

**DYNEMIC PRODUCTS LIMITED**  
**FIFTEENTH ANNUAL REPORT**  
**For the Year : 2004-2005**

***BOARD OF DIRECTORS***

Shri B.K.Patel	-	Chairman & Managing Director
Shri Dasharathbhai P.Patel	-	Whole Time Director
Shri Rameshbhai B.Patel	-	Whole Time Director
Shri Shashikant P.Patel	-	Whole Time Director
Shri Dixit B.Patel	-	Whole Time Director
Shri Jagadishbhai S.Shah	-	Director
Shri Hitendra H.Sheth	-	Director
Shri Harish K.Shah	-	Director (w.e.f. 2-7-2005)

***REGISTERED OFFICE***

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

***FACTORY***

<b>Unit-I</b>	<b>Unit-II</b>
6401, G.I.D.C.Estate Ankleshwar Dist.: Bharuch	3709/6, G.I.D.C.Estate Ankleshwar Dist.: Bharuch

***BANKERS***

CITI BANK N.A.  
C.G.Road Branch  
Ahmedabad

***AUDITORS***

SHAH RAJESH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
4, Third Floor, Rambha Complex,  
Opp.: Gujarat Vidhyapith, Ashram Road,  
AHMEDABAD - 380 014

***COMPANY SECRETARY***

REENA K. DESAI

## Directors' Report for the Year 2004-2005

To,  
The Members,

Your Directors are pleased to present the 15<sup>th</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2005.

### FINANCIAL RESULTS:

Particulars	Year ended March 31	
	2005	2004
SALES AND OTHER INCOME	<b>269313177</b>	267105678
PROFIT BEFORE DEPRECIATION & PREL. EXPS W/OFF	<b>40009571</b>	23847573
LESS: DEPRECIATION	4167943	3762877
PRELIMINARY EXPS. WRITTEN OFF	<b>118983</b>	30153
PROFIT BEFORE TAX	35722645	20054543
LESS: PROVISION FOR TAXATION		
CURRENT INCOME TAX A/C	<b>14000000</b>	6000000
DEFERRED INCOME TAX A/C	<b>1246242</b>	1592658
NET PROFIT AFTER TAX	20476403	12461885
ADD: BALANCE OF PROFIT OF LAST YEAR	<b>38073198</b>	24335990
LESS: PROFIT UTILISED FOR ISSUE OF BONUS SHARES	<b>31284400</b>	NIL
PROFIT AVAILABLE FOR APPROPRIATION	27265202	36797875
ADD: DIVIDEND FOR THE YEAR 2002-03 WRITTEN BACK	<b>NIL</b>	6153552
TAX ON DIVIDEND FOR THE YEAR 2002-03	<b>NIL</b>	788424
WRITTEN BACK		
BALANCE PROFIT	27265202	43739851
LESS: APPROPRIATIONS :		
TRANSFER TO GENERAL RESERVE	<b>1023820</b>	1810000
DIVIDEND (INTERIM)	<b>4379295</b>	3418640
PROVISION FOR TAX ON INTERIM DIVIDEND	<b>572319</b>	438013
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>21289768</b>	<b>38073198</b>

### FINANCIAL REVIEW:

For the year ended 31<sup>st</sup> March 2005, the sales of the company was Rs. 2597.29 Lacs as compared to Rs. 2530.07 Lacs in the year 2003-04. Export Sales accounted for 77% of Net Sales. The Export Turnover of the Company is Rs. 2015.06 Lacs which is 11% more than previous year of Rs. 1816.22 Lacs. Still there is considerable scope for your Company, exploring possibilities of developing business in various countries all over world, based on its inherent strengths. Profit before Tax grew 78.13% to Rs. 357.23 Lacs up from Rs. 200.54 in the previous year. Profit after tax grew 64.31% to Rs 204.76 Lacs mainly on account of higher volumes and continued focus on costs, productivity and efficiency. The total paid up equity share capital stood at Rs. 690.59 Lacs.

## **FUTURE OUTLOOK:**

The total demand of food colours & lake colours was 10000 MT & 11000 MT in the years 2003-04 & 2004-05 respectively. Your directors perceive the steady growth for the same in coming years as food colours are used in other industries like Edible Ink, Drug & Pharmaceuticals, and Cosmetics etc apart from food products. Supply of quality products at par with international standards and at market determined prices is major reason for enhanced market share of India as compared to American & European countries in last recent years. The demand for food colours is expected to be 12000 MT in the year 2005-06. At the same time, the coming years will see greater competition in the Food colour market, but your Company is confident of meeting the challenges by capitalizing on the opportunities offered by liberalization for securing rapid growth.

Your Company believes that the key to success lies in total commitment to exceptional standards of performance and productivity, with focus on embracing new ideas and learning. Your Company is striving to enhance marketing presence by satisfying customer needs at competitive costs, through improved productivity and optimum utilization of resources. The process of augmenting infrastructure, strengthening company image, improving efficiency through business and financial restructuring, optimizing human capital have been in place.

## **DIVIDEND:**

The company has declared & paid interim dividend @ 7% on paid up equity capital of the company. Hence, your Directors do not recommend any final dividend, considering the requirement of fund for further expansion. The Directors propose that the Interim Dividend shall be treated as final dividend for the financial year ended 31<sup>st</sup> March, 2005.

## **BONUS SHARES:**

At the General Meeting of the company held on 1<sup>st</sup> June, 2004, you had approved capitalization of reserves of the Company to issue Bonus Shares in the ratio of 1:1 to then existing Equity Shareholders of the company. Accordingly the company issued 3452940 Equity Shares of Rs.10 each on 7<sup>th</sup> June 2004 to the members of the company as bonus shares.

## **OTHER SIGNIFICANT DEVELOPMENTS:**

- **Export Oriented Unit:**

Dynemic Products Ltd., understanding its business flow from the overseas market have promoted **Export Oriented Unit** for export operations. Your Directors are pleased to inform you that Unit I & unit II of the company have gained the status of EOU from Kandla Special Economic Zone w.e.f. 10/06/2005 & 9/06/2005 respectively. Now the EOU II of the company will avail 100% tax exemption benefit till the assessment year 2009-10.

- **Subsidiary Company:**

1) The company has acquired 60% shares of Dynamic Overseas (India) Pvt. Limited and hence it has become the subsidiary company of our company.

2) The company has incorporated a subsidiary company on 9<sup>th</sup> June 2005 in USA viz., Dynemic USA Inc. to expand its area of operations in USA. The business of the company is likely to be commenced from January 2006.

## **NEW PROJECTS AND EXPANSION PLANS:**

The company proposes to expand both the Export Oriented Units of the company. In EOU-I the company proposes to install machinery/plant for the purpose of backward integration process for manufacturing Ethyl Acetate as in house process which will reduce cost of manufacturing S.P.C.P and cause saving of approx. 50 Lacs p.a. The company also proposes to install recovery plant of Glauber Salt by which the company will be benefited in the form of getting additional 1:4 PHPS of Rs. 50.00 Lacs p.a. and also reduction in effluent load and cost associated with it. Also, the company would get an additional income of Rs 33 Lacs p.a. approx from sale of Glauber Salt. The company will install wood/lignite fire boiler by replacement of gas fired boiler which will cause fuel cost saving amounting to Rs. 79 Lacs approx p.a.

Thus the entire expansion in EOU-I along with existing infrastructure and utilities will enable us to achieve more efficiency resulting in an increased competitiveness and raising our return on deployed capital.

In line with our aim of capturing a higher market share in dye intermediates, & food colours & Lake Colour industry, the company proposed to expand its EOU-II by manufacturing various primary food colours. The company also proposes to go into forward integration process for manufacture of lake colours. The overall effect of the expansion will be that the product range of the company will be increased & consequently market share in the industry.

