the Company	VXL Instruments Limited
4.	Category / Sub-Category of the Company	Company limited by shares and Indian Non Government Company
5.	Address of the Registered office and contact details <b>Registered Office Address</b>	House of Excellence, No. 17, Electronics City, Hosur Road, Bengaluru, Karnataka, 560 100 <b>Tel.</b> : 080-28523252 <b>Fax.</b> : 080-28520095 <b>Email</b> : narayanbhat@vxl.net <b>Website:</b> www.vxl.net
6.	Whether Listed Company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agents	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 <b>Tel.:</b> 022-2847 0652 / 4043 0200 <b>Fax.</b> : 022-2847 5207 <b>Email:</b> info@bigshareonline.com <b>Website:</b> www.bigshareonline.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products/ services	NIC Code of the Product	% to total turnover of the company
1	Data Processing Units (Thin Clients)	26201	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary	% of shares held	Applicable Section
1	VXL Instruments Limited, UK	Foreign Company	Subsidiary	60%	2(46)

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<b>VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</b>									
i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year [As on 1st-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individual/ HUF	1430420	-	1430420	10.71	1443430	-	1443430	10.81	0.10
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)(1)</b>	-	-	-	-	-	-	-	-	-
	1430420	-	1430420	10.71	1443430	-	1443430	10.81	0.10
<b>2. Foreign</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding Promoter &amp; Promoter Group (A)=(A)(1)+(A)(2)</b>	1430420		1430420	10.71	1443430	-	1443430	10.81	0.10
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	3000	3000	0.02	-	3000	3000	0.02	-
b) Banks / FI	-	900	900	0.01	-	900	900	0.01	-
c) Central Govt.									
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies-	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	48150	-	48150	0.36	42645	-	42645	0.32	0.04
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>48150</b>	<b>3900</b>	<b>52050</b>	<b>0.39</b>	<b>42645</b>	<b>3900</b>	<b>46545</b>	<b>0.35</b>	<b>0.04</b>

**VXL Instruments Limited**

<b>VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</b>									
i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
ii) Indian	1613241	9200	1622441	12.16	1564271	9200	1573471	11.79	-0.37
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 Lakh	980571	195682	1176253	8.81	953830	193682	1147512	8.60	-0.21
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	831507	0	831507	6.23	908698	0	908698	6.80	0.57
c) Others (specify)									
Non Resident									
Indians	31362	176100	207462	1.55	30748	176100	206848	1.55	0
Overseas									
Corporate Bodies									
Foreign									
Nationals	150100	287500	437600	3.28	150100	287500	437600	3.28	0
Clearing Members	6667	0	6667	0.05	296		296	0	-0.05
Trusts									
Foreign									
Bodies -D R	1785600	5800000	7585600	56.82	1785600	5800000	7585600	56.82	0
<b>Sub-total (B)(2):-</b>	<b>5399048</b>	<b>6468482</b>	<b>11867530</b>	<b>88.90</b>	<b>5393543</b>	<b>6466482</b>	<b>11860025</b>	<b>88.84</b>	<b>-0.06</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5447198</b>	<b>6472382</b>	<b>11919580</b>	<b>89.29</b>	<b>5436188</b>	<b>6470382</b>	<b>11906570</b>	<b>89.19</b>	<b>-0.10</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>6877618</b>	<b>6472382</b>	<b>13350000</b>	<b>100.00</b>	<b>6879618</b>	<b>6470382</b>	<b>13350000</b>	<b>100.00</b>	<b>0</b>



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**ii) Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Madireddy V Nagaraj	253340	1.90	0	266350	2.00	0	0.10
2	Madireddy V Nagaraj	52700	0.39	0	52700	0.39	0	0.00
3	M V Shetty	29920	0.22	0	29920	0.22	0	0.00
4	Laxmi Jagadish Mundkur	359000	2.69	0	400740	3.00	0	0.31
5	Kumar Shyam	310080	2.33	0	310080	2.33	0	0.00
6	Pravina V Shetty	263880	1.98	0	263880	1.98	0	0.00
7	A V Kasargod	100	0.00	0	100	0.00	0	0.00
8	JayaLakshmi Shyam	16640	0.12	0	16640	0.12	0	0.00
9	Ridhima V Shetty	16000	0.12	0	16000	0.12	0	0.00
10	Laxmi Jagadish Mundkur	41740	0.31	0	0	0.00	0	- 0.31
11	Rishab Shetty	100	0.00	0	100	0.00	0	0.00
12	Deviyani D cruz	9100	0.07	0	9100	0.07	0	0.00
13	Kumar Shyam	77820	0.58	0	77820	0.58	0	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)  
No change during the period**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	14,30,420	10.71	14,43,430	10.81
	Datewise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer /bonus/ sweat equity etc)				
	24/10/2014	13,010	0.10	14,43,430	10.81
	At the End of the year	14,43,430	10.81	14,43,430	10.81

## VXL Instruments Limited

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs):

Sl. No.	For Each of the Top10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Tefuli Limited	1950000	14.61	1950000	14.61
2	Tintur Investments Ltd	1925000	14.42	1925000	14.42
3	Breezetop Investments Ltd	1925000	14.42	1925000	14.42
4	Daymount Ltd	1785600	13.38	1785600	13.38
5	Priya Ltd	900000	6.74	900000	6.74
6	Saroj Bhuwania	215141	1.61	215141	1.61
7	Loknath Agarwala	175000	1.31	175000	1.31
8	Brent Properties Investment Pvt Ltd	128527	0.96	128527	0.96
9	Gaurav Electrochem Pvt Ltd	127062	0.95	127062	0.95
10	Cheshire Properties Investment Pvt. Ltd	113689	0.85	113689	0.85

### (v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Addition during the year	% of total Shares of the company	Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company			No. of Shares	% of total Shares of the company
At the beginning of the year						
Madireddy V Nagaraj	3,06,040	2.30				
M V Shetty	29,920	0.22				
Dipak S Rao	80,100	0.60				
Datewise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g.allotment /transfer/bonus/ sweatequity etc.)						
Madireddy V Nagaraj 24/10/2014 (transfer)			13,010	0.09		
At the End of the year						
Madireddy V Nagaraj					3,19,050	2.39
M V Shetty					29,920	0.22
Dipak S Rao					80,100	0.60

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### V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment -  
Rs.3,95,50,242

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Madireddy V Nagaraj Managing Director	M V Shetty Whole Time Director	
1	1. Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26,98,992	25,78,992	52,77,984
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3,01,008	3,01,008	6,02,016
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>30,00,000</b>	<b>28,80,000</b>	<b>58,80,000</b>
	<b>Ceiling as per the Act</b>	<b>42,00,000</b>	<b>42,00,000</b>	<b>84,00,000</b>

## VXL Instruments Limited

### B. Remuneration to other Directors:

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	Arun kumar Bhuwania		N V Maslekar	
	• Fee for attending board / committee meetings	48,000		54,000	1,02,000
	• Commission				
	• Others, please specify				
	Total (1)	48,000		54,000	1,02,000
2	Other Non-Executive Directors	K. Prakash	Dipak Shanker Rao		
	• Fee for attending board / committee meetings	54,000	6,000		60,000
	• Commission				
	• Others, please specify				
	Total (2)	54,000	6,000		60,000
	Total (B)=(1+2)				
	Total Managerial Remuneration	1,02,000	6,000	54,000	1,62,000
	Overall Ceiling as per the Act -- Within the Limits				

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Amount in Rs.

Sl.No.	Particulars of Remuneration	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,03,963
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	21,600
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	—
2	Stock Option	—
3	Sweat Equity	—
4	Commission - as % of profit - others, specify...	—
5	Others, please specify	—
	<b>Total</b>	<b>15,25,563</b>

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	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b> Penalty Punishment Compounding			None		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			None		

## VXL Instruments Limited

### SECRETARIAL AUDIT REPORT

*[Pursuant to section 204 (1) of the Companies Act, 2013 and rule  
No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*  
**(FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015)**

To,

**The Members,**

**VXL Instruments Limited,**

**Bangalore-560100**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VXL Instruments Limited** (the Company) having CIN: L85110KA1986PLC007492. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - iv. The Company **has not** issued any securities under ESOP/ESPS during the year under the provisions of The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - vii. The Company has **not applied** for delisting of Equity Shares in any stock exchange under the provisions of The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - viii. The Company has **not bought back** any securities during the financial year under the provisions of The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (6) We further report that based on the guidelines issued by ICSI on the applicability of industry specific laws as applicable to the Company and as per the information received from the management, records

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maintained, and on test check basis, the Company has, in our opinion, generally complied with the provisions of the following Industry specific laws which are applicable to it:

- The Competition Act, 2002;
- The Factories Act, 1948;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Air (Prevention and Control of Pollution) Act, 1981;
- The Environmental Protection Act, 1986;
- Applicable Labour Laws.

We have also examined compliance with the applicable clauses of:

- a) The listing Agreements entered into by the Company with BSE and NSE Stock Exchanges as applicable to the Company.
- b) The Secretarial Standards issued by the Institute of Company Secretaries have **not yet been notified** by the Central Government and hence we are unable to comment on the same.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except following:

1. *The Company has appointed Woman Director on the Board of the Company in compliance with Clause 49 (II)(A)(1) of the Listing Agreement read with Section 149 of the Companies Act, 2013 w.e.f. 04.05.2015.*

We further report that:

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except to the extent referred above. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through by majority and minutes of meetings are self explanatory with respect to recording dissenting members' views if any.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during financial year under report, there were no major events affecting the financial position of the Company.

Place : Bengaluru

Date : 30/05/2015

**For S Kedarnath & Associates  
Company Secretaries**

*S. Kedarnath*  
**Company Secretary**  
C P No 4422

*Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

## **VXL Instruments Limited**

### **'Annexure A'**

**The Members,  
VXL Instruments Limited,  
Bangalore-560100**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including applicable laws of branch office in India.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc., as applicable from time to time. The compliance under the industry specific laws were examined based on the list of applicable laws provided by the Company.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

*Place* : Bengaluru

*Date* : 30/05/2015

**For S Kedarnath & Associates  
Company Secretaries**

*S. Kedarnath*  
**Company Secretary**  
C P No 4422



ANNEXURE III

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso there to.

(Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship:

Priya Limited, 4th Floor, Kimatrai Building, 77, 79 Maharshi Karve Marg, Marine Lines (E), Mumbai – 400 002.

(b) Nature of contracts/arrangements/transactions:

Purchases, Sales and Services

(c) Duration of the contracts/arrangements/transactions:

Ongoing - based on periodical requirements.

(d) Salient terms of the contracts or arrangements or transactions including the Value:

Based on Orders procured by Priya from Overseas Customers, Purchase Orders are placed on VXL. Based on projected Customer orders Raw materials and other materials are procured through Priya from Overseas suppliers. Domestic Annual Maintenance Contracts, service of thin clients are carried out through Priya Limited.

(e) Date(s) of approval by the Board:

29<sup>th</sup> July, 2014

(f) Amount paid as advances:

Nil

For & on behalf of the Board of Directors

Place: Bengaluru  
Date: 30.07.2015

**Madireddy V. Nagaraj**  
*Managing Director*  
DIN: 00515419

**M V Shetty**  
*Whole Time Director*  
DIN: 00515711

**ANNEXURE ON FINANCIAL PERFORMANCE OF THE SUBSIDIARY****Form AOC-I**

(Pursuant to first proviso to sub-Section (3) of Section 129 read with Rule 5 of  
Companies  
(Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/  
Associate Companies/ Joint Ventures  
Subsidiary

(Amount In Rs)

Name of the Subsidiary	<b>VXL INSTRUMENTS LIMITED, UK</b>
Share capital	86,15,435
Reserves & surplus	-12,47,69,936
Total assets	- 4,69,32,639
Total Liabilities	-4,69,32,639
Investments	NIL
Turnover	18,91,75,426
Profit Before taxation	1,16,40,538
Provision for taxation	NIL
Profit After Taxation	1,16,40,538
Proposed Dividend	Nil
% of shareholding	60%

ANNEXURE – V

**THE RATIO OF THE REMUNERATION OF EACH DIRECTOR**

- (i) The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the Financial Year: Mr. Madireddy V Nagaraj, Managing Director: 15.2:1, Mr. M. V. Shetty, Whole Time Director: 14.5:1
- (ii) The percentage increase in aggregate remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year: Managing Director: 7.1% Whole-Time Director: 7.9%, CFO & Company Secretary: 8.2%
- (iii) The percentage increase in the median remuneration of employees in the Financial Year: (-) 12.9 %
- (iv) The number of permanent employees on the rolls of Company as on 31/03/2015: 89 Nos.
- (v) The explanation on the relationship between average increase in remuneration and company performance: Employee cost reduced by 14% compared to 15% reduction in revenue.
- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: Revenue Growth: (-) 15% (negative)  
Growth in Remuneration: Managing Director: 7.1% Whole-Time Director: 7.9%, CFO & Company Secretary: 8.2%
- (vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last Public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current Financial Year and previous Financial Year:  
Market capitalisation as on 31st March, 2015: Rs. 15.00 crores  
Market capitalisation as on 31st March, 2014: Rs. 16.27 crores  
Variation= Decreased by Rs.1.27 crores over previous financial year
- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Employee cost reduced by 14%. Whole Time Directors' appointments are on three year contract basis. Hence remuneration is changed only when contract is changed/renewed and not yearly
- (ix) Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company:  
Performance of the Company (Revenue Growth) : (-) 15%  
Remuneration increase of Managing Director: 7.1%, Whole-Time Director: 7.9%  
CFO & Company Secretary: 8.2% increase (compared to Remuneration of 2013-14)
- (x) The key parameters for any variable component of remuneration availed by the Directors: Not availed
- (xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: No employee drew more than the remuneration of highest paid Director.
- (xii) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes.  
INFORMATION AS PER RULE 4(2) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014: None of the employees drew remuneration in excess of the limits prescribed

## VXL Instruments Limited

### REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, in respect of the financial year ended 31<sup>st</sup> March, 2015 is set out below:

A. Company's Philosophy on Code of Governance

Your Company continued to firmly be committed to adopting and adhering to all globally recognized corporate governance concepts and practices. The Company strives to meet the expectations of its stakeholders on matters related to transparency, integrity, accountability and trusteeship, on a continuous basis.

B. Board of Directors

Composition & Size of the Board

The Company currently has 8 (eight) Directors, including four non-executive and Independent Directors, viz. Mr. Arun Kumar Bhuwania, Mr. N V Maslekar, Mrs. Kumkum Bhuwania\* and Mr. Prakash H Rao\*\*. Mr. Arun Kumar Bhuwania functions as Chairman. Mr. Dipak S Rao is the Vice – Chairman. Mr. Madireddy V Nagaraj, continues to be Managing Director of the Company. Mr. M V Shetty functions as a Whole-Time Director. Mr. Dipak S Rao and Mr. K Prakash Directors of the Company.

\* Mrs. Kumkum Bhuwania was appointed on 4th May 2015

\*\* Mr. Prakash H Rao was appointed on 12th June 2015

Six Board Meetings were held during the year. The dates on which the said meetings were held on:

1. 30.05.2014
2. 29.07.2014
3. 30.09.2014
4. 31.10.2014
5. 31.01.2015
6. 31.03.2015

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/Member is as follows:

Name of Director	DIN	Category of Directorship	No. of Board Meetings attended Board	Whether attended Last AGM	No. of Directorship in other Companies incorporated in India	No. of Committee membership Member/ chairman in other companies in India
Mr. Arun Kumar Bhuwania	00387445	Independent & Non Executive	5	No	2	3
Mr. N. V. Maslekar	00904842	Independent & Non Executive	6	No	2	–
Mr. Prakash H Rao	00492187	Independent & Non Executive	NA	No	–	–
Ms. Kumkum Buwania	07160610	Independent & Non Executive	NA	No	–	–
Mr. M. V. Shetty	00515711	Promoter-Executive	5	Yes	–	–
Mr. Madireddy V. Nagaraj	00515419	Promoter - Executive	6	Yes	3	–
Mr. K. Prakash	00542262	Non Executive	6	Yes	–	–
Mr. Dipak S Rao	01153318	Non Executive	1	No	–	–

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### Committees of the Board

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Share Transfer/Transmission Committee

### Audit Committee

The Audit Committee is responsible for over view of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of the statutory and internal auditors, fixation of audit fees, the approval for payment for any other services and reviewing with the management the annual financial statements before submission to the Board.

The Audit Committee comprises of Mr. Arun Kumar Bhuwania, Chairman, Mr. N.V. Maslekar, Independent Director and Mr. K. Prakash Non-independent Director as members of the Committee.

The terms of Reference of this Committee include the matters covered under Clause 49 of the Listing Agreement.

### Meetings and the attendance during the year

There were 4 meetings of the Audit Committee during the year. The attendance of each member of the Committee is given below :

Name of Director	No. of Meetings attended	Remarks
Mr. Arun Kumar Bhuwania	3	Nil
Mr. N. V. Maslekar	4	Nil
Mr. K. Prakash	4	Nil

### Nomination and Remuneration Committee

The Company has set up a Nomination and Remuneration Committee to determine/review the remuneration, performance and related bonuses of management/compensation of the Directors and of senior management.

The Committee met once on 29th July, 2014 during the financial year 2014-15.

a. Executive Directors (in Rs.)

Directors	Salary	Fixed Commission	Perquisites	Sitting Fees	Total
Mr. Madireddy V. Nagaraj	26,98,992	Nil	3,01,008	Nil	30,00,000
Mr. M. V. Shetty	25,78,992	Nil	3,01,008	Nil	28,80,000
Total	52,77,984	Nil	6,02,106	Nil	58,80,000

b. Non-executive Directors (in Rs.)

