

8th

Annual Report

1996 -97



Registered Office : 403, Saffron, Near Panchwati, Ahmedabad-380 006.

BOARD OF DIRECTORS

HARIN MAMLATDARNA
CHAIRMAN

DEEPAK CHOKSHI
MANAGING DIRECTOR

DEEPAK SHAH
VICE-CHAIRMAN

RAGHVENDRA POTDAR
DIRECTOR

COMPANY SECRETARY
(CONSULTING)
D.A.RUPAWALA

AUDITORS
M/S. MAYANK SHAH & ASSOCIATES
Chartered Accountants
706, Mahakant building, Opp.V.S.Hospital,
Ashram Road, Ahmedabad.

BANKERS
UNION BANK OF INDIA
Industrial Finance Branch,
Ashram Road, Ahmedabad.

REGISTERED OFFICE
403, Saffron, Ambawadi, Ahmedabad-380006
FACTORY
Plot No.125, Phase I, G.I.D.C.-Vatva, Ahmedabad-382 445

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DYNAMIC INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Members,

The Directors have pleasure in presenting the Eight Annual Report of the Company along with Audited Accounts for the year ended 30th June, 1997.

FINANCIAL RESULTS

The financial results of the Company for the year Under review are as under :

	1996-97	1995-96
	(12 MONTHS)	(15 MONTHS)
Total Income	622.98	563.23
Profit before depreciation and tax	26.18	32.03
Depreciation	15.93	18.92
Provision for taxation	1.61	—
Profit for the year	8.64	13.11
Excess provision of I. Tax written back	—	12.88
Profit available for appropriation	8.64	25.99
Profit brought forward	83.24	57.25
Profit carried to Balance Sheet	91.89	83.24

DIVIDEND

In view of inadequate profits and to conserve resources, the Directors have not recommended any dividend for the year under review.

OPERATIONS

The Company's performance during the year under review was satisfactory. The total income for the year was 622.98 lacs as compared to Rs. 563.23 in previous period showing annualised increase of 38%. However Net earning could not grow at same pace. The Net earning during the year amounted to Rs. 8.64 Lacs as against Rs. 13.11 Lacs in previous period.

EXPORT

The Company has impacted global presence by exporting goods worth Rs. 382.82 lakhs during the period under review to countries like U.S.A., Germany, Europe.

DEPOSIT

During the year your company has not invited/accepted any deposits within the meaning of Section 58 A of the Companies Act, 1956 and the rules made thereunder.

PROJECTIONS VERSUS PERFORMANCE

The financial projection for the year ended on 31st March, 1997 as Indicated in the company's prospectus dt. January 20, 1995 compared to the actual performance for the 12 months ended 30th June, 1997 are as under.

	Projections (12 Months ended 31.3.97)	Actual (12 Months ended 30.6.97)
	(Rs. in Lacs)	
Total Income	2881.45	622.98
Profit before Interest and Depreciation	676.48	50.02
Profit before tax	426.44	10.26
Taxation	—	1.61
Profit after tax	426.44	8.64
Equity Capital	300.00	302.85
Earning Per Share	14.21	0.29
Dividend %	40%	—

The projected and Actual figures are not comparable as projections are for 12 months ending 31st March, 1997 and actual figures comprises of 12 months ended 30th June, 1997, and that too from existing operations (After phase I expansion) as company could not carried out expansion of Phase II as mentioned in prospectus.

DYNAMIC INDUSTRIES LIMITED**PROJECT IMPLEMENTATION**

The expansion programme of phase II is being temporarily held back by the directors as directors are waiting for the suitable time for the same.

FUTURE OUTLOOK

The company is expecting to perform well in the coming years as the year 1997-98 is very prospective for your company. The company has performed well in the first five months of the year 1997-98 and also company is having sizable export orders in hand. Hence the future of your company is very bright.

DIRECTORS

In accordance with the Articles of Association of the Company Shri Deepak Shah retire by rotation and being eligible offer himself for reappointment.

INDUSTRIAL RELATION

The company continue to maintain harmonious and cordial relations with its workers in all Divisions, which enable it to achieve the industrial peace during the year under review.

INSURANCE

The company's properties are adequately insured.

AUDITORS

The present Auditors of the Company M/s. Mayank Shah and Associates, Chartered Accountants, Ahmedabad, will retire at the Conclusion of the forthcoming Annual General Meeting.

PARTICULARS OF EMPLOYEES

None of the employees of the company was in receipt of total remuneration of Rs. 3,00,000/- per annum or Rs. 25,000/- per month for part of the year during the financial year under Review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO.

The information required under section 217 (1) (e) as per the companies (Particulars of Employees) Rules 1975 is as per Annexure "A", which is annexed herewith.

ACKNOWLEDGMENT

The Directors wish to thank the Government authorities, bankers, other business associates, and shareholders for the cooperation and encouragement extended to the company. The Directors also place on record their deep appreciation for the contribution made by the employees at all levels.

Place : Ahmedabad
Date : 6/12/97

For & On behalf of the Board of Directors
s/d.

