



Report  junction.com



DYNAMIC INDUSTRIES LIMITED

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



BOARD OF DIRECTORS



HARIN D. MAMLATDARNA
CHAIRMAN

DEEPAK N. CHOKSI
MANAGING DIRECTOR

DEEPAK V. SHAH
VICE-CHAIRMAN

DEEPAK R. SHETH
DIRECTOR

BANKIM M. PATEL
DIRECTOR

PARESH C. PATEL
DIRECTOR



COMPANY SECRETARY
(CONSULTING)
CHETAN R. SHAH

AUDITORS
G. K. CHOKSI & CO.
Chartered Accountants
"Madhuban", Nr. Madalpur Underbridge,
Ellisbridge, Ahmedabad - 6.

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

REGISTRARS & SHARE TRANSFER AGENTS
PINNACLE SHARES REGISTRY P. LTD.
Near Ashoka Mills, Naroda Road,
Ahmedabad 380 025.



REGISTERED OFFICE
Plot No. 5501 / 2, Phase III,
Nr. Trikampura cross roads, GIDC,
Vatva, Ahmedabad 382 445

FACTORY
Plot No. 125, Phase I,
Nr. Trikampura cross roads, GIDC,
Vatva, Ahmedabad 382 445

CONTENTS

| | |
|-----------------------------|----|
| Notice | 01 |
| Directors' Report | 02 |
| Auditors' Report | 14 |
| Balance Sheet | 17 |
| Profit & Loss Account | 18 |
| Cash Flow Statement | 19 |
| Schedules | 20 |

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of Dynamic Industries Limited will be held on 30th September, 2004 at 11.30 a.m. at 5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March. 2004, Balance Sheet as at that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Deepak Choksi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Regd. Office :

5501/2, Phase III,
Near Trikampura Cross Roads,
G.I.D.C., Vatva, Ahmedabad -382 445
Date : 19-06 -2004

By Order of the Board

DEEPAK N. CHOKSI
MANAGING DIRECTOR

Notes :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Register of Members and Share Transfer Books will remain closed from 23rd September, 2004 to 30th September 2004 (both days inclusive).
3. The dividend will be payable to those shareholders whose names appear on the Register of Members as on 30th September, 2004. The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of the shares as on 22nd September, 2004 as per the details furnished by the Depositories for this purpose.

DYNAMIC INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in placing before you the Fifteenth Annual Report and Audited Accounts for the year ended on 31st March 2004.

FINANCIAL RESULTS

[Rs. in Lacs]

| Particulars | Year ended 31-03-2004 | Year ended 31-03-2003 |
|--|----------------------------------|----------------------------------|
| Total Income | 3580.18 | 3004.30 |
| Profit before depreciation and tax | 163.49 | 269.75 |
| Depreciation | 49.49 | 43.88 |
| Provision for taxation : | | |
| Current Year | 30.10 | 48.00 |
| Deferred tax | 8.14 | 11.01 |
| Provision for tax for earlier years written back | (19.09) | - |
| Profit after tax | 94.86 | 166.86 |
| Prior period Adjustment | - | (0.50) |
| Profit balance brought forward | 242.48 | 131.78 |
| Appropriation | | |
| General Reserve | 15.00 | 15.00 |
| Reserve ECO Development Fund | - | 6.50 |
| Proposed Dividend | 30.28 | 30.29 |
| Tax on Dividend | 3.88 | 3.88 |
| Balance carried to Balance Sheet | 288.18 | 242.48 |

DIVIDEND

Your Directors are pleased to recommend Dividend @ 10% (Re. One per share) on equity shares for the year ended 31st March 2004.

PERFORMANCE

In spite of stiff conditions and severe recessionary forces, the performance of your Company for the year under review has remained satisfactory. The income from operations was Rs.3580.19 lacs (previous year Rs. 3004.30 lacs). The net profit after tax was Rs. 94.86 lacs (previous year Rs. 166.86 lacs).

FUTURE OUTLOOK

The Company has continued to concentrate on the export market. The quality products of the Company have established a name and brand image in domestic as well as in abroad market. The thrust on the competitive strength and consolidation of customer relationship has carved a bright future for the Company. Looking to overall good response to the products of the Company, your Directors expect higher turnover and profits during the current financial year.

DIRECTORATE

Shri Deepak Choksi, Director of the Company who retires by rotation, and being eligible, offers himself for appointment.

DISCLOSURE ON STOCK EXCHANGES

The equity shares of the Company are listed on the Ahmedabad and Mumbai Stock Exchanges. The Company has paid necessary Listing fees for the year 2004 -2005 to both the Stock Exchanges.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

INSURANCE

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

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

In accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earning and outgo is given in Annexure – 1 to the Directors' Report.

