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**DYNAMIC INDUSTRIES LIMITED**

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



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## **BOARD OF DIRECTORS**



**HARIN D. MAMLATDARNA**  
CHAIRMAN

**DEEPAK N. CHOKSI**  
VICE CHAIRMAN

**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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**NOTICE**

NOTICE is hereby given that the 19th Annual General Meeting of Dynamic Industries Limited will be held on 30th September, 2008 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, 2008, Balance Sheet as at that date togetherwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Harin D. Mamlatdarna who retires by rotation and being eligible offers himself for re-appointment.
3. 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

**By Order of the Board**

Date : 30-06-2008

**DEEPAK CHOKSI***Vice Chairman*Report Junction.com**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 26-09-2008 to 30-09-2008 (both days inclusive).

**DYNAMIC INDUSTRIES LIMITED****DIRECTORS' REPORT****Dear Members,**

Your Directors have pleasure in placing before you the 19th Annual Report and Audited Accounts for the year ended 31st March, 2008.

**Financial Results**

(Rs. in lacs)

Particulars	Year ended 31-03-2008	Year ended 31-03-2007
Total Income	4319.98	5143.13
Profit before depreciation and tax	100.40	156.47
Depreciation	68.86	62.61
Provision for Taxation		
Current year	15.40	53.39
Deferred tax	(5.48)	(1.49)
Fringe Benefit Tax	3.01	2.56
Profit After Tax	18.62	39.40
Prior period adjustment	0	2.38
Profit after tax and prior period adjustments	18.62	37.02
Balance b/f. from previous year	395.94	381.12
Profit available for appropriation	414.56	418.14
<b>Appropriation :</b>		
General Reserve	0	0.95
Proposed Dividend	0	18.17
Distribution tax thereon	0	3.08
<b>Balance carried to Balance Sheet</b>	<b>414.56</b>	<b>395.94</b>

**Dividend**

In view of conserving resources, your Directors do not recommend any Dividend on equity shares for the year ended 31st March, 2008.

**Performance**

Sailing during the year under review was not smooth. Strong Rupee and steep depreciation in the value of dollar had posed severe problems for the exporting units and your Company could not be an exception to it. Keen competition diminished the profit margins. While, galloping price of crude added fuel to the fire. Still the Company has endeavoured to stabilize its performance. During the year under review, the income from operations was Rs. 4200.83 lacs (previous year Rs. 4903.65 lacs). The net profit after tax was Rs. 18.62 lacs (previous year Rs. 39.40 lacs).

**Future outlook**

Recently, the dollar has become stronger yielding higher on exports realization. But sharp rise in crude price and high rate of inflation will offset the gain. Your Company has been constantly upgrading its products range and the products have received good response in the overseas market. 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 Harin D. Mamlatdarna, Director of the Company who retires by rotation, and being eligible, offers himself for reappointment. Shri Harin D. Mamlatdarna has good experience of production, marketing, exports, accounts and administration for more than two decades.

**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.

**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 - I to the Directors' Report.

**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 31.03.2008 and of the Profit of the Company for the year ended on 31.03.2008; .
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.

Place : Ahmedabad  
Date : 30-06-2008

For and on behalf of the Board

**DEEPAK N. CHOKSI**  
Director

**DYNAMIC INDUSTRIES LIMITED****ANNEXURE 1 TO THE DIRECTOR'S 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) Power and energy expenditure are not main cost constituent of company's overall product costing.
- (ii) Power and fuel consumption

	2007 - 2008	2006 - 2007
<b>Electricity</b>		
Purchase unit	11,55,705	12,80,731
Total amount	51,89,789	59,91,268
Rate (per unit)	4.49	4.68
<b>Light Diesel Oil/Diesel Oil / Furnace oil / Fire Wood</b>		
Quantity (in LTRS)	42,736	2,29,156
Total amount	10,72,198	47,74,562
Average rate per unit	25.09	20.84
<b>Fire Wood</b>		
Quantity (in Kgs.)	40,83,050	50,17,318
Total amount	72,98,915	73,11,186
Average rate per unit	1.79	1.46