HARIN MAMLATDARNA
CHAIRMAN

ANNEXURE "A"

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

- a. **Energy conservation measures :** The Company continues to make strenuous efforts to conserve and optimise the consumption of energy through improved operational methods and better plant utilization. The company has installed Boiler and Spray drying system to reduce the cost of energy.
- b. Additional investments and proposals for reduction of consumption of energy. No additional expenditure planned at this stage.
- c. Impact of (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. Energy consumption has been optimised and the share of energy consumption in cost of production is reduced.
- d. Total energy consumption and energy consumption per unit of production :

	1996-97 (12 Months)	1995-96 (15 Months)
Electricity		
Quantity (Units)	2,08,358	2,20,349
Total Amount	7,11,718	6,76,615
Average Rate	3.41	3.07
Light Diesel Oil / Diesel Oil		
Quantity (Ltrs.)	1,10,500	1,02,315
Total Amount	10,15,637	7,71,509
Average Rate (per unit)	9.19	7.54

B. RESEARCH AND DEVELOPMENT (R & D)

- a. **Specific areas in which R & D carried out by the Company :**
Dyes & Pigments
- b. **Benefits derived as a result of the above R & D:**
By addition on new Products the company has been able to improve presence in overseas market.
- c. **Future Plan of Action :**
R & D is being strengthened and equipped to play an effective role for improving the quality.
- d. **Expenditure on R & D :**
No separate expenditure on R & D is booked in the accounts but are included in Laboratory Expenses.

C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- a. **Efforts Made :**
The company employs indigenous technology. However, technology for the economical production and of high quality is developed with the help of technical personnels and installation of latest machineries and equipments.
- b. **Benefits derived as a result of above efforts :**
Product improved through high efficiency and energy saving has improved the overall working.
- c. **Foreign exchange earnings and outgo :**

	1996-97 (12 Months)	1995-96 (15 Months)
Foreign Exchange outgo	Rs. 60,75,208	Rs. 92,86,000
Foreign Exchange earnings	Rs. 3,82,82,441	Rs. 5,44,41,069

AUDITORS REPORT

To,
The Members of Dynamic Industries Ltd.

We have audited the attached Balance Sheet of **DYNAMIC INDUSTRIES LIMITED** as at 30th June ,1997 and the Profit and Loss Account of the company for the year ended on that date and report that,

- I. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
- II. Further to our comments in the annexure referred to in paragraph I above :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examinations of the books ;
 - c. The Balance Sheet and Profit & Loss Account referred to in our report are in agreement with the books of account;
 - d. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i. in case of the Balance Sheet, of the state of affairs of the company as at 30th June, 1997 and
 - ii. in case of the Profit & Loss Account, of the profit of the company for the period ended on that date.

For **MAYANK SHAH & ASSOCIATES**
CHARTERED ACCOUNTANTS

Place : Ahmedabad
Date : 06/12/1997

(M. S. Shah)
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the company have been physically verified by the Management at reasonable intervals and as informed to us, no material discrepancies have been noticed on such verification. In Our opinion frequency of varification is reasonable.
2. None of the fixed assets have been revalued during the year.
3. The stock of finished goods, spare parts, raw materials and stores have been physically verified during the current year by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with the books of account.
6. In our opinion, the valuation of the aforesaid stocks has been fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. According to the information and explanation, given to us, the comapny has not taken any loans from companies, firms or 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 section 370(1-B) of the companies act,1956.

DYNAMIC INDUSTRIES LIMITED

8. In our opinion, the rate of interest, where applicable and other terms and conditions on which loans have been given to the companies, Firms or other parties listed in the register maintained under section 301 of the companies act, 1956 are prima facie not prejudicial to the interest 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 said act.
9. In respect of loans and advances in the nature of loans given by the company, the parties have repaid the principal amount as stipulated and have also been regular in the payment of interest, where applicable.
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 including components, plant & machinery, equipment and other assets, and for the sale of goods.
11. In our opinion and according to the informations and explanations given to us the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements, entered in the register(s) maintained under Section 301 of the Companies Act, 1956 (1 of 1956) as 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 goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
12. As explained and informed to us there is no unserviceable or damaged stores, raw materials or finished goods.
13. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits during the period as defined under Section 58 A of Companies Act, 1956 read alongwith the rules framed thereunder.
14. We are informed that the company has no realisable scraps or by products.
15. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
16. We have broadly reviewed the books of accounts maintained by the company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1)(d) of the companies act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
17. The company has generally been regular in depositing Provident Fund and Employee's State Insurance dues with the appropriate authorities.
18. According to the information and explanation given to us, there were no undisputed amounts in respect of income tax, sales tax, custom duty and excise duty which have remained outstanding as on 30th June, 1997 for a period of more than six months from the date they became payable.
19. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations and in accordance with generally accepted business practices.
20. The company is not a Sick Industrial Company within the meaning of clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the Company's trading activity we are informed that there are no damaged stocks.

For **MAYANK SHAH & ASSOCIATES**
Chartered Accountants

(M.S. SHAH)
PROPRIETOR

PLACE : AHMEDABAD
DATE : 06/12/1997