

24th

*Annual Report
2012-2013*



DYNAMIC INDUSTRIES LIMITED

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



BOARD OF DIRECTORS



HARIN D. MAMLATDARNA
CHAIRMAN

DEEPAK N. CHOKSHI
VICE CHAIRMAN

DINESH J. JAIN
EXECUTIVE DIRECTOR

JATIN B. SURTI
(NON-EXECUTIVE
DIRECTOR / INDEPENDENT)

PRAVINCHANDRA D. MASTER
(NON-EXECUTIVE
DIRECTOR / INDEPENDENT)

RAGHAVDAS H. LAKHMANI
(NON-EXECUTIVE
DIRECTOR / INDEPENDENT)



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 Fourth Annual General Meeting of Dynamic Industries Limited will be held on 14th August, 2013 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 statement of Profit and Loss for the year ended on 31st March, 2013, Balance Sheet as at that date togetherwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dinesh J. Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Harin D. Mamlatdarna who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business:

5. **Appointment of Shri Deepak N. Chokshi as Chairman and Managing Director and payment of remuneration**

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

“RESOLVED THAT pursuant to sections 2(26), 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Shri Deepak N. Chokshi be and is hereby appointed as Chairman and Managing Director of the Company for a period of two years w.e.f. 01-10-2013.”

“RESOLVED FURTHER THAT pursuant to sections 198, 269, 309, 310, 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. Chokshi for a period from 01-10-2013 to 30-09-2015, togetherwith perquisites and other terms and conditions (including minimum 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. Chokshi.”

“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. Chokshi 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. **Appointment of Shri Harin D. Mamlatdarna as Vice Chairman and Managing Director and payment of remuneration**

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

“RESOLVED THAT pursuant to sections 2(26), 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 Shri Harin D. Mamlatdarna be and is hereby appointed as Vice Chairman and Managing Director of the Company for a period of two years w.e.f. 01-10-2013.”

“RESOLVED FURTHER THAT pursuant to sections 198, 269, 309, 310, 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 D. Mamlatdarna for a period from 01-10-2013 to 30-09-2015, togetherwith perquisites and other terms and conditions (including minimum 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 D. Mamlatdarna.”

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“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 D. 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.”

7. **Reappointment of Shri Dinesh J. Jain as Executive Director and payment of remuneration**

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, 310, 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. 01-10-2013.”

“RESOLVED FURTHER THAT pursuant to sections 198, 269, 309, 310, 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, Executive Director for a period from 01-10-2013 to 30-09-2015, together with perquisites and other terms and conditions (including minimum 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 :

Plot No. 5501/2, Phase III,
Nr. Trikampura Cross Roads,
GIDC, Vatva,
Ahmedabad - 382 445.

Date : 30th May, 2013

By Order of the Board

DEEPAK N. CHOKSHI
Vice Chairman

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 13-08-2013 to 14-08-2013 (both days inclusive).

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.**Item No. 5**

Shri Deepak N. Chokshi is commerce graduate and looks after finance, banking, commercial matters, accounting and administrative aspects of the business. He has a rich experience of over 32 years in the field of dyes and chemicals.

The Board of Directors of the Company after considering the time and efforts dedicated by Shri Deepak N. Chokshi towards the working of the Company decided to appoint him as Chairman and Managing Director of the Company for a period of two years w.e.f. 01-10-2013 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. 01-10-2013 as approved by the Remuneration Committee and the Board of Directors subject to approval of the Shareholders are as follows :

REMUNERATION :

Basic Salary : Rs. 1,05,000/- 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. Chokshi, 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 Deepak N. Chokshi 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. Chokshi 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 Harin D. Mamlatdarna is commerce graduate and looks after finance, banking, commercial matters, marketing, accounting and administrative aspects of the business. He is having a rich experience of more than 32 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.

