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DYNAMIC INDUSTRIES LIMITED

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



BOARD OF DIRECTORS

◆
DEEPAK N. CHOKSI
CHAIRMAN

HARIN D. MAMLATDARNA
MANAGING DIRECTOR

DINESH J. JAIN
EXECUTIVE 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

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you the Eighteenth Annual Report and Audited Accounts for the year ended on 31st March, 2007.

Financial Results		(Rs. in lacs)	
Particulars	Year ended 31-3-2007	Year ended 31-3-2006	
Total Income	5143.13	5556.35	
Profit before depreciation and tax	156.47	172.53	
Depreciation	62.61	59.06	
Provision for Taxation			
Current year	53.39	40.10	
Deferred tax	(1.50)	(7.45)	
Fringe Benefit Tax	2.56	2.58	
Profit After tax	39.41	78.25	
Prior period adjustment	2.39		
Profit after tax and prior period adjustments	37.02	78.25	
Balance b/f. from previous year	381.13	342.41	
Profit available for appropriation	418.15	420.66	
Appropriation :			
General Reserve	0.95	5.00	
Proposed Dividend	18.17	30.28	
Distribution tax thereon	3.09	4.25	
Balance carried to Balance Sheet	395.94	381.13	

Dividend

Your Directors are pleased to recommend Dividend @ 6% p.a. (Re. 0.60/- per share) on equity shares for the year ended 31st March, 2007.

Performance

In spite of acute competition, the performance of your Company for the year under review has remained satisfactory. The income from operations was Rs. 5143.13 lacs (previous year Rs. 5556.35 lacs). The net profit after tax and prior period adjustment was Rs. 37.02 lacs (previous year Rs. 78.25 lacs).

Future outlook

The Company has good exposure to the Global market. The quality products of the Company have received good response in the overseas market. The thrust on the competitive strength, newer product development and consolidation of customer relationship has resulted into a bright future for the Company. The economy has witnessed sharp fluctuations in value of Indian Rupee and profitability of the Company will be substantially affected during the current financial year on account of it.

Directorate

Shri Bankim M. Patel, Director of the Company who retires by rotation, and being eligible, offers himself for reappointment. Shri Bankim M. Patel has good experience of banking, accounts and administration for more than two decades.

Shri Dinesh C. Jain was appointed as additional Director of the Company. He holds office upto the ensuing Annual General Meeting. He has rich experience of the business and line of activities of the Company. Your Directors recommend his appointment.

Shri Deepak V. Shah and Shri Deepak R. Sheth, Directors of the Company resigned from the directorship of the Company w.e.f. 31-01-2007 and 10-04-2007 respectively. Your Directors express their deep sense of appreciation for the valuable services rendered by them during the tenure of their office.

Disclosure on Stock Exchanges

The equity shares of the Company are listed on the Bombay Stock Exchange Ltd. The Company has paid necessary Listing fees for the year 2007-2008 to the Bombay Stock Exchange Ltd. The equity shares of the Company have been voluntarily delisted from the Ahmedabad Stock Exchange after necessary compliances and legal formalities by the Company.

DYNAMIC INDUSTRIES LIMITED

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 and 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. A separate Report on Corporate Governance together with the Certificate from Auditors is provided in a separate Annexure.

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

Relations between the Employees and the Management continued to be cordial during the year under review. Your Directors hereby place on record their appreciation for the efficient and loyal 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 alongwith proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgements 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 31.03.2007 and of the Profit of the Company for the year ended on 31.03.2007;
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.

