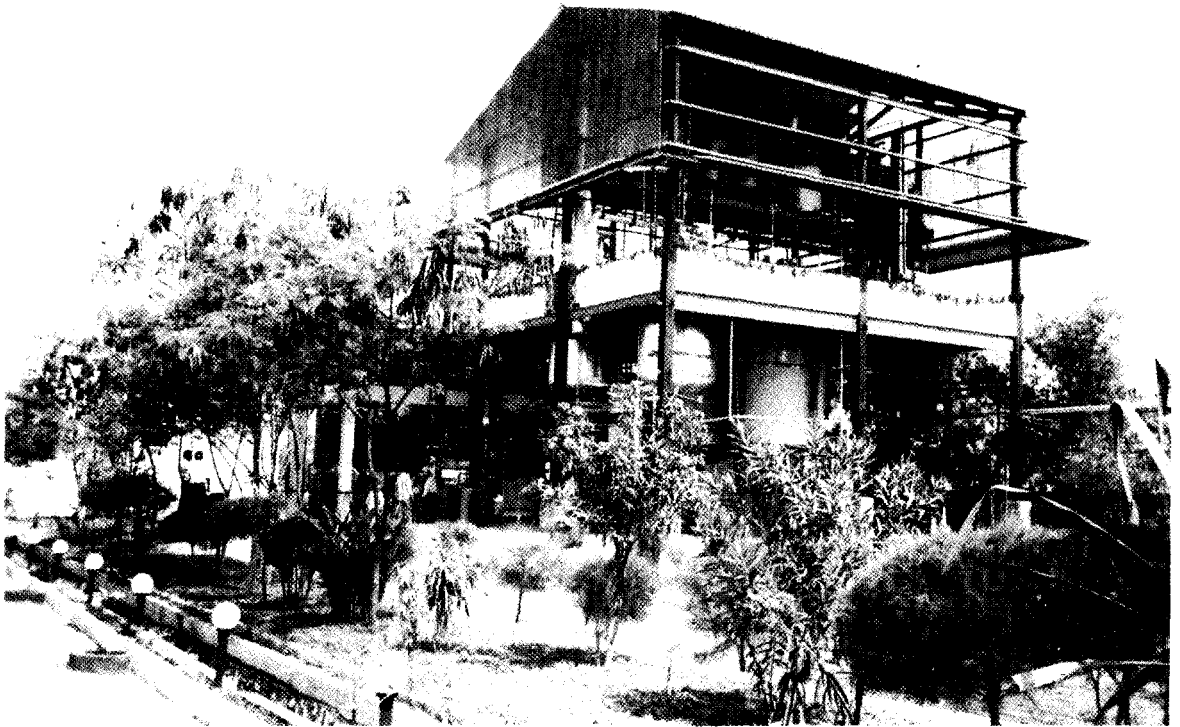
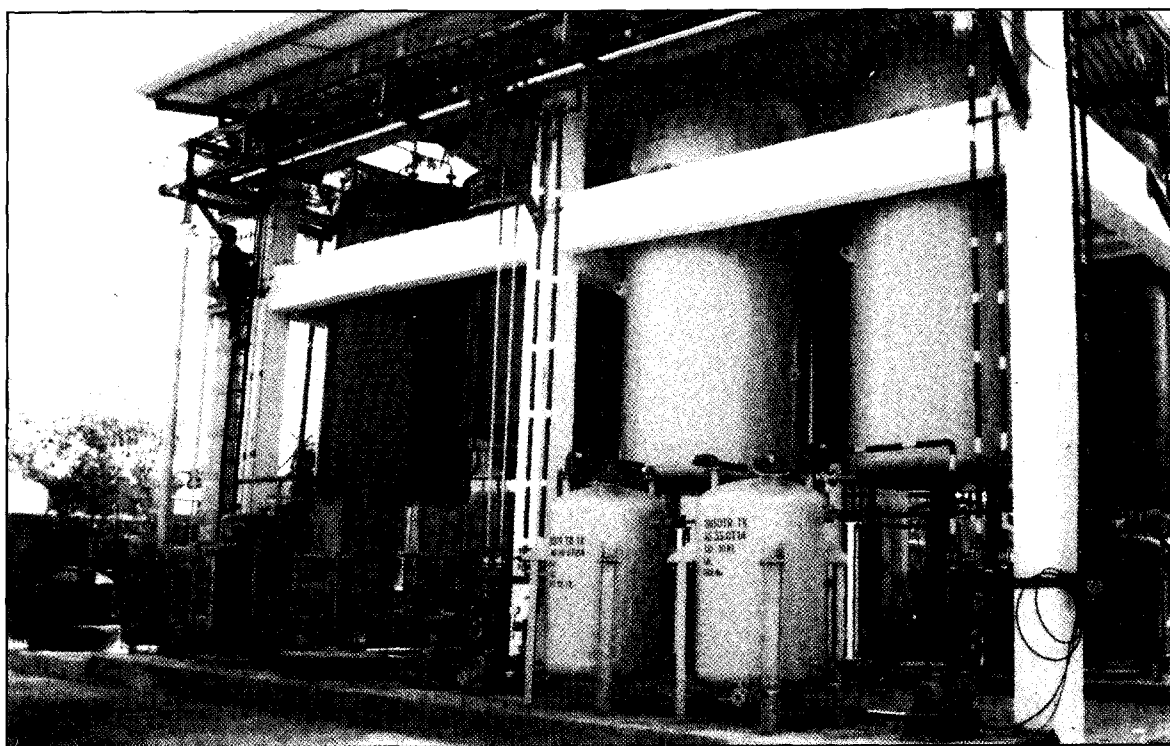
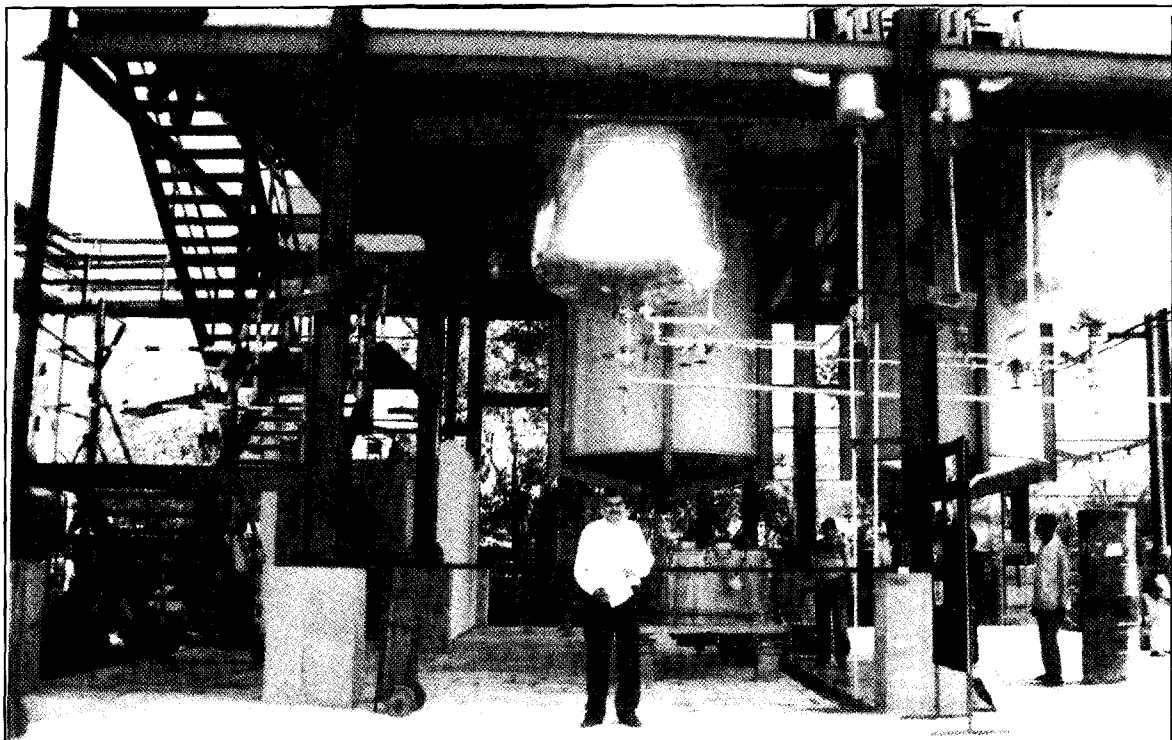


