

ISHAN DYES AND CHEMICALS LIMITED
ANNUAL REPORT 2010 - 2011

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ISHAN DYES AND CHEMICALS LIMITED
ANNUAL REPORT 2010 - 2011

BOARD OF DIRECTORS	:	Anilaben P. Patel Chairperson
		Piyush N. Patel Managing Director
		Shrinal P. Patel Whole Time Director
		Marut D. Patel Ronak Y. Patel Mayankkumar H. Patel Roopin A. Patel
STATUTORY AUDITORS	:	K. G. Patel & Co. Chartered Accountants Borsad.
COMPANY LAW CONSULTANT	:	D. G. Bhimani & Associates Company Secretaries, Anand.
BANKERS	:	Citi Bank.
REGISTERED OFFICE	:	1 st Floor, Dinsha Chambers, Borsad - 388540.
WORKS	:	18, GIDC Estate, Phase - I, Vatva, Ahmedabad - 388540.

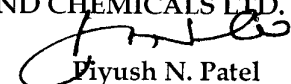
ISHAN DYES AND CHEMICALS LIMITED

NOTICE is hereby given that 18th Annual General Meeting of ISHAN DYES AND CHEMICALS LIMITED will be held on 30th day of July, 2011 at 11.00 a.m. at the Registered Office 1st Floor, Dinsha Chambers, Borsad - 388540 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended together with the Reports of Auditors and Directors' Report thereon.
2. To appoint a Director in place Shri Ronak Y. Patel, Director, who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint a Director in place Shri Marut D. Patel, Director, who retires by rotation and being eligible, has offered himself for reappointment.
4. To appoint auditors and fix their remuneration.

BY ORDER OF THE BOARD
For ISHAN DYES AND CHEMICALS LTD.


Vijush N. Patel
Managing Director

Place: Borsad
Date: 30th May, 2011

NOTES:

- (A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE, MUST BE LOGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
 - (B) Members / proxies should bring Attendance Slips duly filled in for attending the meeting.
 - (C) Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
 - (D) Register of members and share transfer books of the Company will remain closed from 23/7 /2011 to 30/07/2011 (both days inclusive).
 - (E) The relative explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 attached herewith and form part of this Notice.
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**ISHAN DYES AND CHEMICALS LTD.
DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their **18th Annual Report** together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2011

(1) FINANCIAL AND WORKING RESULTS:

PARTICULARS	(Rs. In lacs)	
	2010-2011	2009-2010
Profit/(Loss) Before Depreciation :	735.11	472.47
Less : Depreciation	187.64	174.11
Profit/(Loss) Before Tax :	547.48	298.36
Less : Provision for Tax	0.00	0.00
Prior Period Adjustment	45.23	62.24
Profit/(Loss) After Tax	502.25	236.12

(2) PERFORMANCE

During the year under review, total income of the Company increased from Rs. 40.83 crores to Rs. 61.24 crores and profit increased from Rs. 2.36 crores to Rs. 5.02 crores. The Company expects even better growth in terms of turn over and profits during the next year.

Your Company had obtained term loan from C.N.S. Bank Ltd. Government of Gujarat has announced a scheme for One Time Settlement for all borrowers of Co-operatives banks under liquidation. Your Company is eligible to settle the outstanding amount of term loan due to C.N.S. Bank Ltd. Your Company has applied for one time settlement under the scheme and the same is under process with the Bank.

(3) DIVIDEND

In view of the fund requirement of the Company for working capital, your Directors do not recommend any dividend for the year under review.

(4) DEPOSITS

The Company has not accepted any public deposits except loans from friends, Directors and their relatives.

(5) DIRECTORS

Shri Mahendra A. Shah, resigned as Director of the Company on 20.01.2011. Shri Marut D. Patel and Shri Ronak Y Desai, Directors of the company, retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting.

(6) CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION ANALYSIS STATEMENT:

A Report on Corporate Governance is attached to this Report as also a Management Discussion Analysis Statement

(7) **PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

(8) **DIRECTORS RESPONSIBILITY STATEMENT:**

- (i) Your Directors have followed the applicable accounting standards along with proper explanation relating to material departure while preparing the annual accounts;
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) Your Directors have prepared the annual accounts on a going concern basis.

(9) **AUDITORS:**

K. G. Patel & Co. Chartered Accountants, Borsad was appointed as auditor at the last annual general meeting of the Company. As discussed with the Managing Director of the Company, they are not willing to act as auditors of the Company from ensuing annual General Meeting. The Company has received a letter from A. R. Pandhi & Associates, Chartered Accountants, giving their consent to act as auditors of the company, if appointed. Your directors recommend you to appoint A. R. Pandhi & Associates, Chartered Accountant as the auditors of the Company until the conclusion of the next annual general meeting.

(10) **PARTICULARS OF EMPLOYEES:**

There was no employee drawing remuneration of Rs.24,00,000 or more per annum or Rs.2,00,000 per month for any part of the year and hence no particulars have been furnished as required under section 217(2A) of the Companies Act, 1956.

(11) **ACKNOWLEDGEMENTS:**

Your Directors thank the Company's customers, vendors, investors, business associates and bankers for their continued support. Your Directors also take this opportunity to

record their appreciation for the contributions made by all the employees of the Company to the operations of the Company during the year.

Place: Borsad

Date:

On Behalf of the Board of Directors
For ISHAN DYES AND CHEMICALS LTD.