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 are also grateful to 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 : 30-06-2007

DEEPAK N. CHOKSI

CHAIRMAN

ANNEXURE 1 TO THE DIRECTORS' REPORT

A. TECHNOLOGY ABSORPTION:-

The Company has adopted indigenous technology. 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

	2006-2007	2005-2006
Electricity		
Purchase unit	12,80,731	12,61,078
Total amount	59,91,268	57,50,650
Rate (per unit)	4.68	4.56
Light Diesel Oil/Diesel Oil/Furnace oil		
Quantity (in LTRS)	2,29,156	4,63,563
Total amount	47,74,562	82,15,985
Average rate per unit	20.84	17.72
Fire Wood		
Quantity (in Kgs.)	50,17,318	27,51,931
Total amount	73,11,186	32,46,814
Average rate per unit	1.46	1.18

C. RESEARCH AND DEVELOPMENT**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 strengthen 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 results of above efforts

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

Foreign Exchange earning an out go (Rs. in lacs)

	2006-2007	2005-2006
Foreign exchange earning	4000.63	3952.14
Foreign exchange out go	1802.29	1688.05

DYNAMIC INDUSTRIES LIMITED**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY**

Commitment to values, quality, fair play and transparency are the corner stones of the principles of Corporate Governance.

The Company is committed to high standards of Corporate Governance. The Company lays emphasis on proper quality, customer satisfaction, legal compliance, enhancing the value of stakeholders and integrity in all its operations and dealings. at all levels.

2. BOARD OF DIRECTORS**Composition of the Board of Directors**

The Board of Directors is comprised of 5 members of which 3 are Promoters and Executive Directors including Chairman, All other Directors are Non-Executive Directors.

Name of Director	Category	No. of other Director-ships	Membership of Board Committees
Deepak N. Choksi	Chairman	Nil	1
	Executive Director		
Harin Mamlatdarna	Executive Director	Nil	1
Dinesh J. Jain	Executive Director	1	1
Bankim M. Patel	Non-Executive Director / Independent	Nil	3
Paresh C. Patel	Non-Executive Director / Independent	Nil	3

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

7 Board Meetings were held during the financial year 2006-2007. The composition of Directors and the attendance at the Board Meeting during the year 2006-2007 and last Annual General Meeting are as under

Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attendance
Deepak N. Choksi	7	7	Yes
Harin Mamlatdarna	7	7	Yes
*Deepak V. Shah	7	4	Yes
**Deepak R. Sheth	7	1	No
Bankim M. Patel	7	7	Yes
Paresh C. Patel	7	5	No
***Dinesh J. Jain	N.A.	N.A.	N.A.

(*Shri Deepak V. Shah resigned as a director w.e.f. 31-01-2007)

(** Shri Deepak R. Sheth resigned as director of the Company w.e.f. 10-04-2007)

(*** Shri Dinesh J. Jain appointed as an additional director and Executive Director of the Company w.e.f. 14-05-07.)

Number of Board Meetings held during the financial year 2006-2007 was 7. The dates on which these Board Meetings were held are 20-06-2006, 30-06-2006, 29-07-2006, 13-09-2006, 13-10-2006, 31-10-2006 and 31-01-2007.

The last Annual General Meeting was held on 30-09-2006.

3. AUDIT COMMITTEE

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's responsibilities, an Audit Committee had been constituted by the Board. The Audit Committee aims to monitor various areas of the management, compliances, disclosures, transparency, integrity of financial reporting.

Terms of reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement. Main areas are deliberated as under.

- a) To provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors (BOD).
- b) To oversee the work of the independent auditors for the purpose of preparing or issuing an audit report or related work.
- c) 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.
- d) 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"
- e) 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.
- f) Review, in conjunction with counsel, any legal matters that could have a significant impact on the company's financial statements.
- g) 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, 2007, 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	1

* resigned w.e.f. 10-04-2007.

Four meetings of the Audit Committee were held during the year on the following dates:
30-06-2006, 29-07-2006, 31-10-2006 and 31-01-2007.

