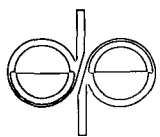


THE  
NAME  
BEHIND  
COLORS  
OF  
MODERN LIFE

Report



DYNEMIC  
PRODUCTS LTD.

## From the Chairman's Desk



Dear Shareholder,

Let me begin by extending warm welcome to the shareholders who are now a part of Dynamic Family. I also take this opportunity to update all our shareholders on the company's progress during the year 2006-07.

During the year under review your company's sales rose from Rs. 2864.75 Lacs to Rs. 3231.12 Lacs recording a growth of 9.30% and Profit reach to 266.95 Lacs from 246.15 Lacs. The implementation of the expansion project has been delayed and I personally regret for the same, but it was due to the fact that the acquisition of the land required for the expansion projects from GIDC has been delayed.

The additional land is required as the company has been advised by the environment consultants to plan the environment treatment plant as per the international standards. However the company already acquired the land and the status of implementation of the projects are as under :

### **At DPL Unit-1**

The company is going into the backward integration process for manufacturing of Ethyl Acetate Plant. The project is already completed & commercial production is likely to be start from 1st August, 2007.

### **At DPL Unit-2**

The company in this unit proposes to make expansion by installation of three plants (Plant A, B & C) for manufacturing of food colors & lake colors.

Plant A & C is expected to complete latest by November 2007. The commercial production will start from January, 2008.

Plant B is expected to complete latest by January 2008 and the commercial production will start from February, 2008.

Lastly I would like to take this opportunity to express my gratitude to the Board of Directors, banker, employees, suppliers and the shareholders for their instituted support and the confidence they have placed in our ability to make the company a great success.

With Best Regards,  
Yours sincerely,

**B. K. Patel**  
Chairman & Managing Director

**BOARD OF DIRECTORS**

Bhagawandas K. Patel	- Chairman & Managing Director
Dasharathbhai P.Patel	- Whole Time Director
Rameshbhai B.Patel	- Whole Time Director
Shashikant P.Patel	- Whole Time Director
Dixit B.Patel	- Whole Time Director
Jagadishbhai S.Shah	- Director
Hitendra H.Sheth	- Director
Harish K.Shah	- Director
Vishnubhai G. Pate	- Director
Shankarlal B. Mundra	- Director

**AUDITORS**

SHAH RAJESH & ASSOCIATES  
CHARTERED ACCOUNTANTS

4, Third Floor, Rambha Complex, Opp. : Gujarat Vidhyapith,  
Ashram Road, AHMEDABAD - 380 014

**BANKERS**

Citibank N. A.  
C.G.Road Branch, Ahmedabad  
HDFC Bank Ltd.  
S. G. road Branch, Ahmedabad

**REGISTERED OFFICE**

B-301, Satyamev Complex-I Opp.: New Gujarat High Court  
S.G.Highway Road, Sola, Ahmedabad - 380 060.

**PLANT LOCATION**

Unit-1 : 6401, 6415, 6416, GIDC Estate, Ankleshwar.  
Unit-2 : 3709/6, 3710/1, 3710/3 GIDC Estate, Ankleshwar.

**REGISTRAR & TRANSFER AGENT**

Bigshare Services Pvt. Limited  
E-2 Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai - 400 072.

**SHARE LISTED AT**

The Bombay Stock Exchange Limited

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MD & CEO	COO	CFO	SP&P	HRD	INVEST & A/C
SECRET	BOMBAY STOCK EXCHANGE LIMITED				POTENTIAL
LEGAL	14				POTENTIAL FOR
IS&D	30 JUL 17 2007				DOSS
SD & M	122769				CREDIT
SEC. REG	NO.....19				F&D/DEBT
INTER'L RELA	BTI	INTER CONT'L	BSE INDICES	R&R	ESTATE
	REHOOK	DIS/IF	CSD	ATTN.	SECUR
					CORP. AFF.
					LISTING

**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of DYNAMIC PRODUCTS LIMITED will be held at Flash Banquet at First Floor, Shailly Complex, Surdhara Circle, Nr. Sal Hospital, Ahmedabad 380054, on Monday, 20th August 2007, at – 11.30 a.m. to transact the following business :

**Ordinary Business:****ITEM NO. 1**

To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

**ITEM NO. 2**

To declare dividend on Equity Shares for the year ended March 31, 2007.

