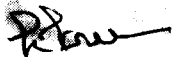


DYNAVISON LIMITED

ANNUAL REPORT

CERTIFIED TRUE COPY

For DYNAVISON LIMITED



K. VENKATESWARAN
Director.

2005 - 2006

Contents

Notice to Shareholders	3
Directors' Report	3
Auditors' Report	7
Balance Sheet	10
Profit & Loss Account	11
Schedules	12
Cash Flow Statement	18

BOARD OF DIRECTORS

Sri. K. VENKATESWARAN
 Sri. M. S. MEERAMOHIDEEN
 Sri. J. NARAYANA MURTY
 Special Director - Nominee of BIFR

AUDITORS

M/s. P. CHANDRASEKAR
 Chartered Accountants
 No. 37, Krishnaswamy Avenue
 Luz, Mylapore
 Chennai - 600 004.

BANKERS

INDIAN OVERSEAS BANK,
 CHENNAI - 600 041.

REGISTERED OFFICE & FACTORY

Near Dr. Vikram Sarabhai Instronics Estate
 Kottivakkam
 Chennai -600 041.

DYNAVISION LIMITED**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Thirtyfirst Annual General Meeting of the Company will be held on Friday, the 29th September, 2006 at the Registered Office, Near Dr. Vikram Sarabhai Instronics Estate, Kottivakkam, Chennai 600 041 at 10.15 a.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, 2006 and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri. M.S. Meera Mohideen, 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. M/s. P.Chandrasekar, Chartered Accountants, Chennai, are the retiring Auditors and being eligible, offer themselves for re-appointment.

By Order of the Board

Place : Chennai 41
Date : 31.07.2006

K. VENKATESWARAN
Director.

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 23rd September, 2006 to 29th September, 2006 (both days inclusive).

By Order of the Board

Place : Chennai 41
Date : 31.07.2006

K. VENKATESWARAN
Director.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their Report together with the Audited Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

	(Rs. In lakhs)	
	2005-2006	2004-2005
Profit/(Loss) before Interest and Depreciation	18.79	(98.46)
Add/Less: Interest	21.34	21.25
Profit/(Loss) before Depreciation	(2.55)	(119.71)
Add/Less: Depreciation	44.14	44.17
Profit/(Loss) before Exceptional Items	(46.69)	(163.88)
Add/Less: Exceptional Items	--	1488.73
Profit/(Loss) before Tax	(46.69)	(1652.61)
Provision for Deferred Tax	--	(1.73)
Profit/(Loss) after Deferred Tax	(46.69)	(1654.34)
Provision for Fringe Benefit Tax	(0.46)	--
Profit/(Loss) after Fringe Benefit Tax	(47.15)	--
Transfer to Debenture Redemption Reserve	--	--
Surplus/(Loss) carried over to Balance Sheet	(47.15)	(1654.34)

PERFORMANCE

During the year under consideration the company continued to do job work in a small way to M/s MTL Instruments Pvt. Ltd Chennai 91. Your company managed to produce 678 CTV sets during the year. Your Company entered into an agreement with M/s. Renova Electronics Private Limited (Formerly M/s. Thomson Consumer Electronics India Ltd) duly approved by the Hon. High Court of Madras, and took over all the Finished Goods, Raw Materials and Components of Thomson lying at Dynavision Limited's premises. The dues amount due against conversion charges and also towards any possible liability that may arise on account of certain Appellette proceeding pending with CESTAT.

During the year, your Company earned through job work to M/s. MTL Rs. 16.12 Lakhs and Rs. 74.36 lakhs was collected from the sale of 1955 CTVs (1643 CTVs as Finished Goods and 312 CTVs produced out of the Raw Materials and Components taken over from Thomson). A sum of Rs. 27.12 Lakhs was adjusted against the dues towards conversion charges from Thomson and the balance has been shown as Miscellaneous Income in the accounts

FUTURE PROSPECTS

Your company is hopeful of getting orders for TV assembling, since the Government of Tamil Nadu has indicated in the media about introducing VAT in the state in the near future. If this happens the TV manufacturers of other States may be willing to utilise the facilities and other infrastructure available with us.

However your company approached the Government of Tamil Nadu for permission to change the line of activity. We are happy to inform you that the Government of Tamil Nadu has issued a letter No. Rc No. 16491/EL3/05 dt. 10.05.06 permitting the company to change the line of activity to Information Technology in the land allotted to the company. Your Directors are taking necessary steps to start Information Technology activities in the existing premises of your company.

