



DYNAVOX INDUSTRIES LTD.

(FORMERLY KNOWN AS DYNAVOX ELECTRONIC LTD.)

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16th Annual Report

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Sixteenth Annual Report 1998-99

BOARD OF DIRECTORS

W. T. BALAJI	Managing Director
M. K. JAIN	Director
K.KUMAR SUBRAMANIAN	Director *
PRAFUL JOSHI	Director **

AUDITORS

Shankarlal Jain & Associates, Mumbai.

BANKERS

State Bank of Hyderabad
The Karnataka Bank Ltd.
SBI Commercial & International Bank Ltd.
Indian Overseas Bank

LEGAL ADVISOR

K. Parthsarathy

REGD. OFFICE

115, T.V. Industrial Estate, 248, S. K. Ahire Marg, Worli, Mumbai 400 025.

DIVISIONAL OFFICES

Delhi Branch : 408, Devika Towers, 6 Nehru Place, New Delhi 110 019.

Madras Branch : 30, 1st Main Road, C.I.T. Nagar, Madras 600 035.

Calcutta Branch : Shivam Chambers, 4th Floor, 53, Syed Amir Ali Avenue, Calcutta 700 017.

Hyderabad Branch : G-9, Amrutha Villa, Raj Bhavan Road, Samajiguda, Hyderabad 500 482.

REGISTRARS & TRANSFER AGENTS

Spectrum Corporate Services Ltd.
Shree Ganesh Industrial House, 1st Floor, 'B' Wing, Near, Amar Cinema,
Waman Tukaram Patil Marg, Chembur, Mumbai 400 071.

DAY, DATE AND VENUE OF AGM

Monday, 31st January, 2000 AT 9.30 a.m.
Jasubhai Convention Hall, 6th Floor, Tower Block,
292, J.Y.Marg, Mumbai 400 022.

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* Resigned w.e.f. 30.07.1999

** Joined w.e.f. 25.05.1998

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NOTICE OF THE ADJOURNED 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Adjourned 16th Annual General Meeting of Dynavox Industries Ltd. will be held at 'Jasubhai Convention Hall', 6th Floor, Tower Block, 292, J.Y. Marg, Mumbai 400 022 on Monday, 31st January 2000 at 9.30 a.m. to transact the following business, a copy of which was circulated earlier to the members as set out in the notice dated 7th November 1999.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss account for the period ended 31st March 1999 and the audited Balance Sheet as at 31st March 1999.
2. To appoint a Director who retires by rotation and being eligible, offers himself for Re-appointment.
3. To Re-appoint the Auditors to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.
4. To authorise the Board of Directors of the company to appoint Branch Auditors for the Company's Divisional offices located at Calcutta, Chennai, New Delhi, Hyderabad and any other branches if any, and to fix their remuneration.

For DYNVOX INDUSTRIES LTD.

Regd. Office:

115, T. V. Industrial Estate,
Worli, Mumbai - 400 025.

Mumbai : 3rd January, 2000

W. T. BALAJI
Managing Director

NOTES:

- (A) A member of the company entitled to attend and vote, is entitled to appoint another person as his/her proxy to attend and vote instead of himself /herself, and that other person need not be a member. The proxy, in order to be effective, must be received by the company not less than 48 hours before the commencement of the adjourned annual general meeting.

NOTICE OF AN EXTRA-ORDINARY GENERAL MEETING

NOTICE is hereby given that an Extra-Ordinary General Meeting of Dynavox Industries Ltd. will be held at 'Jasubhai Convention Hall', 6th Floor, Tower Block, 292, J.Y. Marg, Mumbai 400 022 on Monday 31st January 2000 at 10.00 a.m. to transact the following business.

SPECIAL BUSINESS:

1. To consider and, if thought fit, to pass the following resolution, as an Ordinary Resolution with or without modification/s:

"Resolved that pursuant to Sections 198, 269 and 309 read with other applicable provisions if any and Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary under the provisions of the act, the company in general meeting hereby approves the re- appointment and payment of remuneration to Mr. W.T. Balaji as the Managing Director of the company for a period of five years from 1st July, 1999, on a salary, commission and perquisites payable to him on the same terms and conditions as approved by the shareholders at the Extra - Ordinary General Meeting of the company held on 14th June, 1994 and in accordance with schedule XIII of the Companies Act, 1956, or any amendment, modifications or re-enactment thereof here after, as set out in the explanatory statement and the agreement of re-appointment submitted to this meeting and duly initialed by the chairman, for the purpose of identification with liberty to the board of directors to alter or vary the said terms or re-appointment and salary and perquisites in such manner as the board in its discretion deem fit, and as acceptable to Mr. W.T. Balaji, within the limits specified in the schedule XIII of the Companies Act, 1956 or any amendment, modification or re-enactment, made hereafter in that regard".