Name	Sitting fees	Commission
Mr. Arun Kumar Bhuwania	48,000	
Mr. K. Prakash	54,000	—
Mr. Dipak S Rao	6,000	—
Mr. N. V. Maslekar	54,000	—
Total	1,62,000	—

## VXL Instruments Limited

### Stakeholders' Relationship Committee

This Committee looks into redressing of shareholders' complaints like non-transfer of shares, non-receipt of declared dividends. As of 31<sup>st</sup> March, 2015, the Committee comprised of Mr. K Prakash and Mr. M V Shetty. The Committee has not met during the year since there were no complaints received during the year ended 31<sup>st</sup> March, 2015. There were no pending share transfers as on the same date.

### Name, designation & address of Compliance Officer

Mr. Narayana Bhat  
CFO & Company Secretary  
VXL Instruments Limited  
"House of Excellence", No.17, Electronics City  
Hosur Road, Bengaluru - 560 100.  
E-Mail : narayanbhat@vxl.net  
Phone : 91-80-2852 0046 / Fax : 91-80-2852 0095

The Company has fulfilled all the compliance requirements under the Listing Agreement as regards the Stakeholders' Relationship Committee.

### Independent Directors' Meeting:

During the year under review, the Independent Directors met on 31<sup>st</sup> January, 2015, *inter alia*, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non-Executive Directors ,
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Both the Independent Directors viz., Mr. Arun Kumar Bhuvania and Mr. N. V. Maslekar were present at the Meeting.

### General Body Meetings

Location and time of the last three Annual General Meetings:

Year	Date and time	Venue	Whether any Special Resolution(s) passed
2012	1 <sup>st</sup> September, 2012 at 12.00 Noon	Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bengaluru – 560 025	Yes. For the appointment of Managing Director and Whole-Time Director
2013	4 <sup>th</sup> September, 2013 at 12.00 Noon	Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bengaluru – 560 025	Yes. For the appointment of Managing Director and Whole-Time Director
2014	13 <sup>th</sup> September, 2014 at 12.00 Noon	Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bengaluru – 560 025	Yes. For the appointment of Two Independent Directors

There were special resolutions which were put through postal ballot. : Postal ballot with regard to shifting of registered office from one state to another state.

There are 5 items which requires to be passed as Special Resolutions at the ensuing AGM to be held at 21<sup>st</sup> September, 2015.

### POSTAL BALLOT:

The Company has dispatched the Postal Ballot Notice dated 24<sup>th</sup> June, 2015 seeking approval of the Shareholders for shifting of registered office of the Company from Bangalore in the State of Karnataka to Mumbai in the State of Maharashtra on 09<sup>th</sup> July, 2015. Voting through electric mode commenced on 10<sup>th</sup> July, 2015 (9.00 a.m.) and shall end on 08<sup>th</sup> August, 2015 (6.00 p.m.).

## Twenty Ninth Annual Report 2014 - 2015

### Disclosures

Transactions with the related parties are disclosed in Note No. 2 (f) of Notes to Accounts in the Annual Report. The Register of Contracts containing the transactions, in which Directors are interested, is placed before the Board as and when necessary.

During the last three years, there were no situations or penalties imposed by either SEBI or the Stock Exchange or any statutory authority for non-compliance of any matter related to the capital markets.

### Means of Communication

The Quarterly & Half Yearly results are published in national and local dailies such as The Financial Express (in English) and Hosa Digantha (in Kannada) and hence are not individually sent to the shareholders.

### Reporting of Internal Auditor:

The Internal Auditor reports to the Audit Committee.

### CEO and CFO Certification:

The Managing Director and the CFO of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under clause 49(IX) of the Listing Agreement, for the period ended 31<sup>st</sup> March, 2015.

### Code of Conduct:

The Company has adopted a Code of Conduct which has been implemented. The Code of Conduct is made applicable to the Directors and Senior Management Team.

### General Shareholders' Information

AGM : Date : 21st September, 2015  
Time : 12.00 Noon  
Venue : Woodlands Hotel, No. 5, Rajaram Mohan Roy Road,  
Bengaluru - 25

Financial calendar : April to March  
Date of Book Closure : 16th September, 2015 to 21st September, 2015  
Dividend payment(s) : Nil  
Listing on Stock Exchange : Mumbai  
Scrip code is 517399 in the Bombay Stock Exchange.

### Stock Market (BSE) price data for the year

(in Rs.)

Period	High	Low
April 2014	21.80	11.35
May 2014	22.80	17.15
June 2014	18.85	14.05
July 2014	17.20	14.80
August 2014	21.10	16.45
September 2014	24.50	19.40
October 2014	25.00	21.70
November 2014	24.00	19.15
December 2014	26.00	19.00
January 2015	26.50	19.00
February 2015	22.05	16.00
March 2015	18.95	11.25

## VXL Instruments Limited

### Registrar and Transfer Agents

Bigshare Services Private Limited is the Company's Registrar and Share Transfer Agent.

Their address is furnished below:

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka

Andheri (E), Mumbai – 400 072

Phone : +91 22 2847 0652/ 4043 0200, Fax : +91 22 2847 5207

E-mail : info@bigshareonline.com

### Share Transfer System

The Company's Share Transfer Committee meets if required and expeditiously handles the procedures related to application for transfer of shares.

The Company's shares are compulsorily traded in the demat form and the ISIN No. allotted is INE756A01019.

Distribution of shareholding as on 31.03.2015

Face Value Rs.10/-

Range (in Rs.)	No of Share Holders	% of Total Share Holders	Total Holding In Rs.	% of Total Capital
1 - 5,000	4,366	90.75	55,43,860	4.15
5,001 - 10,000	189	3.93	15,64,730	1.17
10,001 - 20,000	109	2.26	17,03,510	1.28
20,001 - 30,000	35	0.73	8,80,580	0.66
30,001 - 40,000	14	0.29	5,05,760	0.38
40,001 - 50,000	11	0.23	5,30,560	0.40
50,001 - 1,00,000	28	0.58	20,27,260	1.52
1,00,001 & above	59	1.23	12,07,43,740	90.44
	4,811	100.00	13,35,00,000	100.00



## Twenty Ninth Annual Report 2014 - 2015

### Shareholding pattern as on 31-03-2015

Category	No of Shares	% Holding
Directors'	4,29,070	3.21
Promoter but not Director	4,09,940	3.07
Directors and Promoters' Relatives	9,75,411	7.30
<b>Total A</b>	<b>18,14,421</b>	<b>13.59</b>
Mutual Funds	3,000	0.02
Financial Institutions	900	0.01
Body Corporate	15,73,471	11.79
NRI	2,06,848	1.55
Foreign	79,15,745	59.29
Shares in Transit	296	0.00
General Public	18,35,319	13.75
<b>Total B</b>	<b>1,15,35,579</b>	<b>86.41</b>
<b>Total A + B</b>	<b>1,33,50,000</b>	<b>100.00</b>

### Dematerialization of shares and liquidity

A significant quantum of the Company's shares are held in the demat form and the Company handles request for demating of the shares in two weeks' time.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Company has no GDR/ADR/Warrants or any convertible instruments.

#### Plant Locations

#### Export Oriented Factory

House of Excellence, # 17, Electronics City,  
Hosur Road, Bengaluru- 560 100.  
Phone: +91-80-2852 0046 / 2852 3252

#### Registered Office

VXL Instruments Limited,  
House of Excellence, # 17, Electronics City,  
Hosur Road, Bengaluru 560 100.  
Phone : +91-80-2852 0046 / 2852 3252  
Fax : +91-80-2852 0095 URL: www.vxl.net  
CIN : L85110KA1986PLC007492, E-mail:cfo@vxl.net

### CEO and CFO CERTIFICATION

The Board of Directors  
VXL Instruments Limited  
Bengaluru - 560 100

Dear members of the Board,

We, Mr. Madireddy V. Nagaraj, Managing Director and Mr. Narayana Bhat, CFO and Company Secretary of VXL Instruments Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and Cash Flow Statement for the year ending 31<sup>st</sup> March, 2015
2. These Statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for the periods presented in this report and are in compliance with the existing accounting standards and / or applicable laws and regulations.

## VXL Instruments Limited

4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's auditors and the Company's Audit Committee of the Board of Directors.

5. We accept responsibility for establishing and maintaining internal controls reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

6. We have indicated, to the Auditors and Audit Committee:

- a. Significant changes in internal control over financial reporting during the year
- b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place : Bengaluru  
Date : 22nd May, 2015

**Madireddy V. Nagraj**  
*Managing Director*

**Narayana Bhat**  
*CFO & Company Secretary*

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### COMPLIANCE CERTIFICATE

#### TO THE MEMBERS OF VXL INSTRUMENTS LIMITED

We have examined the compliance of conditions of Corporate Governance by **VXL INSTRUMENTS LIMITED** ("the Company"), having CIN L85110KA1986PLC007492 for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **ISHWAR & GOPAL**  
Chartered Accountants  
(Firm Registration No. 001154S)

**K V Gopalakrishnayya**  
Partner  
Membership No 21748  
Bengaluru, May 22, 2015

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF VXL INSTRUMENTS LIMITED**

***Report on the Financial Statements***

1. We have audited the accompanying standalone financial statements of **VXL INSTRUMENTS LIMITED** ('the Company'), which comprise the balance sheet as at 31st March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

## VXL Instruments Limited

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
  - in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - in the case of the Cash Flow Statement, of the cash flows for the year ended on that date..

### Emphasis of Matter

7. *Without qualifying our report, we draw attention to:*
- Note No.2 (b) of notes to the accounts, regarding non-provision for diminution in the value of investment of Rs. 51,69,261/- and receivables of Rs. 4,96,36,260/- in respect of a subsidiary of the company whose accumulated losses are in excess of the paid-up capital. The Company's view is dependent on the projected profitability and cash flow of the subsidiary Company.

### Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
9. As required by section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
  - With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements under contingent liabilities (refer note 2 (p) of notes on accounts)
    - The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
    - There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For Ishwar & Gopal  
Chartered Accountants  
Firm Reg. No. 001154S

**K.V. Gopalakrishnayya**  
Partner  
Membership No.: 021748

Date : 22nd May 2015  
Place : Bangalore

## Twenty Ninth Annual Report 2014 - 2015

### ANNEXURE TO INDEPENDENT AUDITORS' REPORT Annexure referred to in our report to the members of VXL INSTRUMENTS LIMITED for the year ended on March 31, 2015

1. a) The Company has maintained records showing full particulars, including quantitative details and the situation of its fixed assets.
- b) All the assets have been physically verified by the management during the year which in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
2. a) Inventories other than those lying with third parties have been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable.
- b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book records, where applicable, as noticed on physical verification were not material and have been properly dealt with in the books of account;
3. The Company has not granted any loans to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence clause 3 (iii) (a) and (b) of the Companies Auditor's Report Order, 2015 is not applicable to the Company for the year under review.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. The Company has not accepted any deposits and hence the requirement of clause 3 (v) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
6. We have been informed that maintenance of books of accounts pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for maintenance of Cost records in respect of products of the Company are not applicable to the Company for the year under review and hence the requirement of clause 3 (vi) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
7. a) The Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, the following amounts of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited with the relevant authorities on account of any dispute are detailed under:-

Name of the Statute	Nature of dues	Related Period	Amount (Rs.)	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales tax	2001-02 to 2004-05	66,52,351	Honourable High Court of Karnataka.
Finance Act, 1994	Service Tax	2008-09 to 2011-12	10,34,66,834	Central Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Education cess	2009-10 on excise duty	3,26,098	Central Excise & Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	2006-07	7,70,839	Central Excise & Service Tax Appellate Tribunal

## VXL Instruments Limited

- c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company in accordance with relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder. Hence the provisions of clause 3(vii) ( c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
8. The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year but had not incurred cash losses in the preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and did not have any amount outstanding to financial institutions or debenture holders.
10. As far as we could ascertain, the Company has not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
11. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that term loans were applied for the purpose for which the loans were obtained.
12. According to the information and explanations given to us, no material frauds on or by the Company that causes material misstatements to financial statements have been noticed or reported during the year.

For Ishwar & Gopal  
*Chartered Accountants*  
Firm Reg. No. 001154S

**K.V. Gopalakrishnayya**  
*Partner*  
Membership No.: 021748

Date : 22nd May 2015  
Place : Bangalore

**Twenty Ninth Annual Report 2014 - 2015**

**BALANCE SHEET AS AT 31st MARCH, 2015**

(Amount in Rs.)

Sl. Particulars No.	Note No.	As at		As at	
		31-Mar-15	31-Mar-15	31-Mar-14	31-Mar-14
<b>I EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' funds</b>					
a. Share Capital	3	13,33,53,000		13,33,53,000	
b. Reserves and Surplus	4	11,20,12,320		16,89,04,610	
			24,53,65,320		30,22,57,610
<b>2 Non-current liabilities</b>					
a. Long Term borrowings	5	3,86,48,448		12,36,863	
b. Long term provisions	6	73,70,900		79,33,882	
			4,60,19,348		91,70,744
<b>3 Current Liabilities</b>					
a. Short term borrowings	7	—		1,88,23,698	
b. Trade payables	8	12,45,15,686		10,81,14,908	
c. Other Current liabilities	9	1,51,09,855		1,14,15,128	
d. Short term provisions	10	23,55,504		22,92,759	
			14,19,81,045		14,06,46,494
<b>TOTAL</b>			<b>43,33,65,713</b>		<b>45,20,74,848</b>
<b>II ASSETS</b>					
<b>1 Non-current assets</b>					
a. Fixed Assets	11				
i. Tangible Assets	a	17,05,28,877		16,85,74,390	
ii. Intangible Assets	b	2,63,888		—	
			17,07,92,765		16,85,74,390
b. Non-current investments	12	51,80,261		52,29,261	
c. Deferred tax assets (net)	13	—		5,07,84,606	
d. Long term loans & advances	14	76,06,002		78,17,134	
e. Other non current assets	15	4,96,36,260		5,89,13,634	
			6,24,22,523		12,27,44,635
<b>2 Current Assets</b>					
a. Inventories	16	15,53,10,518		13,76,90,534	
b. Trade receivables	17	43,02,985		25,67,677	
c. Cash & Cash equivalents	18	1,12,74,164		48,73,834	
d. Short term loans & advances	19	2,86,79,333		1,56,17,834	
e. Other Current assets	20	5,83,425		5,945	
			20,01,50,425		16,07,55,823
<b>TOTAL</b>			<b>43,33,65,713</b>		<b>45,20,74,848</b>

Summary of Significant Accounting Policies- Note No. 1

The accompanying notes are an integral part of the Financial Statements - Note No. 2

As per our report of even date.

For Ishwar & Gopal  
Firm Registration No : 001154S  
Chartered Accountants

For and on behalf of the Board

**K.V. Gopalakrishnaya**  
Partner  
Membership No.: 021748  
Date : 22nd May 2015  
Place : Bangalore

**Madireddy V. Nagaraj**  
Managing Director

**M. V. Shetty**  
Whole Time Director

**K. Prakash**  
Director

**Narayana Bhat**  
CFO & Company Secretary

## VXL Instruments Limited

### NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED, 31st MARCH 2015

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount in Rs.	Number	Amount in Rs.
<b>3. Share Capital</b>				
<b>Authorised</b>				
a. Equity Shares	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
<b>b. Issued</b>				
Equity Shares	1,33,50,000	13,35,00,000	1,33,50,000	13,35,00,000
<b>Subscribed and paid fully</b>				
Equity Shares	1,33,22,500	13,32,25,000	1,33,22,500	13,32,25,000
<b>Subscribed but not paid fully</b>				
Equity Shares	27,500	1,28,000	27,500	1,28,000
<b>Total</b>	<b>1,33,50,000</b>	<b>13,33,53,000</b>	<b>1,33,50,000</b>	<b>13,33,53,000</b>

c. Par value Rs. 10 per equity share

d. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount in Rs.	Number	Amount in Rs.
Equity Shares				
Outstanding at the beginning of the period	1,33,50,000	13,33,53,000	1,33,50,000	13,33,53,000
Outstanding at the end of the period	1,33,50,000	13,33,53,000	1,33,50,000	13,33,53,000

e. Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

During the year, the Company has not declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

f. Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of shares held	% of holding	No. of shares held	% of holding
Tefuli Ltd	19,50,000	14.61	19,50,000	14.61
Tintur Investments Ltd	19,25,000	14.42	19,25,000	14.42
Breezetop Investments Ltd	19,25,000	14.42	19,25,000	14.42
Daymount Ltd	17,85,000	13.37	17,85,000	13.37
Priya Ltd	9,00,000	6.74	9,00,000	6.74



**Twenty Ninth Annual Report 2014 - 2015**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
g. Calls unpaid (showing aggregate value of calls) – Unpaid by Others	1,47,000	1,47,000
<b>4. RESERVES &amp; SURPLUS</b>		
<b>a. Capital Reserve</b>		
Balance as per last financial statement	20,53,645	20,53,645
<b>b. Securities Premium Account</b>		
Balance as per last financial statement	13,72,88,827	13,72,88,827
<b>c. Revaluation Reserve</b>		
Balance as per last financial statement	15,12,20,744	25,76,17,114
Additions / (Withdrawal) on sale	–	(10,63,96,370)
	<u>15,12,20,744</u>	<u>15,12,20,744</u>
<b>d. Other Reserves</b>		
(i) General Reserve		
Balance as per last financial statement	25,99,897	25,99,897
(ii) Deferred Tax Reserve		
Balance as per last financial statement	–	36,05,947
Less : Withdrawn during the year	–	(36,05,947)
	–	–
<b>e. Surplus / (Deficit) in Statement of Profit &amp; Loss Account</b>		
Balance as per last financial statement	(12,42,58,502)	(18,55,95,759)
Profit for the year	(5,68,92,291)	6,13,37,256
Appropriations	–	–
Net surplus / (Deficit) in statement of Profit & Loss Account	<u>(18,11,50,793)</u>	<u>(12,42,58,503)</u>
<b>Total Reserves &amp; Surplus</b>	<u>11,20,12,320</u>	<u>16,89,04,610</u>
<b>5. LONG TERM BORROWINGS</b>		
<b>a. Term Loans</b>		
– From Banks - Secured *	20,50,242	20,21,853
<b>b. Loans and Advances from Related parties - Unsecured **</b>	<u>3,75,00,000</u>	<u>–</u>
Total Long term borrowings	<u>3,95,50,242</u>	<u>20,21,853</u>
Less: Instalments of term loan payable within a year	9,01,794	7,84,990
<b>Total Long term borrowings</b>	<u>3,86,48,448</u>	<u>12,36,863</u>

\* Term loan from banks is secured by hypothecation of vehicles. The loan is repayable in 36 equated monthly instalments of Rs.43,684/- each and 60 equated monthly instalments of Rs. 49,082/- each.