**ITEM NO. 3**

To appoint a Director in place of Vishnubhai G. Patel who retires from office by rotation and being eligible, offers himself for reappointment.

**ITEM NO. 4**

To appoint a Director in place of Shankarlal B. Mundra who retires from office by rotation and being eligible, offers himself for reappointment.

**ITEM NO. 5**

To appoint Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.

**Special Business:****ITEM NO. 6**

**To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-**

**"RESOLVED** that pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the relevant provisions of the Articles of Association of the Company and all applicable guidelines as applicable from time to time, Mr. Dixit B. Patel be & is hereby reappointed as Whole Time Director of the Company for further period of five years w.e.f. 1-1-2008, on the following terms and conditions, including the remuneration payable to him as set out hereafter and with further liberty to the Board (which term shall be deemed to include the Remuneration Committee, if any, constituted by the Board) from time to time to alter and vary such terms & conditions including remuneration so as not to exceed the limits specified in section I of Part II i.e. in case of profit, and Section II of Part II i.e. in case of inadequacy of profit, of Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed by the Board of Directors and Mr. Dixit B. Patel during the aforesaid period:-

**(A) SALARY**

Basic Salary Rs. 35000/- (Rupees Thirty Five Thousand only) per month (in the scale of Rs. 35000/- to Rs. 75000/-)

**(B) Perquisites:**

He is entitled to perquisites as specified within the maximum limit of part II of schedule XIII to the companies Act, 1956.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts & deeds as may be expedient to give effect to this resolution.

**By Order of the Board**

Place : Ahmedabad

Date : 25/06/2007

**B. K. Patel**  
**Managing Director**

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF 17TH ANNUAL GENERAL MEETING.
2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 of the notice set out above is annexed herewith.
3. The Share Transfer Books and Register of Members of the Company will remain closed from 11th August 2007 to 20th August, 2007 (both days inclusive).
4. Members holding shares in physical form are requested to notify / send the following to the Registrar & Transfer Agent of the Company :-  
 i) any change in their address / ECS mandate / bank details;  
 ii) particulars of their bank account, in case the same have not been sent earlier.
5. Members holding shares in the dematerialised form are requested to notify all changes with respect to their address, email id, ECS mandate and bank details to their Depository Participant.
6. Payment of dividend as recommended by the Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members on 10th August, 2007. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 10th August, 2007 as per details furnished by the Depositories for this purpose. The dividend will be paid on or after 24th August, 2007.
7. Members are advised to avail the nomination facility in respect of the shares held by them singly. Nomination forms can be obtained from the Company.
8. Members/proxies should bring their Attendance slips sent herewith, duly filled in, for attending the meeting. Members who hold shares in Dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for easy identification at the meeting and number of shares held by them.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

As the existing tenure of Mr. Dixit B. Patel will be expiring on 31st December, 2007, Board of Directors of the Company in its meeting held on 25th June, 2007 has re-appointed him as a Whole-time Director of the company for a further period of five years on the remuneration and terms and conditions as set out in the resolution, subject to your approval. Remuneration Committee of the Board has also in its meeting held on 25th June, 2007 recommended the re-appointment of Mr. Dixit B. Patel as whole-time director and approved the payment of remuneration to Mr. Dixit B. Patel as set out in the resolution.