Chemiesynth (Vapi) Ltd.

19th Annual Report

2004-2005





Board of Directors

Shri Satish B. Zaveri
Shri Sandip S. Zaveri
Shri Bhanuraj N. Mehta

Senior Executives

Mr. Sunil B. Desai
Dr. Y. B. Desai

Manager - Commercial
Manager - Production

Auditors

Manoj Shah & Co.

Bankers

Bank of Baroda
Vapi Industrial Estate Branch,
GIDC, Vapi.

Regd. Office and Works

27, GIDC,
1st Phase,
Vapi, Gujarat - 396 195

Corporate Office

110, Bhaveshwar Complex,
Kiorl Village,
Vidyavihar (W)
Mumbai - 400 086

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Shareholders of CHEMIESYNTH (VAPI) LIMITED will be held on Tuesday, 6th September 2005 at 10 a.m., at the Registered Office of the Company at 27-GIDC, Vapi, District Valsad, Gujarat, 396195 to transact the following business:

1. To receive, consider and adopt Balancesheet as at 31 st March 2005 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Reports thereon.
2. To appoint Directors in place of Mr. Sandip Zaveri who retires by rotation and being eligible offer himself for re-election.
3. To re-appoint auditors to hold the office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

**By order of the Board of Directors,
For CHEMIESYNTH (VAPI) LIMITED**

VAPI :

DATED : 09/06/2005

**SANDIP ZAVERI
DIRECTOR**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy for attend and vote instead of himself/herself and the proxy need not be a member of the company.

Proxies in order to be effective, must be received at the registered office of the Company not less than 48 hours before the meeting

2. The Register of Members and Share Transfer Books will remain closed from 1st September, 2005 to 6th September, 2005 (both days inclusive)
3. Member desiring any relevant information on the accounts at the Annual General Meeting are requested to send their queries in writing so as to reach the registered office of the Company at least seven days before the date of the meeting.
4. Members are requested to bring their copy of the Annual Report to the meeting.
5. For the convenience of the members, an Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and affix their signatures at the space provided therein and hand over the Attendance Slip at the entrance of the place of meeting. Proxy / Representative of a Member should mark on the Attendance Slip as "PROXY" or "REPRESENTATIVE" as the case may be.

DIRECTORS' REPORT

To :

The Members of
Chemiesynth (Vapi) Limited
Vapi - Gujarat.

Your Directors have pleasure in presenting herewith the Annual Report together with the accounts for the year ended 31st March 2005.