Piyush N. Patel
Managing Director


Shrinal P. Patel
Wholetime Director

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2011

[A] CONSERVATION OF ENERGY :

Measure for energy conservation is taken up as a part of ongoing programme

Total Energy consumption per unit of Production;

1] POWER & FUEL CONSUMPTION

	2010-11	2009-10
ELECTRICITY		
(a) Purchased Units KWH	4,763,060	5,220,180
Total Amount	25,070,528	28,017,627
Rate / Unit (Rs)	5.26	5.37
b) Own Generation		
(i) Through Stream Turbine/ Generator	NIL	NIL
Unit per Ltr of Diesel Oil	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
ii) Through Steam Turbine/Generator	NIL	NIL
Unit per Ltr of Furnace Oil Gas	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
2] COAL		
Qty. In. Kgs	3,538,610	4,833,855
Total Amount	18,607,510	16,725,018
Rate/ Tone (Rs.)	5.26	3.46
3] L.D.O./ Furnace Oil		
Qty. In. Ltr.	NIL	NIL
Total Amount	NIL	NIL
Rate/ Ltr (Rs.)	NIL	NIL
Consumption per kgs of production of CPC net of Captive Consumption		
plus Alpha Blue & Beta Blue	2285115	
Electricity (In Unit)	2	3
Furnace Oil/ L.D.O. (IN LTR)	NIL	NIL
Coal (In Kgs)	1.55	2.91

[B] Technical absorption ,Adoption and Innovation :

1. Effort in brief made towards technology by standards for technology absorption, adoption, innovation and motivation	NIL	NIL
2. Benefit derived as a result	NIL	NIL
3. In case of imported technology imported during last 5 years reckoned from the beginning of the financial year). Following information may be furnished		
a. Technology Imported		
b. Year of import		
c. Has technology been fully absorbed		
d. If fully not absorbed areas where the same has been absorbed therefore		

[C] FOREIGN EXCHANGE

1. Foreign Exchange Used for Import of Raw Materials	\$61,152	\$14,170
2. Foreign Exchange Earned in INR in lacs	435	147

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company registered a healthy performance during 2010-2011. The Management took effective measures to improve on all parameters covering areas of production, quality, marketing, and finance to retain its position as a market leader in manufacture of quality pigment blue.

Your Company's current products include various kinds of pigments like CPC, Alpha Blue and Beta Blue for industrial purpose. These products are manufactured under processes that are sensitive to environmental issues.

B) OPPORTUNITIES, THREATS, RISK AND CONCERNS

The management of your company always tries to develop relation with the clients and try to find out the new opportunities in the industry through continuous research and development with the changed technology. These opportunities help the company to grow in the industry by creating demand through satisfied customers.

The threats for your Company would come from adverse fluctuation in the prices of various raw materials and finished products, tax and duties and global demand/supply situation. Availability of skilled manpower and contract work force may lead to adverse factor to the growth of the Company.

Your Company has identified the major thrust areas to concentrate on, which it believes to be critical for achievement of organizational goals. A well defined structure has been laid down to assess, monitor and mitigate risk associated with these areas.

C) OUTLOOKS FOR 2011-2012

The company has very good order on hand for execution in the year and the management expect better customer demand during the year.

D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have a strong integrated internal control system which is deemed to be adequate for our class of business.

E) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO THE OPERATIONAL PERFORMANCE

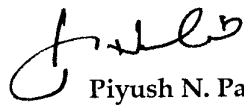
During the year under review, your Company achieved better financial performance in terms of sales and profit. This is because of increase in sales and reduction in the overall cost of the products.

F) MATERIAL DEVELOPMENTS ON HUMAN RESOURCES

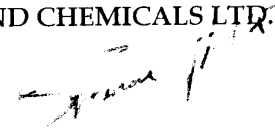
Long term agreements have been concluded with all the concerned levels of employees. We have been having excellent co-operation and support from the entire hierarchy of personnel, resulting in a sharp improvement in productivity during the current year.

Place: Borsad
Date: 30th May, 2011

On Behalf of the Board of Directors
For ISHAN DYES AND CHEMICALS LTD.



Piyush N. Patel
Managing Director



Shrinall P. Patel
Wholetime Director

CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

The Company has established good practice in Corporate Governance which is implemented by professional Board of Directors. The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosure and enhance shareholder value without compromising in any way in compliance with laws and regulations. Your Company believes that good governance brings about sustained corporate growth and long term benefits for stakeholders.

BOARD OF DIRECTORS

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorship and Committee Membership held by them in other Companies are given below:

Name of Directors	Category of Directorship	No. of Meetings Attended	Attended at Last AGM	Other Companies		
				Directorship held	Members in Committee	Chairman in Committee
Anilaben P. Patel Chair Person	Non executive	4	Yes	0	0	0
Piyush N. Patel	Managing Director	4	Yes	0	0	0
Shrinal Patel	Whole time Director	4	Yes	0	0	0
Mahendra A. Shah (upto 20.01.2011)	Non executive Independent	3	No	0	0	0
Marut D. Patel	Non Executive Director	Nil	No	0	0	0
Ronak Y. Desai	Non executive Independent	4	Yes	0	0	0
Mayank H. Patel	Non executive Independent	4	No	0	0	0
Roopin A. Patel (From 20/09/2010)	Non executive Independent	2	N.A.	0	0	0

Four meetings of the Board were held during the year and 29.05.2010, 29.07.2010, 27.10.2010 and 29.01.2011.

AUDIT COMMITTEE

The Company has constituted the Audit Committee consisting of three non executive Directors.

The rule and terms of reference of Board Audit Committee cover areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

The Committee met four times during the year on 29.05.2010, 29.07.2010, 27.10.2010 and 29.01.2011 and the attendance of the Members at the meetings was as follows:

Name of Member	Status	Category	No. of Meetings Attendance
Ronak Y. Desai	Chairman (Independent)	Independent Director	4
Roopin A. Patel (From 27.10.2010)	Member (Independent)	Independent Director	1
Mayank H. Patel	Member (Independent)	Independent Director	4
Mahendra A. Shah (upto 27.10.2010)	Member (Independent)	Independent Director	2

SHARE TRANSFER COMMITTEE

The functions and powers of the Share Transfer Committee include approval / allotment / rejection of transfer / transmission of equity share, issue of duplicate certificates, allotment of Shares and securities from time to time.