The total cost of project is estimated at Rs. 18.19 Crore which will be partially financed by availing term loan and partially by raising capital of the company. The project is likely to commence in October 2005

#### **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. Jagdish Shah and Mr. Hitendra Sheth, Directors retire at the ensuing Annual General Meeting and, being eligible, have offered themselves for reappointment.

b) Mr. Harish K. Shah was appointed as an Additional Director on the Board of the Company on 2<sup>nd</sup> July, 2005. His term expires at the ensuing Annual General Meeting. Pursuant to the provisions of Section 257 of the Companies Act, 1956, the Company has received a notice proposing his candidature for the office of Director on rotational basis.

c) Your Directors have proposed to reappoint Mr. B.K. Patel as the Managing Director of the Company, subject to the approval of the shareholders who was appointed as M.D. of the company w.e.f. 1-1-2001 for the period of 5 years. The requisite resolution pertaining to his re appointment is set out in item no. 8 of the Notice and is recommended to the Shareholders.

d) Your Directors have proposed to reappoint Mr. Dashrathbhai P. Patel, Mr. Rameshbhai B. Patel & Mr. Shashikant P. Patel as the Whole time Directors of the Company, subject to the approval of the shareholders who were appointed as Whole Time Directors of the company w.e.f. 1-1-2001 for the period of 5 years. The requisite resolution pertaining to their reappointment is set out in item nos. 9, 10 & 11 of the Notice and is recommended to the Shareholders.

#### **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 point no. 3 of Annexure to the Auditors report your company has received the amounts back from the concerns in which Directors are interested.

#### **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 as per 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 31-3-2005.

#### **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' RESPONSIBILITY STATEMENT:**

Your Directors state:-

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that 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 2004-2005 and of the profit of the Company for that year;
- that 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;
- that we have prepared the annual accounts on a going concern basis.

**QUALITY ASSURANCE AND PRODUCT DEVELOPMENT:**

The company has sustained the status ISO 9001:2000 certification of fully integrated ISO certified Company with its two plants at Ankleshwar & Corporate Office having been accredited by ISO certification. Also company has got the KOSHER certification for its products. To keep pace with the international standards, the manufacturing of dye intermediates & food colours are constantly reviewed and upgraded and a number of new products were introduced during the year under review. All the plant laboratories are equipped with the most modern automated equipment to maintain high analytical standards of various dye intermediates & colours. The Company is fully geared to face a rapidly changing environment by using its expertise, enhanced strength, various ISO accreditations and available infrastructure, including R&D Department.

**ENVIRONMENTAL & HAZARDOUS SAFETY:**

In pursuit of its commitment to environment protection and preservation of ecological balance, the company has well organized effluent treatment system. Company's Primary effluent treatment plant forms a part of effluent control system coupled with a full fledged effluent treatment plant of C.E.T.P to take care of the effluents to standard limits regulated by Gujarat Pollution Control Board & law. The solid waste is disposed off according to approval of GPCB. There are continuous efforts towards minimising effluent discharge at both plants, which are being continuously monitored for improvement. The Company has sustained ISO 14001 Environment Management System accreditation for both the plants during the year, through regular surveillance audit.

Industrial safety continues to be accorded high priority. The company has also sustained HACCP Code: 2003 accreditation under food safety programme for both the plants during the year.

**ACKNOWLEDGEMENTS:**

Your Company continues to consolidate its leadership position in its business through value addition to its products and services. It is also progressively gaining international competitiveness in quality and cost benchmarks and aims to build shareholder value and sustain its performance track record. Your Directors look forward to the future with confidence.

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from shareholders, customers, business associates, bankers, vendors, regulatory and governmental authorities. Your Directors also thank the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the Company to achieve rapid growth.

Place: Ahmedabad  
Date: 16<sup>th</sup> July 2005

For and On Behalf of the Board of Directors  
Sd/-  
B. K. Patel  
Chairman & Managing Director

## ANNEXURE - I

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 :

Particulars	Current Year Rs.	Previous Year Rs.
Foreign Exchange earned	136600308	112096582
Foreign Exchange used	1259573	11154153

## FORM - A

### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### 1] Power and Fuel Consumption :

i]	Electricity :		
a]	Purchase Units :	Units	1520749
	Total Amount :	Rs.	6328273
	Rate /Unit :	Rs.	4.16
b]	Own Generator (Diesel Generator)		
	Total Ltrs.	Ltrs.	2400
	Total Amount	Rs.	62432
	Rate/ Ltrs.	Rs.	26.01
ii]	a] Boiler Oil (Shatherm & Shanhy) :		
	Total Ltrs.	Ltrs.	1660
	Total Amount	Rs.	91301
	Rate/ Ltrs.	Rs.	55.00
b]	GAS :		
	Total Ltrs.	Ltrs.	722498
	Total Amount	Rs.	6073069
	Rate/ Ltrs.	Rs.	8.41

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

- 1 Production : Dyes, Chemicals & Food Colours **3360620.125 Kgs.**
- 2 Electricity : 0.453 Units
- 3 Diesel : 0.001 Ltrs.
- 4 Fuel : 0.000 Ltrs.
- 5 Gas : 0.215 Scm.

**SHAH RAJESH & ASSOCIATES**  
CHARTERED ACCOUNTANTS

Phone: **27543319, 27542215**  
4, Third floor, Rambha Complex,  
Opp.: Gujarat Vidhyapith,  
Ashram Road, AHMEDABAD-380 014.

## AUDITOR'S REPORT

To  
The Shareholders,

We have audited the attached **Balance Sheet** of **DYNEMIC PRODUCTS LIMITED**, as at **31st March, 2005** and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statement based on our audit.

We have conducted our audit in accordance with the accounting standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit also includes, examining on test basis, evidence supporting the amounts and disclosures in financial statement. An audit also includes, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall presentation of financial statement. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies ( Auditor's report ) Order, 2003 issued by the Central Government of India in terms of sub-section 227 of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in the paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred above, we report that:

- 1 We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- 2 In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from the examination of those books.
- 3 The said Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 4 In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply in all material respect with applicable Accounting Standards issued by the Institute of Chartered Accountants of India referred to in subsection ( 3C ) of section 211 of the Companies Act, 1956.
- 5 On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors prima facie disqualified as on 31st March, 2005 from being appointed as directors in terms of section 274(1)(g) of the Companies Act, 1956
- 6 In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements read with the statements on Significant Accounting Policies and Notes on the Accounts, give the information required by the Companies Act, 1956, ( the Act ) in the manner so required and also give true and fair view, in conformity with the accounting principles generally accepted in India. ;
  - (a) In the case of the Balance sheet of the state of affairs of the company as at 31st March, 2005,
  - (b) In the case of the profit and loss account, of the profit for the year ended on that date.