FINANCIAL RESULTS :

During the year under review, the financial results on the operations of the Company are as under :

(Amount in Rupees)

	Year Ended 31 / 03 / 2005	Year Ended 31 / 03 / 2004
Gross Income	70,584,214	63,499,569
Profit before Depreciation	20,289,465	3,512,793
Less : Depreciation	6,337,225	2,731,235
Profit before Tax	13,952,240	781,558
Provision for Tax : Current Tax	650,000	61,000
: Deferred Tax	7,52,835	Nil
Profit after Tax	12,549,405	720,558
Write-back of provision for tax of earlier year	61,000	Nil
Profit for the year	12,610,405	720,558
Profit /(Loss) of previous years	(17,948,865)	(18,669,423)
Profit/(Loss) carried to Balance Sheet	(5,338,460)	(17,948,865)

DIVIDEND :

In view of the accumulated losses, Directors regret their inability to recommend any dividend to the shareholders for the year.

OPERATIONS & FUTURE OUTLOOK :

The Company has shown good performance during the year under review and expects to have better performance in the current year. The Company has set up a state of the art plant for the manufacture of intermediates of agrochemicals in a record time of three months. The cost of the project is Rs. 250 lakhs and United Phosphorus Limited has advanced Rs. 100 lakhs for the project. The Company has 100 % buy-back arrangement with United Phosphorus Limited for the products to be manufactured at the new plant. The Directors are pleased to inform that the commercial production of the new products has commenced in the current year.

DEPOSITS :

The Company has not accepted any public deposits except some short term loans from friends and associates of Directors.

ENVIRONMENT AND ENERGY CONSERVATION :

The company accords high priority to control environment and conservation of energy, which is an on going process. The Company has planted a number of trees to control and maintain environment surrounding of the factory. As required by the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 the relevant data pertaining to conservation of energy and technology absorption are given in the prescribed Form A in Annexure to this report. Various measures taken by the company on these matters includes:

- a) Improving Natural Light by opening Windows, studying illumination of tube lights by CFL lamps etc.
- b) Maintaining old machinery in good condition, retrofitting or replacing with energy efficient ones.
- c) Minimising idle running of machinery.

The above measures undertaken have resulted in savings in the cost of production.

SAFETY AND HEALTH

The Company gives highest priority to safety and occupational health. The factory buildings and machinery are maintained in safe condition. Process operations and handling of chemicals at the factory are reviewed frequently for safety.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

The Company did not have any employee during the year covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

TECHNOLOGY ABSORPTION:

Efforts made in technology absorption are given in Form B in the Annexure to this report.

DIRECTORS :

Mr. Sandip Zaveri Director of the Company retires at the ensuing annual general meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

It is hereby stated that:

- a) In the preparation of annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) The directors selected the 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.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual accounts on going concern basis.

CHEMIESYNTH (VAPI) LIMITED

M/s Manoj Shah & Co, Chartered Accountants, statutory auditors retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Directors would like to place on record their appreciation of the co-operation and assistance extended by the company's bankers. Thanks are also due to the company's employees, staff and executives of the Company for their co-operation and contribution. In concluding this report, the Board acknowledges their deep sense of gratitude to the shareholders for the confidence they have reposed in the Directors.

**For and On behalf of the Board of Directors
CHEMIESYNTH (VAPI) LIMITED**

Place : Vapi

**Satish Zaveri
Director**

**Sandip Zaveri
Director**

Date : 09/06/2005

ANNEXURE TO DIRECTORS' REPORT**FORM – A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****POWER & FUEL CONSUMPTION****ELECTRICITY**

Amount in Rs.

	2004-2005	2003-2004
Units Consumed (kwh)	1,061,231	8,49,234
Total Amount (Rs in lakhs)	4,933,016	4,087,903
Rate per unit (Rs/kwh)	4.65	4.81
Own Generation	NIL	NIL
COAL	NIL	NIL
L D O Purchase Rs.	99,542	98,380

FURNACE OIL

Consumed (Ltrs.)	199,200	140,310
Total Amount (Rs)	2,371,725	1,746,299
Rate per unit (Rs/Ltr)	11.91	12.45
OTHER INTERNAL GENERATION	NIL	NIL

CONSUMPTION PER UNIT OF PRODUCTION

Total Production (kg.)
Electricity (kwh/kg.)
Coal(kg.)
LDO (Ltrs./kg)

From the record and other books maintained by the company, in accordance with the provisions of the Companies Act, 1956, the Company is not in a position to provide the information required as per this format.

**For and On behalf of the Board of Directors
CHEMIESYNTH (VAPI) LIMITED**

Place : Vapi

Date : 09/06/2005

**Satish Zaveri
Director**

**Sandip Zaveri
Director**

FORM - B

**DISCLOSURE WITH REGARDS TO RESEARCH & DEVELOPMENT TECHNOLOGY
ABSORPTION, ADAPTATION, INNOVATION****A. RESEARCH & DEVELOPMENT (R & D)****Specific areas in which R & D carried out by the Company:**

Development of new products.

Improvement of systems in the existing products/process in manufacture cycle.

Testing and Certification of existing products to new Indian and International standards.

Benefits derived as a result of the above R & D.

Indigenisation / Import substitution

Cost reduction.

Competitive pricing

Enhancement in quality.

Meeting unique needs of customers.

Future Plan of Action:

To further improve cost effectiveness of products and meet the requirements of various customers.

