

**27<sup>st</sup>**  
*Annual Report*  
**2009-2010**



**DYNAMIC INDUSTRIES LIMITED**

Registered Office : Plot No. 5501/2, Phase III, G.I.D.C., Vatva, Ahmedabad - 382 445.



## **BOARD OF DIRECTORS**



**DEEPAK N. CHOKSI**  
CHAIRMAN

**HARIN D. MAMLATDARNA**  
VICE CHAIRMAN

**DINESH J. JAIN**  
EXECUTIVE DIRECTOR

**BHARGAV D. KARIA**  
DIRECTOR

**DURGESH V. BUCH**  
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**  
SHAREPRO SERVICES (INDIA) PVT. LTD.  
(Ahmedabad Branch)  
416-420, 4th Floor, Devnandan Mall,  
Opp. Sanyas Ashram, Ashram Road,  
Ellisbridge, Ahmedabad - 380 006.



**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 Twenty First Annual General Meeting of Dynamic Industries Limited will be held on 14th August, 2010 at 11.30 a.m. at 5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C. Estate, 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, 2010, Balance Sheet as at that date togetherwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dinesh Jasraj Jain 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.

Date : 29-05-2010

**By Order of the Board**

**DEEPAK N. CHOKSI**  
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 13-08-2010 to 14-08-2010 (both days inclusive).

# DYNAMIC INDUSTRIES LIMITED

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in placing before you the Twenty First Annual Report and Audited Accounts for the year ended on 31st March, 2010.

<b>Financial Results</b>		<b>(Rs. in lacs)</b>	
<b>Particulars</b>	<b>Year ended 31-03-2010</b>	<b>Year ended 31-03-2009</b>	
Total Income	3770.56	4161.67	
Profit before depreciation and tax	76.10	57.31	
Depreciation	39.35	31.33	
Add. Prior Period Items	0.90	0.00	
Provision for Taxation			
Current year	15.50	3.20	
Includes Wealth Tax Provision of Rs. NIL (P.Y. Rs.10,000/-)			
Deferred tax	1.28	(1.28)	
Fringe Benefit Tax	0.00	2.05	
Profit After tax	20.87	22.01	
<b>Balance b/f. from previous year</b>	<b>436.57</b>	<b>414.56</b>	
<b>Balance carried to Balance Sheet</b>	<b>457.44</b>	<b>436.57</b>	

### Dividend

In view of conserving resources, your directors do not recommend any dividend on equity shares for the year ended 31st March, 2010.

### Performance

The Company faced stiff competition and the margins were under severe pressure during the year under review. Total income was Rs. 37,70,56,068/- (previous year Rs. 41,61,67,281). The net profit after tax was Rs. 20,86,456/- (previous year Rs. 22,01,126).

### Future outlook

The recessionary forces appear to be eased and the Index of Industrial Production (IIP) has shown positive movement. The growth forecasts are also encouraging. The Company expects the domestic as well as the foreign market to take an upward move during the forthcoming years, which will be of great importance and being an opportunity for the Company to cover up untapped business.

Acute competition and inflationary pressure will be a constraint for the Company to achieve the stage as aforesaid. In spite of all, 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 competitiveness, research and newer product development and consolidation of customer relationship will result into a bright future for the Company.

### Directorate

Shri Dinesh J. Jain, Director of the Company who retires by rotation, and being eligible, offers himself for reappointment. Shri Dinesh J. Jain is a commerce graduate and has rich experience of more than 25 years in the field of dyes and chemicals. He looks after commercial, financial and marketing aspects of the business.

### 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 2010-2011 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 – 1 to the Directors' Report.

**Corporate Governance**

The Company has mainly complied with the recommendations and code on Corporate Governance. A separate Report on Corporate Governance together with the Certificate from Auditors is provided in Annexure II.

**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, cordial relations be continued between the Employees and the Management of the Company. Your Directors hereby would like express their sense of 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 31.03.2010 and of the Profit of the Company for the year ended on 31.03.2010;
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.

**Compliance Certificate**

Pursuant to the provisions of Section 383 (A) (1) of the Companies Act, 1956 read with Rule 3 of the Companies (Compliance Certificate) Rules, 2001 your Company is required to appoint a Company Secretary in whole time Practice for obtaining the Compliance Certificate. Mr. Chetan R. Shah, a Company Secretary in wholetime practice had already been appointed for such Compliance Report for the year 2009-2010. His Compliance Report is attached hereto as Annexure.

**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 : 29-05-2010

**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 conversion measures
- (ii) Power and fuel consumption

	2009-2010	2008-2009
<b>Electricity</b>		
Purchase unit	11,45,201	9,35,560
Total amount	63,33,786	49,30,875
Rate (per unit)	5.53	5.27
<b>Light Diesel Oil/Diesel Oil/Furnace oil</b>		
Quantity (in LTRS)	5,600	4,374
Total amount	1,72,497	1,53,989
Average rate per unit	30.80	35.21
<b>Fire Wood</b>		
Quantity (in Kgs.)	43,12,420	34,09,948
Total amount	1,12,35,490	88,56,347
Average rate per unit	2.61	2.60

**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 is 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)**

	2009-2010	2008-2009
Foreign exchange earning	2263.94	3233.00
Foreign exchange out go	851.41	783.92

**ANNEXURE II TO DIRECTOR'S REPORT - REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and to maximize the wealth of its stakeholders on the one hand and to protect interest of customers, employees and associates on the other. The Directors and the Management of the Company adhere themselves to achieve excellence in Corporate Governance by complying in all respects with the mandatory guidelines in this regard and also regularly reviewing management systems for further improvement.