\*\* Loans and advances from related parties are repayable after 10 years

**VXL Instruments Limited**

<b>NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015</b>		
	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>6. LONG TERM PROVISIONS</b>		
<b>a Provision for employee benefits</b>		
i Gratuity	46,00,337	39,10,431
ii Leave Benefits	27,70,563	24,73,451
<b>b Others</b>	—	15,50,000
	<u>73,70,900</u>	<u>79,33,882</u>
<b>7. SHORT TERM BORROWINGS</b>		
<b>a. Loans repayable on demand</b>		
from Banks - Working Capital Borrowings *	—	1,88,23,698
* Working capital borrowings during the previous year from a bank is secured by hypothecation of stocks and trade receivable and other current assets, collateral security of land, building, plant & machinery and personal guarantee of some of the Directors.		
<b>8. TRADE PAYABLES</b>		
Due to Micro, Small and Medium Enterprises	—	—
Due to other than Micro, Small and Medium Enterprises	12,45,15,686	10,81,14,908
<b>Total</b>	<u>12,45,15,686</u>	<u>10,81,14,908</u>
<b>9. OTHER CURRENT LIABILITIES</b>		
<b>a Current maturities of long term debts</b>		
Current maturities of term loan due to a bank	9,01,794	7,84,990
<b>b Other payables</b>		
i Advances from Customers	—	65,476
ii Book Overdraft	34,83,340	—
iii Due to a Director	58,600	25,000
iv Liabilities for expenses	1,06,66,121	1,05,39,662
<b>Total</b>	<u>1,51,09,855</u>	<u>1,14,15,128</u>
<b>10. SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
i Gratuity	15,70,004	17,10,774
ii Leave Benefits	7,85,500	5,81,985
<b>Total</b>	<u>23,55,504</u>	<u>22,92,759</u>

## 11. FIXED ASSETS

## NOTES TO THE FINANCIAL STATEMENTS

(in Rupees)

Particulars	As at 01.04.2014	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Adjus/ tments	Additions/ Reversals	Disposals/ Reversals	As at 31.03.2015	As at 01.04.2014	Adjus/ ments	Charge for the year/ Amortisation	Reversals	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>COST OR VALUATION</b>												
<b>a. TANGIBLE ASSETS</b>												
Land	15,46,21,200	-	-	-	15,46,21,200	-	-	-	-	-	15,46,21,200	15,46,21,200
Buildings	1,40,24,602	-	-	(1,55,280)	1,38,69,322	1,06,95,191	-	4,36,197	(27,03,721)	84,27,667	54,41,655	33,29,411
Plant & Equipment	1,04,86,171	12,420	-	(76,57,796)	28,40,795	72,14,256	-	1,85,432	(68,09,887)	5,89,801	22,50,994	32,71,915
Office Equipment	87,05,095	(48,69,360)	11,28,449	(26,65,526)	22,98,657	46,73,384	(24,07,714)	4,62,369	(21,40,118)	5,87,920	17,10,737	40,31,711
Furniture & Fixture	32,02,542	1,24,351	1,20,537	(12,74,902)	21,72,528	16,69,120	53,068	1,65,037	(11,04,811)	7,82,414	13,90,114	15,33,422
Vehicles	60,70,525	-	11,68,484	(22,68,195)	49,70,814	42,83,794	-	6,86,968	(32,93,315)	16,77,446	32,93,368	17,86,731
Computer	-	47,32,589	11,23,051	(26,18,621)	32,37,019	-	23,54,646	10,37,315	(19,75,752)	14,16,209	18,20,810	-
<b>Sub Total</b>	<b>19,71,10,135</b>	<b>-</b>	<b>35,40,521</b>	<b>(1,66,40,320)</b>	<b>18,40,10,335</b>	<b>2,85,35,745</b>	<b>-</b>	<b>29,73,318</b>	<b>(1,80,27,604)</b>	<b>1,34,81,458</b>	<b>17,05,28,877</b>	<b>16,85,74,390</b>
<b>b. INTANGIBLE ASSETS</b>												
Software Rights	-	-	3,23,436	-	3,23,436	-	-	59,548	-	59,548	2,63,888	-
Sub-Total	-	-	3,23,436	-	3,23,436	-	-	59,548	-	59,548	2,63,888	-
<b>Total</b>	<b>19,71,10,135</b>	<b>-</b>	<b>38,63,957</b>	<b>(1,66,40,320)</b>	<b>18,43,33,771</b>	<b>2,85,35,745</b>	<b>-</b>	<b>30,32,865</b>	<b>(1,80,27,604)</b>	<b>1,35,41,006</b>	<b>17,07,92,765</b>	<b>16,85,74,390</b>
Previous year	29,73,40,339	-	69,21,309	(10,71,51,513)	19,71,10,135	12,75,35,588	-	42,52,131	(10,32,51,974)	2,85,35,745	16,85,74,390	
<b>c Assets held for sale</b>		<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET BLOCK</b>		
Particulars	As at 01.04.2014	Adjus/ ments	Additions	Reversals	As at 31.03.2015	As at 01.04.2014	Adjus/ ments	Additions	Reversals	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Land	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Previous year	11,65,67,749	-	-	(11,65,67,749)	-	65,67,749	-	2,75,419	(68,43,168)	-	-	

**VXL Instruments Limited**

<b>NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015</b>			
	As at 31.03.2015 Amount in Rs.		As at 31.03.2014 Amount in Rs.
<b>12. NON CURRENT INVESTMENTS</b>			
Investment in equity instruments 108,000 (108,000) equity shares of VXL Instruments Limited, UK of par value 1 GBP each, fully paid up (a subsidiary of the Company with 60% holding)	51,69,261		51,69,261
Nil (2,400) equity shares of The Shamrao vithal co-operative bank limited of par value Rs. 25 each, fully paid up	-		60,000
1100(Nil) equity shares of ELCIA ESDN Private Limited of par value of Rs. 10, fully paid up	11,000		-
<b>Total</b>	<b>51,80,261</b>		<b>52,29,261</b>
Basis of valuation : Investments are stated at cost.			
Aggregate amount of quoted investments and market value thereof	Nil		Nil
Aggregate amount of unquoted investments	51,80,261		52,29,261
Aggregate provision for dimunition in value of investments	Nil		Nil
<b>13. DEFERRED TAX ASSETS / (LIABILITIES)</b>			
On account of			
Carry forward losses	-		4,26,60,338
Temporary disallowances under Income Tax	-		33,50,287
Depreciation	-		47,73,981
	-		5,07,84,606
<b>14. LONG TERM LOANS AND ADVANCES</b>			
<b>a Capital Advances</b>	-		3,28,362
<b>b Security Deposits</b>			
I Considered Good	38,88,913		37,78,439
<b>c Other Loans &amp; Advances</b> [Unsecured]			
<b>i Considered Good</b>			
- Advance to Suppliers	11,66,000		24,53,000
- Payments to statutory authorities	25,51,089		12,57,333
<b>ii Considered Doubtful</b>			
- Employee Advances	72,990		-
Less : Provision for Doubtful Advances	72,990		-
<b>Total</b>	<b>76,06,002</b>		<b>78,17,134</b>
<b>15. OTHER NON CURRENT ASSETS</b>			
Long term trade receivables (including trade receivables on deferred credit terms)			
a Unsecured, Considered Doubtful	8,21,956	82,572	
Less : Provision for doubtful debts	8,21,956	82,572	-
b Unsecured, Considered Good	4,96,36,260		5,89,13,634
<b>Total</b>	<b>4,96,36,260</b>		<b>5,89,13,634</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>16. INVENTORIES</b>		
Raw Materials	14,02,05,495	12,41,05,012
Raw Materials in Transit	11,96,998	15,40,505
Finished Goods	1,39,08,025	1,20,45,017
<b>Total</b>	<b>15,53,10,518</b>	<b>13,76,90,534</b>
<b>17. TRADE RECEIVABLES</b>		
[ Unsecured, Considered Good ]		
Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	18,31,078	25,02,058
Others	24,71,907	65,619
	<b>43,02,985</b>	<b>25,67,677</b>
<b>18. CASH AND CASH EQUIVALENTS</b>		
<b>a Balance with banks</b>		
i on Current Account	17,77,387	5,45,313
ii on Deposit Account	94,07,588	27,55,093
iii on Exchange Earners Foreign Currency Account	20,946	38,594
<b>b Cash on Hand</b>	68,243	15,34,833
	<b>1,12,74,164</b>	<b>48,73,834</b>
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
<b>Other Loans &amp; Advances</b>		
<b>[Considered Good]</b>		
i Advance Income Tax (net of provision for taxation)	56,02,926	55,06,017
ii Mat Credit Entitlement	33,98,062	33,98,062
iii Prepaid Expenses	4,48,266	12,39,267
iv Advance to Suppliers	6,07,621	18,49,441
v Balance with statutory / Government authorities	1,85,80,274	35,03,533
vi Employee Advances	42,185	1,21,515
Total	<b>2,86,79,333</b>	<b>1,56,17,834</b>
<b>20. OTHER CURRENT ASSETS</b>		
Interest accrued but not due on deposits	5,83,425	5,945
Total	<b>5,83,425</b>	<b>5,945</b>

**VXL Instruments Limited**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2015**

(Amount in Rs.)

Particulars	Note No.	Figures for the current reporting period 31-Mar-15	Figures for the previous reporting period 31-Mar-14
I Revenue from operations	21	73,23,48,274	86,50,42,769
II Other Income	22	57,07,765	33,96,790
III <b>Total Revenue (I +II)</b>		<b>73,80,56,039</b>	<b>86,84,39,559</b>
IV Expenses:			
Cost of materials consumed	23	62,81,27,967	76,89,04,538
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(18,63,008)	83,51,716
Employee benefits expense	25	5,94,58,893	6,94,04,385
Financial costs	26	24,67,205	1,99,30,495
Depreciation and amortization expense	27	30,32,865	45,27,549
Other expenses	28	5,45,44,563	7,79,21,497
<b>Total Expenses</b>		<b>74,57,68,485</b>	<b>94,90,40,181</b>
V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		(77,12,446)	(8,06,00,622)
VI Exceptional Items	29	16,04,761	17,22,83,521
VII Profit before tax (V - VI)		(61,07,685)	9,16,82,899
VIII Tax expense:			
(1) Current tax		-	42,20,997
Less: MAT Credit		-	(33,98,062)
(2) Deferred tax			
Deferred Tax expense	5,07,84,606		3,31,28,655
Less: Deferred Tax Reserve Withdrawn		- 5,07,84,606	(36,05,947)
		<b>5,07,84,606</b>	<b>3,03,45,644</b>
IX Profit/(Loss) for the period (VII - VIII)		(5,68,92,291)	6,13,37,256
VIII Earning per equity share:			
Basic & Diluted		(4.26)	(4.59)

Corporate Information and Summary of Significant Accounting Policies Note No.1 The accompanying notes are an integral part of the Financial Statements Note No. 2

As per our report of even date.  
For Ishwar & Gopal  
Firm Registration No : 001154S  
Chartered Accountants

For and on behalf of the Board

**K.V. Gopalakrishnayya**  
Partner  
Membership No.: 021748  
Date : 22nd May 2015  
Place : Bangalore

**Madireddy V. Nagaraj**  
Managing Director

**M. V. Shetty**  
Whole Time Director

**K. Prakash**  
Director

**Narayana Bhat**  
CFO & Company Secretary

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	Year Ended 31.03.2015 Rs.	Year Ended 31.03.2014 Rs.
<b>21. Revenue from Operations</b>		
Sale of Products	73,50,76,946	87,61,95,679
Sale of Services	71,54,766	14,05,461
Revenue from operations (Gross)	74,22,31,712	87,76,01,140
Less: Excise Duty	98,83,438	1,25,58,371
Revenue from operations (Net)	73,23,48,274	86,50,42,769
<b>Details of Products Sold</b>		
Finished Goods Sold		
Data Processing Units	73,50,76,946	87,61,95,679
	73,50,76,946	87,61,95,679
<b>Details of Services Rendered</b>		
AMC / Repair Services	71,54,766	14,05,461
	71,54,766	14,05,461
<b>22. Other Income</b>		
a Interest Income on Bank Deposits	8,31,335	19,27,391
b Interest Income on Others	11,621	1,58,587
c Dividend Income on Long Term Investments	7,200	14,400
d Net gain / (loss) on foreign currency transaction and translation	34,69,250	9,87,480
e Other non-operating income (net of expenses)		
i Refund received from Statutory Authorities	13,88,250	-
ii Provision for bad receivable withdrawn	-	19,439
iii Others	109	2,89,492
	57,07,765	33,96,790
<b>23. Cost of materials consumed</b>		
Cost of raw materials consumed	62,73,46,044	76,71,19,908
Packing Materials	7,81,923	17,84,630
	62,81,27,967	76,89,04,538
Raw Material Consumption		
a Electronic Components	39,18,77,539	48,57,34,643
b Mechanical Items	4,23,21,179	11,93,85,769
c Electronic Assembly	2,86,22,804	4,35,71,818
d Software License Sticker Labels	13,32,68,161	4,12,11,148
e Others	3,12,56,361	7,72,16,530
	62,73,46,044	76,71,19,908
<b>24. Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Inventories at the end of the year		
a Finished Goods	1,39,08,025	1,20,45,017
	1,39,08,025	1,20,45,017
Inventories at the beginning of the year		
a Finished Goods	1,20,45,017	2,03,96,733
	1,20,45,017	2,03,96,733
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	(18,63,008)	83,51,716

**VXL Instruments Limited**

<b>NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015</b>		
	Year Ended 31.03.2015 Rs.	Year Ended 31.03.2014 Rs.
<b>25. Employee Benefit Expenses</b>		
Salaries and Wages	5,50,24,717	6,51,41,514
Contribution to provident & Other Funds	34,93,510	32,78,465
Staff Welfare expenses	9,40,666	9,84,406
	<u>5,94,58,893</u>	<u>6,94,04,385</u>
<b>26. Financial Costs</b>		
Interest Expense *	22,40,657	1,31,68,988
Other Borrowing Costs	2,26,548	67,61,508
	<u>24,67,205</u>	<u>1,99,30,495</u>
* includes interest paid on deposit to Managing Director and Whole time Director Rs. Nil (Rs. 50,000)		
<b>27. Depreciation and amortisation expenses</b>		
Depreciation of tangible assets	29,73,317	45,27,549
Amortisation of intangible assets	59,548	-
	<u>30,32,865</u>	<u>45,27,549</u>
<b>28. Other Expenses</b>		
Consumption of Stores & Spare parts	5,67,407	4,64,065
Power and Fuel	12,33,215	13,94,593
Rent	24,03,993	30,82,970
Repairs to Buildings	97,368	88,510
Repairs to Machinery	-	3,71,043
Repairs to Others	10,63,961	18,73,903
Insurance	5,77,140	9,44,114
Rates & Taxes, excluding taxes on income	6,54,102	70,58,825
Remuneration to Auditors	4,28,396	4,63,618
Consultancy/Certification Charges	93,09,133	98,24,151
Freight & Forwarding	2,42,24,003	3,47,80,766
Provision for Doubtful receivables / advances	8,12,374	-
Bad receivables / Advances written off	14,227	3,50,22,751
Less: Provision for doubtful advances withdrawn	-	3,50,22,751
Travelling and Conveyance	23,46,659	40,21,112
Communication expenses	18,22,658	19,57,233
Directors' Sitting Fees	1,62,000	1,56,000
Miscellaneous	69,44,136	99,46,387
Advertisement / Sales Promotion / Brokerage / Post sales support / Entertainment	18,02,179	10,90,445
Prior year expenses	81,613	4,03,763
	<u>5,45,44,563</u>	<u>7,79,21,497</u>
Remuneration to Auditor		
As auditor		
Audit fees	2,90,000	2,90,000
Tax Audit fees	75,000	75,000
VAT audit fees	10,000	10,000
In Other Capacity		
Certification	35,000	44,000
Reimbursement of expenses	18,396	44,618
	<u>4,28,396</u>	<u>4,63,618</u>



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	Year Ended 31.03.2015 Rs.	Year Ended 31.03.2014 Rs.
<b>29. Exceptional Items (refer note 2 (o))</b>		
Interest to Banks	-	(22,986,878)
Depreciation withdrawn	<b>74,68,016</b>	-
Profit / (Loss) on sale / discard of assets	<b>(58,63,256)</b>	19,52,70,399
	<b><u>16,04,761</u></b>	<b><u>17,22,83,521</u></b>

## VXL Instruments Limited

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

##### 1 Corporate Information

VXL Instruments Limited is a Public Limited Company listed in Mumbai Stock exchange. The Company is engaged in the business of manufacture and sale of data processing units

##### 1.1 Significant Accounting Policies

###### i) Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention under accrual basis except for land which is carried at re-valued amounts. Indian GAAP comprises of mandatory accounting standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI). The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year except for depreciation which has been computed under Straight Line Method (SLM) instead of Written Down Value Method (WDV).