The Share Transfer Committee comprises of Two Directors namely Smt. Anilaben P. Patel and Shri Piyush P. Patel. Four meeting of the Committee were held during the year on 19.05.2010, 25.08.2010, 21.09.2010 and 31.03.2011.

For shareholder grievances, the Board had not constituted any committee but it is under direct supervision of the Managing Director of the Company. The company does not receive any complaint during the year and no complain is pending.

GENERAL BODY MEETINGS

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Type	Location
2007-08	30/09/2008	11.00 A.M.	Annual General Meeting	At the Registered Office at 1 st Floor, Dinsha Chambers, Borsad - 388540
2008-09	30/09/2009	11.00 A.M.	Annual General Meeting	
2009-10	20/09/2010	11.00 A.M.	Annual General Meeting	

POSTAL BALLOT

No Postal Ballot was used for voting at the aforesaid meetings. At the forth coming Annual General Meeting there is no item on the agenda that needs approval by Postal Ballot.

DISCLOSURES

There are no materially significant transactions with related parties i.e. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with the Company's interest. There were no instances of non-compliance or any matter related to the capital markets during the last three years.

MEANS OF COMMUNICATION

It is Company's belief that all stakeholders should have access to adequate information regarding the Company's position to enable them to accurately assess its future potential.

GENERAL SHAREHOLDERS INFORMATION

Date, Time and venue of 18th Annual General Meeting: Saturday- 30/07/2011 at 11.00 a.m. at
1st Floor,
Dinsha Chambers,
Borsad - 388540.

Financial Calendar : April 1 to March 31

Date of Book Closure : 23/7 /2011 to 30/07/2011
(Both days inclusive)

Listing on Stock Exchange : The Bombay Stock Exchange
Vadodara Stock Exchange
Ahmedabad Stock Exchange

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011.

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Share Held	% of Shareholding
1 - 500	1239	63.70	358700	4.77
500 - 1000	261	13.42	219100	2.92
1000 - 2000	111	5.71	175510	2.34
2001 - 3000	47	2.42	119300	1.59
3001 - 4000	16	0.82	59100	0.79
4001 - 5000	144	7.40	706000	9.40
5001 - 10000	60	3.08	489600	6.52
10001 - 50000	41	2.11	829200	11.04
50001 - 100000	11	0.57	905000	12.05
100000 and above	15	0.77	3648290	48.58
TOTAL	1,945	100	75,09,800	100

ADDRESS FOR CORRESPONDENCE

Registrar and Share Transfer Agent:

MCS Limited
Neelam Appartmentm
88 Sampatrao Colony, Alkapuri,
Vadodara - 390007.

Registered Office:

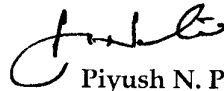
1st Floor, Dinsha Chambers,
Borsad - 388 540.
Email: shareishan@yahoo.co.in

Place: Borsad

Date: 30th May, 2011

On Behalf of the Board of Directors

For ISHAN DYES AND CHEMICALS LTD.



Piyush N. Patel
Managing Director



Shrinall P. Patel
Wholetime Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of ISHAN DYES AND CHEMICALS Ltd. ,

We have examined the compliance of conditions of Corporate Governance by ISHAN DYES AND CHEMICALS Ltd. for the year ended 31st March, 2011 , as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges of India .

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

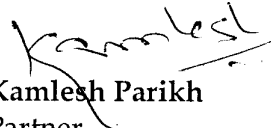
We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Borsad
Date: 30th May, 2011



For K.G. Patel & Co.
Chartered Accountants

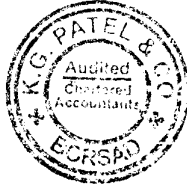

Kamlesh Parikh
Partner
Membership No. 34529
F.R.N.: 107717W

Auditors' report
To the members of
Ishan Dyes & Chemicals Ltd.

1. We have audited the attached Balance Sheet of **ISHAN DYES & CHEMICALS LIMITED**, as at **March 31, 2011**, and the related profit and Loss Account and the Cash Flow Statement 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 test basis evidence supporting the amounts and disclosure in the financial statement presentation. An audit also includes assessing the accounting principles used and significant estimate 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 (Auditors' 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 paragraphs 4 & 5 of the said order.
4. Further to our opinion in the Annexure referred to above, we reported that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Profit & Loss account and Balance Sheet of the Company dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
 - e) On the basis of written representation received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we reported that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give 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

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
- ii. In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
- iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Borsad
Date: 30th May, 2011



For K.G. Patel & Co.
Chartered Accountants

Kamlesh
Kamlesh Parikh
Partner
Membership No.34529
F.R.N.: 107717W

Annexure to the Auditors' Report:

Re: Ishan Dyes & Chemicals Limited

Referred to in paragraph 3 of our Report of even date,

1. In respect of its fixed assets:

- (a) The company has maintained proper records showing plant wise particulars giving details and situation of fixed assets on the basis of available information.
- (b) As explained to us, all the fixed assets have been physically verified by the management phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As explained to us, no material discrepancies were noticed on such physical verification.
- (c) In our opinion, the Company has not disposed of a substantial part of its fixed assets during the year and the going concern status of the Company is not affected

2. In respect of its inventories:

- a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of Physical verification of Inventory 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 is maintaining proper records of inventories. As explained to us, there were no material discrepancies noticed on verification of inventories as compared to the book records.

