

10th

Annual Report
1998-99

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DYNAMIC INDUSTRIES LIMITED

Registered Office : 43, 4th Floor, New York Tower - "A", Sarkhej Gandhinagar Highway, Ahmedabad.

BOARD OF DIRECTORS

HARIN MAMLATDARNA
CHAIRMAN

DEEPAK SHAH
VICE-CHAIRMAN

DEEPAK CHOKSI
MANAGING DIRECTOR

RAGHAV LAKHMANI
DIRECTOR

COMPANY SECRETARY
(CONSULTING)
D.A. RUPAWALA

AUDITORS
M/S. G. K. CHOKSI & Co.
Chartered Accountants
'Madhuban', Nr. Madalpur Underbridge, Ellisbridge,
Ahmedabad - 6

BANKERS
CENTRAL BANK OF INDIA
Laldarwaja Branch
Nr. Roopalee Cinema, Ahmedabad.

REGISTERED OFFICE
43, 4th Floor, New York Tower - "A", Sarkhej Gandhinagar Highway,
Ahmedabad - 380 054.

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 Tenth Annual Report of the Company along with Audited Accounts for the Year ended 31 st March, 1999.

FINANCIAL RESULTS

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

(Rs. in lacs.)

	1998-99 (12 Months)	1997-98 (9 Months)
Total Income	815.99	705.70
Profit before depreciation and tax	25.03	24.11
Depreciation	16.89	11.54
Provision for taxation	--	--
Profit for the year	8.14	12.57
Profit available for appropriation	8.14	12.57
Profit brought forward	104.46	91.89
Profit carried to balance Sheet	112.60	104.46

DIVIDEND

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

OPERATIONS

The Total Income of the Company for year has been Rs. 815.99 lacs as compared to total income of Rs. 705.70 Lacs achieved during the previous period.

Similarly Profit before depreciation and taxation stood at Rs. 25.03 lacs for year as compared to Rs. 24.11 lacs during Previous period.

The above Results can be considered quite satisfactory considering the worldwide recession and negative export growth of the country.

Further during the year company has given more weightage on its own production than the trading activity as a result of which the production of the company which was 274.322 MT in last 9 months against that this year it has increased to 466.322 MT. Which shows a rise of 27.37 % on an yearly basis.

DEPOSIT

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

Y2K

The company has drawn up the effective plan to ensure that there is no major effect on its operations and systems of accounts due to Y2K. The existing software and hardware are now Y2K complaint. Your company has spent reasonable amount to make such complaint.

FUTURE OUTLOOK

Inspite of worldwide recession and political problem in the country your director see a better prospects in the coming years.

It is a matter of satisfaction and encouragement that the products of your company continue to enjoy reputation for better and consistent quality. Due to this only your company is able to earn a cash profit of Rs 25.03 Lacs.

The Company would be concentrating on development and launching of speciality products in the coming years to ensure both growth and better returns.

DIRECTORS

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

Mr.Raghav Lakhmani an additional director cease to be Director at the ensuing Annual General Meeting and being eligible for an appointment as a Director.

Mr.Raghvendra Potdar resigned during the Year from the Board of the Company.

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 M/s. G.K. Chokshi & Company. 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.6,00,000/- per annum or Rs.50,000/- per month for part of the year during the financial year under Review.

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

Information under Section 217 (1) (e) of the Companies Act,1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is as per Annexure-"A" which is annexed herewith.

ACKNOWLEDGEMENT

The Directors wish to thank the Government authorities, bankers, other business associates, and shareholders for the co-operation 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.

For & On Behalf of the Board of Directors

Date : 27-08-1999
Place : Ahmedabad

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 R.O.Machine 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:**

	1998-99 (12 Months)	1997-98 (9 Months)
Electricity		
Quantity(Units)	4,46,113	2,51,187
Total Amount	18,89,214	9,62,435
Average Rate	4.23	3.83
Light Diesel Oil/Diesel Oil		
Quantity (Ltrs.)	4,31,800	3,25,080
Total Amount	40,21,805	31,58,855
Average Rate(per unit)	9.31	9.72

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 personnel 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 an overall working.
- c. **Foreign exchange earnings and outgo :**

	1998-99 (12 Months)	1997-98 (9 Months)
Foreign Exchange outgo	Rs.2,28,13,293	Rs. 2,50,77,915
Foreign Exchange earnings	Rs.4,36,45,968	Rs. 4,06,06,539

AUDITORS' REPORT

To :
The Members,
DYNAMIC INDUSTRIES LIMITED
Ahmedabad.