###### ii) Uses of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Company make estimates and assumptions that affect the reported amounts of income and expenses for the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the Balance Sheet. Differences, if any, between the actual results and estimates is recognized in the period in which the results are known.

###### iii) Revenue Recognition

Revenue from sale of goods and rendering of services is recognized when risk and reward of ownership have been transferred to the customer. Revenue from sales is net of returns and discounts. Revenue from support and other services arising is recognized as the related services are performed.

Dividend income is accounted for when the right to receive is established. Interest Income is recognized on a time proportionate basis taking into account the amount outstanding and the rate applicable.

###### iv) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurements are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to the Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

###### v) Post-sales client support and warranties

Warranties are recognised as and when claims are lodged by customers, to the extent agreed to by the Company.

###### vi) Tangible assets and capital work-in-progress

Tangible assets are stated in the accounts at historical cost together with all costs directly attributable to their acquisition less accumulated depreciation and impairment if any. Land has been stated at re-valued cost.

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

###### vii) Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment if any.

Revenue expenditure on product development is treated as an Intangible asset, grouped under fixed assets and amortized over the estimated period of life. An intangible asset is derecognised (eliminated from the balance sheet) on disposal or when no future economic benefits are expected from its use and subsequent disposal.

###### viii) Depreciation and Amortisation

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life prescribed in Schedule II to the Companies Act 2013 as against the earlier practice. Depreciation for fixed assets purchased / sold during the period is proportionately charged. Intangible assets are amortised over

their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the Company for its use.

**ix) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment of the carrying amount of Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value, based on appropriate discounting factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation as if there was no impairment.

**x) Retirement benefits to employees**

**Post employment benefit plans:**

Contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

**Short term Employee Benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

**xi) Foreign Currency Transactions**

In respect of foreign currency transactions during the year, the same have been accounted at the exchange rate prevailing as on the date of transaction. In respect of current assets and current liabilities at the close of the accounting year, gains/losses arising out of translations at year end exchange rates are dealt with in the Profit & Loss Account.

**xii) Income Taxes**

Provision for Current Income Tax is made in the books of account based on taxable income computed as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognised in respect of timing differences on account of differences between accounting income and taxable income arising in one period and capable of adjustment in subsequent period(s). In respect of deferred tax asset, the same is recognised in the books of account if there is certainty of availability of future taxable income against which the same can be set off. This asset will be reviewed at each balance sheet date to verify adjustment thereof.

**xiii) Earnings per share**

The earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax. The number of shares used in computing the basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any, which would have been issued on the conversion of dilutive potential equity shares.

**xiv) Investments**

Non current investments are valued at cost less provision, if any, for permanent diminution in value. Current investments are valued at lower of cost and net realisable value.

## VXL Instruments Limited

- xv) Inventories**  
Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on FIFO basis. Provision has been made in the accounts for damaged, obsolete and slow moving items.
- xvi) Cash and Cash Equivalents**  
Cash and cash equivalents comprise of cash and cash on deposit with banks.
- xvii) Cash Flow Statement**  
Cash Flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.
- xviii) Leases**  
Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the profit and loss account on a straight-line basis.
- xix) Borrowing Costs**  
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such asset. A qualifying asset is one that takes substantial period of time to get ready for intended use or sale. All other Borrowing Costs are charged to revenue.
- xx) Segment Reporting**  
Revenue, operating results, assets and liabilities has been identified to represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, liabilities, revenue and expenses which are not allocable to separate segment on a reasonable basis, are included under "Un-allocated".

## 2 Notes on accounts forming part of financial statements

### a Leave Salary

The Company has made provision for leave salary on actuarial valuation basis. These being retirement benefits, an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations.

Particulars	Amounts in INR	
	31-Mar-15	31-Mar-14
Nature of obligation	<b>Leave Salary</b>	Leave Salary
The carrying amount at the beginning of the period	<b>30,55,436</b>	29,34,533
Additional provisions made during the year	<b>9,39,891</b>	5,23,353
Amounts incurred and charged against the provision during the period	<b>(4,39,264)</b>	(2,81,547)
Unused amounts reversed during the period	-	(1,20,903)
The carrying amount at the end of the period	<b>35,56,063</b>	30,55,436

### b Investments

VXL Instruments Limited, U.K., a subsidiary in which the Company has 60% share holding amounting to Rs. 51,69,261/- has accumulated losses in excess of its total paid up capital. Net receivable from VXL Instruments Limited, U.K., as at 31st March 2015 is Rs. 4,96,36,260/- (Rs. 5,89,13,634/-). The subsidiary company has made profit during the current year and has remitted Rs.92,77,374/- (Rs. 76,92,894/-) towards old dues. Considering these facts and future projections, the management is of the opinion that no provision is deemed necessary in respect of the Company's investment in and the amounts due to the Company.

### c Retirement Benefit Plans

#### 1 Defined contribution plans

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company recognised Rs. 22,08,149/- (Rs. 21,45,585/-) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

## Twenty Ninth Annual Report 2014 - 2015

### 2 Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme Master Policy of the Life Insurance Corporation of India, a defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31.03.2015.

Particulars	As at 31.03.2015	As at 31.03.2014
Amount in Rupees		
1 Change in benefit obligation		
Projected Obligation at the beginning of the year	62,42,768	57,06,130
Interest Cost	4,93,736	4,19,035
Current Service Cost	4,40,004	4,77,517
Benefits Paid	(79,769)	(4,10,539)
Actuarial (Gain) / Loss	2,81,519	50,625
Projected Obligation at the end of the year	73,78,258	62,42,768
2 Change in Plan Assets		
Fair Value of the Plan Assets at the beginning of the year	6,21,563	6,60,680
Expected Return on Plan Assets	71,655	11,273
Employer's Contributions	5,64,353	3,07,597
Benefit Paid	(79,769)	(4,10,539)
Actuarial (Gain) / Loss	30,115	52,552
Fair Value of the Plan Assets at the end of the year	12,07,917	6,21,563
Excess of (Obligations over Plan Assets) / Plan Assets Over Obligation	(61,70,341)	(56,21,205)
3 Net Gratuity & Other Costs at the end of the year		
Service Cost	4,40,004	4,77,517
Interest on defined benefit obligation	4,93,736	4,19,035
Expected Return on Plan Assets	(71,655)	(11,273)
Net Actuarial Gain recognized in the year	2,51,404	(1,927)
Adjustment related to prior year		
Net Gratuity Costs for the year	11,13,489	8,83,352
4 Category of assets		
Insurer Managed Fund	12,07,917	6,21,563
5 Assumptions		
Discount Rate	8.95%	8.95%
Salary Escalation Rate	7.50%	7.50%
Expected Return on Plan Assets Rate	7%	7%

### d Dues to Micro, Small and Medium Enterprises:

Sundry Creditors include Rs. Nil (Rs. Nil) due to Micro, Small and Medium Enterprises. The information is determined based on the information available with the Company. The list of SSIs to whom the amount outstanding for more than 30 days are as under:

## VXL Instruments Limited

Sl. No. Particulars	31-03-2015	Amounts in INR 31-03-2014
a. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
<b>e Segment Information</b>		
The Company's segment information is as follows:		
<b>Primary/Secondary Segment reporting format</b>		
The risk return profile of the Company's business is determined based on the geographical area in which it operates. Therefore, Geographical Segments have been identified as Primary Segments Secondary Segments have been identified on the basis of the nature of products manufactured by the Company		
<b>Segment assets and liabilities</b>		
Fixed assets used in the Company's business and liabilities contracted have not been identified to any of the reportable segments as the fixed assets and services are used interchangeably between segments		
<b>Primary Segments (Geographical Segments)</b>		Amounts in INR
Description	31-Mar-15	31-Mar-14
Revenue (Sales and Services)		
Domestic	9,36,27,817	9,27,21,044
Oversea	63,87,20,457	77,23,21,725
	<u>73,23,48,274</u>	<u>86,50,42,769</u>
Segment Result		
Domestic	1,16,31,343	13,86,269
Oversea	7,02,13,934	5,08,16,503
	<u>8,18,45,277</u>	<u>5,22,02,772</u>

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Less : Unallocated Expenses		
Overheads	(8,54,85,757)	5,94,10,623
Interest	24,67,205	1,99,30,495
Provision / (Credit ) for taxes	5,07,84,606	3,03,45,644
Profit / (Loss) After Taxation	<u>(5,68,92,291)</u>	<u>6,13,37,256</u>
<b>Secondary Segments (Business Segments)</b>		
Revenue (Sales and Services)		
Data Processing Units	71,31,87,938	83,28,27,789
Service Charges	71,54,766	14,05,461
Spares	<u>1,20,05,570</u>	<u>3,08,09,519</u>
Total	<u>73,23,48,274</u>	<u>86,50,42,769</u>

f **Disclosure of related parties / related party transactions**

a **Parties where control exists**

Name of the Related Party	Nature of Relationship
i. VXL Instruments Limited (UK)	Subsidiary. The Company holds 60% in the nominal value of equity share capital

b **Other related parties with whom transactions were carried out during the year**

Name of the Related Party	Nature of Relationship
Priya Limited	Company in which a Director is interested
Priya International Limited	- do -

c **Key management personnel and their relatives**

Mr. Madireddy V. Nagaraj,	Managing Director
Mr. M.V. Shetty,	Whole-Time Director

d **Disclosure of Related Party Transactions**

Particulars	31-Mar-15	Amounts in INR 31-Mar-14
<b>Sale of Goods</b>		
Priya Limited	73,71,68,991	91,28,37,275
<b>Purchase of Goods</b>		
Priya Limited	46,08,25,426	65,89,97,292
<b>Re-imbursment of Expenses</b>		
Priya Limited	3,46,039	3,65,500
<b>Long Term Borrowings</b>		
Priya International Limited	37,500,000	
<b>Interest paid</b>		
Mr. Madireddy V. Nagaraj,	-	25,000
Mr. M.V. Shetty	-	25,000
Priya International Limited	6,01,644	-
Total	<u>6,01,644</u>	<u>50,000</u>
<b>Remuneration paid</b>		
Mr. Madireddy V. Nagaraj,	32,30,400	29,95,187
Mr. M.V. Shetty	30,96,000	27,40,800
Total	<u>63,26,400</u>	<u>57,35,987</u>

## VXL Instruments Limited

<b>e Balances with related parties</b>		
<b>Non Current Assets - Trade Receivables</b>		
VXL Instruments Limited, UK	4,96,36,260	5,89,13,634
<b>Long Term Borrowings</b>		
Priya International Limited	3,75,00,000	-
<b>Trade Payables</b>		
Priya Limited	8,68,99,355	10,53,62,345
<b>Trade Receivables</b>		
Ksense Technologies Private Limited	-	6,084
Sattva eTech Private Limited	7,11,107	7,11,107
<b>Non current Investments</b>		
VXL Instruments Limited, UK	51,69,261	51,69,261

### g Operating Leases:

The Company has taken various residential / commercial premises under cancelable operating leases. These lease agreements are normally renewed on expiry. The lease agreements provide an option to the Company to renew the lease period at the end of the period. There are no exceptional / restrictive covenants in the lease agreements. Rent debited to profit and loss account Rs.24,03,993/- (Rs. 30,82,970/-). Contingent rent recognized in the Profit and Loss Account Rs. Nil.

Obligations on long-term, non-cancelable operating leases:

Particulars	<b>31-Mar-15</b>	31-Mar-14
Lease rentals recognized during the year	<b>24,03,993</b>	30,82,970
Lease obligations payable:		
within one year of the Balance Sheet date	<b>26,40,000</b>	24,00,000
Due in a period between one year and five years	<b>26,40,000</b>	
Due after five years	<b>Nil</b>	Nil
<b>TOTAL</b>		

h Confirmation of balance under Sundry Debtors, Loans & Advances, deposits and sundry creditors, other current liabilities are obtained. In the opinion of the management Current assets and Loans & Advances would in the ordinary course of business realise the values stated.

### i Value of Imported and Indigenous Consumption during the year (as certified by the management)

<b>Particulars</b>	<b>31-Mar-15</b>		<b>31-Mar-14</b>	
	%	<b>Amounts in INR</b>	%	<b>Amounts in INR</b>
Imported*	68.93	43,29,95,038	92.32	70,98,49,750
Indigenous	31.07	19,51,32,929	7.68	5,90,54,788
Total	<u>100.00</u>	<u>62,81,27,967</u>	<u>100.00</u>	<u>76,89,04,538</u>

\*(Includes imports on high sea sales basis through third party)

### j Value of imports calculated on CIF Basis

Raw materials*	43,71,63,609	65,12,98,793
Capital Goods	30,882	6,80,485

\*(Includes imports on high sea sales basis through third party)

### k Expenditure in Foreign Currency

Travelling Expenses*	1,22,304	10,82,305
Certification .Fees	1,585,898	635,700

\*(Includes imports on high sea sales basis through third party)



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<b>I Earnings in foreign Currency calculated on FOB Basis</b>		
Direct Exports	–	11,222
Deemed Exports through others	<b>53,500</b>	–
Third Party Exports	<b>61,41,85,469</b>	73,79,51,502
<b>m Prior year expenses / (income) debited / (credited) to the Profit &amp; Loss Account</b>		
	<b>Amounts in INR</b>	
Particulars	<b>31-Mar-15</b>	31-Mar-14
Cost of Materials Consumed (Clearing Charges)	–	1,85,003
Repairs & Maintenance Charges	<b>(16,378)</b>	10,260
Rates & Taxes (Fees to STPI)	<b>(51,969)</b>	2,08,500
Loss on sale of assets	<b>155,280</b>	–
Membership and Subscription Charges	<b>10,100</b>	–
Others	<b>(15,420)</b>	–
	<u><b>81,613</b></u>	<u>4,03,763</u>
<b>n Earnings per share (EPS)</b>		
	<b>31-Mar-15</b>	31-Mar-14
Operations for the year		
Net Profit after tax for calculating Basic /Diluted EPS	<b>(5,68,92,291)</b>	6,13,37,256
Weighted average number of shares	<b>1,33,50,000</b>	1,33,50,000
Basic / Diluted EPS in Rupees	<b>(4.26)</b>	4.59
<b>o Effective 1st April 2014, the Company depreciates its fixed assets over the useful life prescribed in Schedule II to the Companies Act 2013 as against the earlier practice of depreciating under the rates prescribed under the Schedule XIV to the Companies Act, 1956. Based on technical evaluation, moulds are depreciated over 3 years which is different from that prescribed in Schedule II of the Act. During the year, the Company has changed the method of depreciation of fixed assets of the Company, from written down value method to straight line method. Consequent to the change, depreciation charge for the year is increased by Rs. 13,86,425/- with consequential effect on reserve. Excess depreciation on account of change in method from written down value method to straight line method of Rs. 74,68,016/- of earlier years is credited to statement of profit &amp; loss account under exceptional items</b>		
<b>p Contingent Liabilities and Commitments (To the extent not provided for)</b>		
<b>Contingent Liabilities</b>		
<b>Guarantees</b>		
Counter Guarantees in respect of guarantees issued by Bankers (Covered by 100% Deposits)	<b>74,72,470</b>	80,79,919
<b>Other money for which Company is contingently liable</b>		
i Employee Provident Fund Contributions under appeal [Net of Rs. 10,69,469/- deposited with the respective authorities ]	<b>3,36,896</b>	3,36,896
ii Central Sales Tax liability under appeal	<b>66,52,351</b>	1,12,61,292
iii Service Tax Liability under dispute on the import of software license sticker labels considered as goods by Customs while importing	<b>10,34,66,834</b>	10,34,66,834
iv Education cess on excise duty	<b>3,26,098</b>	3,26,098
v Disputed Customs Duty	<b>7,70,839</b>	7,70,839

## VXL Instruments Limited

Sl. No. i: The Honourable High Court of Karnataka has directed the Assistant Provident Commissioner to consider the grievance of the Company for reducing the penalty

Sl. No. ii: Sl. No. b: The Company has filed the appeal before the High Court against the order of Karnataka Appellate Tribunal in respect of disallowances. Similarly Govt. of Karnataka has filed appeal vide STA No. 17/2010 and 122-123/2012 dated 13th July, 2012 of High Court of Karnataka against the relief given to the Company.

Sl. No. iii: In respect of Service Tax pending before the Commissioner / CESTAT the Company's Consultants are of the opinion that the Company has good chances of winning the case since Customs is treating the sticker labels as goods while importing and hence no provision has been made for the same.

Sl.No. iv: Commissioner Appeals has given the Order in favour of the Company but the Department has preferred Appeal before CESTAT

Sl. No. v: Commissioner, Customs has given the Order in favour of the Company but the Department has appealed to CESTAT

- q Figures of the previous year have been recast / regrouped / rearranged in conformity with the presentation of the current year. Figures in bracket relates to the previous year.

