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**DYNAMIC INDUSTRIES LIMITED**

Registered Office : Plot no. : 5501/2, Phase III, GIDC, Vatva, Ahmedabad 382 445.



## **BOARD OF DIRECTORS**

◆  
**DEEPAK CHOKSI**  
CHAIRMAN

**DEEPAK SHAH**  
MANAGING DIRECTOR

◆  
**HARIN MAMLATDARNA**  
VICE-CHAIRMAN

**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**  
Plot No. 5501 / 2, Phase III, GIDC,  
Vatva, Ahmedabad 382 445

**FACTORY**  
Plot No. : 125, Phase I, GIDC,  
Vatva, Ahmedabad 382 445

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**DIRECTORS' REPORT****Dear Members,**

The Directors have pleasure in presenting the Thirteenth Annual Report of the company alongwith Audited Accounts for the year ended 31st March 2002.

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

[Rs. in Lacs]

	2001-02	2000-01
Total Income	2206.90	1698.08
Profit before depreciation and tax	109.10	(14.28)
Depreciation	35.54	28.42
Provision for taxation	15.97	0.01
Profit for the year	57.59	(42.71)
Prior period Adjustment	-	05.69
Profit available for appropriation	57.59	(48.40)
Profit brought forward	74.20	122.60
Profit carried to Balance Sheet	131.79	74.20

From the above financial highlights it will be observed that your company has achieved commendable results in very difficult year for the Indian Economy.

**DIVIDEND**

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. 2206.90 Lacs as compared to Total Income of Rs. 1698.08 Lacs achieved during the previous year.

Similarly Profit before depreciation and taxation stood at Rs. 109.10 Lacs for the year as compared to Rs. 14.28 Lacs Loss during the previous year.

The Direct Export has increased from Rs. 1203.52 Lacs to Rs. 1633.65 Lacs which shows a rise of 36 %.

Looking to all above, the overall results of the Company is satisfactory as compared to last year.

**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 there under.

**PROSPECTS**

The Directors are pleased to inform you that your Company has started current year in very promising way.

The Directors are hopeful of achieving higher turnover and operating performance during current financial year due to aggressive marketing strategy.

**DIRECTORS**

In accordance with the Article of Association of the Company Shri Deepak Shah ,Director of the Company retire at this General Meeting and being eligible have offered himself for reappointment.

Shri Raghav Lakhmani, Director resigned during the year. The Board appreciate services rendered by him during his tenure as Director.

**DISCLOSURE OF STOCK EXCHANGES**

The Company's shares are listed on the Ahmedabad and Mumbai Stock Exchanges, the Company has paid necessary Listing Fees for the Year 2002-2003 to both the stock exchanges.

**INSURANCE**

All the properties and assets of the company are adequately insured.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956.**

- a) Conservation of energy and technology absorption information pursuant to Clause (e) Subscription (i) of Section 217 of the Companies Act 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of this report are given in the Annexure.

**DYNAMIC INDUSTRIES LIMITED**

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b) Foreign Exchange earn during the year Rs.1575.22 Lacs. The Foreign Exchange out go during the year was Rs. 712.92 Lacs.

c) Particulars of employees

The information required to be submitted under Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of employees) Rules 1975 is not applicable as there is no employee drawing the stipulated remuneration.

**AUDITORS**

The Members are requested to appoint Auditors for the current year and fix their remuneration.

The Auditors of the company M/s. G. K. Choksi & Co., Chartered Accountants are to retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

The Auditors qualification in Audit Report are explained in Notes forming part of Accounts "Schedule M".

**PERSONNEL**

Relations between the employees and the Management continued to be cordial during the period under review. The Directors hereby place on record their appreciation of the efficient and loyal services rendered by the company's employees at all levels.

**CORPORATE GOVERNANCE**

The requirement of compliance with code of Corporate Governance as per clause 49 of the Listing Agreement would apply to the Company from next financial year. The Company is progressively implementing the provisions of Corporate Governance Guidelines, so as to comply the same by 2002-2003.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors confirm

- (i) That in the preparation of the Annual Accounts the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently subject to (i) 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 ended 31 st March' 2002 and of the Profit of the Company for that Year.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts on a going concern basis.

**ACKNOWLEDGMENT**

Your Directors wish to place on record their appreciation of the continued support provided to your Company by Customers, Suppliers, Bankers, Employees and all other such concerned people who have enable the Company to achieve success in these difficult times. The Directors gratefully thank the shareholders for the confidence reposed in the Company.

For & On Behalf of the Board of Directors

DATE : 4 Sept., 2002

PLACE : Ahmedabad

DEEPAK CHOKSI  
CHAIRMAN

**ANNEXURE 1 TO THE DIRECTORS' REPORT****A) TECHNOLOGY ABSORPTION**

The company does not deploy any foreign technology. The Management of the company are well conversant with technology.