The Board of Directors of the Company after considering the time and efforts dedicated by Shri Harin D. Mamlatdarna towards the working of the Company decided to appoint him as Vice Chairman and Managing Director of the Company for a period of two years w.e.f. 01-10-2013 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. 01-10-2013 as approved by the Remuneration Committee and the Board of Directors subject to approval of the Shareholders are as follows :

REMUNERATION :

Basic Salary : Rs. 1,05,000/- 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 D. Mamlatdarna, he will be paid House Rent Allowance as per rules of the Company.

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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 D. 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 D. 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. 7

Shri Dinesh J. Jain is a commerce graduate and has rich experience of more than 27 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 commercial, administrative and marketing aspects of the business.

The Board of Directors of the Company reappointed Shri Dinesh J. Jain as Executive Director of the Company for a period from 01-10-2013 to 30-09-2015 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. 01-10-2013 as approved by the Board subject to approval of the Shareholders are as follows :

REMUNERATION :

Basic Salary : Rs. 1,05,000/- 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.

Regd. Office :

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Date : 30th May, 2013

By Order of the Board

DEEPAK N. CHOKSHI
Vice Chairman

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in placing before you the Twenty Fourth Annual Report and Audited Accounts for the year ended on 31st March, 2013.

Financial Results		[₹ in Lacs]
Particulars	Year Ended 31-03-2013	Year Ended 31-03-2012
Total Income	4364.78	4180.69
Profit before depreciation and tax	197.60	245.35
Depreciation	64.78	64.30
Provision for Taxation		
Current Year	43.50	37.00
Deferred tax	13.05	8.88
Less : Excess provision of earlier year (net)	(8.82)	----
Profit After tax	85.09	135.17
Balance b/f. from previous year	663.44	528.27
Balance carried to Balance Sheet	748.53	663.44

Dividend

In view of conserving resources, your directors do not recommend any dividend on equity shares for the year ended 31st March, 2013.

Performance

Despite recession and stiff competition, performance of your Company for the year under review has remained satisfactory. Total income was Rs. 4364.78 lacs (previous year Rs. 4180.69 lacs). Tax expenses were Rs. 47.73 lacs (previous year Rs. 45.88 lacs). The net profit after tax was Rs. 85.09 lacs (previous year Rs. 135.17 lacs).

Future outlook

While there is a marginal upward trend in the first quarter of the current year, the world economic scenario appears to be subdued. Major economies are virtually stagnant and the Eurozone is in a fluid state. The volatility witnessed in the year under review is expected to persist in the current financial year. Value of Indian Rupee against dollar has been affected. Figures of GDP growth are not encouraging. Political turmoils has aggravated the unstable market situation. Profitability of the Company may be marginally affected during the current year but the Company expects the market to stabilize in near future.

The Company is predominantly export oriented and has high acceptance of its product, both in the international & domestic market, besides cordial relationship with its customers.

Directorate

Shri Dinesh J. Jain and Shri Harin D. Mamlatdarna, Directors of the Company who retire by rotation, and being eligible, offer themselves for reappointment.

Shri Dinesh J. Jain is a commerce graduate and has rich experience of more than 27 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 commercial, administrative and marketing aspects of the business.

Directorship in other Companies : 1

Shri Harin D. Mamlatdarna is commerce graduate and has a rich experience of more than 32 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, commercial, export and administrative aspects of the business.

Directorship in other Companies : Nil

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 2013-2014 to the Bombay Stock Exchange Ltd.

Subsidiary Company

During the year, the Company has incorporated a Subsidiary Company named Neo Farbe Private Limited. The said Company has not commenced any commercial operations during the year under review. Hence, details relating to Subsidiary Company are not provided for.

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Fixed Deposits

The Company has not accepted any deposits from the public during the year under review.

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 alongwith the Certificate from the Statutory Auditors regarding the Compliance of conditions of corporate governance pursuant to Clause 49 of the Listing Agreement 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.

Particulars of Employees

There are no employees drawing remuneration in terms of disclosure requirement pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

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 31.03.2013 and of the Profit of the Company for the year ended on 31.03.2013;
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.