Mr. Dixit B. Patel is the young and dynamic Director of the Company. He is handling the International Marketing of the Company as Whole Time Director since he joined the Company and it is under his leadership the company is now having reach to more than 41 countries all over the world and the company's 77% revenue comes from export sales. He is well qualified and energetic. He has the capability to reach at the unexplored market for the products of the company and expand the business. It is in the interest of the Company to continue to avail his services for the growth and conduction of affairs and business of the Company and take advantage of his new ideas and ability to convert the opportunities in profit, by re-appointing him as a Whole Time Director of the Company. The period of office of Mr. Dixit B. Patel upon reappointment as a Whole Time Director shall not be liable to determination by retirement of Directors by rotation.

The copy of Resolution passed by the Board of Directors and Remuneration committee of the Board in its meeting held on 25th June, 2007 approving the reappointment of Mr Dixit B. Patel as Whole time Director is available for inspection by the members of the Company at its Registered Office between 11.00 AM to 1.00 PM on all working days till the date of Annual General Meeting.

This explanatory statement together with the accompanying notice may also be regarded as an abstract under Section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for your approval.

Mr. Bhagwandas K. Patel, Managing Director of the Company may be considered as concerned and interested as being relatives of Mr. Dixit B. Patel and Mr. Dixit B. Patel may be considered as concerned and interested as the resolution pertains to himself. None of the other Directors is interested or concerned in the resolution.

By Order of the Board

Place: Ahmedabad

Date: 25/06/2007

**B. K. Patel**  
Managing Director

**INFORMATION AS REQUIRED UNDER CLAUSE 49(IV)(G) OF THE LISTING AGREEMENT  
IN RESPECT OF DIRECTORS SEEKING RE-APPOINTMENT**

Name of Director	Mr. Vishnubhai Patel	Mr. Shankarlal Mundra	Mr. Dixit Patel
Date of Birth	01/06/1954	01/11/1960	08.02.1981
Date of appointment	08/09/2005	29/09/2005	01.01.2003
Qualification	M.B.B.S. (D.G.O.)	B.Com, L.L.B.	B. Sc., Diploma in Export Management
Expertise in specific functional area	He s having experience of 20 years as a Gynecologist in Ahmedabad	He is practicing as tax consultant since 17 years	He has been driving Force in exporting the products
Directorship held in other companies (excluding private & foreign companies)	None	None	None
Membership/ Chairmanship of committees in other public company	None	None	None
Shareholding in the company	Nil	Nil	101500 shares





## Directors' Report for the Year 2006-2007

To,

Dear Shareholders,

Your Directors are pleased to present the 17<sup>th</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL RESULTS:

Particulars	Year ended March 31	
	2007	2006
Sales And Other Income	337264086	295508932
Profit Before Depreciation & Prel. Exps W/Off	41839741	41275790
Less: Depreciation	4793730	4442043
Preliminary Exps. Written Off	144983	144983
<b>Profit Before Tax</b>	<b>36901028</b>	<b>36688764</b>
Less: Provision for Taxation		
Current Income Tax A/c	11000000	11500000
Deferred Income Tax A/c	946131	383458
Fringe Benefit Tax	152275	190184
<b>Net Profit After Tax</b>	<b>26694883</b>	<b>24615122</b>
Add: Balance of Profit of Previous Year	31756625	21289768
Add/ (Less) : Taxation of earlier years	-1050267	0
<b>Profit Available for Appropriation</b>	<b>57401241</b>	<b>45904890</b>
Less: Appropriations:		
Transfer to General Reserve	1231000	1231000
Proposed Dividend	11328449	11328449
Tax on Dividend	1925270	1588815
Balance Carried to Balance Sheet	42916522	31756626

### DIVIDEND:

The Board is pleased to recommend a dividend of 10% (Rs 1/- per Equity Share) for the year 2006-07 on the expanded capital. If approved by the Shareholders at the Annual General Meeting, Dividend will absorb Rs 132.54 Lacs inclusive of the Dividend Distribution Tax borne by the Company.