For **SHAH RAJESH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Place : Ahmedabad  
Date : 16.-7-2005

**[RAJESH D. SHAH]**  
**PROPRIETOR**

## ANNEXURE TO THE AUDITOR'S REPORT

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets;
- (b) Fixed Assets have been physically verified by the management periodically in a phased manner and no material discrepancies have been noticed on physical verification as confirmed by the management;
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
- 2 (a) As explained to us, inventories have been physically verified by the management, except for minor items and the inventories lying with outside parties which have been confirmed by them;
- (b) The procedures as explained to us, which are followed by the management for physical verification of the inventories, are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of business;
- (c) The company has maintained proper records of inventories. No material discrepancies were notice on physical verification.
- 3 (a) The Company has granted unsecured loan to the concerns in which directors are interested as listed in register maintained under section 301 of the Companies Act, 1956 as under :

Sr. No.	Name of the Unit	Amount involved (Max.balance) Rs.	Closing Bal As on 31-3-05 Rs
1	Dynamic Overseas ( I ) Pvt.Ltd.	3.60 Lacs	3.60 Lacs
2	Ratnamani Bio-Chemicals & Pharma.Pvt.Ltd.	12.50 Lacs	Nil
3	Shakti Intermediates Pvt.Ltd.	8.19 Lacs	1.68 Lacs

- (b) According to the information and explanation given to us, no interest is charged on the advances granted, however other terms and conditions of the loans granted to the concerns in which directors are interested as listed in the register maintained under section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the company.
- (c) According to information and explanation given to us and on the basis of the examination of the books of accounts, we could not verify whether the repayment of the loans granted to the concern in which Directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956, are regular or not, as terms and conditions regarding the repayments have not been specified or mentioned, however the amount outstanding at the year end is as mentioned above,
- (d) According to the information and explanation given to us and on the basis of the examination of the books of accounts, reasonable steps have been taken by the company for recovery of the due amount of loans given.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently clauses 4(iii)(e) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 4 In our opinion and according to the information and explanation given to us, there are generally adequate internal control procedures commensurate with the size of the company and the nature of the business, for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit no major weakness has been noticed in the internal controls.
- 5 (a) On the basis of the audit procedure performed by us and according to the information, explanation and representation given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- 6 In our opinion and according to the information and explanation given to us, the company has complied with the provisions of Section 58A, 58AA or any relevant provisions of the Companies Act and its Rules and also the directives of Reserve Bank of India with regard to acceptance of deposits from the public. Since the company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from Company Law Tribunal or National Company Law Tribunal or Reserve Bank of India or any other Court or any other Tribunal does not arise.
- 7 The Company has an Internal Audit System, which in our opinion is commensurate with the size and the nature of the business.
- 8 We are informed that maintenance of Cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 for the products of the Company for the year under review.
- 9 (a) According to the information and explanation given to us and on the basis of our examination of books of accounts, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Income Tax, Custom Duty, Excise Duty, Wealth tax, Service tax and other statutory dues with the appropriate authorities;  
(b) According to the information and explanation given to us, there are no dues of Sales tax, Custom tax, Wealth tax, Income tax or cess which have not been deposited on account of any dispute.
- 10 The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- 11 According to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
- 12 According to the information and explanation given to us, the company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other Securities.
- 13 The company is not a chit fund or a nidhi /mutual benefit fund/society.
- 14 The company is not in business of dealing or trading in shares. Accordingly, clause 4(xiv) of the Order is not applicable to the company.
- 15 According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions .
- 16 Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were taken.
- 17 On the basis of our overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, the funds raised on short-term basis have not been used for long-term investment.
- 18 According to the information and explanation given to us, the company has not made any preferential allotment of shares, during the year under Audit, to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 The Company has not issued any Debenture and has not created any security or charge in respect of Debenture.
- 20 The Company has not raised any money by way of Public issue during the year.
- 21 According to the information and explanation given to us and to the best of our knowledge and belief, no fraud on or by the company has been noticed or reported by the company during the year.

**For SHAH RAJESH & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Place : Ahmedabad  
Date : 16/7/2005

**[RAJESH D. SHAH]  
PROPRIETOR**

**M/S. DYNEMIC PRODUCTS LIMITED**  
**BALANCE SHEET AS AT 31 ST MARCH 2005**

Sr. No.	Particulars	Sch.	Rupees	31/3/2005 Rupees	Rupees	31/3/2004 Rupees
<b>A.</b>	<b>SOURCES OF FUNDS :</b>					
<b>1</b>	<b>SHAREHOLDER'S FUNDS :</b>					
	[a] Share Capital	1	69058800		34186400	
	[b] Share Application Money		0		343000	
	[c] Reserves & Surplus	2	24123587	93182387	43128198	77657598
<b>2</b>	<b>LOAN FUNDS :</b>					
	[a] Secured Loans	3	44604357		23046602	
	[b] Unsecured Loans	4	9774772	54379129	13033764	36080366
<b>3</b>	<b>DEFERRED TAX LIABILITY</b>			12680828		11434586
	Refer to Note No. 1(j) & 2 of schedule 21					
	<b>Total Rs.</b>			<b>160242344</b>		<b>125172550</b>
<b>B.</b>	<b>APPLICATION OF FUNDS :</b>					
<b>1</b>	<b>FIXED ASSETS :</b>	5				
	[a] Gross Block		96297323		92539785	
	[b] Less : Depreciation		19695540		16053106	
	[c] Net Block			76601783		76486679
<b>2</b>	<b>INVESTMENTS</b>	6		403200		403200
<b>3</b>	<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>	7				
	[a] Inventories		37692413		26172315	
	[b] Sundry Debtors		61169833		51731648	
	[c] Cash & Bank Balances		1873135		1310578	
	[d] Loans & Advances		32238890		15426026	
			132974271		94640567	
	<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>					
	[a] Current Liabilities	8	30101310		40385779	
	[b] Provisions		20000000		6000000	
	Net Current Assets			82872961		48254788
<b>4</b>	<b>MISCELLANEOUS EXPENDITURE</b>	9		364400		27883
	(To the extent not written off)					
	<b>Total Rs.</b>			<b>160242344</b>		<b>125172550</b>

Significant Accounting Policies & Notes on Accounts. 21  
As per our Report of even date

**For : SHAH RAJESH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**(R. D. SHAH)**  
**PROPRIETOR.**

Place : Ahmedabad.  
Date : 16/7/2005

**For : DYNEMIC PRODUCTS LIMITED**

**(B. K. PATEL)**  
**CHAIRMAN & M.D.**

**(D. P. PATEL)**  
**DIRECTOR**

**(DIXIT B.PATEL)**  
**DIRECTOR**

**(R. B. PATEL)**  
**DIRECTOR**

**(S. P. PATEL)**  
**DIRECTOR**

**M/S. DYNEMIC PRODUCTS LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-3-2005**

Sr. No.	Particulars	Sch.	Rupees	31/3/2005 Rupees	Rupees	31/3/2004 Rupees
<b>A.</b>	<b>INCOME :</b>					
1	Sales (net)		259729198		253007700	
2	Other Income	10	9583980		14097978	
3	Increase/Decrease in Stocks	11	8282339		-12333762	
	<b>Total Rs.</b>			<b>277595517</b>		<b>254771916</b>
<b>B.</b>	<b>EXPENDITURE :</b>					
1	Raw Materials consumed	12	144625435		129293224	
2	Purchase of Finoshed & Trading Materials		27609578		37882640	
3	Raw Material Purchase Goods in transit		828845		0	
4	Packing Matereial Consumed	13	3826338		3927288	
5	E.T.P. Material Consumed	14	1257891		1097338	
6	Power & Fuel Expenses	15	12555075		12256383	
7	Salaries, Wages & Bonus	16	7307192		6068072	
8	Repairs & Maintenance	17	3235990		4550315	
9	Other Manufacturing Exps.	18	12389675		12807159	
10	Administrative & Other Expenses	19	20678281		19616249	
11	Interest Exps.	20	3271646		3425674	
12	Depreciation		4167943		3762877	
13	Preliminary Expenses written off		118983		30153	
	<b>Total Rs.</b>			<b>241872872</b>		<b>234717373</b>
	Profit before Taxation			35722645		20054543
	Less: Provision for Taxation					
	Current Tax			14000000		6000000
	Deferred Tax			1246242		1592658
	<b>Net Profit for the Year</b>			<b>20476403</b>		<b>12461885</b>
	Balance Profit of Last Year		38073198		24335990	
	Less : Profit utilised for issue of Bonus Shares		31284400		0	
	Net Balance Profit of Last Year			6788798		24335990
	Balance available for Appropriation			27265201		36797875
	Add :Dividend of P.Y.2002-03 written back		0		6153552	
	Add: Tax on Dividend 2002-03 written back		0	0	788424	6941976
				27265201		43739851
	<b>Appropriations :</b>					
	General Reseves		1023820		1810000	
	Interim Dividend		4379295		3418640	
	Tax on Interim Dividend		572319		438013	
				5975434		5666653
	<b>Balance Carried to Balance Sheet</b>			<b>21289767</b>		<b>38073198</b>