3. In respect of the loans, secured, or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the companies act, 1956:

- a) The Company has taken unsecured loans from parties covered in the register maintained under section 301 of the companies Act, 1956. In respect of the said loans, the maximum amounts outstanding at any time during the year is Rs. 56.74 lacs and the year end balance is NIL.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans taken by the Company, are not prima facie prejudicial to the interest of the company.
- c) There are no stipulations for payment of interest or repayment of principal. There being no outstanding of loan taken as on 31st March 2011, the question of overdue amount of loan taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 does not arise. Since the outstanding amount as on 31st March 2011 is NIL the requirements of clause (iii) - (d) of paragraph 4 of the order are not applicable.

- (d) The Company has given unsecured loans to parties covered in the register maintained under section 301 of the companies Act, 1956. In respect of the said loans, the maximum amounts outstanding at any time during the year is Rs. 103.72 lacs and the year end balance is NIL.
- (e) The loans given to parties covered in the register maintained under section 301 of the companies Act, 1956 were given free of interest.
- (f) There are no stipulations for repayment of principal. There being no outstanding of loan given as on 31st March 2011, the question of overdue amount of loan given to parties listed in the register maintained under section 301 of the Companies Act, 1956 does not arise. Since the outstanding amount as on 31st March 2011 is NIL the requirements of clause (iii) (g) of paragraph 4 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in section 301 of the companies act, 1956:
- (a) In our opinion, and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements that need to be entered in the register maintained under Sec.301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements, entered in the register maintained under Sec.301 of the Companies Act, 1956 and exceeding the value of Rs.5.00 lacs in respect of each party during the year have been made at prices which appear reasonable as per information available with the company.
6. In our opinion and according to the information and explanations given to us, the Company has not complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. However, company has not accepted any term deposits from public. Company has taken unsecured loans from friends and relatives of directors. All such loans have been repaid and outstanding amount as on 31st March 2011 is NIL.
7. In our opinion, the Company has internal audit system commensurate with size and nature of its business.
8. As per the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the company, the products of the company are not covered under the rules and hence the company is not required to maintain the books and other items of cost. However, company has maintained records for consumption of raw materials and production of finished goods. We have broadly reviewed such records and have not carried out detailed examination of such records.

9. In respect of statutory dues:

- (a) According to records of the company, undisputed statutory dues including Provident Fund, Income-tax, VAT, CST, Service tax, custom duty, excise duty, cess, and other material statutory dues have been generally regularly deposited with the appropriate authorities. According information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than 6 months from the date of becoming payable.
- (b) According to information and explanation given to us, old outstanding statutory undisputed dues are nil.
- (c) The disputed statutory dues aggregating Rs.1.95 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (Rs in Lacs)	Period to which the amount relates	Forum where dispute is pending
1	Income Tax Act	Regular demand U/s 115JB	1.95	A.Y.2006-07	CIT (Appeal), Baroda.

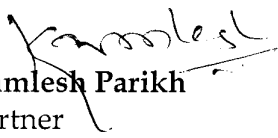
10. The company has accumulated losses at the end of the financial year. However, the company has made profits during the financial year covered by our audit and in the immediately preceding the financial year.
11. In case of term loan from C.N.S. Bank Ltd., the bank had recalled the entire term loan for repayment and had filled civil suite for recovery of Rs. 541.32 lacks. As explained to us and as per records presented before us, the suit for recovery is dismissed by lower authority and the matters are pending before Tribunal.
- In case of term loan of C.N.S. Bank Ltd., It has been informed to us that Government of Gujarat has notified scheme for one time settlement of outstanding loans vide notification number NSB/12/2005/M97/C DT. 19/5/2010. It is affirmed by the Board that the company is eligible under the scheme and has filled necessary application as per the scheme. It is further affirmed by the management, that the amount payable to the said bank as per the notified scheme shall not be more than the amount outstanding and appearing on the books of the company on the balance sheet date. Since the bank is under liquidation, no further details are available with the company.
12. In our opinion and according to the explanation given to us and based on the information available, the company has not granted any loans and 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. Therefore, the provisions of Clause 4 (xiii) of paragraph 4 of the order are not applicable.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of paragraph 4 of the order are not applicable.

15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has not obtained term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. According to the information and explanations given to us, the Company had not issued any Secured Debentures during the year.
20. The Company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place: Borsad
Date: 30th May, 2011



For K.G. Patel & Co.
Chartered Accountants


Kamlesh Parikh
Partner
Membership No.34529
F.R.N.: 107717W

ISHAN DYES & CHEMICALS LTD

BALANCE SHEET AS AT 31ST MARCH,2011

(AMOUNT IN RUPEES)

PARTICULARS	Sch.	AS AT	
		31-Mar-11	31-Mar-10
SOURCES OF FUNDS			
Share Holders' Funds :			
Share Capital	1	75,098,000	75,098,000
Reserves & Surplus	2	18,335,221	17,511,953
Loan Funds	3	91,449,478	127,326,970
TOTAL :		184,882,699	219,936,923
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	4	247,616,463	237,150,546
Less: Depreciation Fund		167,626,153	148,862,445
Net Block		79,990,309	88,288,101
Add: Capital Work- In-Progress		-	104,678
		79,990,309	88,392,779
Investments : (At Cost)	5	511,369	511,369
Current Assets, Loans & Advances :	6	175,573,478	90,071,753
Less: Current Liabilities & Provisions:	7	128,343,552	66,514,706
Net Current Assets :		47,229,926	23,557,047
Miscellaneous Expenditure	8	701,400	801,600
Profit & Loss Account	9	56,449,695	106,674,128
TOTAL :		184,882,699	219,936,923

Notes On Accounts

20

Schedules 1 to 9 & 20 Forming Part of Balance Sheet

For K.G. Patel & Co,
Chartered Accountants

For Ishan Dyes & Chemicals Ltd,

Kamlesh R. Parikh
Partner



[Handwritten Signature]

Piyush N. Patel
Managing Director

[Handwritten Signature]

Shrinal P. Patel
Director

MEMO NO : 34529

FRN : 12717W

Place : Borsad

Date : 31st May, 2011

Place : Borsad

Date : 30th May, 2011

ISHAN DYES & CHEMICALS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011.