As per our report of even date.

For Ishwar & Gopal  
Firm Registration No : 001154S  
*Chartered Accountants*

For and on behalf of the Board

**K.V. Gopalakrishnayya**  
*Partner*  
Membership No.: 021748

**Madireddy V. Nagaraj**  
*Managing Director*

**M. V. Shetty**  
*Whole Time Director*

**K. Prakash**  
*Director*

Date : 22nd May 2015  
Place : Bangalore

**Narayana Bhat**  
*CFO & Company Secretary*

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**STATEMENT OF CASH FLOW FOR THE YEAR ENDING 31st MARCH, 2015**

Particulars	Year Ended 31.03.2015 Amount in Rs.	Year Ended 31.03.2014 Amount in Rs.
<b>CASH FLOW FROM OPERATIONS:</b>		
Net Income / (Loss) before current income taxes	-61,07,685	9,16,82,899
Interest received	-8,42,956	-20,85,978
Dividend Received	-7,200	-14,400
Depreciation & Amortisation	-44,35,152	45,27,550
Provision for doubtful debts	8,12,374	-
Prior year adjustment	1,55,280	-
(Profit) / Loss on sale of fixed assets	58,63,256	-19,52,70,399
Interest Expenses	22,40,657	4,29,17,373
(Increase)/decrease in Long term loans & advances	-601,242	41,17,892
(Increase)/decrease in Other non current assets	92,77,374	76,92,894
(Increase)/decrease in Trade Receivables	-17,35,305	44,31,895
(Increase)/decrease in Short term loans & advances	-1,29,64,591	-3,88,738
(Increase)/decrease in other liabilities	-	-6,00,00,000
(Increase)/decrease in Inventories	-1,76,19,984	7,42,84,228
Increase/(decrease) in Long term provisions	-5,62,982	-44,06,717
Increase/(decrease) in trade payables	1,64,00,778	-5,18,21,465
Increase/(decrease) in Other current liabilities	35,77,923	-21,09,869
Increase/(decrease) in Short term provisions	62,745	1,35,709
Current income tax	-96,909	-91,17,358
<b>Net cash from operations</b>	<b>-65,83,618</b>	<b>-9,54,24,484</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	2,65,476	28,09,735
Dividend Received	7,200	4,400
Purchase of Investments	-11,000	-
Sale of Investments	60,000	-
Proceeds from sale of fixed assets	62,197	20,24,98,149
Purchase of fixed assets	-38,63,957	-6,921,309
<b>Net cash from investing activities</b>	<b>-34,80,084</b>	<b>19,84,00,975</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
(Increase)/decrease in Long term Borrowings	3,75,28,389	7,10,848
(Increase)/decrease in Working Capital Borrowings	-1,88,23,698	-73,944,016
(Increase)/decrease in Other Short term Borrowings	-	-400,000
Interest paid	-22,40,657	-42,917,373
<b>Net cash from financing activities</b>	<b>1,64,64,033</b>	<b>-116,550,541</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>64,00,331</b>	<b>-13,574,050</b>
Cash and cash equivalents at the beginning of the year	48,73,833	1,84,47,883
Cash and cash equivalents at the end of the year	1,12,74,164	48,73,833
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>64,00,331</b>	<b>-13,574,050</b>

As per our report of even date.

For Ishwar & Gopal

Firm Registration No : 001154S

Chartered Accountants

**K.V. Gopalakrishnayya**

Partner

Membership No.: 021748

Date : 22nd May 2015

Place : Bangalore

For and on behalf of the Board

**Madireddy V. Nagaraj**

Managing Director

**M. V. Shetty**

Whole Time Director

**K. Prakash**

Director

**Narayana Bhat**

CFO & Company Secretary

**VXL Instruments Limited****ANNEXURE I****PART A**

Name of the Assessee	<b>VXL INSTRUMENTS LIMITED</b>
Address	House of Excellence, No. 17, Electronics City, Bangalore - 100.
Permanent Account Number	AAACV4734D
Status	Domestic Company
Previous Year ended	31st March 2015
Assessment Year	2015-16
Nature of the business	Manufacturing and sale of Thin Clients (Data Processing Units)

**PART B**

<b>Sl. No</b>	<b>Particulars</b>	<b>Current year</b>	<b>Previous year</b>
1	Paid up Share Capital/Capital of Partners/ Proprietors	13,33,53,000	13,33,53,000
2	Share Application Money/Current account of Partners/Proprietor		
3	Reserve & Surplus/Profit & Loss Account	11,20,12,320	16,89,04,610
4	Secured Loans	3,95,50,242	2,08,45,551
5	Unsecured Loan	–	–
6	Current Liabilities and provisions	14,84,50,152	12,89,71,687
7	Total of Balance Sheet	43,33,65,713	45,20,74,848
8	Gross Turnover/Gross Receipt	–	84,31,31,161
9	Gross Profit	–	9,06,98,520
10	Commission Received		
11	Commission Paid	–	–
12	Interest Received	8,42,956	20,85,978
13	Interest Paid	24,67,205	1,99,30,495
14	Depreciation as per books of Accounts	30,32,865	45,27,549
15	Net Profit(loss) before tax as per profit & Loss account	(61,07,685)	9,16,82,899
16	Taxes on income paid/provision for in the books	5,07,84,606	2,95,22,708

**CONSOLIDATED  
ACCOUNT  
STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF VXL INSTRUMENTS LIMITED**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **VXL INSTRUMENTS LIMITED** ("the Holding company"), and its subsidiary incorporated in United Kingdom (hereinafter collectively referred to as "the group") which comprise the consolidated Balance Sheet as at 31 March 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. The Board of directors of the respective Companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error., which have been used for the purpose of preparation of these consolidated financial statements by the Board of Directors of the Company.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2015;
- b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

**Other Matters**

We have relied on the unaudited financial statements of VXL Instruments Limited (UK) a subsidiary whose financial statements reflect total assets of Rs. 27.03 lakhs, total revenue of Rs. 1891.75 Lakhs for the year then ended on 31st March 2015. These unaudited financial statements as approved by the respective Board of Directors of this company has

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been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of this subsidiary is based solely on such approved unaudited financial statements. Since the financial statements compiled by the management of the said Company were not audited, any adjustments to the balances could have consequential effects on the attached Consolidated Financial Statements. Our report is not qualified in respect of other matters.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of consolidated financial statements;
  - b. In our opinion proper books of account as required by law relating to preparation of consolidated financial statements have been kept so far as appears from our examination of the relevant books and reports;
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of consolidated financial statements;
  - d. In our opinion, the consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors of the Holding Company are disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
  - f. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of

our information and according to the explanations given to us :

- i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements under contingent liabilities as at 31st March 2015 (refer note 2 (p) of notes on accounts)
- ii. The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
- iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.

**For Ishwar & Gopal**  
*Chartered Accountants*  
Firm Reg. No. 001154S

**K. V. Gopalakrishnayya**  
*Partner*  
Membership No. 021748

Place : Bangalore  
Date : 22nd May 2015

## VXL Instruments Limited

### ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Annexure referred to in our report to the members of VXL INSTRUMENTS LIMITED for the year ended on March 31, 2015

In respect of a subsidiary company incorporated in United Kingdom which have been included in the consolidated financial statements, the same are based on unaudited financial statements of the entity provided to us by the Management and hence no Report under CARO 2015 is available, and accordingly the possible effects of the same on our reporting under CARO 2015 has not been considered.

1. In respect of fixed assets of the Holding Company
  - a) The Holding Company has maintained records showing full particulars, including quantitative details and the situation of its fixed assets.
  - b) All the assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the holding company and the nature of its business. No material discrepancies were noticed on such verification.
2. In respect of inventories of the Holding company
  - a) Inventories other than those lying with third parties have been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable.
  - b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion the Holding Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book records, where applicable, as noticed on physical verification were not material and have been properly dealt with in the books of account;
3. The Holding Company has not granted any loans to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence clause 3 (iii) (a) and (b) of the Companies Auditor's Report Order, 2015 is not applicable to the Holding Company for the year under review.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Holding company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. The Holding Company has not accepted any deposits and hence the requirement of clause 3 (v) of Companies (Auditor's Report) Order, 2015 is not applicable to the Holding Company during the year under review.
6. We have been informed that maintenance of books of accounts pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for maintenance of Cost records in respect of products of the Holding Company are not applicable to the Holding Company for the year under review and hence the requirement of clause 3 (vi) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
7. a) The Holding Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax and Value Added Tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, the following amounts of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited with the relevant authorities on account of any dispute are detailed under:-



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Name of the Statute	Nature of dues	Related Period	Amount (Rs.)	From where dispute is pending
Central Sales Tax Act, 1956	Sales tax	2001-02 to 2004-05	66,52,351	Honourable High Court of Karnataka.
Finance Act, 1994	Service Tax	2008-09 to 2011-12	10,34,66,834	Central Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Education cess on excise duty	2009-10	3,26,098	Central Excise & Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	2006-07	7,70,839	Central Excise & Service Tax Appellate Tribunal

- c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company in accordance with relevant provisions of the Companies Act, 1956. Hence the provisions of clause 3(vii) (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
8. The accumulated losses of the Holding Company at the end of the financial year are more than fifty percent of its net worth. The Holding Company has incurred cash losses during the financial year but had not incurred cash losses in the preceding financial year.
  9. In our opinion and according to the information and explanations given to us, the Holding Company has not defaulted in repayment of dues to banks and did not have any amount outstanding to financial institutions or debenture holders.
  10. As far as we could ascertain, the Holding Company has not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Holding company.
  11. According to the information and explanations given to us and on an overall examination of the balance sheet of the Holding company, we report that term loans were applied for the purpose for which the loans were obtained.
  12. According to the information and explanations given to us, no material frauds on or by the Holding Company that causes material misstatements to financial statements have been noticed or reported during the year.

**For Ishwar & Gopal**  
Chartered Accountants  
Firm Reg. No. 001154S

Place : Bangalore  
Date : 22nd May 2015

**K. V. Gopalakrishnaya**  
Partner  
Membership No. 021748

**VXL Instruments Limited**
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2015**

Amount in Rs.

Sl. No.	Particulars	Note No.	As at 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14	As at 31-Mar-14
<b>I EQUITY AND LIABILITIES</b>						
<b>1 Shareholders' funds</b>						
	a. Share Capital	3	13,33,53,000		13,33,53,000	
	b. Reserves and Surplus	4	(93,11,441)		1,71,80,744	
				12,40,41,559		15,05,33,744
<b>2 Non-current liabilities</b>						
	a. Long Term borrowings	5	3,86,48,448		12,36,863	
	b. Long term provisions	6	73,70,900		79,58,882	
				4,60,19,348		91,95,744
<b>3 Current Liabilities</b>						
	a. Short term borrowings	7	—		1,88,23,698	
	b. Trade payables	8	18,52,58,981		19,16,03,176	
	c. Other Current liabilities	9	2,35,88,422		2,34,33,334	
	d. Short term provisions	10	23,55,504		22,92,760	
				21,12,02,907		23,61,52,969
	<b>TOTAL</b>			<b>38,12,63,814</b>		<b>39,58,82,457</b>
<b>II ASSETS</b>						
<b>1 Non-current assets</b>						
	a. Fixed Assets	11				
	i. Tangible Assets	a	17,06,51,535		16,87,50,541	
	ii. Intangible Assets	b	2,63,888		—	
				17,09,15,423		16,87,50,541
	b. Non-current investments	12	11,000		60,000	
	c. Deferred tax assets (net)	13	—		5,07,84,606	
	d. Long term loans & advances	14	76,06,002		78,17,134	
	e. Other non current assets	15	—		—	
				76,17,002		5,86,61,741
<b>2 Current Assets</b>						
	a. Inventories	16	15,53,10,519		13,76,90,534	
	b. Trade receivables	17	43,02,985		25,67,677	
	c. Cash & Cash equivalents	18	1,38,55,126		1,25,88,187	
	d. Short term loans & advances	19	2,86,79,334		1,56,17,834	
	e. Other Current assets	20	5,83,425		5,945	
				20,27,31,389		16,84,70,176
	<b>TOTAL</b>			<b>38,12,63,814</b>		<b>39,58,82,457</b>

Summary of Significant Accounting Policies - Note No. 1

The accompanying notes are an integral part of the Financial Statements - Note No. 2

As per our report of even date.

For Ishwar &amp; Gopal

Firm Registration No : 001154S

Chartered Accountants

**K.V. Gopalakrishnayya**

Partner

Membership No.: 021748

Date : 22nd May 2015

Place : Bangalore

For and on behalf of the Board

**Madireddy V. Nagaraj**

Managing Director

**M. V. Shetty**

Whole Time Director

**K. Prakash**

Director

**Narayana Bhat**

CFO &amp; Company Secretary

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount in Rs.	Number	Amount in Rs.
<b>3. SHARE CAPITAL</b>				
<b>Authorised</b>				
a Equity Shares	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
<b>b Issued</b>				
Equity Shares	1,33,50,000	13,33,53,000	1,33,50,000	13,33,53,000
<b>Subscribed and paid fully</b>				
Equity Shares	1,33,22,500	13,32,25,000	1,33,22,500	13,32,25,000
<b>Subscribed but not paid fully</b>				
Equity Shares	27,500	1,28,000	27,500	1,28,000
<b>Total</b>	<b>1,33,50,000</b>	<b>13,33,53,000</b>	<b>1,33,50,000</b>	<b>13,33,53,000</b>

c. Par value Rs. 10 per equity share

d. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount in Rs.	Number	Amount in Rs.
Equity Shares				
Outstanding at the beginning of the period	1,33,50,000	13,33,53,000	1,33,50,000	13,33,53,000
Outstanding at the end of the period	1,33,50,000	13,33,53,000	1,33,50,000	13,33,53,000

e. Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

During the year, the Company has not declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

f. Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held.

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	No. of shares held	% of holding	No. of shares held	% of holding
Tefuli Ltd	19,50,000	14.61	19,50,000	14.61
Tintur Investments Ltd	19,25,000	14.42	19,25,000	14.42
Breezetop Investments Ltd	19,25,000	14.42	19,25,000	14.42
Daymount Ltd	17,85,000	13.37	17,85,000	13.37
Priya Ltd	9,00,000	6.74	9,00,000	6.74

**VXL Instruments Limited**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
g. Calls unpaid (showing aggregate value of calls)		
- Unpaid by Others	1,47,000	1,47,000
<b>4. RESERVES &amp; SURPLUS</b>		
<b>a. Capital Reserve</b>		
Balance as per last financial statement	20,53,645	20,53,645
<b>b. Securities Premium Account</b>		
Balance as per last financial statement	13,72,88,827	13,72,88,827
<b>c. Revaluation Reserve</b>		
Balance as per last financial statement	15,12,20,744	25,76,17,114
Additions / (Withdrawal) on sale	-	(10,63,96,370)
	<u>15,12,20,744</u>	<u>15,12,20,744</u>
<b>d. Other Reserves</b>		
<b>i Foreign Currency Translation Reserve</b>		
Balance as per last balance sheet	1,41,17,232	2,20,73,141
Add / (Less): Effect of foreign exchange rate variations during the year	1,87,59,566	(79,55,909)
	<u>3,28,76,798</u>	<u>1,41,17,232</u>
<b>ii General Reserve</b>		
Balance as per last financial statement	25,99,897	25,99,897
<b>iii Deferred Tax Reserve</b>		
Balance as per last financial statement	-	36,05,947
Less : Withdrawn during the year	-	(36,05,947)
	<u>-</u>	<u>-</u>
<b>e. Surplus / (Deficit) in Statement of Profit &amp; Loss Account</b>		
Balance as per last financial statement	(29,00,99,601)	(35,08,44,838)
Profit for the year	(4,52,51,751)	6,07,45,237
Net surplus / (Deficit) in statement of Profit & Loss Account	<u>(33,53,51,352)</u>	<u>(29,00,99,601)</u>
<b>Total Reserves &amp; Surplus</b>	<u>(9,311,441)</u>	<u>1,71,80,744</u>
<b>5. LONG TERM BORROWINGS</b>		
<b>a Term Loans</b>		
- From Banks - Secured *	20,50,242	20,21,853
<b>b Loans and Advances from Related parties - Unsecured **</b>	<u>3,75,00,000</u>	<u>-</u>
Total Long term borrowings	<u>3,95,50,242</u>	<u>20,21,853</u>
Less: Instalments of term loan payable within a year	9,01,794	7,84,990
<b>Total Long term borrowings</b>	<u>3,86,48,448</u>	<u>12,36,863</u>

\* Term loan from banks is secured by hypothecation of vehicles. The loan is repayable in 36 equated monthly instalments of Rs.43,684/- each and 60 equated monthly instalments of Rs. 49,082/- each.