Significant Accounting Policies & Notes on Accounts.  
As per our Report of even date

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**For : SHAH RAJESH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**(R. D. SHAH)**  
**PROPRIETOR.**

Place : Ahmedabad.  
Date : 16/7/2005

**For : DYNEMIC PRODUCTS LIMITED**

**(B. K. PATEL)**  
**CHAIRMAN & M.D.**

**(D. P. PATEL)**  
**DIRECTOR**

**(DIXIT B.PATEL)**  
**DIRECTOR**

**(R. B. PATEL)**  
**DIRECTOR**

**(S. P. PATEL)**  
**DIRECTOR**

**M/S. DYNEMIC PRODUCTS LIMITED**  
**SCHEDULES FORMING PART OF ACCOUNTS**

Particulars				31/3/2005		31/3/2004
	<b>SCHEDULE : 1 : SHARE CAPITAL :</b>					
[a]	<b>Authorised Share Capital</b> [11000000 Equity Share of Rs. 10/- each] [PYF 4000000 Equity Shares]			110000000		40000000
				<b>110000000</b>		<b>40000000</b>
[b]	<b>Issued, Subscribed and paid up :</b> [6905880 Equity Shares of Rs. 10/- each fully paid up (PYF 3418640)]. [Out of the above 4125820 [ P.Y.F.672880] Equity Shares were allotted as fully paid up Bonus Shares to the existing Shareholders without payment being received in cash ] [ Out of the above 1400000 Equity shares were allotted as fully paid up to the partners of earstwhile parttneship firm M/s. Saffron Dyestuff Industries without payment being received in cash, pursuant to the business acquired as per agreement entered.]			69058800		34186400
	<b>Total Rs.</b>			<b>69058800</b>		<b>34186400</b>
	<b>SCHEDULE : 2 : RESERVES &amp; SURPLUS :</b>					
	( i ) General Reserves : Opening Balance	5055000			3245000	
	Add : Transferred from Profit & Loss A/c.	1023820			1810000	
		6078820			5055000	
	Less: Transfer for utilation in Bonus Shares	3245000	2833820		0	5055000
	( ii ) Profit & Loss A/c. Opening Balance		21289767			38073198
	<b>Total Rs.</b>			<b>24123587</b>		<b>43128198</b>
	<b>SCHEDULE : 3 : SECURED LOANS :</b>					
[a]	<b>C.C.Hypo A/c. :</b> *Citi Bank N.A. [ HP. C.C. A/c. Secured against stock of Raw Materials, Stores, Finished Goods etc.& personal gurantee of Directors.]			2070738		2715078
[b]	<b>P.C.F.C.A/c. :</b> * Citi Bank N.A. [Secured against Book Debts.Present & Pertainings to mfg. of Industrial Dyes & Chemicals & personal guarnatee of Directors.]			39262686		14600824
[c]	<b>Term Loan A/c. :</b> * Citi Bank N.A. [Secured against Plant & Machineries & personal guarnatee of Directors.]			1800000		4200000
[d]	<b>Vehicle ( Car ) Loan A/c. :</b> * Citi Bank N.A. * ICICI Bank Car Laon [ Secured against Hypothecation of Car)			936933 534000		1530700 0
	<b>Total Rs.</b>			<b>44604357</b>		<b>23046602</b>
	<b>SCHEDULE : 4 : UNSECURED LOANS :</b>					
[a]	Loans from Shareholders/Directors			382679		3597590
[b]	Fixed Deposits from Public			8112434		2560000
[b]	Shree Vardayini Chemical Inds Pvt. Ltd.			1279659		6876174
	<b>Total Rs.</b>			<b>9774772</b>		<b>13033764</b>

**M/S. DYNEMIC PRODUCTS LIMITED**  
**SCHEDULE : 5 : FIXED ASSETS.**

Sr. No	NAME OF THE ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As on 01/04/04 Rs.	Addition during the Year Rs.	Deduction during the Year Rs.	As on 31/03/05 Rs.	Addition during the Year Rs.	Deduction during the Year Rs.	As on 31/03/04 Rs.	As on 31/03/05 Rs.
1	Building	18588811	0	0	18588811	620866	0	15912322	15291456
2	Computer	848407	142250	0	990657	142625	0	648915	648540
3	Electric Fitting & Install.	3191798	0	0	3191798	151610	0	2535141	2383531
4	Furniture	6376851	23660	0	6400511	405028	0	5086537	4705169
5	Lab Equipments	3318571	410583	0	3729154	174330	0	2902418	3138671
6	Machineries	35381145	2021186	1432064	35970267	1641197	425609	28188960	27562494
7	Office Equipments	2226721	78570	0	2305291	145096	0	1729377	1662851
8	Office Premises	4411957	13159	884861	3540255	57635	65132	4330495	3466290
9	Pollu.Eff Treatment	5387481	0	0	5387481	255905	0	3895825	3639920
10	Resi.Premises	3573980	3029503	711000	5892483	64660	34768	3480725	5769336
11	Motor Cycle	244570	183727	0	428297	16724	0	195122	362125
12	Motor Car	3147114	785763	0	3932877	298976	0	2610931	3097718
13	Electric Motor & Pumps	1167548	0	0	1167548	55459	0	965782	910323
14	Fire fighting Equipments	51016	0	0	51016	2423	0	40217	37794
15	Gas Inst.& Fab	937776	0	0	937776	31322	0	793406	762084
16	Generating Set	437200	0	0	437200	20767	0	270467	249700
17	Lease Hold Land	1089848	0	0	1089848	0	0	1089848	1089848
18	Pipes & Valve Fittings	1218267	0	0	1218267	40690	0	1005655	964965
19	Storage Tank	837364	97062	0	934426	30940	0	722966	789088
20	Dies	103360	0	0	103360	11690	0	81570	69880
	Total Rs. ....	92539785	6785463	3027925	96297323	4167943	525509	19695540	76601783
	Previous Years	76431078	16108707	598025	92539785	3762877	30233	64110617	76486678

**Note :** The Machinery of Rs.349968/- has been transferred to Laboratory Equipment A/c. as on 1-4-2004 hence, corresponding opening depreciation fund of Rs.21208/- has also been deducted from Machinery Depreciation fund and added by the same amount in the Laboratory depreciation fund.