### FINANCIAL REVIEW

#### Operations

Sales turnover of Rs. 3231.12 Lacs for the year ended March 31, 2007 showed a growth of 9.30% over the previous year turnover of Rs.2864.75 Lacs. Export sales for the year was 77% of Net Sales which stood at Rs.2475.52 Lacs against Rs.2195.14 Lacs during the previous year.

Profit before tax grew to Rs.369.01 Lacs from Rs.366.89 Lacs of previous year. Net Profit After tax is increased by 8.45% to 266.95 Lacs as compared to Rs. 246.15 Lacs of previous year.

### OTHER SIGNIFICANT DEVELOPMENTS:

#### Participation in Exhibition

During the year under review, your Company has participated in the Food Ingredients Europe – 2007 exhibition at Europe, Institute of food techno 2006 at USA and XPO Chem. 206 exhibition at Korea and Indonesia. The response at these exhibitions has been encouraging and indicates the growing trust your Company has been able to garner during such events. It also indicates that there is wide market of food colors manufactured by Indian companies at the international level. The major reason for enhanced market share of India as compared to American & European countries in last recent years is supply of quality products by Indian Companies at par with international standards and at competitive prices.

### SUBSIDIARY COMPANIES:

As required under Section 212 of the Companies Act, 1956, the Audited Accounts, along with the Report of the Board of Directors and Auditors' Report relating to the Company's subsidiary, Dynamic Overseas (India) Pvt. Limited are annexed to this Report. In the said report the financial results of the wholly owned subsidiary company Dynamic USA inc which was incorporated on 9<sup>th</sup> June 2005 in the United States of America is not included due to pending finalization of the accounts as some of the information are awaited from the subsidiary company

### CONSOLIDATED FINANCIAL STATEMENTS:

As required under Clause 32 of the Listing Agreement with the Bombay Stock Exchange Limited, audited consolidated financial statements form part of the annual report. The audited consolidated financial results include results of its subsidiary company Dynamic Overseas (India) Pvt. Limited

**AUDITORS:**

Shareholders are requested to appoint the auditors of the company M/s Shah Rajesh & Associates, Ahmedabad who retires as auditors of the company at ensuing general meeting and are eligible for reappointment.

**AUDITORS REPORT:**

The Auditors report is self-explanatory and so far, there is no negative remark by the Auditors. However regarding segmental report which the company has reviewed in the board meeting held on 29-07-2006 and considered the fact that the products of the company are in fact backward or forward integration and are not included as separate reportable segment and so the segmental reporting has been discontinued. As regarding overdue debt of Rs. 37.33 Lacs, the company has taken sufficient steps to recover the same.

**PARTICULARS OF EMPLOYEES:**

There was no employee drawing salary in excess of limits described under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and henceforth not applicable to the Company.

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under 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 is given in Annexure-I and forms part of Directors' Report.

**FIXED DEPOSITS:**

The company has complied with the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975. There is no unclaimed deposit for the year ended on 31-3-2007.

**INSURANCE**

The building, plant and machinery and other fixed assets of the company including stock of goods of the company are adequately insured against risk of fire, riots etc.

**DIRECTORS:**

- a) In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Vishnubhai G. Patel and Mr. Shankarlal B. Mundra, Directors retire at the ensuing Annual General Meeting and, being eligible, have offered themselves for reappointment. Members are requested to consider their re-appointment as Directors of the Company.
- b) Term of appointment of Mr. Dixit B. Patel as whole-time Director of the Company is expiring on 31st December, 2007. Remuneration committee of the Board of Directors of the company has recommended his reappointment. Board of Directors, subject to your approval, had re-appointed him as Whole-time Director for period of five years w.e.f. 01.01.2008. Necessary resolution for his reappointment is incorporated in the notice of the meeting..

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 217(2AA) of the Companies Act, 1956 your Directors would like to State that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- We 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;
- We have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

A separate section on Corporate Governance and a certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing agreement with BSE together with the Management Discussion and Analysis of the financial position of the Company forms part of the Annual Report.

