

# ANNUAL REPORT 1997-98

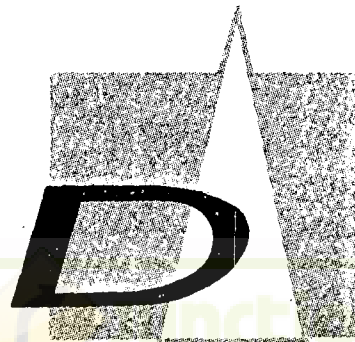
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CERTIFIED TRUE COPY

*For DYNAVISON LIMITED*

*K. Venkateswaran*

K. VENKATESWARAN  
Secretary And Financial Advisor



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**DYNAVISON LIMITED**

**DYNAVISION LIMITED****BOARD OF DIRECTORS**

Sri. K. GANESAN, I.A.S.

Chairman

Sri. P. VIJAYAKUMAR REDDY

Managing Director

Sri. P. OBUL REDDY

Sri S. SUSAI

Sri. V. SOUNDARARAJAN

Smt. JANAKI KATHPALIA

Special Director - Nominee of BIFR

**SECRETARY & FINANCIAL ADVISOR**

Sri. K. VENKATESWARAN

**AUDITORS**

M/s. P. CHANDRASEKHAR

Chartered Accountants,

No. 37, Krishnaswamy Avenue

Luz, Mylapore

Chennai 600 004.

**BANKERS**

STATE BANK OF INDIA, CHENNAI

STATE BANK OF PATIALA, CHENNAI

STATE BANK OF SAURASHTRA, CHENNAI

INDIAN BANK, CHENNAI

INDIAN OVERSEAS BANK, CHENNAI

**REGISTERED OFFICE & FACTORY**

Near Dr. Vikram Sarabhai Instronics Estate

Kottivakkam

Chennai 600 041.

**JOINT VENTURE WITH**TAMILNADU INDUSTRIAL DEVELOPMENT  
CORPORATION LIMITED, CHENNAI.**REGISTRARS & TRANSFER AGENTS**

HI-TECH SHARE REGISTRY PRIVATE LIMITED

II Floor, No. 66, Cathedral Road

Chennai - 600 086.

Tel: 8240863

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Monday the 28th September 1998 at the Registered Office, Near Dr. Vikram Sarabhai Instronics Estate, Kottivakkam, Chennai 600 041 at 12.05 p.m. to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Account for the year ended 31st March 1998 and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri. S. Susai, who retires by rotation under Article 165 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration. The retiring Auditors M/s. P. Chandrasekhar, Chartered Accountants, Chennai are eligible for re-appointment. In this connection, to consider and if deemed fit, to pass, with or without modification(s) the following Resolution as a Special Resolution:-

"RESOLVED THAT M/s. P. Chandrasekhar, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors."

### SPECIAL BUSINESS

4. To re-appoint Sri. V. Soundararajan as a Director on the Board as nominated by TIDCO."
5. To re-appoint Sri. P. Vijayakumar Reddy as the Managing Director of the Company for a further period of five years effective from 1.4.1998. In this connection, to consider and if deemed fit, to pass, with or without modification(s) the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Sri. P. Vijayakumar Reddy be and is hereby re-appointed as the Managing Director of DYNAVISON LIMITED for a further period of five years from 1.4.1998 on the following terms and conditions.

1. Salary - Rs. Nil P.M.
2. He will be allowed all such perquisites as provided under Schedule XIII of the Companies Act, 1956."

By Order of the Board

Place : Chennai 41  
Date : 20.07.1998

K. Venkateswaran  
Secretary & Financial Advisor

### NOTES :



## DYNAVISON LIMITED

1. A member entitled to attend and vote at the above meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member of the Company. The Proxy Form duly completed must be delivered at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
2. Please bring the Admission Slip with you duly filled in and hand over the same at the entrance of the Meeting Hall.
3. The Register of Members will remain closed from 22nd September 1998 to 28th September 1998 (both days inclusive).

### EXPLANATORY STATEMENT

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

#### ITEM NO. 3

#### APPOINTMENT OF AUDITORS

Section 224A provides that in the case of a Company in which not less than 25% of the subscribed Share Capital is held by Public Financial Institutions or any Government or Nationalised Banks or other Financial Institutions referred to therein, such appointment or re-appointment of Auditors shall be made by a Special Resolution. As more than 25% of the Subscribed Share Capital of the Company is held by Tamil Nadu Industrial Development Corporation Limited, a Government Company, the Resolution for the re-appointment of the said Auditors and the fixation of their remuneration is proposed as a Special Resolution.