SEGMENT - WISE PERFORMANCE

During the year the Company had a single segment activity only. As such segment-wise reporting does not arise.

DYNAVISON LIMITED**DEBENTURE REDEMPTION - PUBLIC**

A sum of Rs.2.52 Lakhs (Rupees Two Lakhs Fifty Two Thousand only) have been redeemed during the current Financial Year under reporting, making a total sum of Rs. 139.58 lakhs (Rupees One Hundred and Thirty Nine Lakhs and Fifty Eight Thousand only) redeemed so far. The Company is taking all steps to redeem the balance amount of Rs.152.76 lakhs plus interest thereon, at the earliest date.

DIRECTORS

During the year the SEBI & Stock Exchange amended clause 49 of Listing Agreements making it mandatory for all the listed companies to have a minimum of one third of the total strength of the Board as Independent Directors. In order to comply with the provisions of clause 49 of the Listing Agreements your company decided to bring the no. of Directors from 5 to 3 consisting of 1 Independent and 2 Executive Directors.

In this process Sri R. P. Agrawal & Sri D. Thirunavukarasu Directors resigned from the Board as Directors on 26.12.2005. Your Directors wish to place on record their appreciation of the valuable services rendered by Sri. R. P. Agrawal & Sri D. Thirunavukarasu, Directors, during their tenure as Directors on the Board.

Sri. M. S. Meeramohideen Director retire by rotation and being eligible, offer himself for re-appointment.

AUDITORS

The Auditors M/s.P. Chandrasekar, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS' REPORT

With regard to the Auditor's Report on "Going Concern", the Management is of the view that the Fixed Assets available on hand is adequate to carry out the manufacturing activity of the Company. The Company is also actively exploring the possibility of getting orders. Accordingly, the Company is of the view that preparation of accounts on "Going Concern" basis is still relevant.

PERSONNEL

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

RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the Preparation of Final Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
2. that they had selected such Accounting Policies and applied them consistently and made judgements 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 or Loss of the Company for that period;
3. that they had taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
4. that they had prepared the Annual Accounts on a Going Concern basis.

OTHER INFORMATION

As required under Section 217 (i)(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 is annexed hereto and forms an integral part of this Report.

CORPORATE GOVERNANCE**1. BOARD OF DIRECTORS**

The Board consisted of 4 Executive Directors and one Independent Nominee Director representing BIFR. To comply with the clause 49 of the Listing Agreements the Board was reconstructed to have a total of three Directors consisting of one Independent Nominee Director representing BIFR and two Executive Directors.

The Names of Board Members, their attendance at Board Meetings and Board Committee Memberships held by them as on 31.3.2006 are given below:-

Name of Member	Board Meetings attended during the year	Attendance at last AGM (30.09.2005)	Number of other Committee Memberships
Executive Directors			
Sri.K. Venkateswaran	4	Present	3
Sri.M.S. Meeramohideen	4	Present	3
Independent Non-Executive Director			
Sri. J. Narayana Murty (Nominee Director BIFR)		Did not attend	3

Sri. M.S. Meeramohideen is the Director retiring by rotation and is eligible for re-appointment.

Sri. M. S. Meeramohideen is a B.E (Electronics & Telecommunications Engg) Graduate from the University of Madras. He joined Dynavision Limited in the year 1977 as an Engineer in the Production Department and through the years has been elevated to various positions and was appointed as a Director Incharge of Production Operations of the Company on 28.4.2000. He has an overall experience of 29 years in the field of Electronics especially in the Production of Television Receiver Sets and other Electronic Items. He has no other Directorship.

2. AUDIT COMMITTEE

The Audit Committee was constituted to provide direction and oversees the audit functions of the Company, including the quality of Internal and Management Audits.

The functions of the Audit Committee included Review of Inspections and Audits, compliance with Inspection and Audit Reports and Periodical Review of Accounting Policies & Systems.