(AMOUNT IN RUPEES)

PARTICULARS	Sch.	FOR THE YEAR ENDED ON	
		31-Mar-11	31-Mar-10
A. INCOME.			
Sales	10	612,437,809	408,254,754
Other Income	11	3,744,727	7,001,620
Increase / (Decrease) in Stocks	12	-9,654,326	-587,190
TOTAL : (A)		606,528,210	414,669,184
B. EXPENDITURE.			
Raw Material Consumption	13	380,208,892	245,511,296
Manufacturing Expenses	14	107,353,478	92,876,168
Men power Cost	15	14,755,348	11,761,709
Administration & General Expenses	16	6,884,538	5,368,020
Selling & Marketing Expenses	17	3,169,149	1,172,825
Financial Expenses	18	20,645,718	10,173,034
Depreciation	4	18,763,707	17,411,442
TOTAL : (B)		551,780,830	384,274,494
Profit: Before Tax, Extraordinary Items & Prior Period Adjustments		54,747,380	30,394,690
Less: Extra ordinary Items	19	3,235,367	6,257,388
Less: Prior Period Adjustment		1,287,580	525,660
Net Profit After Extra ordinary Items & Prior Period Adjustments		50,224,433	23,611,642
Less: Provision For Tax:			
Income Tax		-	-
Fringe Benefit Tax		-	-
Net Profit After Tax:		50,224,433	23,611,642
Balance Of Previous Year B/F		-106,674,128	-130,285,770
Net Profit/(Net Loss)		-56,449,695	-106,674,128

Notes On Accounts

20

Schedules 10 to 20 Forming Part of Profit & Loss Account

For K.G. Patel & Co,
Chartered Accountants

Kamlesh R. Parikh

Partner

MEM. NO : 34529

FRN: 107717W

Place : Borsad

Date : 30th May. 2011



For Ishan Dyes & Chemicals Ltd,

Piyush N. Patel *Shrinal P. Patel*

Piyush N. Patel Shrinal P. Patel
Managing Director Director

Place : Borsad

ISHAN DYES & CHEMICALS LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011.

PARTICULARS	Amount (Rs.)
Cash and Cash Equivalents at the Beginning of the Period	583,807
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Receipt from the Customers	587,403,402
Cash paid to Suppliers	488,371,705
<i>Cash Generated from Operations</i>	99,031,697
Cash paid for General Operating and Administrative Expenses	19,253,573
Cash Paid for Wages and Salaries	3,005,275
<i>Net Cash From Operating Activities before Tax and Extraordinary Item</i>	76,772,849
<i>Less: Tax Paid</i>	-
<i>Less: Extraordinary Items</i>	3,668,007
<i>Cash Flow From Operating Activities</i>	73,104,842
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Foreign Exchange Rate Difference	12,380
Investment in Bank Guarantee	50,000
Purchase of Fixed Assets	395,816
Cash paid as Loan, Advances and Deposit to Third Parties	6,215,864
<i>Net Cash Used in Investing Activities</i>	6,649,300
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Proceeds from Borrowings	45,500,974
Repayment of Loans	105,063,465
Interest Paid	2,462,060
<i>Net Cash Used in Financing Activities</i>	62,024,551
<i>Net Increase \ (Decrease) in Cash and Bank</i>	4,430,991
Cash and Cash Equivalents at the End of the Period	5,014,798

For K.G. Patel & Co,
Chartered Accountants

For Ishan Dyes & Chemicals Ltd,

Kamlesh R. Parikh

Partner

MEM. NO : 34529

FRN: 10717W

Place : Borsad

Date: 31st Mar 2011



[Signature]

Piyush N. Patel
Managing Director

[Signature]

Shrinal P. Patel
Director

Place : Borsad

Date: 31st Mar 2011

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR
ENDED ON 31st MARCH 2011

(AMOUNT IN RUPEES)

AS AT

	31-Mar-11	31-Mar-10
SCHEDULE - 1 : SHARE CAPITAL :		
Authorized Share Capital : 110,00,000 Equity Shares of Rs 10/- each.	110,000,000	110,000,000
Issued, Subscribed & Paid up Share Capital : 75,09,800 Equity Shares of Rs 10/- each fully paid - up	75,098,000	75,098,000
TOTAL :	75,098,000	75,098,000
SCHEDULE - 2 : RESERVES & SURPLUS :		
Share Premium Reserve	5,375,000	5,375,000
Revaluation Reserve	12,136,953	12,136,953
Gratuity Reserve	823,268	
TOTAL :	18,335,221	17,511,953
SCHEDULE - 3 : LOAN FUNDS :		
<u>Secured Loans:</u>		
C.N.S.Bank Ltd.	14,362,136	14,362,136
Kotak Mahindra Prime Ltd.	8,484,657	-
Sanghavi Exports Pvt Ltd	12,555,023	39,787,321
	35,401,816	54,149,457
<p>Loan form C.N.S.Bank Ltd is secured by second charge over movable plant & machinery of the company.</p> <p>Loan form Kotak Mahindra Prime Ltd. is secured by Hire purchase Agreement against Vehicles.</p> <p>Loan from Sanghvi Exports Pvt Ltd is secured by equitable mortgage of land & building situated at Plot no.18, Phase 1, G.I.D.C Industrial Estate, Vatva, Ahmedabad.</p>		
<u>Unsecured Loans:</u>		
From Directors		6,228,736
From Others	56,047,662	66,948,777
	56,047,662	73,177,513
TOTAL :	91,449,478	127,326,970
SCHEDULE - 5 : INVESTMENTS (AT COST) :		
Investment in Equity Shares :		
C.N.S.Bank Ltd.	475,500	475,500
The Green Environment	5,000	5,000
Share Linking Deposit	30,869	30,869
TOTAL :	511,369	511,369