Expenditure on R & D:

Capital

No specific expenditure

Recurring

Total

Total R & D expenditure**as a percentage of total turnover****B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

- | | |
|---|-----|
| I. Efforts in brief made towards technology absorption, adaptation and innovation | NIL |
| II. Benefits derived as a result of the above efforts | NIL |
| III. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished | NIL |
| (a) Technology Imported | |
| (b) Year of import | |
| (c) Has technology been fully absorbed | |
| (d) If not fully absorbed, areas where this has not taken plan, reason therefore and future plan of action. | |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earning Rs. 6,542,511

Foreign Exchange Outgo Rs. 4,791,306

For and On behalf of the Board of Directors
CHEMIESYNTH (VAPI) LIMITED

Place : Vapi

Date : 09/06/2005

Satish Zaveri
Director

Sandip Zaveri
Director

AUDITOR'S REPORT

To,
THE MEMBERS OF
CHEMIESYNTH (VAPI)LIMITED,

- 1) We have audited the attached Balance Sheet of **CHEMIESYNTH (VAPI) LIMITED**, as at **31st March 2005** and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said Order.
- 4) Further to our comments in the Annexure referred in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - v. On the basis of written representations received from the Directors as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on **31st March, 2005** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - vi. *Attention is invited to Note No. 1(e) of Schedule 15 in respect of Accounting of Retirement Benefits on Cash Basis.*

Subject to what is stated above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon gives the information required by the Companies Act, 1956, in the manner so required and give a 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; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS**

Place : Vapi
Date : 09-06-2005

**(MANOJ T. SHAH)
PROPRIETOR.
M.No. 043777**

ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDIT REPORT OF EVEN DATE ON THE ACCOUNTS OF **CHEMIESYNTH (VAPI) LIMITED**, FOR THE YEAR ENDED ON **31st March 2005**.

On the basis of the information and explanations furnished to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief in our opinion, we further report that: -

1. a) The Company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets.
b) As explained to us, Fixed Assets, according to the practice of the company, are physically verified by the Management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the company and the nature of its business. No material discrepancies between the book records and the physical inventory were noticed in respect of the assets physically verified.
c) During the year, in our opinion, the company has not disposed off any substantial part of fixed assets.
2. a) The Stocks of Finished goods, stores, spare parts and the Raw materials and components have been physically verified by the Management at reasonable intervals during the year.
b) In our opinion the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) *The company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records were, as explained to us, not material and the same have been properly dealt with in the Books of Accounts.*
3. The company has not granted or taken any loans to /from the Companies and Firms covered in the register maintained under section 301 of the Companies Act 1956. Consequently requirements of clauses (iiib), (iiic) and (iiid) of paragraph 4 of the order are not applicable
4. In our opinion and according to the informations and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods and services.
5. a) In our opinion and according to the information and explanation given to us, transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956, have been so entered.
b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, exceeding the value of Rs. 5.00 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
6. The company has not accepted any deposits from the public within the meaning of Section 58A of the Companies At, 1956 and the Rules framed thereunder are not applicable.
7. The Company does not have any formal internal audit system as such, but its control procedures ensure reasonable internal checking of its financial and other records.
8. As explained to us, the Central Government has not prescribed the maintenance of Cost Records under section 209 (1)(d) of the Companies Act, 1956 for the Company's products.

- 9 a) According to the information and explanation given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited by the company during the financial year with appropriate authorities though there has been a slight delay in few cases. According to the information and explanation given to us, there are no arrears of outstanding statutory dues as mentioned above as at **31st March, 2005** for a period of more than six months from the date they become payable.
- b) At the end of the financial year there were no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- 10 The accumulated losses of the company at the end of the financial year ended **31st March, 2005** are not in excess of 50% of its Net Worth. However it has not incurred cash losses in such financial year and the immediately preceding financial year.
- 11 Based on our audit procedures and on the information and explanations given by the management we are of the opinion that the Company has not defaulted in the repayment of dues to Banks.
- 12 The Company has not granted Loans & Advances on the basis of security by way of Pledge of Shares, Debentures & other Securities.
- 13 The nature of the Company's activities during the year is such that the requirements of clauses (xiii) & (xiv) of paragraph 4 of the order are not applicable
- 14 According to informations and explanations given to us the Company has not given any Guarantees for Loans taken by others from Banks or Financial Institutions.
- 15 To the best of our knowledge and belief and according to the informations and explanations given to us, Term Loans availed by the Company were, prima-facie, applied by the Company during the year for the purposes for which the Loans were obtained.
- 16 According to the Cash Flow Statement and Other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, prima-facie, been used during the year for Long-term investment and Vice versa.
- 17 The Company has not issued any fresh Share Capital and hence the question of neither the preferential allotment nor the end use thereof arises.
- 18 The Company has not issued any debentures and hence the question of creating securities in respect thereof does not arise.
- 19 To the best of our knowledge and belief and according to the information given to us, no fraud on or by the Company was noticed or reported during the year.

**For MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS**

**(MANOJ T. SHAH)
PROPRIETOR.
M.No. 043777**

Place : Vapi

Date : 09-06-2005

Auditor's Certificate

We have examined the Cash Flow Statement of **CHEMIESYNTH (VAPI) LIMITED** for the year ended **31.03.2005**. The statement has been prepared by the Company in accordance with the requirements of listing agreement with Over The Counter Exchange of India (OTCEI) and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report dated 9th June, 2005 to the members of the Company.