\*\*Loans and advances from related parties are repayable after 10 years

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>6. LONG TERM PROVISIONS</b>		
<b>a Provision for employee benefits</b>		
i Gratuity	46,00,337	39,10,431
ii Leave Benefits	27,70,563	24,73,451
<b>b Others</b>	-	15,75,000
	<u>73,70,900</u>	<u>79,58,882</u>
<b>7. SHORT TERM BORROWINGS</b>		
<b>a. Loans repayable on demand</b>		
from Banks - Working Capital Borrowings *	-	1,88,23,698
	<u>-</u>	<u>1,88,23,698</u>
* Working capital borrowings during the previous year from a bank is secured by hypothecation of stocks and trade receivable and other current assets, collateral security of land, building, plant & machinery and personal guarantee of some of the directors.		
<b>8. TRADE PAYABLES</b>		
Due to Micro, Small and Medium Enterprises	-	-
Due to other than Micro, Small and Medium Enterprises	18,52,58,981	19,16,03,176
	<u>18,52,58,981</u>	<u>19,16,03,176</u>
<b>9. OTHER CURRENT LIABILITIES</b>		
<b>a Current maturities of long term debts</b>		
Current maturities of term loan due to a bank	9,01,794	7,84,990
<b>b Other payables</b>		
i Advances from Customers	-	65,476
ii Book Overdraft	34,83,340	-
iii Due to a Director	58,600	25,000
iv Liabilities for expenses	1,91,44,688	2,25,57,868
<b>Total</b>	<u>2,35,88,422</u>	<u>2,34,33,334</u>
<b>10. SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
i Gratuity	15,70,004	17,10,774
ii Leave Benefits	7,85,500	5,81,986
<b>Total</b>	<u>23,55,504</u>	<u>22,92,760</u>

**VXL Instruments Limited**

**NOTES TO THE CONSOLIDATED**

**11. FIXED ASSETS**

Particulars	GROSS BLOCK					
	As at 01.04.2014	Adjustments	Additions/ Reversals	Disposals/ Reversals	Exchange Fluctuation Adjustment	As at 31.03.2015
a. COST OR VALUATION						
TANGIBLE ASSETS						
Land	15,46,21,200	-	-	-	-	15,46,21,200
Buildings	1,40,24,602	-	-	(1,55,280)	-	1,38,69,322
Plant & Equipment	1,04,86,171	12,420	-	(76,57,796)	-	28,40,795
Office Equipment	2,12,50,840	(48,69,360)	11,28,449	(26,65,526)	(8,93,496)	1,39,50,907
Furniture & Fixture	32,02,542	1,24,351	1,20,537	(12,74,902)	-	21,72,528
Vehicles	60,70,525	-	11,68,484	(22,68,195)	-	49,70,814
Computer	-	47,32,589	11,23,051	(26,18,621)	-	32,37,019
Sub Total	<b>20,96,55,880</b>	<b>-</b>	<b>35,40,521</b>	<b>(1,66,40,320)</b>	<b>(8,93,496)</b>	<b>19,56,62,585</b>
INTANGIBLE ASSETS						
Software Rights	13,71,544	-	3,23,436	-	(97,680)	15,97,300
<b>Sub-Total</b>	<b>13,71,544</b>	<b>-</b>	<b>3,23,436</b>	<b>-</b>	<b>(97,680)</b>	<b>15,97,300</b>
<b>Total</b>	<b>21,10,27,424</b>	<b>-</b>	<b>38,63,957</b>	<b>(1,66,40,320)</b>	<b>(9,91,176)</b>	<b>19,72,59,885</b>
Previous year	30,88,16,295	-	69,21,309	(10,71,51,513)	24,41,333	21,10,27,423
<b>Assets held for sale</b>	Gross Block as at 01.04.2014	Adjustments	Additions	Reversals	Exchange Fluctuation Adjustment	As at 31.03.2015
Land	-	-	-	-	-	-
Building	-	-	-	-	-	-
Total	-	-	-	-	-	-
Previous year	11,65,67,749	-	-	(11,65,67,749)	-	-

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**FINANCIAL STATEMENTS**

(in Rupees)

DEPRECIATION					NET BLOCK		
As at 01.04.2014	Adjustments	Charge for the year/ amortisation	Reversals	Exchange Fluctuation Adjustment	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
-	-	-	-	-	-	15,46,21,200	15,46,21,200
1,06,95,191	-	4,36,197	(27,03,721)	-	84,27,667	54,41,655	33,29,411
72,14,256	-	1,85,432	(68,09,887)	-	5,89,801	22,50,994	32,71,915
1,70,42,979	(24,07,714)	5,05,569	(21,40,118)	(8,83,203)	1,21,17,512	18,33,395	42,07,861
16,69,120	53,068	1,65,037	(11,04,811)	-	7,82,414	13,90,114	15,33,422
42,83,794	-	6,86,968	(32,93,315)	-	16,77,446	32,93,368	17,86,731
-	23,54,646	10,37,315	(19,75,752)	-	14,16,209	18,20,810	-
<b>4,09,05,339</b>	<b>-</b>	<b>30,16,517</b>	<b>(1,80,27,604)</b>	<b>(8,83,203)</b>	<b>2,50,11,050</b>	<b>17,06,51,535</b>	<b>16,87,50,541</b>
13,71,544	-	59,548	-	(97,680)	13,33,411	2,63,888	-
<b>13,71,544</b>	<b>-</b>	<b>59,548</b>	<b>-</b>	<b>(97,680)</b>	<b>13,33,411</b>	<b>2,63,888</b>	<b>-</b>
<b>4,22,76,883</b>	<b>-</b>	<b>30,76,065</b>	<b>(1,80,27,604)</b>	<b>(9,80,883)</b>	<b>2,63,44,461</b>	<b>17,09,15,423</b>	<b>16,87,50,541</b>
13,87,53,239	-	43,10,848	(10,32,51,974)	24,64,771	4,22,76,883	16,87,50,540	
As at 01.04.2014	Adjustments	Addition	Reversals	Exchange Fluctuation Adjustment	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65,67,749	-	2,75,419	(68,43,168)	-	-	-	-

**VXL Instruments Limited**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>12. NON CURRENT INVESTMENTS</b>		
Investment in equity instruments		
Nil (2400) equity shares of The Shamrao Vithal Co-operative Bank Limited of par value Rs. 25 each, fully paid up	-	60,000
1100(Nil) equity shares of ELCIA ESDN Private Limited of par value of Rs. 10, fully paid up	<b>11,000</b>	-
<b>Total</b>	<b>11,000</b>	<b>60,000</b>
Basis of valuation : Investments are stated at cost.		
Aggregate amount of quoted investments and market value thereof	<b>Nil</b>	Nil
Aggregate amount of unquoted investments	<b>11,000</b>	60,000
Aggregate provision for dimunition in value of investments	<b>Nil</b>	Nil
<b>13. DEFERRED TAX ASSETS / (LIABILITIES)</b>		
On account of		
Carry forward losses	-	4,26,60,338
Temporary disallowances under Income Tax	-	33,50,287
Depreciation	-	47,73,981
	-	<b>5,07,84,606</b>
<b>14. LONG TERM LOANS AND ADVANCES</b>		
<b>a Capital Advances</b>	-	3,28,362
<b>b Security Deposits</b>		
I Considered Good	<b>38,88,913</b>	37,78,439
<b>c Other Loans &amp; Advances [Unsecured]</b>		
<b>i Considered Good</b>		
- Advance to Suppliers	<b>11,66,000</b>	24,53,000
- Payments to statutory authorities	<b>25,51,089</b>	12,57,333
<b>ii Considered Doubtful</b>		
-Employee Advances	<b>72,990</b>	-
Less : Provision for Doubtful Advances	<b>72,990</b>	-
<b>Total</b>	<b>76,06,002</b>	<b>78,17,134</b>
<b>15. OTHER NON CURRENT ASSETS</b>		
Long term trade receivables (including trade receivables on deferred credit terms)		
a Unsecured, Considered Doubtful	<b>8,21,956</b>	82,572
Less : Provision for doubtful debts	<b>8,21,956</b>	82,572
<b>Total</b>	<b>-</b>	<b>-</b>



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>16. INVENTORIES</b>		
Raw Materials	14,02,05,496	12,41,05,012
Raw Materials in Transit	11,96,998	15,40,505
Finished Goods	1,39,08,025	1,20,45,017
<b>Total</b>	<b>15,53,10,519</b>	<b>13,76,90,534</b>
<b>17. TRADE RECEIVABLES</b>		
[ Unsecured, Considered Good ]		
Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment		
	18,31,078	25,02,058
Others	24,71,907	65,619
	<u>43,02,985</u>	<u>25,67,677</u>
<b>18. CASH AND CASH EQUIVALENTS</b>		
<b>a Balance with banks</b>		
i on Current Account	43,58,349	82,59,666
ii on Deposit Account	94,07,588	27,55,093
iii on Exchange Earners Foreign Currency Account	20,946	38,594
<b>b Cash on Hand</b>	<u>68,243</u>	<u>15,34,833</u>
	<u>1,38,55,126</u>	<u>1,25,88,187</u>
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
<b>Other Loans &amp; Advances</b>		
<b>[Considered Good]</b>		
i Advance Income Tax (net of provision for taxation)	56,02,926	55,06,017
ii Mat Credit Entitlement	33,98,062	33,98,062
iii Prepaid Expenses	4,48,266	12,39,266
iv Advance to Suppliers	6,07,621	18,49,442
v Balance with statutory / Government authorities	1,85,80,274	35,03,533
vi Employee Advances	42,185	1,21,515
Total	<u>2,86,79,334</u>	<u>1,56,17,834</u>
<b>20. OTHER CURRENT ASSETS</b>		
Interest accrued but not due on deposits	5,83,425	5,945
	<u>5,83,425</u>	<u>5,945</u>

**VXL Instruments Limited**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015**

Particulars	Note No.	Figures for the	Figures for the
		current reporting period	previous reporting period
		31-Mar-15	31-Mar-14
I Revenue from operations	22	<b>92,15,23,700</b>	109,40,10,240
II Other Income	23	<b>57,07,767</b>	24,09,580
III <b>Total Revenue (I + II)</b>		<b>92,72,31,467</b>	109,64,19,820
IV Expenses:			
Cost of materials consumed	24	<b>64,21,46,902</b>	78,40,14,611
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	25	<b>(18,63,008)</b>	83,51,716
Employee benefits expense	26	<b>9,56,77,656</b>	11,30,16,227
Financial costs	27	<b>25,37,138</b>	1,99,83,305
Depreciation and amortization expense	28	<b>30,76,064</b>	45,86,267
Other expenses	29	<b>18,17,28,620</b>	24,76,60,334
<b>Total Expenses</b>		<b>92,33,03,372</b>	117,76,12,461
V Profit / (Loss) before exceptional and extraordinary items and tax (III - IV)		<b>39,28,095</b>	(81,192,640)
VI Exceptional Items	30	<b>16,04,761</b>	17,22,83,521
VII Profit before tax (V - VI)		<b>55,32,856</b>	9,10,90,881
VIII Tax expense:			
(1) Current tax		–	42,20,997
Less: MAT Credit		–	(33,98,062)
(2) Deferred tax			
Deferred Tax expense		<b>5,07,84,606</b>	3,31,28,655
Less: Deferred Tax Reserve Withdrawn		–	(36,05,947)
		<b>5,07,84,606</b>	2,95,22,708
		<b>5,07,84,606</b>	3,03,45,644
IX Profit/(Loss) for the period (VII - VIII)		<b>(45,251,751)</b>	6,07,45,237
VIII Earning per equity share:			
Basic & Diluted		<b>(3.39)</b>	4.55

Summary of Significant Accounting Policies- Note No. 1

The accompanying notes are an integral part of the Financial Statements- Note No. 2

As per our report of even date.  
For Ishwar & Gopal  
Firm Registration No : 001154S  
Chartered Accountants

For and on behalf of the Board

**K.V. Gopalakrishnayya**  
Partner  
Membership No.: 021748  
Date : 22nd May 2015  
Place : Bangalore

**Madireddy V. Nagaraj**  
Managing Director

**M. V. Shetty**  
Whole Time Director

**K. Prakash**  
Director

**Narayana Bhat**  
CFO & Company Secretary

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>22. REVENUE FROM OPERATIONS</b>		
Sale of Products	92,42,52,372	1,10,51,63,150
Sale of Services	71,54,766	14,05,461
Revenue from operations (Gross)	93,14,07,138	1,10,65,68,611
Less: Excise Duty	98,83,438	1,25,58,371
Revenue from operations (Net)	92,15,23,700	1,09,40,10,240
<b>Details of Products Sold</b>		
Finished Goods Sold		
Data Processing Units	92,42,52,372	1,10,51,63,150
	92,42,52,372	1,10,51,63,150
<b>Details of Services Rendered</b>		
AMC / Repair Services	71,54,766	14,05,461
	71,54,766	14,05,461
<b>23. OTHER INCOME</b>		
a Interest Income on Bank Deposits	8,31,335	19,27,391
b Interest Income on Others	11,621	1,58,587
c Dividend Income on Long Term Investments	7,200	14,400
d Net gain / (loss) on foreign currency transaction and translation	34,69,250	-
e Other non-operating income (net of expenses)		
i Refund from Statutory Authorities	13,88,250	-
ii Provision for bad debts Withdrawn	-	19,439
iii Others	112	2,89,763
	57,07,767	24,09,580
<b>24. Cost of materials consumed</b>		
Cost of raw materials consumed	64,13,64,979	78,22,29,981
Packing Materials	7,81,923	17,84,630
	64,21,46,902	78,40,14,611
<b>Raw Material Consumption</b>		
a. Electronic Components	39,18,77,539	48,57,34,643
b. Mechanical Items	4,23,21,179	11,93,85,769
c. Electronic Assembly	2,86,22,804	4,35,71,818
d. Software License Sticker Labels	13,32,68,161	4,12,11,148
e. Others	4,52,75,296	9,23,26,603
	64,13,64,979	78,22,29,981

**VXL Instruments Limited****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>25. Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Inventories at the end of the year		
a Finished Goods	<u>1,39,08,025</u>	<u>1,20,45,017</u>
	<u>1,39,08,025</u>	<u>1,20,45,017</u>
Inventories at the end of the year		
a Finished Goods	<u>1,20,45,017</u>	<u>2,03,96,733</u>
	<u>1,20,45,017</u>	<u>2,03,96,733</u>
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	<b>(18,63,008)</b>	83,51,716
<b>26. Employee Benefit Expenses</b>		
Salaries and Wages	<b>8,77,69,402</b>	10,47,17,189
Contribution to provident & Other Funds	<b>68,58,426</b>	71,77,821
Staff Welfare expenses	<b>10,49,827</b>	11,21,217
	<u>9,56,77,656</u>	<u>11,30,16,227</u>
<b>27. Financial Costs</b>		
Interest Expense *	<b>22,40,657</b>	1,31,68,987
Other Borrowing Costs	<u>2,96,481</u>	<u>68,14,318</u>
	<u>25,37,138</u>	<u>1,99,83,305</u>
* includes interest paid on deposit to Managing Director and Whole time Director Rs. Nil (Rs. 50,000)		
<b>28. Depreciation and amortisation expenses</b>		
Depreciation of tangible assets	<b>30,16,517</b>	45,86,267
Amortisation of intangible assets	<b>59,548</b>	-
	<u>30,76,064</u>	<u>45,86,267</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	As at 31.03.2015 Amount in Rs.	As at 31.03.2014 Amount in Rs.
<b>29. Other Expenses</b>		
Consumption of Stores & Spare parts	5,67,407	4,64,065
Power and Fuel	12,33,215	13,94,593
Rent	58,37,486	62,80,144
Repairs to Buildings	97,368	88,510
Repairs to Machinery	-	4,81,081
Repairs to Others	11,26,629	19,56,339
Insurance	12,60,972	16,73,990
Rates & Taxes, excluding taxes on income	6,54,102	70,58,825
Remuneration to Auditors	4,28,396	4,63,618
Consultancy/Certification Charges	1,66,92,674	1,72,92,933
Freight & Forwarding	2,42,24,003	3,47,80,766
Provision for Doubtful receivables / advances	8,12,374	-
Bad receivables / Advances written off	14,227	3,50,22,751
Less: Provision for doubtful advances withdrawn	-	3,50,22,751
Travelling and Conveyance	85,15,769	1,06,98,282
Communication expenses	33,80,942	45,92,256
Directors' Sitting Fees	1,62,000	1,56,000
Miscellaneous	70,56,397	1,01,02,980
Advertisement / Sales Promotion / Brokerage / Post sales support / Entertainment	10,95,83,047	14,66,28,186
Prior year expenses	81,613	4,03,763
Net gain / (loss) on foreign currency transaction and translation	-	31,44,003
	<u>18,17,28,620</u>	<u>24,76,60,334</u>
Remuneration to Auditor		
As auditor		
Audit fees	2,90,000	2,90,000
Tax Audit fees	75,000	75,000
VAT audit fees	10,000	10,000
Certification	35,000	44,000
Reimbursement of expenses	18,396	44,618
	<u>4,28,396</u>	<u>4,63,618</u>
<b>30. Exceptional Items (refer note 2 (o))</b>		
Interest to Banks	-	(2,29,86,878)
Depreciation withdrawn	74,68,016	-
Profit / (Loss) on sale / discard of assets	(58,63,256)	19,52,70,399
	<u>16,04,761</u>	<u>17,22,83,521</u>

## VXL Instruments Limited

### CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 1 Corporate Information

VXL Instruments Limited is a Public Limited Company listed in Mumbai Stock exchange. The Company is engaged in the business of manufacture and sale of data processing units

#### 1.1 Significant Accounting Policies

##### i) Basis of preparation

The financial statements of the Holding Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention under accrual basis except for land which is carried at re-valued amounts. Indian GAAP comprises of mandatory accounting standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI). The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year except for depreciation which has been computed under Straight Line Method (SLM) instead of Written Down Value Method (WDV).

The financial statements of the foreign subsidiary are prepared in compliance with the local laws and applicable accounting standards under historical cost convention.

##### ii) Uses of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Holding Company make estimates and assumptions that affect the reported amounts of income and expenses for the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the Balance Sheet. Differences, if any, between the actual results and estimates is recognized in the period in which the results are known.

