

22nd

Annual Report
2010-2011



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.

CONTENTS

Notice	01
Directors' Report	05
Auditor's Report	19
Balance Sheet	22
Profit & Loss Account	23
Cash Flow Statement	24
Schedules	25

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of Dynamic Industries Limited will be held on 12th August, 2011 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, 2011, 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.

Special Business:

4. **Renewal of remuneration and change of designation of Shri Harin Mamlatdarna**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT in terms of section 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 Shri Harin Mamlatdarna be and is hereby appointed as Chairman of the Company for a period of two years w.e.f. 01-10-2011."

"RESOLVED FURTHER THAT pursuant to section 198, 269, 309 and 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the Company hereby approves the remuneration of Shri Harin Mamlatdarna for a period from 01-10-2011 to 30-09-2013, togetherwith perquisites and other terms and conditions (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the relevant explanatory statement appended hereto and forming part of this Notice with liberty to the Board of Directors to alter, vary or modify the terms and conditions of perquisites in such manner as may be agreed to between the Board of Directors and Shri Harin Mamlatdarna."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where in any financial year the Company has incurred loss or profits are inadequate, the Company may pay Shri Harin Mamlatdarna remuneration by way of salary, perquisites and other allowances not exceeding the ceiling as provided in section II of part II of schedule XIII of the Companies Act, 1956."

5. **Renewal of remuneration and change of designation of Shri Deepak N. Choksi**

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT in terms of sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 Shri Deepak N. Choksi be and is hereby appointed as Vice Chairman of the Company for a period of two years w.e.f. 01-10-2011."

"RESOLVED FURTHER THAT pursuant to section 198, 269, 309 and 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the Company hereby approves the remuneration of Shri Deepak N. Choksi for a period from 01-10-2011 to 30-09-2013, togetherwith perquisites and other terms and conditions (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the relevant explanatory statement appended hereto and forming part of this Notice with liberty to the Board of Directors to alter, vary or modify the terms and conditions of perquisites in such manner as may be agreed to between the Board of Directors and Shri Deepak N. Choksi."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where in any financial year, the Company has incurred loss or profits are inadequate, the Company may pay Shri Deepak N. Choksi remuneration by way of salary, perquisites and other allowances not exceeding the ceiling as provided in section II of part II of schedule XIII of the Companies Act, 1956."

6. Renewal of remuneration of Shri Dinesh J. Jain

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT in terms of sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 Shri Dinesh J. Jain be and is hereby reappointed as Executive Director of the Company for a period of two years w.e.f. 01-10-2011."

"RESOLVED FURTHER THAT pursuant to section 198, 269, 309 and 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such sanctions as may be necessary, the Company hereby approves the remuneration of Shri Dinesh J. Jain for a period from 01-10-2011 to 30-09-2013, together with perquisites and other terms and conditions (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the relevant explanatory statement appended hereto and forming part of this Notice with liberty to the Board of Directors to alter, vary or modify the terms and conditions of perquisites in such manner as may be agreed to between the Board of Directors and Shri Dinesh J. Jain."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where in any financial year, the Company has incurred loss or profits are inadequate, the Company may pay Shri Dinesh J. Jain remuneration by way of salary, perquisites and other allowances not exceeding the ceiling as provided in section II of part II of schedule XIII of the Companies Act, 1956."

Regd. Office :
5501/2, Phase III,
Near Trikampura Cross Roads,
G.I.D.C., Vatva,
Ahmedabad -382 445.

By Order of the Board

Date : 14-05-2011

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. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.
3. Register of Members and Share Transfer Books will remain closed from 11-08-2011 to 12-08-2011 (both days inclusive).

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 4

Shri Harin Mamlatdarna is having a rich experience of more than 30 years in the field of dyes and chemicals and has also visited a number of European and Asian countries as well as USA to acquaint himself of the latest technology. He looks after production, marketing, export, commercial and administrative aspects of the business.