**For MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS**

Place : Vapi

Date : 09-06-2005

**(MANOJ T.SHAH)
PROPRIETOR.
M.No. 043777**

BALANCE SHEET AS AT 31ST MARCH 2005

PARTICULARS	SCHEDULE	AS AT 31.3.2005 Rs.	AS AT 31.3.2004 Rs.
SOURCES OF FUNDS			
1 SHARE HOLDER'S FUNDS:			
a.Share Capital	1	26,700,000	26,700,000
b.Reserves & Surplus	2	3,671,852	3,706,232
		30,371,852	30,406,232
2 LOAN FUNDS:			
a.Secured Loans	3	21,209,114	13,871,062
b.Deferred Credits	4	184,841	184,841
c.Unsecured Loans	5	281,575	781,575
		21,675,530	14,837,478
3 DEFERRED TAX LIABILITY (NET)		752,835	-
TOTAL		52,800,217	45,243,710
APPLICATION OF FUNDS			
1 FIXED ASSETS			
a.Gross Block	6	43,898,377	67,360,097
b.Less : Depreciation		16,499,536	39,700,865
		27,398,841	27,659,232
c.Capital work in Progress		17,806,557	-
2 CURRENT ASSETS, LOANS & ADVANCES	7	28,210,859	16,244,381
Less:-CURRENT LIABILITIES & PROVISIONS	8	25,954,499	16,608,768
		2,256,359	(364,387)
PROFIT AND LOSS ACCOUNT		5,338,460	17,948,865
TOTAL		52,800,217	45,243,710
NOTES TO ACCOUNTS	14		

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS

(DIRECTOR)

(DIRECTOR)

MANOJ SHAH
PROPRIETOR

PLACE : VAPI

PLACE : VAPI

DATE : 9th June 2005

DATE : 9th June 2005

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2005

PARTICULARS		SCHEDULE	Year Ended 31.3.2005 Rs.	Year Ended 31.3.2004 Rs.
1	<u>INCOME</u>			
	Sales and Other Income	9	70,584,214	63,499,569
	Variation in Stock	10	<u>2,218,210</u>	<u>687,499</u>
			72,802,424	64,187,068
2	<u>EXPENSES</u>			
	Manufacturing and Other Expenses	11	40,448,072	50,189,839
	Employee's Emoluments	12	10,026,041	7,253,121
	Interest & Financial Charges	13	<u>2,038,846</u>	<u>3,231,315</u>
			52,512,959	60,674,275
3	PROFIT BEFORE DEPRECIATION		<u>20,289,465</u>	<u>3,512,793</u>
4	LESS: DEPRECIATION (Refer Note 4)		<u>6,337,225</u>	<u>2,731,235</u>
5	PROFIT BEFORE TAXATION		13,952,240	781,558
6	LESS : PROVISION FOR TAXATION - CURRENT		650,000	61,000
	PROVISION FOR TAXATION - DEFERRED		752,835	—
7	PROFIT AFTERTAXATION		<u>12,549,405</u>	<u>720,558</u>
8	PROVISION FOR INCOMETAX OF EARLIER YEAR WRITTEN BACK		61,000	—
			<u>12,610,405</u>	<u>720,558</u>
	BALANCE BROUGHT FORWARD		(17,948,865)	(18,669,423)
			<u>(5,338,460)</u>	<u>(17,948,865)</u>
	BALANCE CARRIED TO BALANCE SHEET		(5,338,460)	(17,948,865)
			<u>(5,338,460)</u>	<u>(17,948,865)</u>
	NOTES TO ACCOUNTS	14		

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS

(DIRECTOR)

(DIRECTOR)

MANOJ SHAH
PROPRIETOR

PLACE : VAPI

PLACE : VAPI

DATE : 9th June 2005

DATE : 9th June 2005

SCHEDULES 1 TO 14 ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2005 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

PARTICULARS	AS AT 31.3.2005	AS AT 31.3.2004
<u>SCHEDULE:-1 SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
30,00,000 Equity Shares of Rs. 10/- each	30,00,000	30,00,000
<u>ISSUED, SUBSCRIBED AND PAID UP</u>		
26,70,000 Equity shares of Rs.10/- each fully paid up	26,70,000	26,70,000
	26,70,000	26,70,000
<p>Note : Out of above 21,07,500 Equity Shares of Rs. 10/- each have been allotted as fully paid up bonus shares by way of capitalisation of General Reserves and Share Premium Account . 1,47,000 Equity Shares of Rs 10/- each have been allotted as fully paid up, pursuant to a contract without payment being received in cash</p>		
<u>SCHEDULE:-2 RESERVE & SURPLUS</u>		
Cash Subsidy	1,156,929	1,156,929
<u>Revaluation Reserve</u>		
Balance as per last Balance Sheet	1,899,303	4,665,152
Less: Recopued during the year (Refer Note 3)	34,380	2,765,849
	1,864,923	1,899,303
Share Premium Account		
Balance as per last Balance Sheet	650,000	650,000
	3,671,852	3,706,232
<u>SCHEDULE:-3 SECURED LOANS</u>		
Term Loans from Bank	11,303,944	-
Working Capital Loans from Bank	9,905,170	13,871,062
	21,209,114	13,871,062
<p><u>Note :</u> Term Loans and Working Capital Loans are secured by hypothecation of Inventory and Book Debts and machineries and equitable mortgage of Land and Building of the Company, and are guaranteed by Directors of the Company.</p>		
<u>SCHEDULE:-4 DEFERRED CREDITS</u>		
Interest free Loan from Government of Gujarat, Sales Tax Deferrment	184,841	184,841
	184,841	184,841
<u>SCHEDULE:-5 UNSECURED LOANS</u>		
1 Fixed Deposits	275,759	625,759
2 From Directors	5,816	155,816
	281,575	781,575

SCHEDULE:-6 FIXED ASSETS :

