

TWENTY-THIRD ANNUAL REPORT

2002-2003



QUANTUM DIGITAL VISION (INDIA) LTD.

QUANTUM DIGITAL VISION (I) LIMITED

TWENTY-THIRD ANNUAL REPORT 2002-2003

BOARD OF DIRECTORS

Mr. Pannalal Dassani, Chairman
Mr. Himalay Dassani, Managing Director
Mr. G. K. Bhandari
Mr. Ramchander Murthy
Mr. R. Bhandari
Mr. G.M. Bhatt

AUDITORS

Sunil Chopra & Co.
Chartered Accountants
Mumbai 400 050.

BANK

State Bank of India
Overseas Branch, Cuffe Parade,
Mumbai.
Indian Overseas Bank
Mylapore Branch, Chennai

REGISTERED OFFICE

143, Athipattu Village, Ponneri Taluk,
Chengai-MGR District, Tamil Nadu - 601 203.

CORPORATE OFFICE

Jharana Kutir, Tejpal Scheme Main Road,
Vile Parle (East), Mumbai-400057

REGISTRAR AND TRANSFER AGENT

SHAREX (INDIA) PVT. LTD.
Unit 1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072

QUANTUM DIGITAL VISION (I) LIMITED

143, Athipattu Village, Ponneri Taluk,
Chengai-MGR District, Tamil Nadu - 601 203.

NOTICE

Notice is hereby given that the Twenty-Second Annual General Meeting of Quantum Digital Vision (I) Limited will be held at 9.00 a.m. on Monday, the 29th of September, 2003 at the Registered office of the company to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and auditors thereon.
2. To appoint a Director in place of Mr. Himalay Dassani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. G.M. Bhatt, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF/HERSELF & SUCH PROXY NEED NOT BE MEMBER OF THE COMPANY.

A proxy in order to be effective must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

2. The register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2003 to 29th September, 2003 (both days inclusive).

Place : Mumbai-57
Date : 2nd September, 2003

By Order of the Board


Himalay Dassani
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twenty-third Annual Report and Audited Statement of accounts of your company for the year ended 31st March 2003.

FINANCIAL RESULTS

The company posted Net Loss during of Rs. 48.62 lacs as against net loss of Rs. 336.23 lacs. The polymer bags division under-performed and the main reasons of losses comprise fixed cost, interest, provision of bad debts and write off of Public Issue expenses. The leaf spring division is defunct and closed from last 6 years. The Assets of this division will be disposed off to settle the liabilities. The major business of polymer bags & products will be revived by tie up of job work, exports through Merchant exporters and introducing new products.

DIVIDEND

Due to loss the Board is unable to recommend any dividend for the period ended 31st March 2003

PERFORMANCE

Because of severe international recession the company is not able to procure orders for the export of the company's production and therefore company's operation remain suspended during the year. The company is continuing its best efforts in the international market for Export. As informed earlier, the operations of Leaf spring division being unviable due to pathetic payment position of State Transport Undertaking of Tamilnadu, it became defunct, closed and redundant hence it will be disposed off as part of rehabilitation scheme.

Your company has already initiated steps to revive and rehabilitate the unit. GSF/C, the major lender has been requested to reschedule and restructure the Loans.

DIVERSIFICATION: Media Division

Media is the sunrise industry. It has got industrial status from Government of India. Besides working on options of revival of polymer bags operations, your company consciously took decision to start its foray in Media. A separate division has been established to provide contents and software to Satellite Channels. This division has undertaken production of Soap-opera, Serials, episodes as per slots negotiated with major channels like Sahara and others.

You are aware that the promoter has experience of films and TV industry. Though financials constraints are there, but with experience and expertise of the promoter director, your company will make its mark in content industry. The performance and profits from this division will enable the company to turn around in the shortest possible time.