The Company endeavours to achieve higher standards and provide guidance to management in strategy implementation, risk management and fulfillment of goals and objectives. Total commitment to values, quality, fair play and transparency are the corner stones of the principles of Corporate Governance. Your Company aims to maintain ideal standards of Corporate Governance conduct towards all of its stakeholders viz. shareholders, customers, employees, all other stakeholders and society in general. Accountability and transparency are key drivers to improve decision making and the rationale behind such decisions, which in turn creates stakeholders' confidence.

**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 / Independent Directors.

<b>Name of Director</b>	<b>Category</b>	<b>No. of other Director-ships</b>	<b>Membership of Board Committees</b>
Deepak N. Choksi	Chairman Executive Director	Nil	3
Harin Mamlatdarna	Vice Chairman Executive Director	Nil	1
Dinesh J. Jain	Executive Director	1	1
*Paresh C. Patel	Non-Executive Director / Independent	Nil	3
Durgesh V. Buch	Non-Executive Director / Professional - Independent	-	2
Bhargav D. Karia	Non-Executive Director / Professional - Independent	-	2

( \* Shri Paresh C. Patel resigned as a director w.e.f. 01-10-2009)

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

7 Board Meetings were held during the financial year 2009-2010. The composition of Directors and the attendance at the Board Meeting during the year 2009-2010 and last Annual General Meeting are as under :

<b>Director</b>	<b>No. of Board Meetings held</b>	<b>No. of Board Meetings attended</b>	<b>Last AGM Attendance</b>
Deepak N. Choksi	7	7	Yes
Harin Mamlatdarna	7	6	Yes*
Dinesh J. Jain	7	5	Yes
*Paresh C. Patel	3	3	Yes
Durgesh V. Buch	7	--	--
Bhargav D. Karia	7	--	--

( \* Shri Paresh C. Patel resigned as a director w.e.f. 01-10-2009)

Number of Board Meetings held during the financial year 2009-2010 was 7. The dates on which these Board Meetings were held are 09-04-2009, 30-06-2009, 31-07-2009, 1-10-2009, 31-10-2009, 31-01-2010 and 24-02-2010. The last Annual General Meeting was held on 30-09-2009.

**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 and 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, 2010, 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 Durgesh V. Buch	Chairman	Non-Executive Director / Professional - Independent
*Shri Paresh C. Patel	Member	Non-Executive Director / Independent
Shri Bhargav D. Karia	Member	Non-Executive Director / Professional -Independent
** Shri Deepak N. Choksi	Member	Executive Director

(\* = upto 30-09-2009)

(\*\* = from 01-10-2009)

Four meetings of the Audit Committee were held during the year on the following dates :

30-06-2009, 31-07-2009, 31-10-2009 and 31-01-2010.

Committee Members	Meetings held	Meetings attended
Shri Durgesh V. Buch	4	4
*Shri Paresh C. Patel	2	2
Shri Bhargav D. Karia	4	4
** Shri Deepak N. Choksi	2	2

(\* = upto 30-09-2009)

(\*\* = from 01-10-2009)

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 Durgesh V. Buch	Chairman	Non-Executive Director / Professional –Independent
Shri Bhargav D. Karia	Member	Non-Executive Director / Professional –Independent
Shri Deepak N. Choksi	Member	Executive Director

(\* = up to 30-09-2009)

(\*\* = appointed as Chairman of the committee w.e.f. 01-10-2009)

There was 1 meeting of the Remuneration Committee on 30-06-2009 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 30-06-2009.

Details of remuneration paid / payable to the Directors for Financial Year 2009-2010 (Amount in Rupees)

Name	Salary and Perquisites (Rs.)	Commission	Shares issued under ESOP	Details of service contracts : notice period & severance fees
Deepak N. Choksi	11,19,520	Nil	Nil	Ordinary Resolution dt. 30-9-09
Harin Mamlatdarna	11,22,727	Nil	Nil	valid upto 30-9-2011, no notice
Dinesh J. Jain	10,43,077	Nil	Nil	period and no severance fee

#### 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 Harin Mamlatdarna	Member	Executive Director
Shri Dinesh J. Jain	Member	Executive Director
**Shri Deepak N. Choksi	Chairman	Executive Director

(\* = up to 30-09-2009)

(\*\* = appointed as Chairman of the committee w.e.f. 01-10-2009)

## 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. Share Transfer Agent of the Company is changed and M/s. Sharepro Services (India) Private limited has been appointed as Registrar and Share Transfer Agent of the Company.

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, 2009 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
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.	—
2007-08	30-09-2008	11.30 a.m.	5501/2, Phase III, Near Trikampura Cross Roads, G.I.D.C., Vatva, Ahmedabad-382 445.	—
2008-09	30-09-2009	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

1. Shri Dinesh J. Jain retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Shri Dinesh J. Jain is a commerce graduate and has rich experience of more than 25 years in the field of dyes and chemicals. He looks after commercial, financial and marketing aspects of the business.

Details of other Directorships : One, Director in Ornet Intermediates Limited

### 8. DEMAT / REMAT OF SHARES

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

a) Number of Demat requests approved	16
b) Number of Shares Dematerialised	2,500
c) Percentage of Shares Dematerialised	0.08
d) Number of Remat requests approved	Nil
e) Number of Shares Rematted	Nil

Representatives of the Company are constantly in touch with the Share Transfer Agents of the Company and reviewed 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.

### 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