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		AS AT 1-4-2004 Rs.	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31-3-2005 Rs.	UP TO 31-3-2004 Rs.	DURING THE YEAR	RECOUPED	ON REVALUA- TION	UPTO 31-3-2005 Rs.	AS AT 31-3-2005 Rs.	AS AT 31-3-2004 Rs.
1	Goodwill	450,000	-	-	450,000	-	-	-	-	-	450,000	450,000
2	Leasehold Land	1,528,000	-	-	1,528,000	-	-	-	-	-	1,528,000	1,528,000
3	Buildings	9,261,397	872,998	-	10,134,395	2,626,298	291,427	-	34,380	2,952,105	7,182,290	6,635,099
4	Plant & Machinery	51,236,280	6,886,763	31,631,670	26,491,373	33,139,205	5,706,428	29,572,933	-	9,272,699	17,218,674	18,097,075
5	Laboratory Equipments	300,780	-	-	300,780	298,656	-	-	-	298,656	2,124	2,124
6	Furniture & Fixture	1,367,562	338,049	-	1,705,611	1,093,349	93,849	-	-	1,187,198	518,413	274,213
7	Office Equipment	825,353	-	-	825,353	478,028	39,204	-	-	517,232	308,121	347,325
8	Vehicles	1,895,212	32,490	-	1,927,702	1,717,154	181,588	-	-	1,898,742	28,960	178,058
9	Computers	166,200	26,000	-	192,200	89,707	8,924	-	-	98,631	93,569	76,493
10	Refrigerator	3,975	13,650	-	17,625	2,892	351	-	-	3,243	14,382	1,083
11	Airconditioner	325,338	-	-	325,338	255,576	15,454	-	-	271,030	54,308	69,762
	TOTAL Rs.	67,360,097	8,169,950	31,631,670	43,898,377	39,700,865	6,337,225	29,572,933	34,380	16,499,536	27,398,841	27,659,232
	PREVIOUS YEAR TOTAL Rs.	98,169,547	5,684,962	36,494,412	67,360,097	57,226,702	2,731,235	20,291,451	34,380	39,700,865	27,659,232	40,942,845

PARTICULARS		AS AT 31.3.2005	AS AT 31.3.2004
<u>SCHEDULE:-7 CURRENT ASSETS,LOANS & ADVANCES</u>			
A	<u>CURRENT ASSETS</u>		
1	<u>INVENTORIES</u>		
	(As verified, valued and certified by Directors)		
	Raw Materials	1,757,872	1,700,909
	Work in process	3,636,740	1,417,960
	Finished goods	2,189	2,759
	Stores	58,160	52,850
	Fuel	16,240	116,532
	Packing Materials	28,500	2,250
		5,499,701	3,293,260
2	<u>SUNDRY DEBTORS</u>		
	Outstanding for more than six months	1,008,640	1,008,640
	(Unsecured, considered Doubtful Debts)		
	Others (Unsecured, considered good)	749,408	2,275,049
		1,758,048	3,283,689
3	<u>CASH & BANK BALANCE</u>		
	i) Cash on hand	57,527	90,236
	ii) <u>Balance with Scheduled Banks</u>		
	a) In Current Account	2,370,144	1,322,011
	b) Fixed Deposits	2,644,162	330,686
		5,071,833	1,742,933
B	<u>LOAN & ADVANCES</u>		
	Advances recoverable in cash or in kind or for value to be received (Unsecured-considered good)	14,857,571	7,168,460
	Deposits	926,738	618,480
	Advance Income Tax(Net of Provisions)	96,968	137,559
		15,881,277	7,924,499
		28,210,859	16,244,381

SCHEDULE:- 8 CURRENT LIABILITIES & PROVISIONS**CURRENT LIABILITIES**

Sundry Creditors	14,160,043	14,912,107
Advance from customers	10,000,000	-
Other liabilities	1,794,456	1,696,661
	25,954,499	16,608,768
	25,954,499	16,608,768

PARTICULARS

Year ended
31.3.2005Year ended
31.3.2004**SCHEDULE:-9 SALES & OTHER INCOME**

1	Sales & Processing Charges received	66,555,555	60,498,410
2	Other Income	4,028,659	3,001,159
		<u>70,584,214</u>	<u>63,499,569</u>

SCHEDULE:-10 VARIATION IN STOCK

1	Finished Goods		
	Opening Stock	2,759	507,096
	Less : Closing Stock	<u>2,189</u>	<u>2,759</u>
		(570)	(504,337)
2	Work In Process		
	Opening Stock	1,417,960	226,124
	Less : Closing Stock	<u>3,636,740</u>	<u>1,417,960</u>
		<u>2,218,780</u>	<u>1,191,836</u>
	Variation in Stock	<u>2,218,210</u>	<u>687,499</u>

SCHEDULE:-11 MANUFACTURING AND OTHER EXPENSES

1	Raw Material Consumption		
	Opening stock	1,700,909	2,039,578
	Purchases during the year	<u>23,861,652</u>	<u>23,401,025</u>
		25,562,561	25,440,603
	Less:-Closing stock	<u>1,757,872</u>	<u>1,700,909</u>
		23,804,689	23,739,694
	Less:-Modvat credit	<u>2,939,683</u>	<u>2,369,144</u>
		20,865,006	21,370,550
2	Stores consumed	1,573,044	1,180,618
3	Power & Fuel	8,198,926	6,732,625
4	Packing Materials consumed	315,193	118,354
5	Laboratory Expenses	103,625	90,479
6	Clearing & Forwarding	879,918	969,790
7	Carriage	693,218	570,993
8	Insurance charges	73,914	67,822
9	Rates & Taxes	89,115	164,852
10	Auditor's Remuneration	25,000	29,000
11	Loss on Sale/Scrap of Assets (Net)	2,058,737	2,071,492
12	Bad Debts/Advances Written Off	-	12,741,184
13	Repairs & Maintenance		
	For Machinery	1,390,154	1,018,592
	For Bulding	212,948	3,000
	For Others	<u>251,666</u>	<u>122,479</u>
		1,854,768	1,144,071
14	Preliminary and Share Issue Expenses	-	529,706
15	Miscellaneous expenses	3,717,608	2,408,303
		<u>40,448,072</u>	<u>50,189,839</u>