CORPORATE GOVERNANCE

The Company has complied with the recommendations and code on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on Corporate Governance together with the Certificate from Auditors is provided in a separate Annexure forming part of the Annual Report.

PARTICULARS OF EMPLOYEES

The information pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is nil.

PERSONNEL

During the year under review, Relations between the Employees and the Management continued to be harmonious. Your Directors hereby place on record their appreciation for the dedicated services rendered by the employees of the Company at all levels.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended by Companies {Amendment} Act, 2000, your Directors state :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year ended on 31.03.2004 and of the Profit of the Company for the year ended on 31.03.2004;
3. That the Directors have 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;
4. That the Directors have prepared annual accounts on a going concern basis.

AUDITORS

M/s. G. K. Choksi & Co., Chartered Accountants, Ahmedabad hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a certificate under section 224(1)(B) of the Companies Act, 1956 from them. You are requested to appoint the Auditors and fix their remuneration.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude for the co-operation and support from its customers, vendors, bankers and business associates and look forward to their continued support.

The Directors gratefully thank the shareholders for the confidence reposed in the Company. Your Directors also wish to place on record their sincere appreciation of the valuable contribution and efforts made by all the employees to achieve success in these trying times.

For and On Behalf of the Board

PLACE : Ahmedabad

DATE : 19th June, 2004

DEEPAK V. SHAH

VICE CHAIRMAN

DEEPAK N. CHOKSI
MANAGING DIRECTOR

DYNAMIC INDUSTRIES LIMITED**ANNEXURE 1 TO THE DIRECTOR'S REPORT****A. TECHNOLOGY ABSORPTION :-**

The Company does not deploy any foreign technology. The management of the Company is 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.

| | 2003 - 2004 | 2002 - 2003 |
|---|-------------|-------------|
| <u>Electricity</u> | | |
| Purchase unit | 9 18 669 | 8 45 060 |
| Total amount | 40 70 989 | 38 69 054 |
| Rate (per unit) | 4.43 | 4.58 |
| <u>Light Diesel Oil/Diesel Oil</u> | | |
| Quantity (in LTRS) | 2 27 036 | 3 00 213 |
| Total amount | 40 01 099 | 44 39 880 |
| Average rate per unit | 17.62 | 14.79 |

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, ADAPTATION AND 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 personnel and instillation 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

Foreign Exchange earning and out go (Rs. In lacs)

| | 2003 - 2004 | 2002 - 2003 |
|--------------------------|-------------|-------------|
| Foreign exchange earning | 1584.03 | 1977.64 |
| Foreign exchange out go | 1077.78 | 968.00 |

REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY

Your company believes that for its sustained success, it must maintain global standards of Corporate Governance conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good corporate governance; which is a key driver of sustainable corporate growth and long term value creation for its shareholders.

The Company believes that corporate governance is not just limited to creating check and balances. It is more about creating organization excellence leading to increasing employees and customer satisfaction and shareholders value. The primary objective of corporate governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities and to serve the goal of value creation. The Company believes, it must leverage its human and capital resources into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels.

Above all, Corporate Governance must balance individual interest with corporate goals and operate with accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision making and the rationale behind such decisions, which in turn creates stakeholders confidence.

II. BOARD OF DIRECTORS

Composition of the Board of Directors:

The Board of Directors is comprised of 6 members of which 3 are Promoters and Executive Directors including Chairman, All other Directors are Non-Executive Directors. The Board believes that the current size is appropriate based on the Company's present circumstances.

| Name of Director | Category | No. of other Directorships | Membership of Board Committees |
|--------------------|---------------------------------------|----------------------------|--------------------------------|
| Harin Mamlatdarina | Chairman | Nil | 1 |
| Deepak V. Shah | Executive Director | Nil | 1 |
| Deepak N. Choksi | Executive Director | Nil | 1 |
| Deepak R. Sheth | Non-Executive Director / Ir.dependent | Nil | 3 |
| Bankim M. Patel | Non-Executive Director / Independent | Nil | 3 |
| Paresh C. Patel | Non-Executive Director / Independent | Nil | 2 |

Attendance of each Director at Board Meetings and the last Annual General Meeting :