**B) CONSERVATION OF ENERGY**

- (i) As power and energy expenditure are not main cost constituent of company's overall product costing so at present company is not required to take any conservation measures.
- (ii) Power and Fuel consumption

	2001-2002	2000-01
<b>Electricity</b>		
Purchase Unit	7 24 946	6 25 306
Total Amount	36 96 471	28 84 267
Rate / Unit (Rs.)	5.10	4.61
<b>Light Diesel Oil / Diesel Oil</b>		
Quantity (Ltrs.)	3 22 600	5 22 041
Total Amount	50 46 282	71 00 783
Average Rate (per unit)	15.64	18.60

**C. RESEARCH AND DEVELOPMENT (R & D)****a. Specific areas in which R & D carried out by the Company :**

Dyes

**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.

**D. TECHNOLOGY ABSORPTION, ADAPTION & 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 results of above efforts :**

Product improved through high efficiency and energy saving has improved an overall working.

**c. Foreign Exchange earning and out go : (Rs. in Lacs)**

	2001-2002	2000-2001
Foreign Exchange outgo	712.92	464.70
Foreign Exchange earning	1 575.22	1 203.52

**DYNAMIC INDUSTRIES LIMITED****AUDITORS' REPORT**

To  
The Members,  
Dynamic Industries Limited  
Ahmedabad.

1. We have audited the attached Balance Sheet of Dynamic Industries Limited as at 31st March, 2002 and the Profit and Loss Account 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 misstatements. 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, and on the basis of such checks as we considered appropriate and according to information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure refer to 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, *subject to Note No. 2 of Schedule 'M' regarding certain records seized by Department of Central Excise in the absence of which reliance is placed on photocopies of those records and information furnished by the management in this regard*, proper books of account have been kept by the Company as required by law so far as appears from our examination of those books.
  - c. The Balance Sheet and the 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 the Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, *except note no. (4) of Schedule 'M' regarding retirement benefits accounted for on the basis of computation made by the company instead of actuarial basis which is not in compliance with Accounting Standard – 15, the differential impact of non compliance on profit for the year is not ascertainable.*
  - e. On the basis of written representation received from the directors of the company as at March 31<sup>st</sup>, 2002 and taken on record by the board of directors, we report that no director is disqualified from being appointed as director of company under clause (g) of 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 *subject to:*
    - (i) *Note no. 2 of Schedule 'M' regarding an enquiry initiated by department of excise against the company.*
    - (ii) *Note no. 4 of Schedule 'M' regarding retirement benefits accounted for on the basis of computation made by the company instead of actuarial basis, the differential impact of non compliance is not ascertainable.*
    - (iii) *Note No. 9 of Schedule 'M' regarding non disclosure of outstanding dues to Small Scale Industrial undertakings and details regarding the same.*

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, 2002
- and
- b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For G. K. CHOKSI & CO.**  
Chartered Accountants

**ROHIT K. CHOKSI**  
Partner

Place : Ahmedabad.  
Date : 4th September, 2002



**ANNEXURE TO THE AUDITORS' REPORT****(Referred to in our Report of even date)****Internal Controls:**

- i. 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;
- ii. 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;
- iii. The Company has an adequate internal audit system commensurate with the size and the nature of its business;

**Fixed Assets :**

- iv. *The Fixed Asset Register showing full particulars including quantitative details and location of fixed assets is not yet complied and updated. As the management has not physically verified fixed assets at reasonable intervals, opinion as to discrepancy, if any can not be given.*
- v. None of the fixed assets of the Company have been revalued during the year;

**Inventories :**

- vi. 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 taken at the end of the year and accounted at cost;
- vii. 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;
- viii. The discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account;
- ix. 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;
- x. In respect of the Company's trading activity we are informed that there are no damaged stocks;
- xi. The company does not have any by-product. It accounts for sale of realisable scrap, which is not significant, on cash basis;

**Loans and Advances:**

- xii. 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;
- xiii. 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;
- xiv. 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;

**Transactions with parties under section 301 of the Companies Act, 1956 :**

- xv. In our opinion and according to the information and explanations given to us the no 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.

**Cost Records:**

- 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;

**DYNAMIC INDUSTRIES LIMITED**

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**Fixed Deposits:**

- xvii. The Company has not accepted any deposits from the public and consequently the provision of section 58A of the Companies Act, 1956 and the rules frame there under are not applicable;

**Staff Welfare:**

- xviii. The Company has generally been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities;
- 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;

**Taxation:**

- xx. 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;

**Others :**

- xxi. 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;

**For G. K. CHOKSI & CO.**  
*Chartered Accountants*

**ROHIT K. CHOKSI**  
*Partner*

Place : Ahmedabad.  
Date : 4th September, 2002

