



VISION TECHNOLOGY
INDIA LTD

VISION TECHNOLOGY INDIA LIMITED

BANGALORE

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11th ANNUAL
REPORT
2003 - 2004

Board of Directors : RANGAVASANTH B.
Chairman & Managing Director

RANGA B.S.
Director

SHAMALA B. R.
Director

ANITHA VASANTH
Whole time Director

Company Secretary : RAMAKUMAR S.
A.C.S.

Auditors : A.A.G.J. & Co.
Chartered Accountants
Bangalore.

Regd. Office : 110, Kengal Hanumanthaiah Road,
Bangalore – 560 027.

Bankers : UNION BANK OF INDIA
ICICI BANK LIMITED
INDIAN BANK

NOTICE FOR THE ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of VISION TECHNOLOGY INDIA LIMITED, will be held on Monday, the 7th June 2004 at 10.00 am at THE MINERVA, Minerva Complex, Minerva Circle, Bangalore – 560 002, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as at 31-3-2004 and the Profit and Loss Account for the period ended on that date, together with the reports of the auditors and the directors thereon.
2. To appoint a director in place of Mrs. B. R. Shamala, who retires by rotation, and being eligible, offers herself for re-election.
3. To appoint auditors and fix their remuneration,

Special Business:

4. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sec. 94 and the other applicable provisions, if any, of the Companies Act, 1956, and the provisions of the Articles of Association of the Company, and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the equity shares of the Company having a nominal face value of Rs. 10 (Rupees ten only) per share, be sub-divided into equity shares having nominal face value of Re. 1 (Rupee one only) per share, and the relevant Capital Clause in the Memorandum of Association of the Company be correspondingly altered as proposed in item no. 5 of the Notice convening AGM, and such sub division shall take effect from a date to be decided by the Board of Directors of the Company or a Committee thereof.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things including issue of fresh share certificates and/or credit the beneficiaries' accounts maintained by the Shareholders with the Depositories subject to rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and the Articles of Association of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid Resolution."

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

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"RESOLVED that the Memorandum of Association of the Company be and is hereby altered by substituting Clause V with the following clause:

"V. The authorized Share Capital of the Company is Rs. 15,00,00,000 (Rupees Fifteen Crores) divided into 15,00,00,000 equity shares of Re. 1 each."

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

"RESOLVED THAT

- (a) All the existing shares in the capital of the Company whether issued or not issued of face value of Rs. 10/- each outstanding as on the date of this resolution be subdivided into shares of Re. 1 each, so that one share of Rs. 10/- each shall be sub-divided into 10 shares of Re. 1 each; and
- (b) The Board of Directors are authorized to allot to each shareholder, shares of Rs. 1 each against the shares of Rs. 10/- each held by each shareholder on the date in such proportion to be determined by the Board of Directors, and to issue fresh share certificates and/or to credit the Beneficiary Accounts maintained by the shareholders with the Depositories accordingly."

7. To Consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

" RESOLVED that the pursuant to Sec. 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:

After the existing Article 18, the following Article 18A shall be inserted:

"18A Reduction of Share Capital etc.

1. The company may, by a Special Resolution, reduce in any manner, subject to any authorizations and approvals required under law: -

- (c) its share capital;
- (d) any Capital Redemption Reserve Fund; or
- (e) any Securities Premium Account.

2. Notwithstanding Clause (1) above, any amounts standing to the credit of the Securities Premium Account may also be utilized, other than for capitalization, for any of the purposes in accordance with the provisions of law."