DIRECTORS

Mr. Himalay Dassani, Managing Director, retires by rotation and being eligible, offers him-self for reappointment. Mr. G.M. Bhatt, Director, retires by rotation and being eligible, offers him-self for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

As per terms of Section 217(2AA) of the Companies Act, 1956, your Directors would like to assure the members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Director confirm that:

- a) the Annual Account have been prepared in conformity with the applicable Accounting Standards;
- b) the Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company and of the loss for the financial year;
- c) sufficient care has been taken that adequate accounting records have been maintained for safeguarding the asset of the Company; and for prevention and detection of fraud and other irregularities;
- d) the Annual Accounts have been maintained for safeguarding the asset of the Company, and for prevention and detection of fraud and other irregularities;
- e) the Annual Account have been prepared on a going concern basis.

SICA 1985 & REVITALIZATION STRATEGY

The net worth of the company stands eroded as 31/3/2003 hence the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985 gets attracted. The company has to file its reference with BIFR, as the company has become a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the SICA, 1985.

The members are aware that the polymer-bags business suffered because of impact of external factors i.e. overall industrial scenario in the segment. Despite of all efforts, the company could not run the operations profitability; hence the activities were meagre and insignificant resulting into loss of opportunity, idle fixed assets, mounting of overheads and fixed costs leading to the losses and erosion of net worth.

The company is drawing its rehabilitation plan by diversifying into sunrise sector like information technology, entertainment and media. Besides the diversification, the company is working on options for revival of polymer bags business by having tie-ups for exports as well as job works. The Leaf spring division is closed since 1996. As the operations did not remain viable at that point of time, instead of investing meager resources there, your directors are making efforts to dispose it off in consultation with the lender.

The road ahead is difficult but with sustained efforts, new tie-ups and diversification, your Directors are confident to bounce back in a time bound way.

AUDITORS

M/s Sunil Chopra & Co. Chartered Accountant, Bandra (West), Mumbai 400 050, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

PUBLIC DEPOSITS

During the year the Company has not received any deposits from the public under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, and there is no outstanding, overdue, unclaimed or unpaid deposit at the end of the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS & FOREIGN EXCHANGE EARNING AND OUTGO

As required by the Company (Disclosure of particulars in there Report of Board of Director) Rules, 1988 relevant data pertaining to conservation of energy and technology absorption are given as an annexure to this report.

PARTICULARS OF EMPLOYEES

During the year there had been no employee in receipt of remuneration in excess of the amount mentioned in section 217(2A) of the Companies Act, 1956. The Director further report that other particulars as required under Section 217(2A) of the Companies Act, 1956 as either NIL or not applicable.

APPRECIATION

Your Directors place on record their sincere appreciation for the services rendered by the Employees of the Company and thanks to the Banker, Shareholders, State and Central Government Departments, Suppliers and Customers for their continued support and co-operation.

For and behalf of the Board



Pannalal Dussani
Chairman

Place: Mumbai
Date: 2nd September, 2003

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ANNEXURE TO DIRECTORS REPORT

Information as per section 217 (1)(c) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report for the period ended 31st March 2003.

A. CONSERVATION OF ENERGY

- | | | |
|-----|--|--|
| (a) | Energy conservation measure | The requirement of power during the period is not large and the position does not warrant any special conservative measures. |
| (b) | Additional investments and proposals, if any being implemented for reduction of consumption of energy | NIL |
| (c) | Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods | Not applicable |
| (d) | Total energy consumption and energy consumption per unit of production | Not applicable |

B. TECHNOLOGY ABSORPTION

- | | | |
|-----|--|-----------------|
| (e) | Efforts made in technology as per form B | Form B attached |
|-----|--|-----------------|

C. FOREIGN EXCHANGE EARNING AND OUTGO

1.44 lacs

Year ended
31st March 2003
(Rs. In lacs)