##### iii) Revenue Recognition

In respect of the Holding Company, revenue from sale of goods and rendering of services is recognized when risk and reward of ownership have been transferred to the customer. Revenue from sales is net of returns and discounts. Revenue from support and other services arising is recognized as the related services are performed.

Dividend income is accounted for when the right to receive is established. Interest Income is recognized on a time proportionate basis taking into account the amount outstanding and the rate applicable.

##### iv) Provisions, Contingent Liabilities and Contingent Assets

In respect of the Holding Company, Provisions involving substantial degree of estimation in measurements are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes to the Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

##### v) Post-sales client support and warranties

Warranties are recognised as and when claims are lodged by customers, to the extent agreed to by the Holding Company.

##### vi) Tangible assets and capital work-in-progress

In respect of the Holding Company, tangible assets are stated in the accounts at historical cost together with all costs directly attributable to their acquisition less accumulated depreciation and impairment if any. Land has been stated at re-valued cost.

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

##### vii) Intangible assets

In respect of the Holding Company Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment if any. Revenue expenditure on product development is treated as an Intangible asset, grouped under fixed assets and amortized over the estimated period of life. An intangible asset is derecognised (eliminated from the balance sheet) on disposal or when no future economic benefits are expected from its use and subsequent disposal.

##### viii) Depreciation and Amortisation

Effective 1st April 2014, the Holding Company depreciates its fixed assets over the useful life prescribed in Schedule II to the Companies Act 2013 as against the earlier practice of depreciating under the rates prescribed under the Schedule XIV to the Companies Act, 1956. Based on technical evaluation, moulds are depreciated over 3 years which is different from that prescribed in Schedule II of the Act. Assets

purchased / installed during the year costing below Rs. 5000/- are fully depreciated during the year. Depreciation for fixed assets purchased / sold during the period is proportionately charged.

Intangible assets are amortised over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the Holding Company for its use.

In case of the foreign subsidiary, depreciation is computed in accordance with the applicable local laws, where the Company depreciates the assets at the rate of 25% under written down value method.

**ix) Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment of the carrying amount of Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value, based on appropriate discounting factor. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation as if there was no impairment.

**x) Retirement benefits to employees**

**Post employment benefit plans:**

In respect of the Holding Company, contributions to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

**Short term Employee Benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

Employee benefits of the subsidiary Company are accounted as per local laws.

**xi) Foreign Currency Transactions**

In respect of the Holding Company, foreign currency transactions during the year, the same have been accounted at the exchange rate prevailing as on the date of transaction. In respect of current assets and current liabilities at the close of the accounting year, gains/losses arising out of translations at year end exchange rates are dealt with in the Profit & Loss Account.

Financial statements of foreign subsidiary are classified as non integral foreign operations and are incorporated in the financial statements using the following procedures for translation.

- a. the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation is translated at the closing rate;
- b. income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions using the average rate for the year; and
- c. all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

**xii) Income Taxes**

In respect of the Holding Company, provision for Current Income Tax is made in the books of account based on taxable income computed as per the provisions of the Income Tax Act, 1961.

Deferred tax is recognised in respect of timing differences on account of differences between accounting income and taxable income arising in one period and capable of adjustment in subsequent

## VXL Instruments Limited

period(s). In respect of deferred tax asset, the same is recognised in the books of account if there is certainty of availability of future taxable income against which the same can be set off. This asset will be reviewed at each balance sheet date to verify adjustment thereof.

**xiii) Earnings per share**

The earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax. The number of shares used in computing the basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any, which would have been issued on the conversion of dilutive potential equity shares.

**xiv) Investments**

In respect of the Holding Company, non current investments are valued at cost less provision, if any, for permanent diminution in value. Current investments are valued at lower of cost and net realisable value.

**xv) Inventories**

In respect of the Holding Company, inventories are valued at lower of cost and estimated net realisable value. Cost is determined on FIFO basis. Provision has been made in the accounts for damaged, obsolete and slow moving items.

**xvi) Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash and cash on deposit with banks.

**xvii) Cash Flow Statement**

Cash Flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

**xviii) Leases**

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the profit and loss account on a straight-line basis.

**xix) Borrowing Costs**

In respect of the Holding Company, borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such asset. A qualifying asset is one that takes substantial period of time to get ready for intended use or sale. All other Borrowing Costs are charged to revenue.

**xx) Segment Reporting**

Revenue, operating results, assets and liabilities has been identified to represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, liabilities, revenue and expenses which are not allocable to separate segment on a reasonable basis, are include under "Un-allocated".

2. Notes on accounts forming part of financial statements.

**a Principles of Consolidation**

- i. The Consolidated Financial Statements comprise the financial statements of the Holding Company and the subsidiary drawn upto the same reporting date, i.e. 31st March, 2015
- ii. The said consolidated statements have been combined on a line by line basis by adding together the book values of assets, liabilities, income and expenditure after eliminating intra-group balances and transactions and any unrealised profit/loss included therein.
- iii. The consolidated Financial Statements have been prepared using uniform accounting policies, to the extent possible, similar to that of the Company's separate financial statements
- iv. The losses applicable to the minority share holding have been adjusted to the extent of their equity holdings.
- v. Companies included in consolidation:

Name of the Subsidiary	Country of Incorporation	Percentage of ownership
1. VXL Instruments Limited (UK)	United Kingdom	60%



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### b. Leave Salary:

The Holding Company has made provision for leave salary on estimated basis. These being retirement benefits, an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations. The provision is made based on actuarial valuation.

Particulars	As at 31.03.15	As at 31.03.14
	Rs.	Rs.
Nature of obligation	<b>Leave Salary</b>	Leave Salary
The carrying amount at the beginning of the period	<b>30,55,436</b>	29,34,533
Additional provisions made during the year	<b>9,39,891</b>	5,23,353
Amounts incurred and charged against the provision during the period	<b>(4,39,264)</b>	(2,81,547)
Unused amounts reversed during the period	-	(1,20,903)
The carrying amount at the end of the period	<b>35,56,063</b>	30,55,436

### c Retirement Benefit Plans

#### 1 Defined contribution plans

The Holding Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Holding Company recognised Rs. 22,08,149/- (Rs. 21,45,585/-) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### 2 Defined benefit plans

The Holding Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme Master Policy of the Life Insurance Corporation of India, a defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management

## VXL Instruments Limited

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31.03.2015.

Particulars	As at 31.03.2015	Amount in Rs.
		As at 31.03.2014
1 Change in benefit obligation		
Projected Obligation at the beginning of the year	<b>62,42,768</b>	57,06,130
Interest Cost	<b>4,93,736</b>	4,19,035
Current Service Cost	<b>4,40,004</b>	4,77,517
Benefits Paid	<b>(79,769)</b>	(4,10,539)
Actuarial (Gain) / Loss	<b>2,81,519</b>	50,625
Projected Obligation at the end of the year	<b>73,78,258</b>	62,42,76
2 Change in Plan Assets		
Fair Value of the Plan Assets at the beginning of the year	<b>6,21,563</b>	6,60,680
Expected Return on Plan Assets		<b>71,655</b>
11,273		
Employer's Contributions	<b>5,64,353</b>	3,07,597
Benefit Paid	<b>(79,769)</b>	(4,10,539)
Actuarial (Gain) / Loss	<b>30,115</b>	52,552
Fair Value of the Plan Assets at the end of the year	<b>12,07,917</b>	6,21,563
Excess of (Obligations over Plan Assets) / Plan Assets Over Obligation	<b>(61,70,341)</b>	(56,21,205)
3 Net Gratuity & Other Costs at the end of the year		
Service Cost	<b>4,40,004</b>	4,77,517
Interest on defined benefit obligation	<b>4,93,736</b>	4,19,035
Expected Return on Plan Assets	<b>(71,655)</b>	(11,273)
Net Actuarial Gain recognized in the year	<b>2,51,404</b>	(1,927)
Adjustment related to prior year	<b>-</b>	-
Net Gratuity Costs for the year	<b>11,13,489</b>	8,83,352
4 Category of assets		
Insurer Managed Fund	<b>12,07,917</b>	6,21,563
5 Assumptions		
Discount Rate	<b>8.95%</b>	8.95%
Salary Escalation Rate	<b>7.50%</b>	7.50%
Expected Return on Plan Assets Rate	<b>7%</b>	7%
d <b>Dues to Micro, Small and Medium Enterprises:</b>		
Sundry Creditors include Rs. Nil (Rs. Nil) due to Micro, Small and Medium Enterprises. The information is determined based on the information available with the Company. The list of SSIs to whom the amount outstanding for more than 30 days are as under:		

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Sl. No. Particulars	31-03-2015	Amount in Rs. 31-03-2014
a. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;	<b>Nil</b>	Nil
b. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	<b>Nil</b>	Nil
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	<b>Nil</b>	Nil
d. The amount of interest accrued and remaining unpaid at the end of each accounting year; an	<b>Nil</b>	Nil
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	<b>Nil</b>	Nil
<b>e Segment Information</b>		
The Company's segment information is as follows:		
<b>Primary/Secondary Segment reporting format</b>		
The risk return profile of the Company's business is determined based on the geographical area in which it operates. Therefore, Geographical Segments have been identified as Primary Segments Secondary Segments have been identified on the basis of the nature of products manufactured by the Company.		
<b>Segment assets and liabilities</b>		
Fixed assets used in the Company's business and liabilities contracted have not been identified to any of the reportable segments as the fixed assets and services are used interchangeably between segments		
Description	<b>31-Mar-15</b>	Amount in Rs. 31-Mar-14
Revenue (Sales and Services)		
Domestic	<b>9,36,27,817</b>	9,27,21,044
Overseas	<b>82,78,95,883</b>	1,00,12,89,196
	<b>92,15,23,700</b>	1,09,40,10,240
Segment Result		
Domestic	<b>1,56,27,611</b>	77,75,793
Overseas	<b>24,69,06,528</b>	26,46,73,901
	<b>26,25,34,139</b>	27,24,49,694
Less : Unallocated Expenses		
Overheads	<b>25,44,64,145</b>	16,13,75,508
Interest	<b>25,37,138</b>	1,99,83,305
Provision / (Credit ) for taxes	<b>5,07,84,606</b>	3,03,45,644
Profit / (Loss) After Taxation	<b>(4,52,51,751)</b>	6,07,45,237

## VXL Instruments Limited

Description	Amount in Rs.	
	31-Mar-15	31-Mar-14
<b>Secondary Segments (Business Segments)</b>		
Revenue (Sales and Services)		
Data Processing Units	90,23,63,364	10,61,795,260
Service Charges	71,54,766	14,05,461
Spares	1,20,05,570	3,08,09,519
Total	92,15,23,700	1,09,40,10,240
<b>f. Disclosure of related parties / related party transactions:</b>		
a. Parties where control exists		
<b>Name of the Related Party</b>	<b>Nature of Relationship</b>	
-	-	
b. Other related parties with whom transactions were carried out during the year		
<b>Name of the Related Party</b>	<b>Nature of Relationship</b>	
	Company in which a Director is interested	
Priya Limited	- do -	
Priya International Limited	- do -	
c. Key management personnel and their relatives		
Mr. Madireddy V. Nagaraj,	Managing Director	
Mr. M.V. Shetty,	Whole-Time Director	
Mr. Dipak S Rao	Director of a subsidiary	
d. Disclosure of Related Party Transactions		
Particulars	31-Mar-15	Amounts in INR 31-Mar-14
<b>Sale of Goods</b>		
Priya Limited	73,71,68,991	91,28,37,275
<b>Purchase of Goods</b>		
Priya Limited	46,08,25,426	65,89,97,292
<b>Re-imbursment of Expenses</b>		
Priya Limited	346,039	3,65,500
<b>Long Term Borrowings</b>		
Priya International Limited	3,75,00,000	-
<b>Interest paid</b>		
Mr. Madireddy V. Nagaraj,	-	25,000
Mr. M.V. Shetty	-	25,000
Priya International Limited	6,01,644	-
Total	6,01,644	50,000
<b>Remuneration paid</b>		
Mr. Madireddy V. Nagaraj,	32,30,400	29,95,187
Mr. M.V. Shetty	30,96,000	27,40,800
Mr. Dipak S Rao	1,39,50,358	2,00,30,869
Total	2,02,76,758	2,57,66,856
<b>e Balances with related parties</b>		
Long Term Borrowings		
Priya International Limited	3,75,00,000	-
<b>Trade Payables</b>		
Priya Limited	8,68,99,355	10,53,62,345
<b>Trade Receivables</b>		
Ksense Technologies Private Limited	-	6,084
Sattva eTech Private Limited	7,11,107	7,11,107

## Twenty Ninth Annual Report 2014 - 2015

**g. Operating Leases:**

The Holding Company has taken various residential / commercial premises under cancelable operating leases. These lease agreements are normally renewed on expiry. The lease agreements provide an option to the Company to renew the lease period at the end of the period. There are no exceptional / restrictive covenants in the lease agreements. Rent debited to profit and loss account Rs.58,37,486/- (Rs. 62,80,144/-). Contingent rent recognized in the Profit and Loss Account Rs. Nil.

Obligations on long-term, non-cancelable operating leases:

Particulars	31-Mar-15	31-Mar-14
Lease rentals recognized during the year	58,37,486	62,80,144
Lease obligations payable:		
Within one year of the Balance Sheet date	58,37,486	55,97,174
Due in a period between one year and five years	58,37,486	58,37,486
Due after five years	Nil	Nil
<b>TOTAL</b>	<b>1,16,74,972</b>	<b>1,14,34,660</b>

h. Confirmation of balance under Sundry Debtors, Loans & Advances, deposits and sundry creditors, other current liabilities are obtained. In the opinion of the management Current assets and Loans & Advances would in the ordinary course of business realise the values stated.

**i. Value of Imported and Indigenous Consumption during the year (as certified by the management)**

Particulars	Percentage	2014-2015 Amount in Rs.	Percentage	2013-2014 Amount in Rs.
Imported *	69.61	44,70,13,973	92.47	72,49,59,823
Indigenous	30.39	19,51,32,929	7.53	5,90,54,788
<b>Total</b>	<b>100.00</b>	<b>64,21,46,902</b>	<b>100.00</b>	<b>78,40,14,611</b>

\* Includes imports on high sea sales basis through third party

**j. Prior year expenses / (income) debited / (credited) to the Profit & Loss Account**

Particulars	31-Mar-15	31-Mar-14
Cost of Materials Consumed (Clearing Charges)	-	1,85,003
Repairs & Maintenance Charges	(16,378)	10,260
Rates & Taxes (Fees to STPI)	(51,969)	2,08,500
Building	1,55,280	-
Membership and Subscription Charges	10,100	-
Others	(15,420)	-
	<b>81,613</b>	<b>4,03,763</b>

**k. Earnings per share (EPS)**

	31-Mar-15	31-Mar-14
Operations for the year		
Net Profit after tax for calculating Basic /Diluted EPS	(4,52,51,751)	6,13,37,256
Weighted average number of shares	1,33,50,000	1,33,50,000
Basic / Diluted EPS in Rupees	(3.39)	4.59

## VXL Instruments Limited

I. Effective 1st April 2014, the Holding Company depreciates its fixed assets over the useful life prescribed in Schedule II to the Companies Act 2013 as against the earlier practice of depreciating under the rates prescribed under the Schedule XIV to the Companies Act, 1956. Based on technical evaluation, moulds are depreciated over 3 years which is different from that prescribed in Schedule II of the Act. During the year, the Holding Company has changed the method of depreciation of fixed assets, from written down value method to straight line method. Consequent to the change, depreciation charge for the year is increased by Rs. 13,86,425/- with consequential effect on reserve. Excess depreciation on account of change in method from written down value method to straight line method of Rs. 74,68,016/- of earlier years is credited to statement of profit & loss account under exceptional items			
m Contingent Liabilities and Commitments (To the extent not provided for)			
Contingent Liabilities			
<b>Guarantees</b>	<b>31-Mar-15</b>	31-Mar-14	
Counter Guarantees in respect of guarantees issued by Bankers	<b>74,72,470</b>	80,79,919	
(Covered by 100% Deposits)			
<b>Other money for which Company is contingently liable</b>			
i Employee Provident Fund Contributions under appeal			
[Net of Rs. 10,69,469/- deposited with the respective authorities ]	<b>3,36,896</b>	3,36,896	
ii Central Sales Tax liability under appeal	<b>66,52,351</b>	1,12,61,292	
iii Service Tax Liability under dispute on the import of software license sticker labels considered as goods by Customs while importing	<b>10,34,66,834</b>	10,34,66,834	
iv Education cess on excise duty	<b>3,26,098</b>	3,26,098	
v Disputed Customs Duty	<b>7,70,839</b>	7,70,839	

Sl. No. i: The Honourable High Court of Karnataka has directed the Assistant Provident Commissioner to consider the grievance of the Company for reducing the penalty

Sl. No. ii: The Company has filed the appeal before the High Court against the order of Karnataka Appellate Tribunal in respect of disallowances. Similarly Govt. of Karnataka has filed appeal vide STA No. 17/2010 and 122-123/2012 dated 13th July, 2012 of High Court of Karnataka against the relief given to the Company.

Sl. No. iii: In respect of Service Tax pending before the Commissioner / CESTAT the Company's Consultants are of the opinion that the Company has good chances of winning the case since Customs is treating the sticker labels as goods while importing and hence no provision has been made for the same.