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED ON
31st MARCH 2011

(AMOUNT IN RUPEES)

AS AT

31-Mar-11 31-Mar-10

SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES

A. CURRENT ASSETS :

Inventories :

Raw Materials	8,682,163	3,255,610
Packing Material	669,160	1,359,376
Fuel Stock	702,792	155,358
ETP Material Stock	25,088	80,612
Consumables	659,219	1,375,635
Work in Process	33,106,851	42,212,164
Finished Goods	1,297,812	1,846,825
	45,143,085	50,285,580

Sundry Debtors : (Annexure - 8)

(Unsecured, considered good)

- Outstanding for a period exceeding six months

- Others

	462,879	1,957,970
	115,409,048	23,368,047
	115,871,927	25,326,017

Cash & Bank Balance

- Cash on Hand.

Balance with Scheduled Banks

In Current Account (Annexure - 1)

In Deposit Account (Annexure - 2)

	57,052	21,108
	4,957,747	562,699
	51,994	
	5,066,793	583,807

TOTAL (A) RS.

166,081,805 **76,195,404**

B. LOANS & ADVANCES:

(Unsecured, considered good)

Advance recoverable in cash or in kind, for value to be reced.)

- Deposits : (Annexure - 3

- Advance to Staff : (Annexure - 4)

- Advance to Others (Annexure - 5)

- Advance to Suppliers (Annexure - 6)

- Advance Tax & T.D.S. (Annexure - 7)

- Prepaid Expenses

	4,009,792	3,571,042
	291,950	138,642
	2,675,309	5,631,558
	955,975	3,026,625
	1,463,848	1,440,119
	94,799	68,363

TOTAL(B) RS.

9,491,673 **13,876,349**

TOTAL (A + B) RS.

175,573,478 **90,071,753**

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED
ON 31st MARCH 2011

(AMOUNT IN RUPEES)
AS AT

	31-Mar-11	31-Mar-10
SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES & PROVISIONS :		
<u>A. CURRENT LIABILITIES :</u>		
Sundry Creditors :		
- Sundry Creditors for Materials (Annexure - 11)	111,153,619	49,740,800
- Sundry Creditors for Capital Goods(Annexure - 12)	-	93,572
- Sundry Creditors for Expenses (Annexure - 13)	8,216,432	12,468,876
	<u>119,370,051</u>	<u>62,303,248</u>
Other Liabilities :		
- Statutory Expenses Payable (Annexure - 9)	5,123,266	1,273,182
- Customer Advance (Annexure - 14)	2,359,000	-
	<u>7,482,266</u>	<u>1,273,182</u>
	TOTAL(A) :	63,576,430
	<u>126,852,317</u>	<u>126,152,860</u>
<u>B. PROVISIONS :</u>		
- Provision for Fringe Benefit Tax	-	-
- Other Provisions (Annexure - 10)	1,491,235	2,938,276
	TOTAL(B):	2,938,276
	<u>1,491,235</u>	<u>2,938,276</u>
	TOTAL(A+B):	66,514,706
	<u>128,343,552</u>	<u>133,091,136</u>
SCHEDULE - 8 : MISCELLANEOUS EXPENDITURE		
To the extent not written off)		
Preliminary Expenditure : Opening Balance :	801,600	901,800
<u>Add:</u> Addition During the Year	-	-
	<u>801,600</u>	<u>901,800</u>
<u>Less:</u> Written off During the Period	100,200	100,200
	<u>701,400</u>	<u>801,600</u>
	Closing Balance :	801,600
SCHEDULE - 9 : PROFIT & LOSS ACCOUNT		
PROFIT & LOSS ACCOUNT :		
Opening Balance :	106,674,128	130,285,770
<u>Add / Less :</u> (Profit) / Loss for the year C/F		
From P & L A/C	(50,224,433)	(23,611,642)
	TOTAL :	106,674,128
	<u>56,449,695</u>	<u>106,674,128</u>

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED ON 31st MARCH 2011

(AMOUNT IN RUPEES)
FOR THE YEAR ENDED ON

	31-Mar-11	31-Mar-10
SCHEDULE - 10 : SALES		
Direct Export	48,907,380	14,673,350
Export Form H	99,187,500	123,586,500
Sales Local	464,020,554	261,753,604
OGS Sales	322,375	8,241,300
TOTAL:	612,437,809	408,254,754
SCHEDULE - 11 : OTHER INCOME:		
Discount Received	72,083	585,514
Interest	133,288	139,114
Rate Diff.	74,600	-
Sale of Scrap	-	-
Kasar-Vatav	12,691	-
Exchange Rate Difference	854,843	-
Dividend	-	33,072
Sundry Balance w/Off	-	-
DEPB License Income	1,642,876	680,966
Job work income	530,000	4,435,014
Excise Duty	265,049	559,333
VAT Expenditure	159,297	-
Misc. income & Round off	-	585
<u>Excess Provisions Written Back:</u>		
C.N.S.B	-	-
C.S.T	-	-
Others	-	568,022
TOTAL:	3,744,727	7,001,620
SCHEDULE - 12 : INCREASE/(DECREASE) IN STOCKS:		
INCREASE/(DECREASE) IN STOCKS :		
Closing Stock :		
Work in Process	33,106,851	42,212,164
Finished Goods	1,297,812	1,846,825
Total :	34,404,663	44,058,989
Less : Opening Stock		
Work in Process	42,212,164	36,931,447
Finished Goods	1,846,825	7,714,732
Total :	44,058,989	44,646,179
Increase/(Decrease) in Stock :	(9,654,326)	(587,190)