<b>SCHEDULE : 6 : INVESTMENTS :</b>			<b>31/3/2005</b>		<b>31/3/2004</b>
[a]	Enviro Technologfy Ltd. Shares [15000 Shares of Rs.10 each(P.Y.F.15000)]		150000		150000
[b]	GSFC Shares [190 Shares of Rs.20 each(P.Y.F.190) ]		38000		38000
[c]	Bharuch Enviro Infrastructure Shares [1260 Shares of Rs.100 each(P.Y.F.6860)]		12600		12600
[d]	Bharuch Eco-Aqua Infra.Ltd [14000 Shares of Rs.10 each(P.Y.F.NIL)]		140000		140000
[e]	Forum (Chandolidia) Aawas Owmer's Asso (Share) [1 Share of Rs.100 each(P.Y.F.NIL)]		100		100
[f]	Dynamic Overseas (India) P. Ltd. Shares [500 Shares of Rs.100 each(P.Y.F.500)]		50000		50000
[g]	Navsarjan Industrial Bank Share [500 Shares of Rs.25 each(P.Y.F.500)]		12500		12500
	<b>Total Rs.</b>		<b>403200</b>		<b>403200</b>
<b>SCHEDULE : 7 : CURRENT ASSETS AND LOAND &amp; ADVANCES :</b>					
[a]	<b>CURRENT ASSETS :</b>				
	<b>INVENTORIES :</b>				
	[As per Inventory taken, valued and Cetrified by Directors of the Company ]				
*	Raw Materials ..... at Cost	13619617		10631863	
*	Packing Material.....at Cost	467541		294446	
*	ETP stock .....at Cost	80106		3197	
*	Stock in transit.....at Cost	828845		0	
*	Trading Stock .....at Cost	0		6760	
*	Work in progress.....at Estimated cost	1506518		1852628	
*	Finished Goods ...at Cost or Market Value which ever is lower	13280375		7874892	
*	Semi Finished Goods..... at Cost	7909411		5508530	
			37692413		26172315
	<b>SUNDRY DEBTORS (Unsecured Considered Good)</b>				
*	Due Over Six Months.	13828419		614359	
*	Others	47341414		51117289	
			61169833		51731648
	<b>CASH and BANK BALANCE :</b>				
*	Foreign cheques & currencies a/c.	51813		272100	
*	Cash-in-hand	660127		126550	
*	Balance with Schedule Bank	954057		531169	
*	Balance with Non-Schedule Bank	207138		374759	
*	Balance in Fixed Deposits	0		6000	
			1873135		1310578
	<b>LOANS AND ADVANCES :</b>				
*	Advances recoverable either in Cash or in Kind or for value to be received.	2755063		845067	
*	Deposits	1866560		1958105	
*	Advance Income Tax	11500000		0	
*	Advance Sales Tax	61620		0	
*	Bank Gaurantee	38800		784800	
*	Dynamic Overseas (India) Pvt. Ltd.	360000		359000	
*	Dynemic Products (Inc) USA	50000		50000	
*	Excise Duty Credit Balance With Excise Department	1595100		594118	
*	Excise Refund Receivable	8430325		6038191	
*	Ex.Mod.Receivable on Cap.Goods(2005-06)	1795		0	

			31/3/2005		31/3/2004
*	Ex.Mod.Receivable on Cap.Goods(2004-05)	0		243694	
*	Prepaid Insurance	221099		177931	
*	TDS (2003-04)	9622		9622	
*	TDS (2004-05)	9300		0	
*	Staff Loan	43300		82800	
*	DEPB Receivable	4179262		3238128	
*	DEPB Received	1077634		1043508	
*	Service Tax Balance	39410		0	
*	Duty Drawback Receivable	0		1062	
			32238890		15426026
	<b>Total Current Assets and Loans &amp; Advances</b>		<b>132974271</b>		<b>94640567</b>
	<b>SCHEDULE : 8 : CURRENT LIABILITIES :</b>				
	<b>CURRENT LIABILITIES :</b>				
*	Sundry Creditors	29451633		40018179	
*	Advance from Customers	649677	30101310	367600	40385779
	<b>PROVISIONS :</b>				
	Proposed Dividend	0		0	
	Tax on Proposed Dividend	0		0	
	Provision for Taxation for current tax	20000000	20000000	6000000	6000000
	<b>Total Rs.</b>		<b>50101310</b>		<b>46385779</b>
	<b>SCHEDULE : 9 : MISCELLANEOUS EXPENSES</b>				
	(To the extent not Written Off)				
	<b>PRELIMINARY EXPENSES :</b>				
*	Last Balance	27883		58036	
*	Add : Additions during the year	455500		0	
		483383		58036	
*	Less : Written off during the year	118983		30153	
*	<b>Balance Rs.</b>		<b>364400</b>		<b>27883</b>
	<b>SCHEDULE : 10 : OTHER INCOME :</b>				
*	Bad Debts Recovered	0		137922	
*	Cash Discount Received	238866		257677	
*	Commission Income	84000		0	
*	DEPB Income	6984735		11904203	
*	Discount Income	56108		0	
*	Dividend (BEIL)	1890		1890	
*	Dividend (E.T.L.)	22500		22500	
*	Duty Draw Back Income	1134		4203	
*	Excess Provision for Income Tax	0		563844	
*	Excise Income	0		250500	
*	Insurance Claim	6237		7968	
*	Interest (F.D.)	24075		11500	
*	Interest Income	10968		51101	
*	Kasar A/c	2839		3840	
*	MDA Assistance Income	245907		0	
*	Power Bill Refund Income	0		466697	
*	Profit on Sale of Machinery	146249		19033	
*	Profit on Sale of DFRC Licence	0		3600	
*	Purification Charges	0		351000	
*	Sales Tax Set Off	1548		0	
*	Solid Waste Sales Income	11403		40500	
*	VAT Refund Income	41799		0	
*	Excise Refund Income	248000		0	
*	Rates & Quality Difference.	284607		0	
*	Foreign Exchange Loss/Gain	1171115		0	
	<b>Total Rs.</b>		<b>9583980</b>		<b>14097978</b>

			31/3/2005		31/3/2004
	<b>SCHEDULE : 11 : INCREASE / DECREASE IN STOCKS :</b>				
	<b>CLOSING STOCK :</b>				
*	Finished Goods	13280375		7874892	
*	Semi Finished Goods	7909411		5508530	
*	Goods in Transit	828845		0	
*	Trading Stock	0		6760	
*	Work-in-Progress	1506518		1852628	
			23525149		15242810
	<b>OPENING STOCK :</b>				
*	Finished Goods	7874892		26445545	
*	Trading Stock	6760		0	
*	Semi Finished Goods	5508530		1131027	
*	Work-in-Progress	1852628			
			15242810		27576572
	<b>Increase (Decrease) in Stocks...</b>		<b>8282339</b>		<b>-12333762</b>
	<b>SCHEDULE : 12 : RAW MATERIALS CONSUMED</b>				
	RAW MATERIALS CONSUMED :				
	Opening Stock	10631863		9010601	
	Add. : Purchase during the year	147613189		130914486	
		158245052		139925087	
	Less : Closing Stock	13619617		10631863	
	<b>Total Rs.</b>		<b>144625435</b>		<b>129293224</b>
	<b>SCHEDULE : 13 : PACKING MATERIAL CONSUMED</b>				
	Op. Stock	294446		380267	
	Add: Purchases during the year	3999433		3841467	
		4293879		4221734	
	Less : Closing stock	467541		294446	
	<b>Total Rs.</b>		<b>3826338</b>		<b>3927288</b>
	<b>SCHEDULE : 14 : E.T.P MATERIAL CONSUMED</b>				
	Op. Stock	3197		74965	
	Add: Purchases during the year	1334800		1025570	
		1337997		1100535	
	Less : Closing stock	80106		3197	
	<b>Total Rs.</b>		<b>1257891</b>		<b>1097338</b>
	<b>SCHEDULE : 15 : POWER &amp; FUEL CONSUMED</b>				
*	Electric Power & Burning	6328273		5988792	
*	Fuel Purchased & Consumed	153733		101558	
*	Gas Consumption Charges	6073069		6166033	
	<b>Total Rs.</b>		<b>12555075</b>		<b>12256383</b>
	<b>SCHEDULE : 16 : SALARIES WAGES &amp; BONUS</b>				
*	Salary & Wages to Employees	3187527		3240030	
*	Salaries to Directors	2660000		2030000	
*	Bonus & other charges	1459665		798042	
	<b>Total Rs.</b>		<b>7307192</b>		<b>6068072</b>
	<b>SCHEDULE-17 : REPAIRS AND MAINTENANCE</b>				
*	A.C. Service Charges	52857		1800	
*	Building Repairing	111500		304177	
*	Computer Maintenance & Consumables	148536		177296	
*	Electric Repairs & Exp	282841		556661	
*	E T P Repairs & Maintenance	210700		352351	
*	Furniture Repairing & Maint	7796		28022	
*	Machinery Expences	2267669		2956521	
*	Machinery Repairing & Maint	1250		24430	