SCHEDULE:-12 EMPLOYEE'S EMOLUMENTS

1.	Salary, Wages & Bonus	9,068,985	6,457,558
2	Contribution to PF/PPF & other fund	664,954	586,212
3	Staff welfare	292,102	209,351
		<u>10,026,041</u>	<u>7,253,121</u>

SCHEDULE:-13 INTEREST & FINANCIAL CHARGES

1	Interest Paid	1,573,979	2,877,582
	Less : Interest Received	<u>48,758</u>	<u>-</u>
		1,525,221	2,877,582
	Bank Charges	513,625	353,733
		<u>2,038,846</u>	<u>3,231,315</u>

SCHEDULE '14' NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005**1 SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the Company.

a) METHOD OF ACCOUNTING

The Company follows the accrual system of accounting and recognises Income and Expenditure on accrual basis except Insurance Claim or Refund, Octroi Duty Refund, Sales Tax Refund etc on receipt basis and Insurance Premium, Rates & Taxes, Sales Tax Due on Assessment, Arrears of salary/wages & bonus etc on payment basis.

b) FIXED ASSETS

1. Tangible assets are stated at cost, adjusted by revaluation at current replacement values wherever applicable.
2. The company has provided depreciation on all fixed assets as per the new rates (SLM Method) specified in Schedule XIV to the Companies Act, 1956 vide notification No 756(E) dated 16.12.1993 issued by the Department of Company affairs
3. The Company has provided depreciation on revalued amounts of fixed assets as per the old rates (SLM Method) specified in schedule XIV to the Companies Act, 1956 and same is recouped from Revaluation Reserve.
4. The Company has provided depreciation on additions to assets during the year on prorata basis as required under the Companies Act, 1956.

c) INVENTORIES

Raw Materials are valued at cost, Work-in-process is valued at estimated cost, Finished Goods are valued at estimated cost or market value which ever is lower and Packing Materials, Fuel & Stores & Spares are valued at cost.

d) EXCISE DUTY

Excise duty is accounted as and when the same is paid on the dispatch of the goods from factory. No provision is made for excise duty in respect of finished products lying in the factory, as the same has no impact on the profit of the year.

e) RETIREMENT BENEFITS

Retirement benefits such as Gratuity, Leave encashment are accounted on cash basis.

f) PURCHASE AND SALE

Purchase of raw materials include processing charges paid and is net of resale of raw material. Sales include job charges received.

2. Contingent Liabilities not provided for in respect of : Letter of Guarantees issued by the Bank Rs. 1,01,36,500/- (Rs. 10,95,918/-)
3. A revaluation of Lease hold land, Buildings & Plant & Machinery carried out by an approved valuer as at 31st March, 1992 and 1st April, 1992 has resulted in increase in the gross value of assets over original cost by Rs 142.05 lacs(Lease hold Land Rs 40.17 lacs, Buildings Rs 28.07 Lacs and Plant & machinery Rs 73.81 Lacs) and same is credited to Revaluation Reserve. Revaluation Reserve in respect of assets sold is recouped.

The depreciation provided during the year includes Rs. 0.34 Lacs on the increased gross value of Buildings arising on revaluation and the same is recouped from Revaluation Reserve.

4. The Company has provided depreciation on Plant & Machinery at the enhanced rates, arrived at on the basis of estimated useful life of such assets, during the year. Accordingly, the Company has provided depreciation amounting to Rs. 34,17,677 in respect of earlier years for Plant & Machinery acquired after April 1, 1997.
5. As per the provisions of Accounting Standard 28 (AS-28) on Impairment of Assets issued by the Institute of Chartered Accountants of India, the Company has identified assets aggregating to Rs. 20,58,737 (Written Down Value as on April 1, 2004) as impaired and the same has been written off in the Profit & Loss Account for the year.
6. The Company has not provided for Rs. 10.08 Lacs in respect of Bad & Doubtful Debts as the company has taken necessary steps to recover such amounts.

	2004 - 2005 Rs.	2003- 2004 Rs.
7. Sundry Debtors include dues from :		
(a) Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956	142,957	1,897,871
8. Loans & Advances includes due from :		
(a) Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956	4,879,605	4,607,205
(b) The Company has given trade advances to private limited companies, which are under the same management within the meaning of Section 370(1B) of Companies Act, 1956 as per (a) above and the same are recoverable/ to be adjusted against performance of contracts.		
9. The Balances of Debtors, Creditors & Loans & Advances are subject to confirmations.		

	<u>2004-2005</u> Rs.	<u>2003-2004</u> Rs.
10. <u>Payment to Auditors :</u>		
a) For Statutory Audit Fees	20,000	20,000
b) For Tax Audit Fees	5,000	5,000
	<u>25,000</u>	<u>25,000</u>

11. <u>Earnings per Share:</u>		
Profit/(Loss) after taxation	12,549,405	720,558
Number of Equity Shares	2,670,000	2,670,000
Nominal Value per Share (Rs.)	10	10
Earnings per share	4.70	0.27

12 DETAILS OF RAW MATERIAL CONSUMPTION :

(A) NAME OF PRODUCT	UNIT	QUANTITY	AMOUNT
1. ACENAPHTHENE	KG	33,825 (30,625)	2,265,690 (1,508,862)
2. SODIUM BICHROMATE	KG	133,300 (111,300)	5,727,522 (5,053,082)
3. SULPHURIC ACID	KG	945,212 (1,002,595)	2,789,777 (3,057,383)
4. OTHER			13,021,700 (14,120,367)
TOTAL RAW MATERIALS CONSUMPTION BEFORE CENVAT CREDITS			23,804,689 (23,739,694)