Cost Auditors

M/s. Hitesh Batra & Associates, Cost Accountants, Ahmedabad have been reappointed as the Cost auditors to conduct the audit of the cost accounts maintained by the Company for the financial year ended 31-03-2014.

Auditors

M/s. G. K. Chokshi & 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 in these trying times.

For and on behalf of the Board

Place : Ahmedabad
Date : 30th May, 2013

DEEPAK N. CHOKSHI
Vice Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

A. TECHNOLOGY ABSORPTION:-

The Company has no foreign collaboration and is well versed with the indigenous 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

	2012-2013	2011-2012
Electricity		
Purchase Unit	9,04,419	9,23,389
Total Amount	63,53,932	53,49,147
Rate (per unit)	7.03	5.79
Light Diesel Oil / Diesel Oil / Furnace Oil		
Quantity (in LTRS)	1,800	3,600
Total Amount	86,582	1,33,206
Average rate per unit	48.10	37.00
Fire Wood		
Quantity (in Kgs.)	Nil	14,570
Total Amount	Nil	47,353
Average rate per unit	Nil	3.25
Gas		
Quantity (in scm.)	6,21,547	7,40,135
Total Amount	2,50,16,514	2,25,38,759
Average rate per unit	40.25	30.45

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 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 is included in laboratory expenses.

D. TECHNOLOGY ABSORPTION, ADOPTATION AND INNOVATION

a. Efforts Made :-

The Company deploys indigenous technology and continues its efforts to increase its yield, production, scale of operations and upgradation of technology.

b. Benefits derived as a result of above efforts

Product improved through high efficiency and energy saving has improved an overall working of the Company.

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

	2012-2013	2011-2012
Foreign Exchange Earning	3412.27	3411.23
Foreign Exchange out go	1446.35	1384.65

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

Good corporate practices stem from the culture and mindset of the organization. Corporate Governance is set of systems and practices to ensure that the operations of the Company are being managed in a way which ensures fairness, integrity, transparency and accountability in its dealings with its customers, stakeholders, dealers, lenders, government and employees. Sound governance system based on relationship and trust is integral to creating value on an overall basis. The philosophy of the Company on Corporate Governance lies in its concerns to protect interests of various stakeholders, fair dealings with all while enhancing the wealth of shareholders. The Board of Directors and the Management of the Company commit themselves to achieve high standards 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 pivotal features to improve decision making and the rationale behind such decisions, which in turn conquers stakeholders' confidence.

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

The Board of Directors is comprised of 6 members, of which 3 are wholetime Directors including Chairman. All other Directors are Non-Executive Directors.

Name of Director	Category	No. of other Directorships	Membership of Board Committees
Harin D. Mamlatdarna	Chairman / Wholetime Director	Nil	1
Deepak N. Chokshi	Vice Chairman / Wholetime Director	Nil	1
Dinesh J. Jain	Executive Director	1	1
Jatinbhai B. Surti	Non-Executive Director / Independent	Nil	2
Pravinchandra D. Master	Non-Executive Director / Independent	Nil	2
Raghavdas H. Lakhmani	Non-Executive Director / Independent	Nil	2

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

5 Board Meetings were held during the financial year 2012-2013. The composition of Directors and the attendance at the Board Meeting during the year 2012-2013 and last Annual General Meeting are as under :

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Last AGM Attendance
Harin D. Mamlatdarna	5	5	Yes
Deepak N. Chokshi	5	5	Yes
Dinesh J. Jain	5	5	No
Jatinbhai B. Surti	5	5	Yes
Pravinchandra D. Master	5	5	Yes
Raghavdas H. Lakhmani	5	3	Yes

Number of Board Meetings held during the financial year 2012-2013 was 5. The dates on which these Board Meetings were held are 01-04-2012, 30-05-2012, 09-08-2012, 09-11-2012 and 14-02-2013.

The last Annual General Meeting was held on 14-08-2012.

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.