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8. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to section 100 and other applicable provisions, if any, of the Companies Act, 1956, Article 18 A of Articles of Association of the company and subject to confirmation by the High Court of Karnataka at Bangalore and subject to other approvals, consents, permissions or sanctions of any other authority, body or institution (hereinafter collectively referred to as "the concerned authorities") as may be required, and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any of the concerned authorities, from time to time, while granting such approvals, consents, permissions or sanctions, the subscribed, issued and paid up equity share capital of the company exclusive of the amount lying in Forfeited Shares account be reduced from Rs. 117,904,000 (Rupees Eleven crores seventy nine lakhs four thousand only) divided into 117,904,000 (Rupees Eleven crores seventy nine lakhs four thousand only) equity shares of Re. 1 each to Rs. 3,53,71,200 (Rupees Three crores fifty three lakhs seventy one thousand and two hundred only) divided into 3,53,71,200 (Rupees Three crores fifty three lakhs seventy one thousand and two hundred only) equity shares of Re. 1/- each,

"Further resolved that the amount of Rs. 8,25,32,800 being the capital reduction be utilised to write off the miscellaneous expenditure of Rs. 68,07,737.52 and the debit balance in the Profit and Loss Account of Rs. 7,56,69,938.37 and the surplus amount of Rs. 55,124.11 be credited to Capital Reserve Account."

"RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board or the Committee of the Board specifically constituted by the Board for this purpose or any person(s) whom the Board / the above committee may nominate, to exercise its powers, including the powers conferred under this Resolution, be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilization / adjustment of the Securities Premium Account including passing of such accounting entries and / or making such other adjustments in the books of account as considered necessary to give effect to the above Resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Judicature at Bangalore to implement the aforesaid Resolution."

Bangalore
Date: 6-5-2004

By Order of the Board

Rangavasanth. B
Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote in the above meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member of the Company.
2. Proxies, to be effective, must be lodged at the Regd. Office of the Company at least 48 hours before the time fixed for the commencement of the meeting.
3. Please bring the Admission Slip with you duly filled in and hand over the same at the entrance to the Meeting Hall.
4. Members, who hold shares in dematerialized form, are requested to bring their depository account number (Client ID No.) for easier identification and recording of attendance at the meeting.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 is enclosed in respect of items nos. 4 to 8 of the Notice.

EXPLANATORY STATEMENT UNDER SEC. 173 OF THE COMPANIES ACT, 1956.

Item No. 4

It is proposed to sub-divide the existing equity shares of Rs. 10/- each into equity shares of Re. 1/- each. This will facilitate the process of reduction of capital as contained in the resolutions set out in the Notice. The proposed resolution is for the approval of the members.

The equity shares of the company are listed in The Bangalore Stock Exchange Ltd. and The Stock Exchange, Mumbai.

In order to present a realistic intrinsic worth of the shares and to enable the process of reduction of share capital, it is proposed to sub-divide the existing shares of the face value of Rs. 10/- each into face value of Re. 1/- each. This proposal was approved by the Board of Directors in their meeting held on 6-5-2004.

As required under sec. 94 of the Companies Act, 1956, these resolutions are placed before the members for their approval.

The directors of the company are deemed to be concerned or interested in the said resolution to the extent of the shares held by them.

Item No. 5

Consequent to the above sub-division of shares, it is proposed to alter the capital clause in the Memorandum of Association of the company. This is only consequential in nature. The resolution as proposed is for the approval of the members.

None of the directors is interested in the above resolution.

Item No. 6

These resolutions are only enabling resolutions authorizing the Board to take necessary action to give effect to the sub-division of shares and reduction of share capital. The resolutions as proposed are for the approval of the members.

None of the directors is interested in the said resolutions.

Item No. 7

It is proposed to alter the Company's Articles of Association by inserting a new clause for reduction of share capital as required by the Companies Act, 1956. As seen below, it is proposed to reduce the share capital of the company and wipe off the accumulated losses etc., as mentioned in the resolutions set out in the Notice. This will enable the company to present a clean Balance Sheet with realistic net worth. The resolution as proposed is for consideration and approval of the members.

None of the directors is interested in the above resolution.