(B) VALUES & PERCENTAGE OF IMPORTED AND INDIGENOUS RAW MATERIAL CONSUMPTION

	Value Rs.	Percentage
1. Imported	4,908,686 (1,632,662)	20.62% (6.88)%
2. Indigenous	18,896,003 (22,107,033)	79.38% (93.12)%
	23,804,689 (23,739,694)	100% (100%)

(C) LICENCED AND INSTALLED CAPACITY, PRODUCTION, STOCKS & TURNOVER :

ITEMS	LICENSED CAPACITY	INSTALLED CAPACITY (KGS.)***	PRODUCTION* (KGS.)	OPENING STOCK		CLOSING STOCK		TURNOVER**	
				QTY.	VALUE	QTY.	VALUE	QTY.	VALUE
1. DEMAP ALDEHYDE		30,000	20,000 (12,735)	-	-	-	-	20,000 (12,735)	8,000,000 (5,261,500)
2. PNOT		1,20,000	117,600 (112,032)	5 (5)	5 (588)	5 (5)	5 (5)	117,600 (112,032)	10,584,000 (10,781,192)
3. 4SNA		60,000	31,467 (26,983)	- (16)	- (14,400)	-	-	31,467 (26,999)	28,604,166 (24,670,821)
4. OTHERS					2,754 (492,108) 2,759 (507,096)		2184 (2,754) 2,189 (2,759)		19,367,389 (19,784,897) 66,555,555 (60,498,410)

* Job Work carried out for other parties is included in quantities of production.

** Value of Turnover includes Processing Charges received for Job Work carried out for other parties.

*** Installed capacity is certified by director. This production capacity is utilised for job production of other parties also

13 C.I.F Value of Imports 4,791,306
(1,755,394)14 Earning in Foreign Currency :1. Export at FOB Value 6,542,511
(Direct Export by Company) (7,286,206)

15 Figures in brackets are in respect of previous year. Figures of previous year have been restated, regrouped and rearranged wherever necessary.

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Balance Sheet abstract and Company's general business profileI. Registration Details

Registration No. 8634 State Code 04
 Balance Sheet Date 31.03.2005

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Nil Right Issue Nil
 Bonus Issue Nil Private Placement Nil

III Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities 52,800 Total Assets 52,800

SOURCE OF FUNDS:

Paid up Capital 26,700 Reserve & Surplus 3,672
 Secured Loans 21,209 Unsecured Loans 282
 Deffered Credits 185 Deffered Tax Liability 753

APPLICATION OF FUNDS

Net fixed Assets 27,399 Investment 0
 Net Current Assets 2,256 Misc. Expenditure 0
 Accumulated Losses 5,338 Capital Work in Progress 17,806

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover 70,584 Total Expenditure 56,632
 Profit Before Tax 13,952 Profit after Tax 12,549
 Earning per Share Rs. 4.70 Dividend -

Signature to Schedules 1 to 14

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
 FOR MANOJ SHAH & CO.
 CHARTERED ACCOUNTANTS

(DIRECTOR)

(DIRECTOR)

PLACE : VAPI

MANOJ SHAH

PROPRIETOR

PLACE : VAPI

DATE : 9th June 2005

DATE : 9th June 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	For the year ended 31st March, 2005	For the year ended 31st March, 2004
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax	13,952,240	781,558
Adjustments for :		
Depreciation	6,337,225	2,731,235
Loss/(Profit) on Fixed Assets sold/scrapped (Net)	2,058,737	2,071,492
Interest and Finance Charges	2,038,846	3,231,315
Preliminary and Share Issue Expenses	-	529,706
Operating Profit before Working Capital Changes	24,387,048	9,345,306
Changes in:		
Trade and Other Receivables	(6,431,137)	14,149,256
Inventories	(2,206,441)	(353,998)
Trade and Other Payables	9,345,731	(21,717,883)
CASH GENERATED FROM OPERATIONS	25,095,201	1,422,681
Interest and Finance Charges	(20,38,846)	(3,231,315)
Taxes Paid	(569,000)	(61,000)
NET CASH FROM OPERATING ACTIVITIES (A)	22,467,355	(1,869,634)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(25,976,507)	(5,684,962)
Sale of Fixed Assets	-	11,400,000
NET CASH USED IN INVESTING ACTIVITIES (B)	(25,976,507)	5,715,038
C CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Unsecured Loans	(500,000)	(4,548,741)
Increase/(Decrease) in Working Capital from Bank	7,338,052	1,222,806
NET CASH USED IN FINANCING ACTIVITIES (C)	6,838,052	(3,325,935)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	3,328,899	519,469
CASH & CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR	1,742,933	1,223,464
CASH & CASH EQUIVALENTS AS AT THE END OF THE YEAR	5,071,833	1,742,933
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	3,328,899	519,469

FOR CHEMIESYNTH (VAPI) LIMITED

AS PER OUR REPORT OF EVEN DATE
FOR MANOJ SHAH & CO.
CHARTERED ACCOUNTANTS

(DIRECTOR)

9th June 2005

(DIRECTOR)

MANOJ SHAH

PROPRIETOR

PLACE : VAPI

DATE : 9th June 2005

BOOK-POST

If undelivered please return to :

CHEMIESYNTH (VAPI) LIMITED

27, GIDC, 1st Phase,

Vapi, Gujarat - 396 195