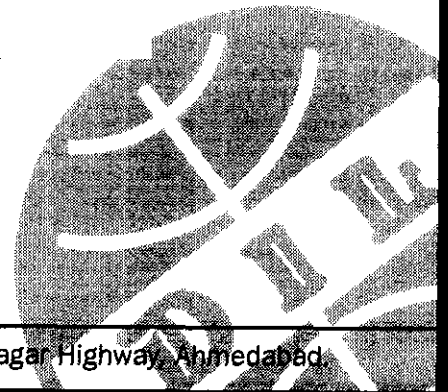


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DYNAMIC INDUSTRIES LIMITED

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



BOARD OF DIRECTORS

DEEPAK SHAH

CHAIRMAN

DEEPAK CHOKSI

VICE-CHAIRMAN

HARIN MAMLATDARNA

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 :

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

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the **ELEVENTH ANNUAL REPORT** of the company alongwith Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

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

	1999-00	1998-99
Total Income	1246.15	815.99
Profit before depreciation and tax	29.10	25.03
Depreciation	19.10	16.89
Provision for taxation	—	—
Profit for the year	10.00	8.14
Profit available for appropriation	10.00	8.14
Profit brought forward	112.60	104.46
Profit carried to Balance Sheet	122.60	112.60

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 the year has been Rs. 1246.15 lacs compare to total Income of Rs. 815.99 Lacs achieved during the previous year.

Similarly Profit before depreciation and taxation stood at Rs. 29.10 lacs for the year as compare to Rs. 25.03 lacs during the previous year.

The Direct Export has increased from Rs. 446.87 lacs to Rs. 588.97 lacs which shows a rise of 31.80%.

Looking to all above the overall results of the company is satisfactory compare to last year.

DEPOSITORIES

Your company have been mandated by SEBI for settlement only in demat form by all institution and all invetors. W.E.F. 27, November 2000. Your company proposed to enter into arrangements with NSDL and CDSIL for the dematerialisation and custody of securities in accordance with the Depositories Act. 1996.

DEPOSITS

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

Y2K

The company has successfully complied with Y2K problem.

FUTURE OUTLOOK

The future of the company seems very rosy, as company has now increase its clientele network in different parts of the glob which can be seen from the rise of Direct Export Market.

Further looking to the growth of the company in Direct and Indirect export, company has decided to do the expansion at the new premises of the company and the expansion work of the company is going on with full swing.

Further company has also decided to expand its production capacity by putting some extra machinery and increase the capacity of the existing machinery and the said work is also in progress.

DIRECTORS

In accordance with the Article of Association of the Company Shri Raghav Lakhmani retire by rotation and being eligible offer himself for reappointment.

DISCLOSURE OF STOCK EXCHANGES

The company's share are listed on the Ahmedabad and Mumbai stock exchanges. The Company has already paid annual listing fees for the year 2000-2001 to both the stock exchanges.

DYNAMIC INDUSTRIES LIMITED

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. CHOKSI & 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 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 Director 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

DEEPAK SHAH
Chairman

Date : 04-08-2000

Place : Ahmedabad.

DYNAMIC INDUSTRIES LIMITED

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 method and better plant utilisation. 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 :

Company is planning for increase in the capacity of its Spray Dryer Machine to reduce the energy cost.

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 :

	1999-2000	1998.99
<u>Electricity</u>		
Quantity (Units)	5,84,909	4,46,113
Total Amount	25,65,806	18,89,214
Average Rate	4.39	4.23
<u>Light Diesel Oil / Diesel Oil</u>		
Quantity (Ltrs.)	5,03,000	4,31,800
Total Amount	51,56,499	40,21,805
Average Rate (Per Unit)	10.25	9.31

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 for the economical production and of high quality, product is developed with help of technical personal 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 earning and out go :

	1999-2000	1998.99
Foreign Exchange outgo	1,46,57,112	2,28,13,193
Foreign Exchange earnings	5,88,97,082	4,06,06,539

DYNAMIC INDUSTRIES LIMITED**AUDITORS' REPORT**

To
The Members,
DYNAMIC INDUSTRIES LIMITED
Ahmedabad.

We have audited the attached Balance Sheet of **DYNAMIC INDUSTRIES LIMITED** as at 31st March, 2000 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.3 of Schedule-'M' as to non inclusion of Excise Duty in valuation of finished goods and note no.4 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 subject to note no.3 of Schedule-'M' as to non provision of Excise Duty payable on finished goods amounting to Rs. 34,91,512/-, which has no impact on profit of the company, resulting in under statement of current liabilities by Rs. 34,91,512/- and the current assets by like amount 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, 2000,
 - 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 location 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 stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year; except as stated at point no. 3 of Schedule - 'M' annexed to Annual Report.
 - 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;

DYNAMIC INDUSTRIES LIMITED

- i. in our opinion and according to the information and explanations given to us the transactions in pursuance of contracts or arrangements, entered in the register(s) maintained under Section 301 of the Companies Act, 1956 and 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 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;
- 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 it 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

ROHIT K. CHOKSI
Partner

Place : Ahmedabad.
Date : 04-08-2000

● DYNAMIC INDUSTRIES LIMITED ●

Balance Sheet as at 31st March, 2000

Particulars	Schedule	As at 31st March, 2000 Amount (Rs.)	As at 31/03/1999 Amount (Rs.)
Sources of Funds :			
<u>Shareholders' Funds :</u>			
Share Capital	A	3 02 85 000	3 02 85 000
Reserves and Surplus	B	4 51 20 525	4 41 20 431
		7 54 05 525	7 44 05 431
<u>Loan Funds :</u>			
Secured Loans	C	2 66 53 222	2 79 53 802
Unsecured Loans		31 11 150	0
		2 97 64 372	2 79 53 802
Total :		10 51 69 897	10 23 59 233
Applications of Funds :			
<u>Fixed Assets :</u>			
Gross Block	D	4 48 24 912	4 35 26 714
Less : Depreciation Reserve		96 95 181	77 84 707
Net Block :		3 51 29 731	3 57 42 007
Add : Capital work-in-progress		26 33 898	5 23 768
		3 77 63 629	3 62 65 775
Investments	E	28 50 000	28 50 000
<u>Current Assets, Loans & Advances :</u>			
[A] Current Assets :			
Inventories		3 22 02 669	2 85 08 798
Sundry Debtors		1 96 73 626	1 89 25 261
Cash and Bank Balances		25 65 194	21 93 858
		5 44 41 489	4 96 27 917
[B] Loans and Advances		2 75 31 557	2 67 52 090
		8 19 73 046	7 63 80 007