#### ITEM NO. 4

#### APPOINTMENT OF DIRECTOR

Sri V. Soundararajan, Development Manager, TIDCO was appointed as a Director on the Board on 22nd May 1998 against the vacancy created by the resignation of Sri. N. Bagavathy, Director. Since such Directorship automatically gets terminated U/S. 257 at the next Annual General Meeting, Sri. V. Soundararajan's appointment automatically gets terminated at this Annual General Meeting. However, since eligible to be re-appointed, he offers himself to be re-appointed as a Director.

The Members are requested to pass the necessary Resolution re-appointing Sri. V. Soundararajan as a Director on the Board representing TIDCO.

#### ITEM NO. 5

#### APPOINTMENT OF MANAGING DIRECTOR

The term of office of the Managing Director Sri. P. Vijayakumar Reddy expired on 31.3.1998. The Board of Directors at their Meeting held on 24th March 1998 decided to renew his appointment as Managing Director for a further period of five years subject to the approval of the General Body. Sri. P. Vijayakumar Reddy expressed his desire not to draw any salary from the Company due to the conditions prevailing. The Board accepted his suggestion and accordingly Sri. P. Vijayakumar Reddy will function as the Managing Director of the Company without drawing any remuneration. However, perquisites allowed under Schedule XIII of the Companies Act, 1956 will be provided to him.

The members are requested to approve the re-appointment of Sri. P. Vijayakumar Reddy as the Managing Director and pass the necessary Resolution placed before them.

None of the Directors except Sri. P. Vijayakumar Reddy and Sri. P. Obul Reddy is interested or concerned in the above resolution.

By Order of the Board

Place: Chennai 41  
Date : 20.07.1998

K. Venkateswaran  
Secretary & Financial Advisor



## DYNAVISION LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31st March 1998.

### FINANCIAL RESULTS

	(Rs. in lakhs)	
	1997-98	1996-97
Profit before Interest and Depreciation	333.40	229.01
Less: Interest	63.75	69.89
Profit before Depreciation	269.65	159.12
Less: Depreciation	59.53	52.74
Profit before extraordinary items/		
Items relating to earlier years	210.12	106.38
Extraordinary items/items		
relating to earlier years	--	(0.94)
Profit before Tax	210.12	105.44
Provision for Tax	--	--
Surplus carried over to		
Balance Sheet	210.12	105.44

### PERFORMANCE AND PROSPECTS

Your Company's production for the year under review was 1,11,001 Nos. of CTVs 22,988 nos. of Audios and 6,370 nos. of VCRs, representing an increase of about 71.85% in CTVs production and 311% in the production of VCRs over the previous year. However, there have been a marginal decrease in the production of Audios by 912 sets. The profit for the year after Interest and depreciation increased by 97.52%. As the Consumer Electronic Industry is showing signs of further improvement and consolidation, your Company is hopeful of further improving on the performance during the year 1998-99.

### STATUS OF REHABILITATION SCHEME

The Operating Agency, M/s. State Bank of India, have submitted a fresh Rehabilitation Scheme to BIFR. The proposal is expected to be approved by BIFR by the end of August 1998 and appropriate action will be taken to implement the directions of BIFR.

### DEBENTURE REDEMPTION

1. Your Directors are happy to inform you that during the year under consideration the Company was able to fully redeem the 1,30,000 nos. of 14% non-convertible Debentures of Rs. 100/- each valued at Rs. 1,30,00,000/- issued to SBI Mutual Fund. However, your Company has requested for the waiver of 5% premium payable at the time of Redemption of

the Debentures valued at Rs. 6.50 lacs and hope that M/s. SBI Mutual Fund will accede to the Company's request.

2. The redemption of the 1st and 2nd instalment of 2,99,000 nos. of 14% non-convertible portion of Debentures issued to Public fell due on 10.4.97 & 10.4.98 respectively. Due to paucity of funds, these could not be redeemed in time. However, your Company is confident of redeeming the Debentures in full by the year 1999.