Composition

The Audit Committee comprised of three Directors and the Committee met 3 times during the year. The details of composition of the Committee and attendance are given below:-

Name of Member	Number of Meetings attended
Sri.K. Venkateswaran	3
Sri.R.P.Agrawal	2
Sri.M.S. Meeramohideen	2
Sri. J. Narayanamurty	1

DYNAVISION LIMITED**DEBENTURE REDEMPTION - PUBLIC**

A sum of Rs.2.52 Lakhs (Rupees Two Lakhs Fifty Two Thousand only) have been redeemed during the current Financial Year under reporting, making a total sum of Rs. 139.58 lakhs (Rupees One Hundred and Thirty Nine Lakhs and Fifty Eight Thousand only) redeemed so far. The Company is taking all steps to redeem the balance amount of Rs.152.76 lakhs plus interest thereon, at the earliest date.

DIRECTORS

During the year the SEBI & Stock Exchange amended clause 49 of Listing Agreements making it mandatory for all the listed companies to have a minimum of one third of the total strength of the Board as Independent Directors. In order to comply with the provisions of clause 49 of the Listing Agreements your company decided to bring the no. of Directors from 5 to 3 consisting of 1 Independent and 2 Executive Directors.

In this process Sri R. P. Agrawal & Sri D. Thirunavukarasu Directors resigned from the Board as Directors on 26.12.2005. Your Directors wish to place on record their appreciation of the valuable services rendered by Sri. R. P. Agrawal & Sri D. Thirunavukarasu, Directors, during their tenure as Directors on the Board.

Sri. M. S. Meeramohideen Director retire by rotation and being eligible, offer himself for re-appointment.

AUDITORS

The Auditors M/s.P. Chandrasekar, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS' REPORT

With regard to the Auditor's Report on "Going Concern", the Management is of the view that the Fixed Assets available on hand is adequate to carry out the manufacturing activity of the Company. The Company is also actively exploring the possibility of getting orders. Accordingly, the Company is of the view that preparation of accounts on "Going Concern" basis is still relevant.

PERSONNEL

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

RESPONSIBILITY STATEMENT

The Directors confirm:

1. that in the Preparation of Final Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
2. that they had selected such Accounting Policies and applied them consistently and made judgements 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 or Loss of the Company for that period;
3. that they had taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
4. that they had prepared the Annual Accounts on a Going Concern basis.

OTHER INFORMATION

As required under Section 217 (i)(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 is annexed hereto and forms an integral part of this Report.

CORPORATE GOVERNANCE**1. BOARD OF DIRECTORS**

The Board consisted of 4 Executive Directors and one Independent Nominee Director representing BIFR. To comply with the clause 49 of the Listing Agreements the Board was reconstructed to have a total of three Directors consisting of one Independent Nominee Director representing BIFR and two Executive Directors.

The Names of Board Members, their attendance at Board Meetings and Board Committee Memberships held by them as on 31.3.2006 are given below:-

Name of Member	Board Meetings attended during the year	Attendance at last AGM (30.09.2005)	Number of other Committee Memberships
Executive Directors			
Sri.K. Venkateswaran	4	Present	3
Sri.M.S. Meeramohideen	4	Present	3
Independent Non-Executive Director			
Sri. J. Narayana Murty (Nominee Director BIFR)	2	Did not attend	3

Sri. M.S. Meeramohideen is the Director retiring by rotation and is eligible for re-appointment.

Sri. M. S. Meeramohideen is a B.E (Electronics & Telecommunications Engg) Graduate from the University of Madras. He joined Dynavision Limited in the year 1977 as an Engineer in the Production Department and through the years has been elevated to various positions and was appointed as a Director Incharge of Production Operations of the Company on 28.4.2000. He has an overall experience of 29 years in the field of Electronics especially in the Production of Television Receiver Sets and other Electronic Items. He has no other Directorship.

2. AUDIT COMMITTEE

The Audit Committee was constituted to provide direction and oversees the audit functions of the Company, including the quality of Internal and Management Audits.

The functions of the Audit Committee included Review of Inspections and Audits, compliance with Inspection and Audit Reports and Periodical Review of Accounting Policies & Systems.

Composition

The Audit Committee comprised of three Directors and the Committee met 3 times during the year. The details of composition of the Committee and attendance are given below:-

Name of Member	Number of Meetings attended
Sri.K. Venkateswaran	3
Sri.R.P.Agrawal	2
Sri.M.S. Meeramohideen	3
Sri. J. Narayanamurty	1

The First Two Meetings were chaired by Sri. K. Venkateswaran and last one by J. Narayanamurthy, who replaced Sri. R. P. Agrawal as a member of the Committee, from 31.1.2006.