The Board of Directors of the Company appointed Shri Harin Mamlatdarna as Chairman for a period of two years w.e.f. 01-10-2011 subject to approval of the Shareholders in terms of sections 198, 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956. The terms of remuneration including salary, allowances and perquisites payable to him w.e.f. 01-10-2011 as approved by the Board subject to approval of the Shareholders are as follows :

REMUNERATION :

Basic Salary : Rs. 75,000/- per month with such revision as the Board may approve from time to time.

Perquisites :

Furnished accommodation, electricity, water, gas and furnishings, medical reimbursements, leave travel concessions for self and family, club fees, medical insurance, personal accident insurance, leave encashment, benefits of Provident Fund and Gratuity Fund, car and telephone, any other allowances etc. in accordance with the rules of the Company.

In case, no accommodation is provided to Shri Harin Mamlatdarna, he will be paid House Rent Allowance as per rules of the Company.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing and whole Time Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

In the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company may pay to Shri Harin Mamlatdarna remuneration by way of Salary, allowances and perquisites as per section II of part II of Schedule XIII of the Companies Act, 1956.

Shri Harin Mamlatdarna is interested in the resolution as it relates to his own appointment and remuneration. No other Director is interested in the said resolution.

Item No. 5

Shri Deepak N. Choksi has rich experience of more than 30 years in the field of dyes and chemicals and has also visited a number of European and Asian countries as well as USA to acquaint himself of the latest technology. He looks after finance, banking, commercial matters, marketing, accounting and administrative aspects of the business.

The Board of Directors of the Company appointed Shri Deepak N. Choksi as Vice Chairman for a period of two years w.e.f. 01-10-2011 subject to approval of the Shareholders in terms of sections 198, 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956. The terms of remuneration including salary, allowances and perquisites payable to him w.e.f. 01-10-2011 to 30-09-2013 as approved by the Board subject to approval of the Shareholders are as follows :

REMUNERATION :

Basic Salary : Rs. 75,000/- per month with such revision as the Board may approve from time to time.

Perquisites :

Furnished accommodation, electricity, water, gas and furnishings, medical reimbursements, leave travel concessions for self and family, club fees, medical insurance, personal accident insurance, leave encashment, benefits of Provident Fund and Gratuity Fund, car and telephone, any other allowances etc. in accordance with the rules of the Company.

In case, no accommodation is provided to Shri Deepak N. Choksi, he will be paid House Rent Allowance as per rules of the Company.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing and whole Time Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

DYNAMIC INDUSTRIES LIMITED

In the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company may pay to Shri Deepak N. Choksi remuneration by way of Salary, allowances and perquisites as per section II of part II of Schedule XIII of the Companies Act, 1956.

Shri Deepak N. Choksi is interested in the resolution as it relates to his own appointment and remuneration. No other Director is interested in the said resolution.

Item No. 6

Shri Dinesh J. Jain is a commerce graduate and has rich experience of more than 25 years in the line of the business of the Company. He is acquainted with the latest technology and also with production, commercial, financial, banking and administrative aspects of the business.

The Board of Directors of the Company has reappointed Shri Dinesh J. Jain as Executive Director of the Company for a period from 01-10-2011 to 30-09-2013 subject to approval of the Shareholders in terms of sections 198, 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956. The terms of remuneration including salary, allowances and perquisites payable to him w.e.f. 01-10-2011 as approved by the Board subject to approval of the Shareholders are as follows :

REMUNERATION :

Basic Salary Rs. 75,000/- per month with such revision as the Board may approve from time to time.

Perquisites :

Furnished accommodation, electricity, water, gas and furnishings, medical reimbursements, leave travel concessions for self and family, club fees, medical insurance, personal accident insurance, leave encashment, benefits of Provident Fund and Gratuity Fund, car and telephone, any other allowances etc. in accordance with the rules of the Company.

In case, no accommodation is provided to Shri Dinesh J. Jain, he will be paid House Rent Allowance as per rules of the Company.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing and whole Time Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

In the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company may pay to Shri Dinesh J. Jain remuneration by way of Salary, allowances and perquisites as per section II of part II of Schedule XIII of the Companies Act, 1956.