Eleven Board Meetings were held during the financial year 2003-2004. The composition of Directors and the attendance at the Board Meeting during the year 2003-2004 and last Annual General Meeting is as under:

| Director | Category of Directorship | No. of Board Meetingsheld | No. of Board Mittings attended | Last AGM Attendance |
|------------------|--------------------------|---------------------------|--------------------------------|---------------------|
| Harin Mamlatdama | Chairman | 11 | 9 | Yes |
| Deepak V. Shah | Vice Chairman | 11 | 9 | Yes |
| Deepak N. Choksi | Managing Director | 11 | 10 | Yes |
| *Deepak R. Sheth | Director | 11 | 10 | Yes |
| *Bankim M. Patel | Director | 11 | 9 | Yes |
| *Paresh C. Patel | Director | 11 | 10 | Yes |

DYNAMIC INDUSTRIES LIMITED

Number of Board Meetings held during the financial year and the dates of the Board Meetings:

| Board Meeting | Date | Board Meeting | Date |
|---------------|------------|---------------|------------|
| 1 | 30-04-2003 | 7 | 08-12-2003 |
| 2 | 25-06-2003 | 8 | 17-12-2003 |
| 3 | 30-06-2003 | 9 | 23-01-2004 |
| 4 | 31-07-2003 | 10 | 30-01-2004 |
| 5 | 25-09-2003 | 11 | 09-03-2004 |
| 6 | 30-10-2003 | | |

The last Annual General Meeting was held on 27-9-2003

III. AUDIT COMMITTEE

The primary objective of the Audit Committee is to provide effective supervision of the management's financial reporting process and monitor with a view to ensure accurate and timely disclosures and transparency, integrity of financial reporting.

The committee oversees the work carried out in the financial reporting process by the management, including the internal auditors and the independent auditors.

Responsibilities of the Audit Committee

- To provide an open avenue of communication between the independent auditors, internal auditors, and the Board of Directors (BOD).
- To oversee the work of the independent auditors for the purpose of preparing or issuing an audit report or related work.
- To consider and review the adequacy of internal control including computerized information system controls and security: and related findings and recommendations of the independent auditor and internal auditor together with the management's responses.
- To review and discuss with the management and the independent auditors, the annual audited financial statements and quarterly audited / un audited financial statements, including the company's disclosures under "Management's Discussion and Analysis of Financial Condition and of Results of Operations"
- To conduct a post – audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors.
- Review, in conjunction with counsel, any legal matters that could have a significant impact on the company's financial statements.
- Report periodically to the Board of Directors on significant activities.

Relying on the review and discussions with the management and the independent auditor, the Audit Committee believes that the company's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles in all material aspects.

The committee has recommended to the Board the re-appointment of Chartered Accountants, as the statutory and independent auditors of the company for the fiscal year ending March 31,2005, and that necessary resolution for appointing them as Auditors be placed before the shareholders. The committee recommended the re-appointment of internal auditors to review various operations of the company.

The Constitution of the committee and the attendance of each member of the committee is given below :

| Name | Designation | Category |
|----------------------|-------------|--------------------------------------|
| Shri Bankim M. Patel | Chairman | Non-Executive Director / Independent |
| Shri Paresh C. Patel | Member | Non-Executive Director / Independent |
| Shri Deepak R. Sheth | Member | Non-Executive Director / Independent |

| Members | Meetings held | Meetings attended |
|----------------------|---------------|-------------------|
| Shri Bankim M. Patel | 4 | 4 |
| Shri Paresh C. Patel | 4 | 4 |
| Shri Deepak R. Sheth | 4 | 4 |

By invitation : Shri Kamlesh H. Shah,
Senior.Audit Manager.
G. K. Choksi & Co. (Statutory Auditors)

IV. REMUNERATION COMMITTEE

The Remuneration Committee is formed to review the policy on remuneration packages for Executive Directors. The Committee determines and recommends to the Board the compensation to the directors. All Board-level compensation is approved by shareholders, and separately disclosed in the financial statements.

In fixing remuneration, practices followed by the companies of size and standing similar to the Company and that of the industry standards are taken into consideration. However, remuneration to Non- Executive Directors will be decided by the Board of Directors.

The Constitution of the committee and the attendance of each member of the committee is given below :

| Name | Designation | Category |
|----------------------|-------------|--------------------------------------|
| Shri Paresh C. Patel | Chairman | Non-Executive Director / Independent |
| Shri Bankim M. Patel | Member | Non-Executive Director / Independent |
| Shri Deepak R. Sheth | Member | Non-Executive Director / Independent |

There is no fixation, revision or increase in remuneration of any of the Executive Directors during the financial year under review. Hence, there was no meeting of the Remuneration Committee during the financial year.