The responsibility of work is distributed between the Directors to have better understanding and implementation.

3. SHARE TRANSFER COMMITTEE/SHAREHOLDERS' GRIEVANCE COMMITTEE

The Committee consisted of two Directors, namely, Sri.K.Venkateswaran & Sri.D.Thirunavukarasu. Sri. M.S. Meeramohideen Director was appointed as a member of the Committee on the resignation of Sri D. Thirunavukarasu as a Director from the Board, from 31.1.2006.

In all, Eleven Meetings were held and were duly attended by both the Committee Members. The Meetings were chaired by Sri.K.Venkateswaran.

4. REMUNERATION COMMITTEE

As the Directors' remuneration, etc. are decided by the Board, the necessity for forming a separate Remuneration Committee does not arise. However a committee was formed with all the three Directors on the Board as members of the Committee w.e.f 31.1.2006. Sri J. Narayanamurthy will act as Chairman of the Committee.

5. GENERAL BODY MEETINGS

The details of General Body Meetings held in the last 3 years are given below:-

General Body Meeting	Day, Date, Year	Time	Venue
28th AGM	Tuesday the 30th Sept.2003	10.00 am	Near Dr. VSI Estate, Kottivakkam, Chennai 41.
29th AGM	Monday the 27th Sept.2004	10.00 am	Near Dr. VSI Estate, Kottivakkam, Chennai 41.
30th AGM	Friday the 30th Sept.2005	10.00 am	Near Dr. VSI Estate, Kottivakkam, Chennai 41.

6. DISCLOSURES

Materially significant related party transactions having potential conflict with the interest of the Company at large. Nil

7. STATUTORY COMPLIANCE, PENALTIES AND STRICTURES

Details of non-compliances, penalties, strictures by Stock Exchanges/ SEBI/Statutory Authorities on any matter related to Capital Markets during the last three years.

The Company's shares are listed from April 1990 and there are no adverse reports against the Company. The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory Authorities relating to the above.

8. PECUNIARY RELATIONSHIP OR TRANSACTIONS WITH THE NON-EXECUTIVE DIRECTORS

Nil

9. MEANS OF COMMUNICATION

Financial Results

	Audited/ Unaudited	Date of approval by Board	Date of Publication	Newspaper
Quarter ended 30.6.2005	Unaudited	29.07.2005	29.07.2005	News Today
Half Year ended 30.9.2005	Unaudited	31.10.2005	31.10.2005	Maalaisudar
Quarter ended 31.12.2005	Unaudited	31.01.2006	31.01.2006	News Today
Year ended 31.3.2006	Unaudited	28.04.2006	29.04.2006	Maalaisudar

10. GENERAL INFORMATION FOR SHAREHOLDERS

Thirtyfirst Annual General Meeting

Date	Time	Venue
Friday the 29th September, 2006	10.15 a.m.	Near Dr.VSI Estate, Kottivakkam, Chennai 41.
Financial Calendar	:	1st April to 31st March
Book Closure	:	23rd September, 2006 to 29th September, 2006 (both days inclusive)
Record Dates	:	Nil
Dividend Payment Date	:	Not Applicable
Listing with Stock Exchanges (with stock code)		

Regional Stock Exchange Code for Dynavision Ltd.

Madras Stock Exchange Ltd. DVS
Exchange Building
Post Box No.183
11 Second Line Beach
Chennai 600 001.

The Stock Exchange, Mumbai 517238
Phiroze Jeejeebhoy Towers
25th Floor,Dalal Street
Mumbai 400 001.

MARKET PRICE INFORMATION

We have been informed by The Madras Stock Exchange Ltd., vide their letter dt 12th June 2006, that during the Financial Year there was no transaction in the Equity Shares of Dynavision Limited. However as per information derived from the website of Stock Exchange Mumbai the highest and lowest price quoted during the year were Rs. 15.69 and 5.76 respectively.

DEMATERIALISATION

The Company's applications to M/s.Central Depository Services (India) Ltd., & M/s. National Securities Depository Ltd., for dematerialisation were rejected by both the depositories, as such the Company's Shares are being handled through manual mode only.

SHARE TRANSFERS DURING THE YEAR

Number of Share Transfers received	-	279
Transferred	-	277
Transmitted	-	11
Duplicate Issued	-	1
Rejected	-	2