### 3. Payments to Banks under one-time settlement

- A sum of Rs. 2.50 crores have been paid to M/s. State Bank of India during the year under review under the one-time settlement scheme. The total amount so far paid including this Rs. 2.50 crores works out to Rs. 5.05 crores.
- Since the last meeting of the Shareholders, your Company was able to repay a sum of Rs. 50.00 lakhs to M/s. Indian Bank against their dues.
- The Managing Director, Sri. P. Vijayakumar Reddy has brought in a further sum of Rs. 2.50 crores to meet the Company's commitments against one-time settlement to the consortium of Banks.

### DIRECTORS

- Sri. S. Susai retires by rotation and being eligible offers himself for re-appointment.
- During the year under review, Sri. K. Rajaraman, I.A.S., Chairman of the Board of Directors resigned from the Board and Sri K. Ganesan, I.A.S., nominated by TIDCO took over as the Chairman of the Board of Directors of the Company.
- Sri. N. Bagavathy who was a Director on the Board resigned with effect from 22.5.1998 and in his place TIDCO nominated Sri. V. Soundararajan Development Manager of TIDCO as a Director on the Board.

Sri. V. Soundararajan's appointment gets automatically terminated at this Annual General Meeting and being eligible he offers himself for re-appointment.

- Your Board wishes to place on record their appreciation of the valuable services rendered by Sri. K. Rajaraman, I.A.S., as the Chairman of the Board of Directors and Sri. N. Bagavathy as a Director on the Board during their tenure of office.
- The five years period of the Managing Director, Sri. P. Vijayakumar Reddy expired on 31.3.1998. The Board at their Meeting held on 24th March 1998 re-appointed Sri. P. Vijayakumar Reddy for a further period of five years and as requested by the Managing Director the appointment was made without remuneration. However the Board decided to extend him all perquisites allowed under Schedule XIII of the Companies Act, 1956.

**DYNAVISON LIMITED****ANNEXURE TO DIRECTORS' REPORT****Conservation of Energy**

Your Company is not a power intensive Industry and hence the scope for conservation of energy is not much. However, efforts to reduce and optimise the use of energy through improved operation and other means continue.

**Details of consumption of Electricity**

	1997 - 98	1996-97
Units (KWH)	3,16,920	2,68,758
Cost (Rs.)	12,61,340	9,43,342
Rate per Unit (Rs.)	3.98	3.51

**RESEARCH & DEVELOPMENT**

In view of our current activities being restricted to the production on contractual basis for others, the R & D activities are suspended for the time being.

**AUDITORS**

The Auditors M/s. P. Chandrasekhar, Chartered Accountants retire at the forthcoming Annual General Meeting and they are eligible for re-appointment.

**AUDITORS' REPORT**

The observations made by the Auditors in their Report are adequately explained in the respective notes forming part of the accounts and hence needs no specific clarification.

**PERSONNEL**

There was no Employee covered by the Provisions of Section 217 (2A) of the Companies Act, 1956.

**OTHER INFORMATION**

As required under Section 217 (1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of Energy, Research and Development and Foreign Exchange Earnings and Outgo is annexed hereto and forms an integral part of this Report.

**ACKNOWLEDGEMENT**

The Directors wish to place on record their appreciation of the devoted service of all the Employees of the Company. The Board places on record its appreciation of the various Government Agencies, Financial Institutions, Banks and Shareholders and look forward to their continued support in future. The Board also wish to acknowledge and thank M/s. Tamilnadu Industrial Development Corporation Limited and M/s. Thomson Consumer Electronics India Limited, for their continued support and co-operation.

for and on behalf of the Board

Place : Chennai 41  
Date : 20.07.98

**P. Vijayakumar Reddy**  
Managing Director

for and on behalf of the Board

Place : Chennai 41  
Date : 20.07.1998

**P. Vijayakumar Reddy**  
Managing Director

## DYNAVISION LIMITED

### AUDITORS' REPORT TO THE MEMBERS OF DYNAVISION LIMITED

We have audited the attached Balance Sheet of Dynavision Limited as at 31st March 1998 and also the Profit & Loss Account for the year ended on that date annexed thereto and report that:-