**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 high quality, new products are developed with help of technical personnel and instillation of latest machineries and equipments.
- b. **Benefits derived as a result of above efforts**  
Products were improved through high efficiency and energy saving improved the overall working of the Company

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

	2007 - 2008	2006 - 2007
Foreign exchange earning	3192.11	4000.63
Foreign exchange out go	1616.00	1802.29

**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 determined for high standards of Corporate Governance. The Company lays emphasis on proper quality, customer satisfaction, legal compliances, 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
Harin Mamlatdama	Chairman	Nil	2
Deepak N. Choksi	Executive Director		
	Vice Chairman	Nil	1
	Executive Director		
Dinesh J. Jain	Executive Director	1	1
Bankim M. Patel	Non-Executive Director /	Nil	3
	Independent		
Paresh C. Patel	Non-Executive Director /	Nil	3
	Independent		

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

8 Board Meetings were held during the financial year 2007-2008. The composition of Directors and the attendance at the Board Meeting during the year 2007-2008 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	8	8	Yes
Harin Mamlatdama	8	6	Yes
*Dinesh J. Jain	8	7	Yes
**Deepak R. Sheth	8	Nil	N.A.
Bankim M. Patel	8	8	No
Paresh C. Patel	8	8	No

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

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

Number of Board Meetings held during the financial year 2007-2008 was 8. The dates on which these Board Meetings were held are 10-04-2007, 09-05-2007, 14-05-2007, 30-06-2007, 31-07-2007, 18-09-2007, 31-10-2007 and 31-01-2008.

The last Annual General Meeting was held on 29-09-2007.



**DYNAMIC INDUSTRIES LIMITED****3. AUDIT COMMITTEE**

An Audit Committee had been constituted by the Board to provide assistance to the Board of Directors in fulfilling the Board's responsibilities. 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, 2009 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 are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Shri Bankim M. Patel	Chairman	Non-Executive Director / Independent
Shri Paresh C. Patel	Member	Non-Executive Director / Independent
Shri Deepak N. Choksi	Member	Executive Director

<b>Members</b>	<b>Meetings Held</b>	<b>Meetings attended</b>
Shri Bankim M. Patel	4	4
Shri Paresh C. Patel	4	4
Shri Deepak N. Choksi	4	4

Four meetings of the Audit Committee were held during the year on the following dates :  
30-06-2007, 31-07-2007, 31-10-2007 and 31-01-2008.

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



#### 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 N. Choksi	Member	Executive Director

There were 2 meetings of the Remuneration Committee on 14-05-2007 and 30-06-2007 to fix / revise / renew the remuneration of the Executive Directors during the financial year under review. All the members were present at the meetings held on 14-05-2007 and 30-06-2007.

Details of remuneration paid / payable to the Directors for Financial Year 2007-2008

Name	Salary and Perquisites (Rs.)	Commission	Shares issued under ESOP	Details of service contracts: notice period and severance fees
Deepak N. Choksi	1131282	Nil	Nil	Period and no severance fees
Harin D. Mamlatdarna	1107575	Nil	Nil	Ordinary Resolutions dt. 29-09-2007, valid upto 30-09-2009; no Notice period and no severance
Dinesh Jain	1003280	Nil	Nil	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

**DYNAMIC INDUSTRIES LIMITED**

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, 2008 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
2004-05	30-09-2005	11.30 a.m.	5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445	---
2005-06	30-09-2006	11.30 a.m.	5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445	Voluntary Delisting of securities from Ahmedabad Stock Exchange
2006-07	29-09-2007	11.30 a.m.	5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C., Vatva, Ahmedabad -382 445	---

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

**7. NOTES ON DIRECTORS' APPOINTMENT / REAPPOINTMENT**

Shri Harin D. Mamlatdarna retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Harin D. Mamlatdarna has good experience of production, marketing, exports, 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	110
b)	Number of Shares Dematerialised	39,710
c)	Percentage of Shares Dematerialised	1.31%
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. 6 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.