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED ON
31st MARCH 2011

(AMOUNT IN RUPEES)
FOR THE YEAR ENDED ON
31-Mar-11 31-Mar-10

SCHEDULE - 13 : RAW MATERIALS CONSUMPTION:

Raw Materials:

Opening Stock of Raw Materials :

3,255,610 4,080,396

Add : Raw Material Purchase : Import

2,779,725 421,114

Raw Material Purchase : Indigenous

382,855,720 244,265,396

TOTAL:

388,891,055 248,766,906

Less : Closing Stock

8,682,163 3,255,610

380,208,892 245,511,296

Total Raw Materials Consumed for the Year

380,208,892 245,511,296

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED
ON 31st MARCH 2011

(AMOUNT IN RUPEES)
FOR THE YEAR ENDED ON

	31-Mar-11	31-Mar-10
SCHEDULE - 14 : MANUFACTURING EXPENSES:		
Excise Duty	-	265,049
Job work Labour	5,963,311	5,147,988
Labour Charges	13,437,696	11,601,197
ETP Running Exps	3,031,370	1,943,990
Lab Materials	247,851	175,583
Discount	-	227,423
Packing & forwarding charges	4,655,910	2,673,689
M/C Maintenance Exp	19,001,072	14,738,011
Power & Fuel Exp.	44,358,000	44,848,291
Spent Acid Treatment Charges	8,105,353	5,665,187
Testing Charges	99,935	43,035
Water Charges	404,820	467,512
Freight Inward	7,493,194	5,029,551
Clearing & Forwarding Exp.	339,882	
Agency Charges Exp.	56,809	
Weighbridge Charges	138,003	
Loading & Unloading Charges	20,272	49,662
TOTAL:	107,353,478	92,876,168
SCHEDULE - 15 : MEN POWER COST:		
Director's Salary	3,000,000	1,300,000
Salary Exps	6,891,569	6,478,709
Attendance Bonus	343,522	386,705
Bonus Exp.	746,746	462,199
E.S.I.C. Contribution Exp.	203,680	157,614
Staff Welfare Exp.	50,644	61,779
Leave Encashment Exp.	214,968	123,892
Provident Fund Exp.	200,751	230,737
Retainer Charge	174,438	97,035
Retrenchment Compensation	18,800	47,535
Gratuity Expenses	174,096	10,500
Pension Contribution	305,293	277,861
P.F. Administration Charges	40,394	
EDLI Charges	19,202	
Ex-Gratia A/c	2,371,245	2,127,143
TOTAL :	14,755,348	11,761,709

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED
ON 31st MARCH 2011

(AMOUNT IN RUPEES)

FOR THE YEAR ENDED ON

31-Mar-11

31-Mar-10

SCHEDULE - 16 : ADMINISTRATION & GEN. EXPENSES :

	31-Mar-11	31-Mar-10
Advertisement Exp	43,233	13,229
Audit & Tax matters Fees	160,841	281,065
Business promotion Expenses		12,875
Commission Expenses		39,220
Conveyance Exp	64,460	68,653
Exchange Rate Difference	-	23,067
Penalty Charges	200	300
Misc Expenses	264,270	401,894
CETP Contribution Written Off	100,200	100,200
Charity Expenses	52,500	45,000
Corporate Gift Expenses	126,817	137,445
Solid Waste Exps		-
Legal Exp.	122,570	102,460
Membership Fees	42,000	21,500
Municipal Taxes	141,713	147,054
Service Tax	224,050	172,025
Office Expenses	703,194	523,824
ROC Charges	6,250	-
Postage & Courier Exp.	51,971	38,687
Preliminary Expenses Written Off	-	-
Printing & Stationery	131,416	77,711
Professional Fee Exp.	724,310	924,357
Repairs & Maintenance Exp For Car	1,210,002	598,893
Repairs & Maintenance Exp For Others	1,125,986	139,889
Security Charges	437,788	328,939
Telephone & Internet Exp.	408,973	421,090
Traveling Expenses	741,794	603,924
Weighbridge Charges	-	144,719
TOTAL:	6,884,538	5,368,020

ISHAN DYES & CHEMICALS LTD

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C FOR YEAR ENDED
ON 31st MARCH 2011

(AMOUNT IN RUPEES)
FOR THE YEAR ENDED ON
31-Mar-11 31-Mar-10

SCHEDULE - 17 : SELLING & DISTRIBUTION EXPENSES :

Clearing & Forwarding Charges	422,653	116,863
Commission	80,000	
Freight Outward	2,419,625	848,036
Marine Cargo Insurance Charges	48,150	
Agency Charges	21,500	24,603
Export Exps	-	22,938
Duties on Finished Goods	177,221	160,385
TOTAL	3,169,149	1,172,825

SCHEDULE - 18 : FINANCIAL CHARGES :

Interest to Bank	37,025	882,732
Interest to Others	18,654,893	9,122,743
Bank Charges	307,643	119,850
Loan Documentation Charges	83,126	-
Late Payment Interest	1,563,031	47,709
TOTAL	20,645,718	10,173,034

SCHEDULE - 19 : PRIOR PERIOD & EXTRA ORDINARY ITEMS

Extra Ordinary Items	-	4,951,908
Prior Period Adjustments	1,287,580	525,660
Assessment Tax	3,146,884	
Surplus Balance Written Off	88,483	1,305,480
TOTAL	4,522,947	6,783,048

SCHEDULE : 20

NOTES FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2011.