DYNAMIC INDUSTRIES LIMITED**4. 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

* resigned w.e.f. 10-04-2007

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 2006-2007

Name	Salary and Perquisites (Rs.)	Commission	Shares issued under ESOP	Details of service contracts: notice period and severance fees
Deepak V. Shah	6,11,984	Nil	Nil	Ordinary Resolution
Deepak N. Choksi	11,38,256	Nil	Nil	dt. 30-09-2005,
Harin Mamlatdarna	11,34,432	Nil	Nil	valid upto 30-09-2007; no Notice period and no severance fees

5. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE

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

- Transfer of shares
- Transmission of shares
- Issue of Duplicate Share Certificates
- Change of Status
- Change of Name
- Transposition of Shares
- Sub-Division of Share Certificates
- Consolidation of folios
- Shareholders' requests for Dematerialisation of shares
- 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 Paresh Patel	Chairman	Non-Executive Director / Independent
Shri Bankim M. Patel	Member	Non-Executive Director / Independent
Shri Deepak N. Choksi	Member	Executive Director
Shri Harin Mamlatdarna	Member	Executive Director
Shri Dinesh J. Jain	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, 2007 no equity Shares were pending for transfer.

6. GENERAL BODY MEETINGS

Details of last three AGMs held

Year	Date	Time	Venue	No. of Special Resolutions passed
2003-04	30-09-2004	11.30 a.m.	5501/2, Phase III, Near Trikamura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445	—
2004-05	30-09-2005	11.30 a.m.	5501/2, Phase III, Near Trikamura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445	—
2005-06	30-09-2006	11.30 a.m.	5501/2, Phase III, Near Trikamura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445	Voluntary Delisting of securities from Ahmedabad Stock Exchange

- I) No Resolutions were put through postal ballot.
- II) Resolutions were passed on show of hands.

7. NOTES ON DIRECTORS' APPOINTMENT / REAPPOINTMENT

Shri Bankim M. Patel retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Bankim M. Patel has good experience of banking, accounts and administration for more than two decades.

Details of other Directorships: Nil.

8. DEMAT / REMAT OF SHARES

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

a)	Number of Demat requests approved	133
b)	Number of Shares Dematerialised	31,968
c)	Percentage of Shares Dematerialised	1.05 %
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.

9. 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. 4 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.

DYNAMIC INDUSTRIES LIMITED**10. 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.

11. GENERAL SHAREHOLDERS INFORMATION

- i) Annual General Meeting
The 18th Annual General Meeting will be held on 29th September, 2007 at 11.30 a.m. at Plot No. 5501/2, Phase III, Trikampura Cross Roads, GIDC, Vatva, Ahmedabad – 382445.
Financial Calendar 2007-2008 (Tentative)
First Quarterly Results : Last week of July, 2007
Half yearly Results : Last week of October, 2007
Third Quarterly Results : Last week of January, 2008
Fourth Quarterly Results : Last week of April, 2008
Annual General Meeting : September, 2008
- ii) Date of Book Closure : 25th September, 2007 to 29th September, 2007 (both days inclusive) for payment of dividend.
- iii) Dividend Payment Date : On or after 29th September, 2007
- iv) Regd. Office : 5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382445
- v) Listing of equity shares on Stock Exchanges : Mumbai Stock Exchange.
Demat ISIN Numbers in NSDL and CDSL for equity shares : INE457C01010
- vi) Stock Code : 524818 (BSE)
- vii) Stock Market Data (in Rs. / Per Share)

Month	Mumbai Stock Exchange		Ahmedabad Stock Exchange	
	Month's High	Month's Low	Month's High	Month's Low
April, 2006	45.50	24.75	*	*
May, 2006	42.00	37.50	*	*
June, 2006	39.40	28.30	*	*
July, 2006	39.55	28.50	*	*
August, 2006	38.75	29.95	*	*
September, 2006	35.95	31.00	*	*
October, 2006	73.05	32.75	*	*
November, 2006	52.10	44.25	*	*
December, 2006	61.25	37.70	*	*
January, 2007	69.80	60.35	*	*
February, 2007	104.20	73.25	*	*
March, 2007	108.95	95.25	N.A.	N.A.

(* No transaction reported during the period.)

(** Equity Shares of the Company are delisted voluntarily from Ahmedabad Stock Exchange Ltd. on 28-02-2007.)

viii) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company, M/s. Pinnacle Share Registry P. Ltd. All valid transfers are processed within 15 days from the date of receipt.