Item No. 8

The Company has accumulated losses to the extent of about Rs. 7,56,69,938.37 and miscellaneous expenditure of Rs. 68,07,737.52. Hence the paid up share capital of the Company to the extent of Rs. 824,77,675.89 is unrepresented by the assets of the Company. Hence the Directors of the Company have proposed to reduce the paid up share capital from Rs. 117,904,000 to Rs. 3,53,71,200 so as to reflect the intrinsic value of the shares.

Necessary resolutions are placed before the members for the proposed reduction of share capital. The same, if approved by the members, is subject to confirmation of the Hon'ble High Court of Karnataka at Bangalore.

The directors of the Company may be deemed to be concerned or interested in the above resolutions to the extent of shares held by them in the Company.

DIRECTOR'S REPORT

Your Directors are pleased to present their Eleventh Annual Report for the period ended 31-03-2004.

FINANCIAL RESULTS :

	2003 - 04 (9 months) (Rs.in Lacs)	2002 - 03 (12 months) (Rs. in Lacs)
Turnover	65.26	86.96
Other Income	28.76	29.52
Increase / Decrease in Stock	(0.01)	0.02
Total Revenues	94.01	116.50
Profit /Loss before Interest and Depreciation	(33.70)	(200.57)
Interest	1.79	5.50
Profit/Loss before Depreciation	(35.49)	(206.07)
Depreciation	29.47	39.71
Net Profit/Loss before taxation	(64.96)	(245.78)
Prior Period Adjustments	2.10	-
Provision for taxation	1.97	0.80
Profit/Loss after tax	(69.03)	(246.58)

OPERATIONS AND FUTURE PROSPECTS:

The operations of the company are expected to improve in the coming years. The film processing, audio and publicity divisions are poised for further growth. The Company is also pursuing production of TV Serials and Feature Films.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management discussion and analysis as required under clause 51 of the Listing Agreement is attached herewith (Annexure I).

AUDITORS :

M/s.A.A.G.J. & Co., Chartered Accountants, Bangalore, the auditors of the company, retire at this Annual General Meeting and are eligible for reappointment.

AUDITORS REPORT :

With regard to the qualification made by the Auditors in para 2f, of their Audit Report, your directors wish to mention as follows:

- i) Dues from related Company:
Note B.2 (iii) is clear on the subject. The Company is pursuing the matter and appropriate action will be taken at the opportune time.
- ii) Contingent Liability:
Note B.1 is clear on this point. As the matters are pending, the liabilities could not be quantified. As and when these matters are finalized the same will be provided for.

Board of Directors : Mrs.B.R.Shamala, Director, retires by rotation at this Annual General Meeting and, being eligible, offers herself for re-election.

Fixed Deposits : The Company has not accepted any fixed deposits from the public during the year.

Directors responsibility statement pursuant to Sec.217 (2AA) of the Companies Act, 1956.

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.
2. The directors have 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 2003 - 04 and of the loss of the company for the same period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the annual accounts on a going concern basis.

Particulars of Employees under Section 217 (2A) :

During the year, there were no employees who were in receipt of remuneration in excess of the limits prescribed under the above section.

Information under Sec.217 (1)(e) of the Companies Act, 1956

Conservation of Energy	:	}	These are not applicable to
Technology Absorption	:	}	to the Company
Foreign Exchange Earnings	:		- Nil -
Foreign Exchange out go	:		- Nil -

Corporate Governance

A report on the corporate governance is attached herewith as required by the amended clause 49 of the listing agreement (Annexure – II).

Compliance Certificate

A certificate from the auditors of the company regarding compliance of the conditions of corporate governance as stipulated is attached to this report. (Annexure-IV)

Shareholder Information

The required shareholder information is furnished in Annexure – III to this report.

Acknowledgement :

The Directors wish to place on record their appreciation for the continued support received from their customers, bankers and employees of the Company.

By order of the Board

Place : Bangalore
Dated : 15th April 2004

sd/-
Rangavasanth.B
Chairman and Managing Director