2. To consider and if thought fit, to pass the following resolution, as an Ordinary Resolution with or without modification/s :

"Resolved that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Praful Joshi, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a member proposing the candidature of Mr. Praful Joshi for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retirement by rotation."

For DYNVOX INDUSTRIES LTD.

Regd. Office:

115, T. V. Industrial Estate,
Worli, Mumbai - 400 025.

Mumbai : 3rd January, 2000

W. T. BALAJI
Managing Director

**DYNVOX INDUSTRIES LTD.**
(FORMERLY KNOWN AS DYNVOX ELECTRONIC LTD.)**NOTES:**

- A. A member of the company entitled to attend and vote, is entitled to appoint another person as his /her proxy to attend and vote instead of himself/herself, and that other person need not be a member. The proxy in order to be effective, must be received by the Company not less than 48 hours before the commencement of the Extra-Ordinary General Meeting.
- B. Explanatory statement as required under section 173(2) of the Companies Act, 1956.

C. Item No.1:

Mr. W. T. Balaji was appointed as the Managing Director of the Company for a period of five years ending 30th June 1999 with substantial powers of management in accordance with the terms and conditions as set out in the agreement dated 14th May 1994 which were approved by the members at the Extra-Ordinary General Meeting of the Company held on 14th June 1994.

As Mr. W. T. Balaji's tenure of office for five year ended on 30th June, 1999 the Board of Directors at the meeting held on 7th December 1998 re-appointed Mr. W. T. Balaji as the Managing Director of the Company for a further period of five years effective 1st July 1999 to 30th June 2004. His re-appointment is subject to the approval of the members of the Company.

The salary, commission and perquisites proposed to Mr. W. T. Balaji are within the limits specified in Schedule XIII of the Companies Act, 1956 with the power to the Board to enhance the said remuneration consequent to any amendment, modification or re-enactment in the said Schedule XIII. The remuneration payable to Mr. W. T. Balaji are on the same terms and conditions as approved by the shareholders at the Extra-Ordinary General Meeting of the Company held on 14th June 1994.

The fresh agreement entered into by the company with Mr. W. T. Balaji is available for inspection of members at the Registered Office of the Company on all its working days (Except Saturdays) between 11.00 a.m. and 1.00 p.m. upto the date of the above meeting.

Mr. W. T. Balaji, the Managing Director of the Company being the appointee is interested in the proposed Resolution to the extent of the remuneration payable to him.

Save as aforesaid no other Director is concerned or interested in this resolution.

This explanation together with the accompanying Notice may also be treated as an abstract of the terms of appointment of the Managing Director under Section 302 of the Companies Act, 1956.

Item No. 2:

Mr. Praful Joshi was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 26th June, 1999. Pursuant to Section 260 of the Companies Act, 1956, Mr. Praful Joshi will hold office as Additional Director of the Company upto the date of the ensuing Annual General Meeting. The Company has received a Notice in writing from a member proposing the candidature of Mr. Praful Joshi for the office of Director of the Company under the provisions of Section 257 of the Companies act, 1956.

Mr. Praful Joshi, is a Chartered Accountant having over two decades of experience in his field and keeping in view his expertise and experience, the Board of Directors at its meeting held on 26th June, 1999 appointed him as a director of the Company.

Mr. Praful Joshi, being the appointee, is deemed to be interested in the said Resolution.

Save as aforesaid no other Director is concerned or interested in this resolution.

For **DYNVOX INDUSTRIES LTD.**

W. T. BALAJI
Managing Director

Regd. Office:

115, T. V. Industrial Estate,
Worli, Mumbai – 400 025.

Mumbai : 3rd January, 2000

Sixteenth Annual Report 1998-99

DIRECTORS' REPORT

The Members

Your Directors have pleasure in presenting their Sixteenth Annual Report alongwith Audited Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS & REVIEW OF PERFORMANCE.