We have audited the attached Balance Sheet of **DYNAMIC INDUSTRIES LIMITED** as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date annexed thereto and report as follows :

1. 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.
2. In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.
3. The Balance Sheet and the Profit and Loss Account are in agreement with the books of account.
4. In our opinion the Balance Sheet and the Profit and Loss Account comply with the Accounting Standard referred to sub-section (3C) of Section 211 of the Companies Act, 1956, except note no. 5 of Schedule-'M' as to Retirement Benefits accounted on payment basis.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes annexed thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999
 - and**
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.
6. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board and on the basis of such examination of the books and records of the Company as we considered appropriate and on the basis of the information and explanations given to us during the course of our audit, we further report that in our opinion :
 - i. the Fixed Asset Register showing full particulars including quantitative details and situation of fixed assets is under compilation. The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancy has been noticed on such verification.
 - ii. none of the fixed assets of the Company have been revalued during the year.
 - iii. the stocks of finished goods and raw materials have been physically verified by the Management. The frequency of verification is reasonable. Since the Company follows the practice of charging to revenue items of stores and spare parts at the stage of purchase itself, stocks of such items are not taken at the end of the year.
 - iv. the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - v. the discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account.
 - vi. the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - vii. the company has not taken loans from firms or other parties listed in the Register maintained u/s. 301 of the Companies Act, 1956. The Company has also not taken loans from companies under the same management.

- viii. the company has not granted loans to firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956. The company has not granted loans to companies under the same management.
- ix. 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.
- x. there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw materials, plant and machinery, equipment and other assets and for the sale of goods.
- xi. in our opinion and according to the informations and explanations given to us the transactions of 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 have regards 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.
- xii. the Company has a system of determining unserviceable or damaged stores, raw materials or finished goods, if any, and for making provision for loss in respect thereof in the accounts.
- xiii. the Company has not accepted any deposit from the public.
- xiv. the company does not have any by-product. It accounts for sale of realisable scrap, which is not significant, on cash basis.
- xv. the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- xvi. 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 facia, 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.
- xvii. the Company has generally been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities.
- xviii. there is no undisputed amount payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty outstanding as at the end of the year for a period of more than six months from the date in became payable.
- xix. personal expenses other than those payable under contractual obligations in accordance with the generally accepted business practices, have not been charged to revenue account.
- xx. 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.
- xxi. in respect of the Company's trading activity we are informed there are no damaged stocks.

**For, G. K. CHOKSI & CO.
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD.
DATE : 27.08.1999**

**ROHIT K. CHOKSI
PARTNER**

BALANCE SHEET AS AT 31ST MARCH, 1999

PARTICULARS	SCHEDULE	AS AT 31ST MARCH, 1999 AMOUNT (RS.)	AS AT 31-03-'98 AMOUNT (RS.)
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share Capital	A	30,285,000	30,285,000
Reserves and Surplus	B	<u>44,120,431</u>	<u>43,306,354</u>
		74,405,431	<u>73,591,354</u>
Loan Funds :			
Secured Loans	C	27,953,802	19,930,439
TOTAL :		102,359,233	93,521,793
APPLICATIONS OF FUNDS :			
Fixed Assets :			
Gross Block	D	43,526,714	35,752,695
Less : Depreciation Reserve		<u>7,784,707</u>	<u>6,094,997</u>
Net Block		35,742,007	29,657,698
Add : Capital work-in-progress		<u>523,768</u>	<u>3,156,500</u>
		36,265,775	32,814,198
Investments :	E	2,850,000	2,850,000
Current Assets, Loans and Advances :			
A] Current Assets :			
Inventories		28,508,798	21,152,324
Sundry Debtors		18,925,261	19,503,761
Cash and Bank Balances		<u>2,193,858</u>	<u>1,265,408</u>
		49,627,917	41,921,493
B] Loans and Advances			
		<u>26,752,090</u>	<u>25,896,381</u>
		<u>76,380,007</u>	<u>67,817,874</u>
Less : Current Liabilities and Provisions :			
Current Liabilities	G	14,448,371	9,689,419
Provisions		<u>273,528</u>	<u>273,528</u>
		<u>14,721,899</u>	<u>9,962,947</u>
Net Current Assets :		61,658,108	57,854,927