• Details of remuneration paid / payable to the Directors for Financial Year 2003-2004

(Amount in Rupees)

| Name | Salary and Perquisites | Commission | Shares issued under ESOP | Details of service contracts: notice period and severance fees |
|------------------|------------------------|------------|--------------------------|--|
| Harin Mamlatdama | Rs. 9,02,422/- | Nil | Nil | Ordinary Resolution dt. 27-09-2003, |
| Deepak V. Shah | Rs. 8,78,421/- | Nil | Nil | valid upto 24-02-2005; no Notice |
| Deepak N. Choksi | Rs. 8,92,409/- | Nil | Nil | Period and no severance fees |

V. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE

The Share Transfer Cum Investor Grievance Committee has been constituted to administer the following activities:

- | | |
|--|---|
| a. Transfer of shares | f. Transposition of Shares |
| b. Transmission shares | g. Sub-Division of Share Certificates |
| c. Issue of Duplicate Share Certificates | h. Consolidation of folios |
| d. Change of Status | i. Shareholders' requests for Dematerialisation of shares |
| e. Change of Name | j. Shareholders' requests for Rematerialisation of shares |

The Committee meets from time to time and approves the transfer and transmission of shares, deletion of names, issue of duplicate share certificates etc. The Committee facilitates prompt and effective redressal of investors' complaints and the reporting of the same to the Board of Directors.

The Board has constituted a Share Transfer Cum Investor Grievance Committee which looks after shareholders' and investors' grievances.

| Name | Designation | Category |
|-----------------------|-------------|--------------------------------------|
| Shri Deepak R. Sheth | Chairman | Non-Executive Director / Independent |
| Shri Bankim M. Patel | Member | Non-Executive Director / Independent |
| Shri Harin Mamlatdama | Member | Executive Director |
| Shri Deepak V. Shah | Member | Executive Director |
| Shri Deepak N. Choksi | Member | Executive Director |

The Board has delegated the power of Share Transfer to Registrar and Share Transfer Agent, M/s. Pinnacle Share Registry P. Ltd. who processes the transfers.

- No. of shareholders' complaints received — Nil
- No. of complaints not solved to the satisfaction of shareholders — Nil
- No. of pending share transfers — Nil.
- As at 31st March, 2004 No equity Shares were pending for transfer.

DYNAMIC INDUSTRIES LIMITED**VI. GENERAL BODY MEETINGS**

Details of last three AGMs held

| Year | Date | Time | Venue | No. of Special Resolutions passed |
|---------|------------|------------|--|-----------------------------------|
| 2000-01 | 28-09-2001 | 03.30 p.m. | 5501/2, Phase III, Near Trikamura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445 | — |
| 2001-02 | 30-09-2002 | 03.30 p.m. | 5501/2, Phase III, Near Trikamura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445 | 1 |
| 2002-03 | 27-09-2003 | 11.30 a.m. | 5501/2, Phase III, Near Trikamura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445 | — |

- 1) No Resolutions were put through postal ballot.
- 2) Special Resolutions were passed on show of hands.

VII. NOTES ON DIRECTORS' APPOINTMENT / REAPPOINTMENT

Shri Deepak Choksi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Deepak Choksi has more than 26 years' experience of the industry and has visited U.S.A. and a number of European and Asian countries to keep himself abreast with the latest technology. He is also looking after commercial, financial and administrative aspects of the business.

Details of other Directorships: Nil.

VIII. DEMAT / REMAT OF SHARES

Details of Shares Dematerialised / Rematerialised during the last financial year is below:

| | | |
|--|-----|-----------|
| a. Number of Demat requests approved | ... | 480 |
| b. Number of Shares Dematerialised | | 11,14,940 |
| c. Percentage of Shares Dematerialised | | 36.82% |
| d. Number of Remat requests approved | | Nil |
| e. Number of Shares Rematted | | Nil |

Representatives of the Company are constantly in touch with M/s. Pinnacle Share Registry P. Ltd., Share Transfer Agents of the Company and review periodically the outstanding matters.

IX. DISCLOSURES

- a) There are no materially significant transactions made by the company with its promoters, directors or the management or relatives etc. which have potential conflict with the interest of the Company at large. The Register of contract containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are disclosed in Note No.9 Under Schedule 13 to the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18 – Related Party Disclosures issued by The Institute of Chartered Accountants of India.
- b) There were no strictures or penalties imposed on the company by either SEBI or the stock exchanges or any statutory authority or non compliance of any matter related to the capital markets.

X. MEANS OF COMMUNICATIONS

The quarterly as well as the half yearly unaudited financial results in the prescribed form are taken on record by the Board of Directors at its meetings within one month of the close of every quarter / half year respectively and the same are furnished to all the Stock Exchanges where the Company's shares are listed. The results are also published in two newspapers, one in English and the other in Regional Language.