**LISTING**

The shares of the Company are listed on Bombay Stock Exchange Limited. The Company has paid the annual listing fees for the year 2007-08.

**ACKNOWLEDGEMENTS:**

Your company & Directors wish to place on record their appreciation of the assistance and co-operation extended by Investors, Bankers, Customers, Business Associates, Suppliers and Government. We are deeply grateful to shareholders for their continued faith, confidence and support to the company. The Directors wishes to place on record its appreciation of sincere and dedicated work of employees at all levels, which has largely contributed to the present growth of the Company.

For and On Behalf of the Board of Directors

Sd/-

**Bhagwandas K. Patel**

Chairman & Managing Director

Place: Ahmedabad

Date: 25-6-2007

**ANNEXURE : A TO DIRECTORS' REPORT**

Information required under the Companies ( Disclosure of particulars in the Report of the Board of Directors ) Rules, 1988.

**i ] Conservation of Energy :****a ] Energy conservation measures taken :**

The Company has adopted several energy conservation measures besides what had been carried out earlier. Periodical testing is being taken for each unit of power supply to verify that the energy consumed is minimised.

**b ] Additional Investments and Proposals, if any being implemented for reduction of consumption of energy : Not Planned at this stage.****c ] Impact of the measures at (a) and (b) above : Energy consumption has been optimised and cost of production to that extent is under control.****d ] Total energy consumption and consumption per unit of production : As per Form : A****ii ] Technology Absorption :**

The Company has not acquired outside technology and hence the question of technology absorption does not arise.

**iii ] Foreign Exchange earning and outgo :**

	Current Year Rs.	Previous Year Rs.
* Foreign Exchange earned	168519379	144445325
* Foreign Exchange used	1102712	2213245

**FORM - A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :****1 ] Power and Fuel Consumption :**

i ] Electricity :			
Purchase Units :	Units		1499236
Total Amount :	Rs.		6212847
Rate /Unit :	Rs.		4.14
ii ] Own (Diesel) Generator			
Total Ltrs.	Ltrs.		3200
Total Amount	Rs.		139648
Rate/ Ltrs.	Rs.		43.64
ii ] GAS :			
Total SCM.	Ltrs.		820874
Total Amount	Rs.		8079505
Rate/ SCM.	Rs.		9.84

**2 ] Consumption per unit of production :**

1	Production : Dyes, Chemicals & Food Colours	3255074.010	Kgs.
2	Electricity	0.461	Units
3	Diesel	0.001	Ltrs.
5	Gas	0.252	Scm.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The food processing sector is crucial for the India's development in the era of globalization. India is the world's largest producer of food next to china and holds the potential to acquire the numero uno status with sustained efforts.

The processed food industry is set to grow at more than 10% per annum driven by consumer demand, organized distribution and policy initiative by the government. The food color industry again in relation to food processing industry has enormous opportunities to grow at more than 10% annum.

**Opportunity and Threats**

The company sees exciting opportunities in global food color industry which according to the forecast by "The Frost & Sullivan", The Europe market for the food colors set to grow from \$ 290 Million in 2006 to \$ 301 Million in 2008, wherein it includes 40% of the synthetic food colors and if the demands for other countries are included the company has good opportunity for the export of the food colors.

The company sees the risk associated with the foreign exchange rate fluctuation in the recent times which put the pressure on the margin of the company. However the company has put in place the marketing efforts to compensate this loss by way of incremental market share.

**Project Progress Review.**

Although the expansion project has been delayed due to the acquisition of the land which was required to meet the international standards for environment, the company has now started the implementation of the expansion project and the expansion project at unit 1 is likely to be completed in the first week of August 2007 whereas at Unit 2, it shall be completed by January 2008. And the company shall be able to get the benefit of the expanded capacity utilization for 2 months during the year 2007-08, if nothing unwanted happens.