Sl.No. iv: Commissioner Appeals has given the Order in favour of the Company but the Department has preferred Appeal before CESTAT

Sl. No. v: Commissioner, Customs has given the Order in favour of the Company but the Department has appealed to CESTAT

Figures of the previous year have been recast / regrouped / rearranged in conformity with the presentation of the current year. Figures in bracket relates to the previous year.

As per our report of even date

For Ishwar & Gopal

Firm Registration No : 001154S

Chartered Accountants

**K.V. Gopalakrishnaya**

Partner

Membership No.: 021748

Date : 22nd May 2015

Place : Bangalore

For and on behalf of the Board

**Madireddy V. Nagaraj**

Managing Director

**M. V. Shetty**

Whole Time Director

**K. Prakash**

Director

**Narayana Bhat**

CFO & Company Secretary

**Twenty Ninth Annual Report 2014 - 2015**

**STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDING 31st MARCH, 2015**

	31.03.2015 Rs.	31.03.2014 Rs.
<b>CASH FLOW FROM OPERATIONS:</b>		
Net Income before current income taxes	55,32,856	,10,90,881
Interest received	-8,42,956	-20,85,978
Dividend Received	-7,200	-14,400
Depreciation & Amortisation	-43,91,951	45,86,267
Provision for doubtful debts	8,12,374	
Prior year adjustment	1,55,280	
Adjustment for foreign currency fluctuation	1,87,69,859	-79,32,472
(Profit) / Loss on sale of fixed assets	58,63,256	-19,52,70,399
Interest Expenses	22,40,657	3,61,55,865
(Increase)/decrease in Long term loans & advances	-6,01,242	41,17,892
(Increase)/decrease in Trade Receivables	-17,35,308	44,31,893
(Increase)/decrease in Short term loans & advances	-1,29,64,592	-3,88,741
(Increase)/decrease in other liabilities	-	-6,00,00,000
(Increase)/decrease in Inventories	-1,76,19,985	7,42,84,228
Increase/(decrease) in Long term provisions	-5,87,982	-44,06,717
Increase/(decrease) in trade payables	-63,44,195	1,74,74,468
Increase/(decrease) in Other current liabilities	38,283	-5,21,32,876
Increase/(decrease) in Short term provisions	62,744	1,35,709
Current income tax	-96,909	-91,17,357
<b>Net cash from operations</b>	<b>-1,17,17,011</b>	<b>-9,90,71,738</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	2,65,476	28,09,735
Dividend Received	7,200	14,400
Purchase of Investments	-11,000	
Sale of Investments	60,000	
Proceeds from sale of fixed assets	62,197	20,24,98,149
Purchase of fixed assets	-38,63,957	-6,921,309
<b>Net cash from investing activities</b>	<b>-34,80,084</b>	<b>19,84,00,975</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
(Increase)/decrease in Long term Borrowings	3,75,28,389	7,10,848
(Increase)/decrease in Working Capital Borrowings	-1,88,23,698	-7,39,44,016
(Increase)/decrease in Other Short term Borrowings	-	-4,00,000
Interest paid	-22,40,657	-3,61,55,865
<b>Net cash from financing activities</b>	<b>1,64,64,033</b>	<b>-10,97,89,033</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,66,940</b>	<b>-1,04,59,795</b>
Cash and cash equivalents at the beginning of the year	1,25,88,186	2,30,47,981
Cash and cash equivalents at the end of the year	1,38,55,126	1,25,88,186
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,66,940</b>	<b>-1,04,59,795</b>

As per our report of even date.

For Ishwar & Gopal

Firm Registration No : 001154S

Chartered Accountants

**K.V. Gopalakrishnayya**

Partner

Membership No.: 021748

Date : 22nd May 2015

Place : Bangalore

For and on behalf of the Board

**Madireddy V. Nagaraj**

Managing Director

**M. V. Shetty**

Whole Time Director

**K. Prakash**

Director

**Narayana Bhat**

CFO & Company Secretary

**VXL Instruments Limited****ANNEXURE I****PART A**

Name of the Assessee	<b>VXL INSTRUMENTS LIMITED</b>
Address	No. 17, "House of Excellence" Electronics City, Bangalore - 560100
Permanent Account Number	AAACV4734D
Status	Company
Previous Year ended	31-03-2015
Assessment Year	2015-16
Nature of the business	Manufacturing and Sale of Thin Clients (Data Processing Units)

**PART B**

<b>Sl. No</b>	<b>Particulars</b>	<b>Current year</b>	<b>Previous year</b>
1	Paid up Share Capital/Capital of Partners /Proprietors	13,33,53,000	13,33,53,000
2	Share Application Money/Current account of Partners/Proprietor		
3	Reserve & Surplus/Profit & Loss Account	(93,11,441)	1,71,80,744
4	Secured Loans	3,95,50,242	2,08,45,551
5	Unsecured Loan	-	-
6	Current Liabilities and provisions	21,76,72,014	22,45,03,163
7	Total of Balance Sheet	38,12,63,814	39,58,82,457
8	Gross Turnover/Gross Receipt	-	84,31,31,161
9	Gross Profit	-	9,06,98,520
10	Commission Received		
11	Commission Paid	-	-
12	Interest Received	8,42,956	20,85,978
13	Interest Paid	25,37,138	1,99,83,305
14	Depreciation as per books of Accounts	30,76,064	45,86,267
15	Net Profit(loss) before tax as per profit & Loss account	55,32,856	9,10,90,881
16	Taxes on income paid/provision for in the books	5,07,84,606	2,95,22,708



## **‘Green Initiative’ – A Corporate Governance Measure Service of Documents through e-mode**

### **Dear Shareholder(s)**

The Ministry of Corporate Affairs (MCA) has taken up “Green Initiative Measure” as part of Corporate Governance by allowing paperless compliance by Companies vide Circular No. 17/2011 dated 21/4/2011 stating that the Company would have complied with Section 20 of the Companies Act, 2013, if service of documents are made through electronic mode. In such case, the Company is required to obtain e-mail addresses of its Member(s) for sending Notices/Documents/Financial Reports through e-mail by giving an advance opportunity to every Shareholder to register his/her e-mail address and changes thereon, if any, from time to time.

To take part in the same, we propose to send documents like Notice convening the General Meetings, Financial Statements, Annual Reports etc. in electronic form to the e-mail address of the Members available/registered with the Company.

As you are one of the Shareholder(s), you are requested to participate in this ‘Green Initiative’, by providing your e-mail address and other details mentioned herein below:

<b>Name of the Company</b>	<b>VXL Instruments Limited</b>
<b>Name of the Shareholder(s)</b>	
<b>Folio ( If shares are held in physical form)</b>	
<b>E-mail address to which Documents/Notices can be served electronically(Only for shareholders holding shares in physical form).</b>	
<b>PAN Card (Copy / Scanned document to be attached)</b>	

**Signature of the Shareholder(s)**

*The above information duly filled to be sent to:*

**Bigshare Services Pvt Ltd**

E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai - 400 072.  
Tel : 91-22-2847 0652/4043 0200  
Fax : 91-22-2847 5207

or e-mail to the following Id's:

**Registrar and Transfer Agent: [upadhya@bigshareonline.com](mailto:upadhya@bigshareonline.com),  
[shubhangi@bigshareonline.com](mailto:shubhangi@bigshareonline.com)**

**The Shareholder(s) holding shares in electronic form are requested  
to update their e-mail id's with the Depository Participant,  
where demat accounts are held.**

## VXL Instruments Limited

### VXL Instruments Limited

#### INFORMATION FOR THE BENEFIT OF INVESTORS

1. Registered Office : House of Excellence  
No. 17, Electronics City, Hosur Road  
Bengaluru – 560 100  
Tel.: 080 - 2852 0046  
Fax : 2852 0095
2. Registrars and Share Transfer Agent : Bigshare Services Pvt. Ltd.,  
E-2 / 3, Ansa Industrial Estate  
Saki Vihar Road  
Saki Naka, Andheri (E)  
MUMBAI – 400 072  
Tel.: 022- 2847 0652 / 4043 0200  
Fax : 022 - 2847 5207  
Email: info@bigshareonline.com
3. Year ended on : 31<sup>st</sup> March 2015
4. 29th Annual General Meeting : Date - 21st September, 2015  
Time - 12.00 Noon  
Venue - Woodlands Hotel  
No. 5, Rajaram Mohan Roy Road  
Bengaluru – 560 025.
5. Registrar of Members & Share Transfer  
Book Closure : 16.09.2015 to 21.09.2015  
(both days Inclusive)
6. E-Voting Dates : Starts on 17.09.2015 9.00 am to  
20.09.2015 5.00 pm
7. Result Date : 23.09.2015
8. Shares listed in Stock Exchange at : BSE Ltd.,
9. Annual fees to Stock Exchanges : Paid up to date (Mumbai)
10. Paid – up Share Capital : Rs. 1333.53 Lakhs



**VXL INSTRUMENTS LIMITED**

CIN : L85110KA1986PLC007492

REGISTERED OFFICE : "House of Excellence", No.17, Electronics City, Hosur Road, Bengaluru - 560 100

Telephone:+91 80 2852 0046/3252 Email: cfo@vxl.net Web: [www.vxl.net](http://www.vxl.net)

**ATTENDANCE SLIP**

**29<sup>th</sup> ANNUAL GENERAL MEETING**

**Date: 21st September, 2015 Time: 12.00 Noon**

**Place: Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bengaluru – 560 025**

**This attendance slip duly filled in to be handed over at the entrance of the meeting hall**

Name of the attending Member (in block letters):.....

Members' Folio Number: .....

Client I.D. No. : .....

D.P.I.D No: .....

Name of the Proxy (in Block Letters, to be filled in if the proxy attends instead of the members

.....

No. of Shares held: .....

I hereby record my presence at the Twenty Ninth Annual General Meeting of the Company held on Monday, the 21st September, 2015, at 12.00 Noon at Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bengaluru – 560 025.

To be signed at the time of handing  
over the slip

Signature of member / Proxy

**VXL Instruments Limited**

**VXL INSTRUMENTS LIMITED**  
**CIN: L85110KA1986PLC007492**

**Registered Office: House of Excellence, No.17, Electronics City, Hosur Road, Bengaluru – 560 100**  
Telephone:+91 80 2852 0046/3252 Email: [cfo@vxl.net](mailto:cfo@vxl.net) Web: [www.vxl.net](http://www.vxl.net)

**Form No. MGT-11**  
**Proxy form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN: **L85110KA1986PLC007492**

Name of the Company: **VXL INSTRUMENTS LIMITED**

Registered office: **House of Excellence, No.17, Electronics City, Hosur Road, Bengaluru – 560 100**

Name of the member (s) :
Registered address :
E-mail Id:
Folio No/ Client Id :DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : .....

Address : .....

E-mail Id : .....

Signature : ....., or failing him

2. Name : .....

Address : .....

E-mail Id : .....

Signature : ....., or failing him

2. Name : .....

Address : .....

E-mail Id : .....

Signature : ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Ninth Annual General Meeting of the Company, to be held on Monday, the 21st September, 2015 at 12.00 Noon at Woodlands Hotel, No. 5, Rajaram Mohan Roy Road, Bengaluru-560 025 and at any adjournment(s) thereof in respect of such resolutions as are indicated below:

## Twenty Ninth Annual Report 2014 - 2015

### ORDINARY BUSINESS

1. Adoption of Financial Statements for the year ended March 31, 2015.
2. Appointment of Mr. M V. Shetty who retires by rotation.
3. Appointment of Statutory Auditors of the Company.

### SPECIAL BUSINESS

4. Appointment of Mr. Prakash H Rao as a Director
5. Appointment of Mrs. Kumkum Bhawania as a Director
6. Appointment of Mr. Prakash H Rao as an Independent Director.
7. Appointment of Mrs. Kumkum Bhawania as an Independent Director
8. Approval of related party transactions
9. Alteration of Memorandum of Association
10. Alteration of Articles of Association

Date:

Signature of shareholder

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

Affix  
Revenue  
Stamp

**VXL Instruments Limited**

**VXL INSTRUMENTS LIMITED**  
**CIN: L85110KA1986PLC007492**

**Registered Office: House of Excellence, No.17, Electronics City, Hosur Road, Bengaluru – 560 100**  
 Telephone:+91 80 2852 0046/3252 Email: cfo@vxl.net Web: [www.vxl.net](http://www.vxl.net)

**Form No. MGT-12**  
**Polling Paper**

*[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]*

Name of the Company: VXL Instruments Limited

Registered office: House of Excellence, No.17, Electronics City, Hosur Road, Bengaluru - 560 100.

**29<sup>TH</sup> ANNUAL GENERAL MEETING ON 21<sup>ST</sup> SEPTEMBER, 2015**

**BALLOT PAPER**

Sl. No	Particulars	Details
1.	Name of the First Named Shareholder (In block letters)	
2.	Postal address	
3.	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	

I hereby exercise my vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No	Item No.	No. of shares held by me	I assent to the resolution	I dissent from the resolution
<b>ORDINARY BUSINESS</b>				
1.	Adoption of Financial Statements for the year ended March 31, 2015.			
2.	Appointment of Mr. M. V. Shetty, Director who retires by rotation.			
3.	Appointment of Statutory Auditors of the Company.			
<b>SPECIAL BUSINESS</b>				
4.	Appointment of Mr. Prakash H Rao as a Director			
5.	Appointment of Mrs. Kumkum Bhawania as a Director			
6.	Appointment of Mr. Prakash H Rao as an Independent Director			
7.	Appointment of Mrs. Kumkum Bhawania as an Independent Director			
8.	Approval of related party transactions			
9.	Alteration in the Memorandum of Association			
10.	Alteration in the Articles of Association			

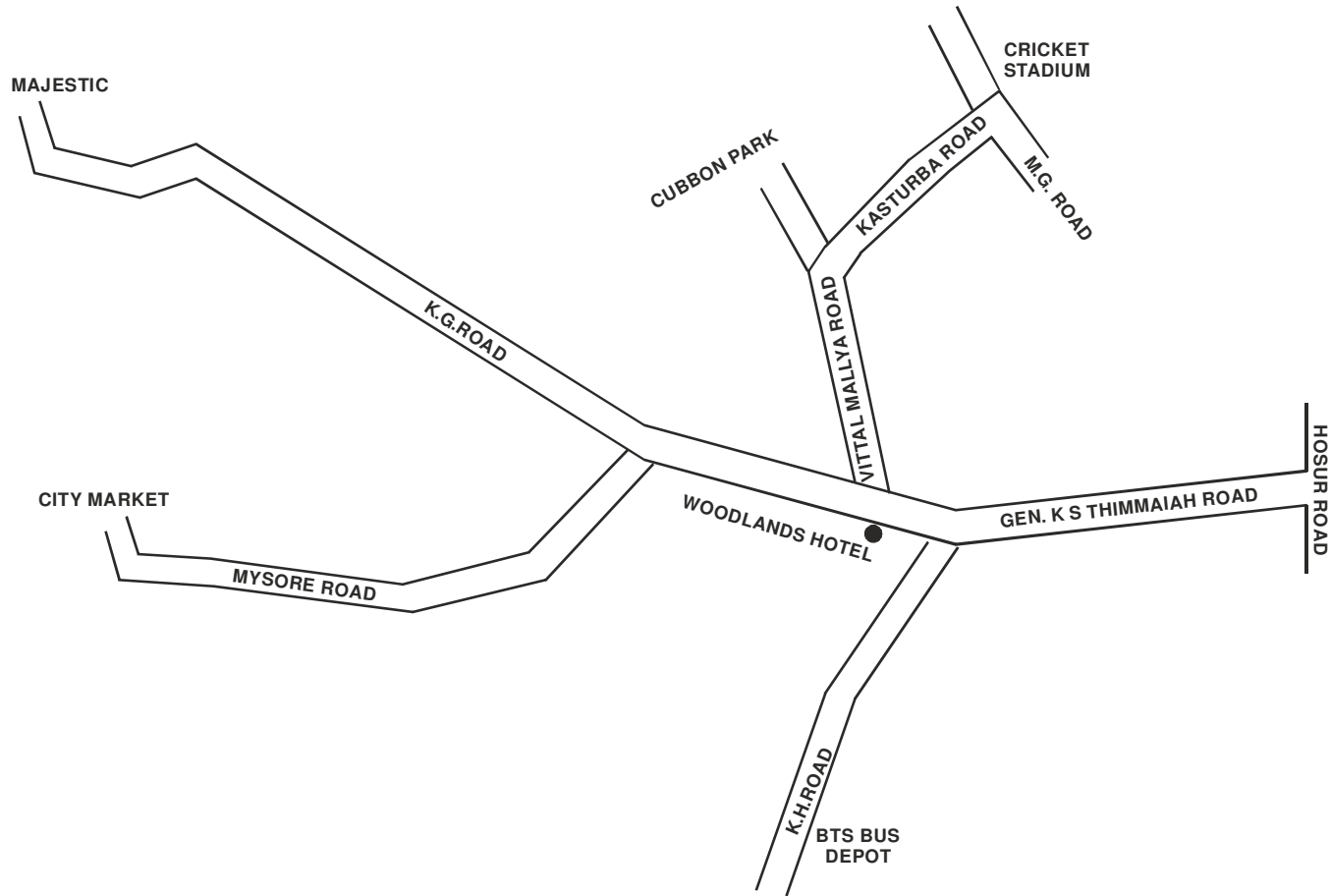
Place:

Date:

(Signature of the shareholder)

# ROUTE MAP TO THE VENUE OF THE AGM

● "WOODLANDS HOTEL"  
No.5, Rajaram  
Mohan Roy Road  
Bengaluru – 560 025.



**VXL Instruments Limited**