		31/3/2005	31/3/2004
*	Office Repairing Exp.	33152	0
*	Type,Fax & Zerox Maintainance	2385	12645
*	Vehicle Repairing (Director)	95768	107719
	Vehicle Repairing Exp	21536	28693
	<b>Total Rs.</b>	<b>3235990</b>	<b>4550315</b>
	<b>SCHEDULE : 18 : OTHER MFGS. EXPENSES</b>		
*	Transportation	1488187	1036576
*	Conversion Charges.	4091071	4239475
*	E. T.P Expense	3082490	3070790
*	Factory Exp	873343	1011027
*	Labour Charges	2854584	3449291
	<b>Total Rs.</b>	<b>12389675</b>	<b>12807159</b>
	<b>SCHEDULE : 19 : ADMINISTRATIVE AND OTHER EXPENSES :</b>		
	Advertisement Expense	12098	181730
	Angadia & Courier Exp	398024	246941
	Bad Debts	75964	
	Audit Fees	247950	216000
	Bank Charges	611976	549574
	Bank Charges (Foreign Bank)	165182	144571
	Boni Expenses	12850	30950
	Books & Periodicals Exp	58591	77967
	Capacity Commitment Charges	205400	0
	Discount	157745	120594
	Donation Charges	78051	74832
	Drainage Charges	23356	21064
	Education Cess Exps	18999	0
	ESI (Employer's Contribution)	85470	80193
	Excise Exps	7210	0
	Exhibition Expences	1450283	625921
	Export Inso & Seal Exps.	190	0
	Foreign Travelling Expenses	907080	333161
	Foreign Travelling Expenses(Director)	1379884	257570
	Group Gratitude Insurance	49507	0
	HACCP Certification Fees	4000	58500
	Insurance Premium	530673	515042
	Internal Audit Fees	11020	10800
	Internate Connection Renewal Fees	26683	57921
	Keyman Insurance Premium	1152098	136922
	Lab-Testing Exp	418408	496811
	L/c Charges	17274	0
	Legal& Professional Fees / Expense	527211	800385
	Licence Renewal Fee	10400	0
	Loss on Sale of Office Premises	269729	0
	Loss on Sale of Resi. Bldg.	51232	0
	Marketing Data Exp.	290345	74000
	Membership / Seminar Fees	85467	46670
	Misc Office Exp	204775	491752
	MSI Application Fees	2000	0
	Municipal Tax	35218	65036
	Office Electric Bill Exp.	207682	108775
	Packing Material Exp	194527	96463
	Palletizing Charge	214939	350795
	Petrol Expenses	64887	70239
	Petrol Expenses( Director)	274711	233375
	PF & EDLI Inspection Charge	18580	16168
	PF (Employer's Contribution)	202093	175816

		31/3/2005	31/3/2004
Pooja Exp	34032		44331
Post & Telegraph A/c	16648		9060
Professional Tax	13440		10000
Professional Tax ( Company) A/c	1000		1000
Profit/loss on Sale of DEPB	220115		0
Purchase Tax	100277		65625
Rate Difference	3138		844042
ROC Filing Fees	4500		5550
Sales Promotion	106595		248182
Sale Tax Exps	134307		27323
Security Exp	261467		231557
Seminar Fees	13553		0
Service Tax Exp.	25265		0
Software Purchase Exps	83719		38920
Staff Welfare Exp	196699		224470
Stationery & Printing Exp	434352		366764
Surveillance Audit Fees A/c	8415		0
Subscription A/c	32500		35061
Telephone Expense	608350		658677
Telephone Expenses( Director)	163606		131114
Travelling & Conveyance Exp	294493		138521
Travelling & Conveyance Expenses( Director)	209561		118522
Water Cess Fees (G.P.C.B.)	25500		1553
Visa Application Fees	4039		0
Water Charges	140919		118517
Web Designing & Hosting Fees	76863		101614
Zerox Exp	49841		28553
Business Development Exps.	0		22000
ECGC Premium	0		43155
Effluent Testing Exps.	0		57996
FDA Approval Fees	0		291928
Foreign Exchange Loss	0		2300560
GMP Certification Fees	0		57000
HACCP Audit Fees	0		23510
Loan Processing Fees	0		415000
NOC Fees (GPCB)	0		12500
Quality Discount	0		91300
Short Provision for taxation	0		19400
Selling Commission	646881		394591
Forwarding & Handling Charges	5016101		5232372
Application & Verification fees	144250		257278
Consultancy Fees	453775		75726
Certification & Analysis Fees	394318		106440
<b>Total Rs.</b>		<b>20678281</b>	<b>19616249</b>
<b>SCHEDULE : 20 : INTEREST EXPENSES:</b>			
Interest ( Bank)	872078		1303214
Interest (Car Loan)	95795		37660
Interest (Late Payment )	974		999
Interest (Loan)	467207		318134
Interest on Fixed Deposits	954541		969631
Interest (Sales Tax)	7073		7606
Interest (T.D.S. )	47510		49934
Interest (Term Loan)	429748		722955
Loan Enhancement Fees	220400		0
Loan Renewal Fees	176320		0
Interest ( P.F.)	0		15541
<b>Total Rs.</b>		<b>3271646</b>	<b>3425674</b>

**DYNEMIC PRODUCTS LIMITED**  
**SCHEDULE : 21**

Significant Accounting Policies & Notes forming parts of Accounts as on 31-3-2005

**1] Significant Accounting Policies :**

(A) GENERAL :-

- ( i ) The Annual Accounts have been prepared on the Historical cost basis and confirms to the statutory provisions of Companies Act, 1956 and General Accounting Practices prevailing in the country.
- ( ii ) The Accounts have been prepared on accrual basis.

(B) FIXED ASSETS :-

- ( i ) Fixed Assets have been accounted for at their Historical Cost.
- ( ii ) During the year, the company has provided the depreciation on straight line method at rates for single shift specified in Schedule IXV of the Companies Act, 1956 on the prorata rata basis for the additions from Fixed Assets.
- ( iii ) All Fixed Assets are valued at Cost Less Accumulated depreciation (Other than land where no depreciation is charged). All costs relating to the acquisitions and installations and initial financing costs relating to the borrowed funds attributable to acquisition of Fixed Assets up to date, the assets is put to use, have been capitalised.

(C) RETIREMENT BENEFITS :-

Repayment for present liability of future payment of gratuity is being made to Approved Gratuity which fully cover the same under Group Gratuity Policy or Cash Accumulation Policy with Life Insurance Corporation of India.

(D) VALUATION OF INVENTORIES :-

- ( i ) Raw Materials : Valued at Cost
- ( ii ) Finished Goods : Valued at Cost or Market Value whichever is lower
- ( iii ) Semi Finished Goods : At Cost
- ( iv ) Work in Progress : At Estimated Cost.
- ( v ) ETP Stock : At Cost
- ( vi ) Trading Stock : At Cost
- ( vii ) Goods in Transit : At Cost
- ( viii ) Packing Materials : At Cost

(E) SALES :-

Sales are exclusive of Excise Duties and Sales tax

(F) MISCELLANIOUS EXPENDITURE :-

Preliminary Expenses have been amortised as per section 35D of the Income tax Act, 1961.