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Central Government under Section 227 (4A) of the Companies Act, 1956, we furnish below a Statement on the matters specified in Paragraphs 4 and 5 of the said order.
  - i. The Company has maintained proper Books and Records to show particulars including quantitative details and situation of Fixed Assets. We are informed that the physical verification of most of the Fixed Assets were carried out by the Management and as reported to us no material discrepancies were noticed on such verification.
  - ii. None of the Fixed Assets have been revalued during the year.
  - iii. As reported to us, the stock of raw materials, finished goods, stores and spares (except raw materials lying under the custody of the Customs Authorities and finished goods lying with C&F Agents) have been physically verified by the Management at reasonable intervals during the year.
  - iv. The procedure of physical verification followed by the Company is reasonable and adequate.
  - v. The discrepancies noticed on verification of stocks as compared to Book Records were not significant and the same have been properly dealt with in the Books of Account. As reported to us and on verification it was noticed that most of the finished goods are returned by the Customers against earlier sales, and are not in good condition for commercial trade including sets lying with C&F Agents.
  - vi. The finished goods are valued at cost and not at lower of cost or net realisable value. As raw materials and finished goods are being carried over the years, the diminution if any on the value of stocks is not ascertainable at this stage and hence not considered. Subject to above the valuation of stocks is consistent with the earlier year's practice.
  - vii. The Company has taken unsecured loans from parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interests of the Company. We are informed that there are no Companies under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.
  - viii. The Company has not granted any loans to Companies and other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956.
  - ix. In respect of Parties (including Employees) to whom loans or advances in the nature of loans have been given by the Company and remaining to be adjusted, in the absence of stipulations no comments are furnished in respect of repayment.
  - x. On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, the Company has proper procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
  - xi. In respect of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts and other arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs. 50,000/- or more during the year in respect of each party, in our opinion, the prices at which the transactions were carried out are reasonable having regard to prevailing market price for such goods, materials and services.
  - xii. The Company has not accepted any deposits from public during the year. A sum of Rs. 3.85 crores has been brought in by the Private Promoter Director so far, as unsecured loans as per declaration filed with the Company and accordingly provisions of Section 58A prima facie do not apply.
  - xiii. As explained to us, no unserviceable and damaged materials and stores, have been determined during the period.
  - xiv. The Company is maintaining reasonable records for the sale of realisable scraps. The Company has no by-products.
  - xv. The Company has an adequate internal audit system commensurate with its size and the nature of its business.
  - xvi. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
  - xvii. The Company has been regular in depositing Provident Fund / Employees State Insurance dues with appropriate authorities during the period.

**DYNAVISION LIMITED**

xviii. On the basis of selective checks carried out by us, no personal expenses of Directors / Officers have been charged to revenue account other than those payable under contractual obligations and in accordance with the normally accepted business practice.

xix. On the basis of information furnished to us, no undisputed amount remains payable in respect of Income Tax, Sales Tax, Wealth Tax, Customs Duty and Excise Duty outstanding for more than six months as at the end of the financial year from the date they became payable.

xx. The Company is a sick industrial undertaking within the meaning of Clause (O) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. The Company has already made a reference to the BIFR.

xxi. In respect of service activities, we report that:-

a. In our opinion, there is a reasonable system of recording receipts, issues and consumption of materials and stores.

b. There is a reasonable system of authorisation at proper levels with necessary controls on the issue of stores and allocation of the same to the Operating Departments.

2. Further to our comments as above, we state that:-

a. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.

b. 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 these Books.

c. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the Books of Account furnished to us.

d. Attention is invited to:

i. Note No. 4a regarding non-provision of interest payable to Banks if any, Note No 6 & 7 regarding provision required to be made if any due to non-availability of confirmation of balances from a few parties and non-reconciliation of accounts of Debtors, Creditors, Hire Purchase amounts due, Loans and Advances and Note No. 9 regarding loss if any, on disposal of certain inventories, which are unascertainable at this stage.

ii. Note No. 8:- Due to non-provision of Gratuity, the profit for the year is overstated to the extent of Rs. 11.77 lakhs with a consequential reduction in the accumulated loss to the extent of Rs. 28.78 lakhs.

iii. The accounts have been prepared on principles applicable to a "Going concern" despite significant erosion in net worth and further viability of future operations being subject to review of BIFR and implementation of rehabilitation package by the Financial Institutions and Banks, as and when approved.

Subject to the foregoing and read with the other notes thereon and significant accounting policies, we report that:-

In our opinion and to the best of our information and according to the explanation given to us, the said accounts of the Company give a true and fair view:-

i. In the case of the Balance Sheet, of the state of affairs of the Company as on 31.03.1998 and

ii. In the case of Profit and Loss Account, of the Profit for the year ended on that date.

for **P. CHANDRASEKHAR**  
Chartered Accountants

Place: Chennai 4  
Date: 20.07.1998

**K. PARTHASARATHY**  
Partner