Shri Dinesh J. Jain is interested in the resolution as it relates to his own appointment and remuneration. No other Director is interested in the said resolution.

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Date : 14-05-2011

By Order of the Board

DEEPAK N. CHOKSI
Director

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you the Twenty Second Annual Report and Audited Accounts for the year ended on 31st March, 2011.

Financial Results		(Rs. in lacs)
Particulars	Year ended 31-03-2011	Year ended 31-03-2010
Total Income	4712.91	3770.56
Profit before depreciation and tax	164.55	76.10
Depreciation	52.53	39.35
Add. Prior Period Items	0.00	(0.90)
Provision for Taxation		
Current year	41.50	15.50
Deferred tax	(0.31)	1.28
Profit After tax	70.83	20.87
Balance b/f. from previous year	457.44	436.57
Balance carried to Balance Sheet	528.26	457.44

Dividend

In view of conserving resources, your directors do not recommend any dividend on equity shares for the year ended 31st March, 2011.

Performance

In spite of recession and stiff competition, performance of your Company for the year under review has remained satisfactory. Total income was Rs. 4712.91 lacs (previous year Rs. 3770.56 lacs). The net profit after tax was Rs. 70.83 lacs (previous year Rs. 20.87 lacs).

Future outlook

The volatility witnessed in the year under review is expected to continue into the next financial year. The company expects the market to continue to contract and stabilize thereafter.

The Company enjoys strong exposure to the Global market. The quality products of the Company have received warm 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 crude price 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 having a rich experience of more than 30 years in the field of dyes and chemicals and has also visited a number of European and Asian countries as well as USA to acquaint himself of the latest technology. He looks after production, marketing, export, commercial and administrative 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 2011-2012 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.

DYNAMIC INDUSTRIES LIMITED

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 - II.

Compliance Certificate

A copy of Compliance Certificate obtained from a Company Secretary in wholetime practice pursuant to section 383A (1) of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001 is annexed herewith as Annexure - III and forms part of this 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

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 31.03.2011 and of the Profit of the Company for the year ended on 31.03.2011;
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 : 14-05-2011

DEEPAK N. CHOKSI
Chairman

ANNEXURE I 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

	2010-2011	2009-2010
Electricity		
Purchase unit	10,22,272	11,45,201
Total amount	55,64,011	63,33,786
Rate (per unit)	5.44	5.53
Light Diesel Oil/Diesel Oil/Furnace oil		
Quantity (in LTRS)	4,100	5,600
Total amount	1,29,069	1,72,497
Average rate per unit	31.48	30.80
Fire Wood		
Quantity (in Kgs.)	19,93,960	43,12,420
Total amount	53,07,890	1,12,35,490
Average rate per unit	2.66	2.61
Gas		
Quantity (in scm.)	4,51,248	----
Total amount	95,36,058	----
Average rate per unit	21.13	----

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. R & D has also resulted in to cost reduction.
- 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)

	2010-2011	2009-2008
Foreign exchange earning	2696.90	2263.94
Foreign exchange out go	1063.36	851.41

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

The philosophy of the Company in relation to Corporate Governance is to ensure fairness, integrity, transparency and accountability in its dealings with its customers, stakeholders, dealers, lenders, government and employees. The Board of Directors and the Management of the Company commit themselves to achieve excellence in Corporate Governance by complying with the mandatory guidelines in this regard and also regularly reviewing management systems for further improvement.

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 Directors.

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

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

9 Board Meetings were held during the financial year 2010-2011. The composition of Directors and the attendance at the Board Meeting during the year 2010-2011 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	9	9	Yes
Harin Mamlatdarna	9	8	Yes
Dinesh J. Jain	9	7	No
Durgesh V. Buch	9	--	No
Bhargav D. Karia	9	--	No

Number of Board Meetings held during the financial year 2010-2011 was 9. The dates on which these Board Meetings were held are 29-5-2010, 23-7-2010, 31-7-2010, 11-10-2010, 31-10-2010, 24-12-2010, 25-1-2011, 31-1-2011 & 25-2-2011.

The last Annual General Meeting was held on 14-08-2010.

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.

- 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.