(G) TREATMENT OF EXCISE DUTY :-

Excise Modvat credit on purchase have been transferred to Excise Modvat Receivable a/c. which has been transferred or set off against Excise duties payable on sales and balance have been shown as Excise Modvat Receivable A/c. under the head Current Assets, Loans and Advances in Balance sheet.

(H) TREATMENT OF SERVICE TAX PAYABLE ON TRANSPORTATION EXPS. :-

Service tax payable on Transportation exps. has been credited to Service tax payable a/c. which has been set off against Modvat receivable for service tax paid on various exps. and balance of modvat receivable for Service tax paid on various exps. has been shown under the head Loans & Advances in Current Assets side of Balance Sheet.

(I) FOREIGN CURRENCY TRANSACTIONS :-

Balance in form of current assets and current liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rate of exchange prevailing on the date of the Balance Sheet .The resultant gain or loss is accounted during the year.

(J) INTER DIVISIONAL TRANSFER :-

Interdivisional transfer of goods of Rs. 24687884/- ( PYF22386236/-) of independent marketable products for further processing are being included in respective heads of account at market value to reflect the true working of the respective unit. Any un-realised profit on stock is being eliminated while valuing the inventories.

(H) TAXES ON INCOME :-

- ( i ) Current tax is determined as tax payable in respect of taxable income of current year.
- ( ii ) Deferrd tax for the year is recognised on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- ( iii ) Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted by the Balance sheet date. Deferred tax assets / liabilities arising on account of unabsorbed depreciation under tax laws are recognised on to the extent there is virtual certainty of its realisation supported by convincing evidence. Deferred tax assets on account of other timing differences are recognised only to the extent there is reasonable certainty of its realisation. At each Balance sheet date, the carrying amount of Deferred Tax are reveived to reassure realisation.

**2] NOTES ON ACCOUNTS :-**

- 1] Paise have been rounded upto the nearest rupees.
- 2] Previous year's Figures have been regrouped and /or rearranged wherever necessary to make them comparative with current year's figures.
- 3] Deferred Tax :- The break up of deferred tax liability are as under :

Nature of timing difference	Deferred Tax Liability / Assets		
	Balance As on 1st April 04	Debit/(Credit) for the year Rs.	Balance As on 31st March 2005
(a) Deferred Tax Liability - Depreciation	11434586	1246242	12680828
<b>Total</b>	<b>11434586</b>	<b>1246242</b>	<b>12680828</b>

4] Remuneration to Auditors

Particulars	Current Year Amount Rs.	Previous Year Amount Rs.
As Audit Fees	192850	162000
As Tax Audit Fees	55100	54000
For Taxation	125000	70000

5] Managerial Remuneration under Section 198 of the Companies Act, 1956 :

Particulars	2004-05 Amount Rs.	2003-04 Amount Rs.
(a) Remuneration	2660000	2030000
(b) Contribution to P. F.	—	—
(c) Perqisites	—	—
<b>TOTAL Rs.</b>	<b>2660000</b>	<b>2030000</b>

- 6] Contingent Liability : Rs. NIL (PYF Rs. NIL)
- 7] Estimated Amount Contract remaining to be executed and not provided for Rs.NIL for the new expansion project ( P.Y.F.Rs.NIL)
- 8] Some of the Debit / Credit balances are subject to reconciliation/ confirmation in certain cases. However, in the opinion of the Board of Directors all Assets including sundry debtors, loans and advances and deposits would be, in ordinary course of business, realised at least value stated.
- 9] Schedule forming part of Balance Sheet and Profit & Loss a/c. has been regrouped/rearranged where ever necessary.
- 10] Fixed Assets includes investment made by the company in Residential building for Employees of the Company. Title of certain residential buildings are steel in the name of Employee, and transferring the same in the name of the Company is under process as per the information and the explanation given to us.
- 11] Amount due to SSI Units has not been segregated in view of non availability of requisite information for the purpose of ascertaining the liability if any, under the "Interest on delayed payments to Small Scale & Ancillary Undertaking Act 1993."
- 12] The Company has made investments for the incorporation of Subsidiary Company M/s. Dynemic Products (Inc) USA of Rs. 50000/- during the year in the United States of America, the same is shown under the head "LOANS AND ADVANCES" as the specific details of the investment are not available for our verification.
- 13] Additional information pursuance to Part II and Part III of Schedule VI of the Companies Act, 1956 to the company are attached.

**A. Licenced and Installed Capacity (As Certified by Management)**

No.	Particulars	2004-05	2003-04
(i)	Licenced Capacity	Not Applicable	Not Applicable
(ii)	Installed Capacity		
a.	Dyes Intermediates & Chemicals	2220 MT	2220 MT
b.	Food Colour & Chemicals	840 MT	840 MT

**B(i) : Production , Purchase , Sales and Stock of Finished Goods ( As certified by Management ) for the Year ended as on 31-3-2005**

Sr No	Products	Unit	Opening Stock		Purchases		Production Qty	Captive Consumption Qty	Sale		Closing Stock	
			Qty	Amount Rs.	Qty	Amount Rs.			Qty	Amount Rs.	Qty	Amount Rs.
	<b>( I ) Finished Goods ( Packed ) :</b>											
1	Dyes & Intermediates	Kgs.	13072.250	1486335	0.000	0	2553119.700	1958705.000	572192.950	86791703	35294.000	5777298
2	Food Colours	Kgs.	37449.800	5776485	1000.000	180390	766704.000	9124.300	761034.500	132329001	34995.000	6543892
3	Lack Colours	Kgs.	1584.000	505870	0.000	0	1083.000	0.000	1861.000	988673	806.000	303223
4	Preparation Colours	Kgs.	981.500	106202	385.000	355722	18060.000	0.000	18567.500	4979059	859.000	655962
	<b>Total ( I )</b>			<b>7874892</b>		<b>536112</b>				<b>225088436</b>		<b>13280375</b>
	<b>( II ) Finished Goods ( Captive use ) :</b>											
1	Dyes & Intermediates	Kgs.	0.000	0	0.000	0	1450.000	0.000	0.000	0	1450.000	179139
	<b>Total ( II )</b>			<b>0</b>		<b>0</b>				<b>0</b>		<b>179139</b>
	<b>( III ) Semi Finished Goods :</b>											
1	Dyes & Intermediates	Kgs.	25082.335	1644843	0.000	0	20203.425	0.000	0.000	0	45285.760	2422300
2	Food Colours	Kgs.	250280.500	3863687	0.000	0	0.000	214700.950	0.000	0	35579.550	5079435
	<b>Total ( III )</b>			<b>5508530</b>		<b>0</b>				<b>0</b>		<b>7501735</b>
	<b>( IV ) Misc.items (Received by conversion) :</b>											
1	Raw Materials	Kgs.	0.000	0	0.000	0	830427.880	792769.300	31772.000	3483970	5886.580	228537
	<b>Total ( IV )</b>			<b>0</b>		<b>0</b>				<b>3483970</b>		<b>228537</b>
	<b>( IV ) Trading Materials- Finished Goods :</b>											
1	Trading Materials	Kgs.	5.000	6760	153518.150	27073466	0.000	0	153523.150	31156792	0.000	0
	<b>Total ( VI )</b>			<b>6760</b>		<b>27073466</b>				<b>31156792</b>		<b>0</b>

Note : Interdivisional transfer for Purchase and sales of Goods are being included in respective figure of Sales and Purchases of goods for Quantity and Value both.