**FINANCIAL REVIEW**

Sales turnover of Rs. 3231.12 Lacs for the year ended March 31, 2007 showed a growth of 9.30% over the previous year turnover of Rs. 2864.75 Lacs. Export sales for the year was 77% of Net Sales which stood at Rs. 2475.52 Lacs against Rs. 2195.14 Lacs during the previous year. Profit before tax grew to Rs. 369.01 Lacs from Rs. 366.89 Lacs of previous year. Net Profit After tax is increased by 8.45% to 266.95 Lacs as compared to Rs. 246.15 Lacs of previous year.



**REPORT ON CORPORATE GOVERNANCE****Governance Philosophy**

The Company's philosophy on Corporate Governance is based on the principles of ethical and responsible decision making, transparency and accountability, integrity in financial reporting and recognizing the interest of the stakeholders. Company has a focused Board of Directors with expertise and integrity which is supported by a strong and professional management team. Your Company is committed to good corporate governance practices that create a long term relation of trust and harmony between the company and stakeholders.

**BOARD OF DIRECTORS****a) Size and Composition of the Board:**

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. The Board consists of ten members, five being Executive & Non Independent Directors and five being Non Executive & Independent Directors.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category Director	No. of Board of Meetings attended	Attendance at the last AGM	Directorships in other Indian Public Companies* as at 31 <sup>st</sup> March 2007	Other Mandatory Committee** membership as at 31 <sup>st</sup> March 2007	
					Chairman	Member
Bhagwandas K. Patel	CMD-Executive	8	Yes	NIL	NIL	NIL
Dashrathbhai P. Patel	WTD-Executive	8	Yes	NIL	NIL	NIL
Rameshbhai B. Patel	WTD-Executive	8	Yes	NIL	NIL	NIL
Shashikant P. Patel	WTD-Executive	8	Yes	NIL	NIL	NIL
Dixit B. Patel	WTD-Executive	8	Yes	NIL	NIL	NIL
Hitendra H. Sheth	NE-Independent	4	Yes	NIL	NIL	NIL
Jagdish S. Shah	NE-Independent	4	Yes	NIL	NIL	NIL
Harish K. Shah	NE-Independent	4	Yes	NIL	NIL	NIL
Vishnubhai G. Patel	NE-Independent	4	Yes	NIL	NIL	NIL
Shankarlal B. Mundra	NE-Independent	4	Yes	NIL	NIL	NIL

\*Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

\*\*Represents Membership/Chairmanship of the Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of other companies.

CMD-Chairman & Managing Director, WTD- Whole Time Director, NE- Non Executive.

**b) Management & Function of the Board:**

The day-to-day management of the Company is conducted by the Chairman & Managing Director in consultation with four Whole Time Directors and subject to the supervision and control of the Board of Directors. The required information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews the Board Minutes of its Subsidiary Company.

**c) Details of Board Meetings held during the Financial Year and the number of Directors present:**

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors Present
1	15-4-06	10	10
2	18-5-06	10	7
3	29-07-06	10	9
4	24-08-06	10	6
5	30-09-06	10	5
6	30-10-06	10	7
7	30-01-07	10	10
8	01-03-07	10	6

**d) Committees of the Board**

Currently the Board has three committees viz:

**1) Audit Committee****Composition :**

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause - 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of three Non Executive & Independent Directors. Details of the composition, number of meetings held during the year and attendance thereat are as under :

Name	Position held	Attendance at Audit Committee meeting held on			
		18.05.06	29.07.06	30.10.06	30.01.07
Mr. Hitendra H. Sheth	Chairman	Yes	Yes	Yes	Yes
Mr. Jagdish S. Shah	Member	Yes	Yes	No	Yes
Mr. Harish K. Shah	Member	Yes	Yes	Yes	Yes

Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee..

The Company Secretary acts as the Secretary to the Committee.

Powers of the audit committee includes :

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference are broadly as under :

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.