- | | | |
|----|--|------|
| a) | Total Foreign Exchange earned | 1.44 |
| b) | Total Foreign Exchange used | |
| | i) CIF Value of Imports (Raw Material) | NIL |
| | ii) CIF Value of Imports (Trading Goods) | NIL |
| | iii) CIF Value of Imports (Spare Parts & Oil) | NIL |
| | iv) Expenditure in Foreign Currency (Travelling) | NIL |
| | v) Advance against Spare parts (Reifenhauser) | NIL |

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****Research and Development (R &D)**

- | | | |
|----|--|--|
| 1. | Specific areas in which R &D is carried out by the company | The Company does not have separate R & D lab. However with the existing testing lab the company's chemists and engineers have been continuously involved in upgradation of the quality of the product. |
| 2. | Future Plan of action | Efforts to continue further improvement in the existing products and bring in new range products. |
| 3. | Expenditure on R & D | NIL. |

Technology absorption, adaptation and innovation

- | | | |
|----|--|--|
| 1. | Efforts in brief, made towards technology absorption adoption and innovation | The Company has installed an imported machineries from Germany in its polymer bags division. |
| 2. | Benefits derived as a result of the above efforts | The company is updating the existing technology. |
| 3. | In case of imported technology the following information may be furnished | Not applicable |
| A. | Technology imported | Not applicable |
| B. | Year of Import | Not applicable |
| C. | Has technology been fully absorbed | Not applicable |
| D. | If not absorbed, the reasons for the same | Not applicable |

**REPORT OF THE AUDITORS TO THE MEMBERS OF
QUANTUM DIGITAL VISION (I) LIMITED**

1. We have audited the attached Balance Sheet of QUANTUM DIGITAL VISION (I) LIMITED, CHENNAI as at 31st March, 2003, and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 the books;
 - (c) The Balance Sheet & Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the directors of the Company as at 31st March, 2003 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified from being appointed as a director of the Company under clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon and subject to note No. 3 and 14 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2003 and
 - ii. in the case of the Profit and Loss Account of the Loss for the year ended on that date.

Place : Mumbai.
Date : 2nd September, 2003

For **SUNIL CHOPRA & CO.**
CHARTERED ACCOUNTANTS


(**SUNIL CHOPRA**)
Partner

ANNEXURE TO THE AUDITOR'S REPORT**Re. : QUANTUM DIGITAL VISION (I) LIMITED.****Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2003.**

1. The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets. The fixed assets have been physically verified by the Management during the year. We are informed that no material discrepancies have been noticed by the management on such verification. Further the fixed asset register is under compilation.
2. None of the Fixed Assets have been revalued during the year.
3. On the basis of information and explanation available to us, in our opinion physical verification has been conducted by the Management at reasonable interval in respect of finished goods, stores, spare parts and raw materials.
4. In our opinion the procedures of physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
5. No material discrepancies have been noticed on such verification as compared to book records.
6. On the basis of examination and in our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles. The basis of valuation is same as in the preceding year.
7. In our opinion and according to the information and explanation available to us, the company has taken loan from companies listed in the register maintained U/s 301 of the Companies Act, 1956 and the terms and conditions of the same are not prima-facie prejudicial to the interest of the company.
8. In our opinion, the rate of interest and the terms and conditions of unsecured loans granted by the company during the year to parties listed in the register maintained U/s 301 of the Companies Act 1956 are not prima-facie prejudicial to the interest of the company. The company has not granted loans to companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.
9. The Company has granted advances to its staff free of interest. The said advances are not secured but are recoverable from the salary payable to them and recovered accordingly.
10. 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 for the purchase of stores, raw materials, plant and machinery, equipments and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of sale of services, made in pursuance of contracts or arrangements entered in the Registers maintained under Section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such services or as available with the Company. There are no transactions of purchase/sale of goods & materials with parties listed in the register maintained under Section 301.
12. According to the information and explanations given to us, the company has a procedure for determination of unserviceable or damaged stores, raw materials and Finished goods.
13. During the period the company has not accepted any deposits from the public.
14. The company is maintaining reasonable records for the sale and disposal of realisable scrap. The company has no by-products.