	(Rupees in Lacs)	
	1998-99	1997-98
Income from operations		
(inclusive of exports & other Income)	3433.62	4468.29
Profit before Finance cost		
Depreciation and Tax	345.09	259.02
Less: Finance cost	370.06	258.99
Less: Depreciation	21.73	25.92
Profit before Tax	(46.70)	(25.89)
Less: Provision for Taxation	—	8.00
Profit after Tax	(46.70)	(33.89)

REVIEW OF BUSINESS OPERATIONS OF THE YEAR 1998-99

The main trends in the market for our line of activity was badly affected both in the domestic and export market. The office automation line is slowly giving way to Information Technology and Computer software business. In view of this, company's business both in turnover and profitability was badly affected despite the best of efforts.

Considering the opportunities available to the Company for dealing in other diverse lines the company has taken some strategic decisions for diversification for the year under review to be implemented in the subsequent year.

The Company will maintain presence in Fax, EPABX, KTS, Wireless Products, Telecom equipment from the current range.

In terms of new areas of operation the Company has entered into the following:

N-SAT:

The Company has launched a new division N-SAT (National School of Advanced Technology) with the objective of providing professional technical training and servicing of office automation products like Copiers, Fax, Colour Monitors, Printers and Internet through franchisees and/or technical institutions.

The project has been launched in Mumbai in December,99. We have also been associated with the State Governments' Voluntary organisation RASHTRASHAKTI for training young Diploma holders for servicing of equipments. This programme will be subsequently extended to other regions outside Mumbai including branches.

The Company has plans for manufacturing Colour Monitors and the project report has been appraised favourably by IDBI. Company has identified alternate sources of funds to implement this project and also has added Telecom products production.

SOFTWARE MARKETING:

The Company is entering the newly emerging software business in the current year. The Company has identified associates locally and has signed up an agreement with SILVERLINE INDUSTRIES LIMITED for packaged Software marketing and also with PEARL INFOSYS TECHNOLOGIES PRIVATE LIMITED.

The Company is negotiating with an associate in California, USA for software development and is hopeful of finalising and development of custom made software for a West Coast firm in the US.

EXPORT TRADING:

Performance in this division in the year was severely affected due to inordinate delay in realising export sales proceeds. Till these come under control the company has decided to keep further activities in export under low key.

DIVIDEND

In view of the losses incurred by the Company during the year, the Directors have not recommended any dividend disbursement for the year.



DYNAXOX INDUSTRIES LTD.
(FORMERLY KNOWN AS DYNAXOX ELECTRONIC LTD.)

FIXED DEPOSIT

During the year under review, the Company has accepted the Fixed Deposit from Public to part finance its Working Capital requirements. The Company has complied all the provisions of Company's Act 1956 and also the provision of the Company's Acceptance of Deposits Rules, 1975 and there are no overdue deposits outstanding as of 31st March 1999 other than unclaimed deposits amounting to Rs. 19,68,000/-.

DIRECTORS

Mr. M. K. Jain, Director of the Company retires by rotation and being eligible offers himself for reappointment.

Mr. K.K. Subramanian resigned from the Board on 30th July'99 owing to some pressing personal commitments, which will keep him overseas for fairly long period. The Board wish to place on record its sincere appreciation for the contribution made by Mr. K.K. Subramanian.

Mr. Praful Joshi joined the Board on 26th June, 99. The Board whole heartedly welcomed Mr. Praful Joshi.

AUDITORS

M/s. Shankarlal Jain and Associates, the Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

BRANCH AUDITORS

Directors wish to recommend the appointment of Branch Auditors for its Regional/Divisional office located at Delhi, Calcutta, Madras, Hyderabad and Mumbai.

NOTES TO ACCOUNTS & COMMENTS OF STATUTORY AUDITORS

Adequate explanations on the comments of the Statutory Auditors have been provided and clarified in the notes to Accounts, forming part of Annual Accounts for the year under review and efforts are being made to comply all the requirements stipulated by the Statutory Auditors in their report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with provisions of section 217(1)(e) of the Companies Act 1956, read with Companies (disclosures of particulars in the Report of Board of Directors). Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and out-go is given in Annexure A forming part of the report.

PERSONNEL

Information as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, Annexure B forms part of the Report.

MANAGERIAL REMUNERATION

No provision has been made for payment of commission to the Managing Director during the year.

BANK BORROWINGS

The Company's management is arranging to bring in additional funds to increase the promoters contribution and to repay the outstanding loans to the Banks.

ACKNOWLEDGEMENTS

Directors wish to place on record their profound appreciation for the co-operation extended by Contractors, Suppliers, Bankers, Financial Institutions & Business Associates of the Company.

For and on behalf of the Board of Directors

W. T. BALAJI
MANAGING DIRECTOR

Mumbai : 3rd January, 2000.