

ANNUAL REPORT

1998-99

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DYNAVISION LIMITED



BOARD OF DIRECTORS

Sri.HEMANT KUMAR SINHA, 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 Fourth Annual General Meeting of the Company will be held on Monday, the 27th September, 1999 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 1999 and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri.P.Obul Reddy, 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 a Director in the place of Sri.V.Soundararajan, who retires by rotation under Article 165 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. 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

5. To consider and if deemed fit, to pass, with or without modification(s) the following Resolutions as Special Resolutions:-
 - a) "RESOLVED that the Listing of the Company at Ahmedabad Stock Exchange, be de-listed with effect from the date as decided by the Directors. The Managing Director of the Company be and is hereby authorised to take necessary steps for voluntary de-listing and to make arrangements to publish the same in the Newspapers."
 - b) "RESOLVED that the Listing of the Company at the Delhi Stock Exchange Association Limited, be de-listed with effect from the date as decided by the Directors. The Managing Director of the Company be and is hereby authorised to take necessary steps for voluntary de-listing and to make arrangements to publish the same in the Newspapers."

By Order of the Board

Place: Chennai 41
Date : 27.07.1999

K.Venkateswaran
Secretary & Financial Advisor

NOTES:

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 21st September, 1999 to 27th September, 1999 (both days inclusive).

EXPLANATORY STATEMENT

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

ITEM NO.4

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 Tamilnadu 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.5

Since the volume of the Company's Shares which are traded on the Ahmedabad Stock Exchange and the Delhi Stock Exchange Association Limited are very low, the Directors are of the opinion to de-list from the Ahmedabad Stock Exchange and the Delhi Stock Exchange Association Limited. The Company is also listed on Mumbai and Madras Stock Exchanges. Hence the Directors feel that the shares which are traded in the Ahmedabad Stock Exchange and the Delhi Stock Exchange Association Limited can also be traded on these Stock Exchanges. But such de-listing in a Stock Exchange requires the approval of the Shareholders in the Annual General Meeting. Hence these Resolutions are placed for approval.

None of the Directors are interested or concerned in these Resolutions.

By Order of the Board

Place: Chennai 41
Date : 27.07.1999

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 1999.

FINANCIAL RESULTS

	(Rs. In lakhs)	
	1998-99	1997-98
Profit before Interest and Depreciation	293.78	333.40
Less: Interest	60.96	63.75
Profit before Depreciation	232.82	269.65
Less: Depreciation	62.39	59.53
Profit before Tax	170.43	210.12
Provision for Tax	—	—
Surplus carried over to Balance Sheet	170.43	210.12

PERFORMANCE AND PROSPECTS

Your Company's production for the year under review was 1,14,789 nos. of CTVs, 62,984 nos. of Audios and 6,392 nos. of VCR/VCPs, representing an increase of about 3.41 % in CTVs production and 174 % in the production of Audios. The VCR/VCPs production were almost similar to the previous year. During the year under review the Company started producing Populated Printed Circuit Boards for M/s.Thomson Consumer Electronics India Ltd., and achieved a production of 4,750 nos.

Though the production of CTVs and Audios were more than the previous year's production, due to acute cut throat competition prevailing in the Job Work business in the Entertainment Electronic Industry, the Company had to accept reduction in the conversion charges to keep the share of business, resulting in lower turnover and profits than the previous year.

The prospects for the year 1999-2000 appears encouraging and your Company is hopeful of performing better.

FINANCE

The Promoter Director, Sri.P.Vijayakumar Reddy has further brought in a sum of Rs.9.19 Crores as "Interest Free Unsecured Loan" aggregating to Rs.15.54 crores so far. The entire amount has been used for the purpose of making payments to Bankers against One Time Settlement and other dues.

STATUS OF THE B.I.F.R. MATTERS AND THE REHABILITATION SCHEME

The Board for Industrial and Financial Reconstruction (B.I.F.R.) approved the Rehabilitation Package submitted by the Operating Agency, M/s.State Bank of India, according to which the Company was asked to make a One Time Settlement payment to both the Consortium of Banks and the Indian Bank at Rs.29.00 crores and Rs.1.82 crores respectively, plus interest thereon from specific date to till the date of payment. As per the Sanctioned Scheme, payment should have been completed by November 1998.

The Company has so far paid a sum of Rs.15.05 crores to Consortium of Banks, leaving a balance of Rs.13.95 crores plus interest accrued thereon. The Company has approached the Bankers for extension of time to pay the balance amount. The Directors are happy to inform you that the Company has fully paid the dues of Rs.1.82 crores as agreed under "One

Time Settlement" to the Indian Bank. However, interest payable on it is due.

DEBENTURE REDEMPTION

2,99,000 nos. of 14% non-convertible portion of Debentures issued to the Public fell due on 10.4.99. Due to paucity of funds, the Company could not redeem the amount in time. However, Company is making arrangements to redeem the entire amount in full inclusive of interest during 1999-2000.

DIRECTORS

- Sri.P.Obul Reddy and Sri.V.Soundararajan retire by rotation and being eligible offer themselves for re-appointment.
- During the year under review, Sri.K.Ganesan, I.A.S., Chairman of the Board of Directors resigned from the Board and Sri.Hemant Kumar Sinha, I.A.S., nominated by TIDCO took over as the Chairman of the Board of Directors of the Company.
- Your Board wishes to place on record their appreciation of the valuable services rendered by Sri.K.Ganesan, I.A.S., as the Chairman of the Board of Directors during his tenure of office.

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.

Y2K COMPLIANCE

Our Manufacturing Process does not warrant Computer Application. However, Y2K solution for Accounting and MIS are being taken care of In-house. Expenses involved in it is negligible.

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 & Development and Foreign Exchange Earnings & 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 : 27.07.1999

P.Vijayakumar Reddy
Managing Director



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

	1998-99	1997-98
Units (KWH)	2,62,324	3,16,920
Cost (Rs.)	10,99,138	12,61,340
Rate per Unit (Rs.)	4.19	3.98

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.

For and on behalf of the Board

Place: Chennai 41
Date : 27.07.1999

P.Vijayakumar Reddy
Managing Director.

AUDITORS' REPORT TO THE MEMBERS OF DYNAVISION LIMITED

We have audited the attached Balance Sheet of Dynavision Limited as at 31st March 1999 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 excepting Fixed Assets at Bonded Warehouse, 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 the 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, 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.15.54 crores has been brought in by the Private Promoter Director so far, as Unsecured Loans as per BIFR Package