**B(ii) : Production , Purchase , Sales and Stock of Finished Goods ( As certified by Management ) for the Year ended as on 31-3-2004**

Sr No	Products	Unit	Opening Stock		Purchases		Production Qty	Captive Consumption Qty	Sale		Closing Stock	
			Qty	Amount Rs.	Qty	Amount Rs.			Qty	Amount Rs.	Qty	Amount Rs.
	<b>( I ) Finished Goods ( Packed ) :</b>											
1	Dyes & Intermediates	Kgs.	62258.050	8754800	0.000	0	2627357.496	1913068.856	763474.440	100233006	13072.250	1486335
2	Food colour	Kgs.	77278.000	11242244	139711.800	29753869	550447.000	11681.000	718306.000	125413282	37449.800	5776485
3	Lake colour	Kgs.	1312.000	466285	100.000	135000	1270.000	0.000	1098.000	554285	1584.000	505870
4	Preparation colour	Kgs.	3787.000	804177	25.000	37932	25829.000	3000.000	25659.500	6542050	981.500	106202
	<b>Total ( I )</b>			<b>21267506</b>		<b>29926801</b>				<b>232742623</b>		<b>7874892</b>
	<b>( III ) Semi Finished Goods :</b>											
1	Dyes & Intermediates	Kgs.	0.000	0	0.000	0	25082.335	0.000	0.000	0	25082.335	1644843
2	Food colour	Kgs.	22293.000	3354946	0.000	0	2987.500	0.000	0.000	0	25280.500	3863687
	<b>Total ( III )</b>			<b>3354946</b>		<b>0</b>				<b>0</b>		<b>5508530</b>
	<b>( IV ) Misc.items(Received by conversion) :</b>											
1	Raw Materials	Kgs.	0.000	0	0.000	0	94656.670	0.000	94656.670	11150626	0.000	0
2	Packing Materials	Nos.	0.000	0	0.000	0	1126	0.000	1126	152960	0.000	0
	<b>Total ( VI )</b>			<b>0</b>		<b>0</b>				<b>11303586</b>		<b>0</b>

Note : Interdivisional transfer for Purchase and sales of Goods are being included in respective figure of Sales and Purchases of goods for Quantity and Value both.

**C. Quantity and Value there of in regard to each item of stock of Raw Materials  
(As certified by Management)**

Sr. No	Particulars	Unit	Opening Stock		Closing Stock	
			Qty	Amount Rs.	Qty	Amount Rs.
1	Di Ethyl Oxalate	Kgs	34090.000	1621720	25705.000	1646354
2	Aniline Oil	Kgs	12044.000	591120	24534.000	1418457
3	Ethyl Acetate	Kgs	10540.000	362190	17650.000	794333
4	Sodium Metal	Kgs	13438.000	917686	488.000	38285
5	Benzene	Kgs	504.000	14577	7071.000	299932
6	Others	Kgs	220180.471	7124570	291714.189	9422256
				<b>10631863</b>		<b>13619617</b>

**D. Consumption of Raw materials with value and quantative breakup  
(As certified by Management)**

Sr. No	Particulars	Unit	2004-05		2003-04	
			Qty	Amount Rs.	Qty	Amount Rs.
1	Di Ethyl Oxalate	Kgs	548125.000	31533096	574525.000	24656723
2	Aniline Oil	Kgs	508340.000	34060487	537500.000	26828957
3	Ethyl Acetate	Kgs	328110.000	14081548	353775.000	11152523
4	Sodium Metal	Kgs	82700.000	5832695	88855.000	6415291
5	Benzene	Ltrs.	42515.000	1534369	54460.000	1521300
6	Ice	Kgs	34018	2152634	32488	2111720
7	Others	Kgs	4969732.507	55430606	5691428.887	56606710
				<b>144625435</b>		<b>129293224</b>

**E. Value of Imports on C. I. F. basis in respect of :**

Particulars	Current Year Amount Rs.	Previous Year Amount Rs.
Raw Materials	19749772	10551759
Stores & Spares	NIL	NIL
Capital Goods	NIL	NIL

**F. Value of Imports on C. I. F. basis in respect of :**

Sr. No.	Particulars	2004-05		2003-04	
		Amount Rs.	% of Total	Amount Rs.	% of Total
A	Imported	18920927	13%	10551759	8%
B	Indigeneous Raw Materials	125704508	87%	118741465	92%
	Stores & Spares	0	0%	0	0
C	Expenses in Foreign Currency	1259573	0%	602394	0
D	Amount remitted during the year in Foreign Currency	0	0%	0	0
E	Earning in Foreign Exchange	136600308	0%	112096582	0

Signature to Schedule 1 to 21  
As per our Report of even Date

**For : SHAH RAJESH & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**[Rajesh D. Shah]  
Proprietor**

Place : Ahmedabad.  
Date : 16/7/2005

For & on behalf of Board of Directors of  
**DYNEMIC PRODUCTS LIMITED**

**[B. K. Patel]  
Chairman & Mg. Director**

**[D. B. Patel]  
Director**

**[R. B. Patel]  
Director**

**[D. P. Patel]  
Director**

**[S. P. Patel]  
Director**

# DYNEMIC PRODUCTS LIMITED

Statement Pursuant to Part IV of Schedule VI to the Companies Act , 1956

## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(Amt. Rs. thousands)

### 1 Registration Details :-

Registration No. : 

1	3	8	8	6
---	---	---	---	---

 State Code : 

0	4
---	---

Balance Sheet Date : 

3	1	-	0	3	-	0	5
---	---	---	---	---	---	---	---

### 2 Capital Raised during the year :-

Public Issue : 

N	I	L
---	---	---

 Bonus Issue : 

N	I	L
---	---	---

Right Issue : 

N	I	L
---	---	---

 Private Placement : 

N	I	L
---	---	---

### 3 Position of Mobilisation and Deployment of Funds :-

Total Liabilities : 

1	6	0	2	4	2
---	---	---	---	---	---

 Total Assets : 

1	6	0	2	4	2
---	---	---	---	---	---

#### Sources of Funds :

Paid up Capital : 

6	9	0	5	9
---	---	---	---	---

 Reserves & Surplus : 

2	4	1	2	4
---	---	---	---	---

Secured Loan : 

4	4	6	0	4
---	---	---	---	---

 Unsecured Loans : 

9	7	7	5
---	---	---	---

Deferred Tax Liability : 

1	2	6	8	1
---	---	---	---	---

#### Application of Funds :

Net Fixed Assets : 

7	6	6	0	2
---	---	---	---	---

 Investments : 

4	0	3
---	---	---

Net Current Assets : 

8	2	8	7	3
---	---	---	---	---

 Misc. Exps. : 

3	6	4
---	---	---

Accumulated Losses : 

0
---

### 4 Performance of the Company :-

Turnover(Total Income) : 

2	6	9	3	1	3
---	---	---	---	---	---

 Total Expenditure : 

2	4	1	8	7	3
---	---	---	---	---	---

Profit Before Tax : 

3	5	7	2	3
---	---	---	---	---

 Profit After tax : 

2	0	4	7	6
---	---	---	---	---

#### Earning Per Share ( Rs.)

On Profit After Taxes : 3

On Distributed Balance Profit : 3

#### Interim Dividend Rate ( % )

7%

### 5 Generic Names of Three Principal Products/Services of Company :-

Item Code No. ( ITC Code )	Product Description
293390	S.P.C.P. (Dye-Intermediate)
292100	Sulphanilic Acid (Dye-Intermediate)
320490	Tartrazine (Food Color)

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