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) General:

1. Basis of Preparation of Financial Statements

The Financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

(B) Fixed Assets and Depreciation:

1. Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of Fixed Assets includes pre-operative expenses incurred up to the date of commencement of commercial production (netting off by income arising during said period.) and is net of recoverable taxes.

2. Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion. All costs, including financing costs till commencement of commercial production.

3. Depreciation:

Depreciation on fixed Assets is provided at the rate on Triple shift basis using straight line method in the manner specified in Schedule-XIV of the Companies Act, 1956 for the plant & machinery except plant of Beta Blue on which depreciation is provided on single shift basis.

(C) Inventory: Valuation and Treatment of Costs:

1. The inventory is valued as follows:

1. Raw Materials	:	At cost (FIFO method), net of Cenvat credit.
2. Stores & Spares	:	At cost (FIFO method)
3. Finished Goods	:	Valued at lower of cost or NRV
4. Work in Process	:	At cost by using absorption cost method.

2. As per normal practice the cost of finished goods includes all direct cost and normal fixed cost. However it does not include selling and distribution cost. Value of stocks of finished goods at the date of Balance Sheet includes duties and taxes payable to comply with accounting standard of Income Tax Act. Provision of such duty is also made as duty and taxes payable in the accounts as on the date of Balance Sheet.

(D) Revenue Recognition:

- ii. Sales: Sales are recognized at the time of dispatch of goods. All sales are shown net of excise duty, sales returns, discount, shortage and amounts recovered towards VAT.
- iii. Other Income: Interest on deposit is accounted for on accrual basis. Dividend on shares is accounted on receipt basis.

E Provisions:

A provision is recognized when the company has a legal and constructive obligation as a result of past event, for which it is probable that cash outflow will be required and reliable estimate can be made of the amount of obligation.

F) Contingent Liabilities:

Contingent Liabilities are disclosed by way of notes on accounts.

G) Capital Contribution:

Capital Contribution made towards Common Effluent Treatment Plant to Green Vatva Co-op. Society is treated as deferred revenue expenses and considering its utility, the expenses are to be written off over a period of 10 years.

H) Investments:

Investments are stated at cost of acquisition.

(I) Retirement Benefits:

Contribution to Provident fund is charged to profit and loss account. Gratuity is charged to profit and loss account on the basis on actuarial valuation done.

(J) Change in Accounting Policy:

Till 31st March 2011, company was accounting for gratuity on actual payment basis by charging to profit and loss account. To comply with AS - 15, the management has changed policy for gratuity and company has obtained certificate from approved actuarial valuer with reference to total liability on account of gratuity as on 31 March 2011. Accordingly, the company has created reserve of Rs. 8.23 Lacs being gratuity reserve by charging the amount to profit and loss account. Because of the change in accounting policy, the profit of the year is lower as compared to earlier year by equal amount and the amount reserves and surplus is higher by the same amount.

(K) Foreign exchange transactions.

The export sales transactions are recorded at the rate prevailing on the date of sale or that approximates the actual rate at the date of the transaction.. Imports are recorded at the rate prevailing on the date of actual payments made. The loss/Gain on exchange fluctuation is charged to Profit and Loss Account.

2. OTHER NOTES

- (A) Estimated amount of contracts remaining to be executed on Capital account net of advances: Rs.3.00 lacs (P.Y. Rs.9.00 Lacs)
- B) Previous years figure have been regrouped and/or rearranged wherever consider necessary to confirm to the year's grouping.
- C) Contingent liability on account of bill discounted that remained unpaid as on 31st March 2011 is Rs. 40.56 Lacs.

3. PAYMENTS TO AUDITORS

Audit fee	:	Rs. 60,000
Tax Audit	:	Rs. 25,000
For other professional fees	:	Rs. 15,000
Out of Pocket Expenses	:	Rs. 2,100

4. DIRECTORS REMUNERATION: Salary of Rs. 31,98,720

- 5. Balances due to/from third parties are subject to confirmation, reconciliation, and/or adjustments, if any.
- 6. In the opinion of the Board, Loans and Advances and Current Assets are approximately of the value sated, if realized in the ordinary course of business.
- 7. Undisputed Statutory liability outstanding for more than six month is Nil.
- 8. Net exchange Gain included in the profit and loss account is 8.55 lacs.

9. Value of imports on CIF basics	2010-2011	2009-2010
	Rs. 35.43 lacs	Rs. 6.80 lacs

- 10. The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirement in this regard as per Schedule VI of companies Act, 1956 could not be provided.
- 11. Government of Gujarat has announced scheme for One Time Settlement for Co-op Banks under liquidation. As per the scheme, for one time payment, no interest is payable from date of NPA. In case of borrowings from C.N.S. Bank Ltd, the company is eligible for benefits under the said scheme. Based on the scheme, the Board is of the opinion that there is no liability of interest payment for year under audit.

12. Licensed and installed capacity :

PRODUCT	Licensed Capacity in Metric Tons		Installed Capacity in Metric Tons	
	2010-11	2009-10	2010-2011	2009-2010
C.P.C. BLUE	N.A.	N.A.	3000	3000
BETA BLUE	N.A.	N.A.	720	720
ALPHA BLUE	N.A.	N.A.	1200	1200
CUPROUS CHLORIDE	N.A.	N.A.	N.A.	N.A.

Note: As certified by the management.

13. Major Raw Materials Consumed:

PARTICULARS	2010-2011		2009-2010	
	QTY. (KGS)	VALUE (In lacs)	QTY. (KGS)	VALUE (In lacs)
A. PHTHALIC ANHYDRIDE	19,74,875	1224.02	19,13,640	1243.87
B. CARBAMIDE	26,17,100	191.44	24,72,750	180.51
C. SOLVENT	1,42,885	49.34	62,775	13.77
D. AMMONIUM MOLYBDATE	5,016.25	57.57	5,243	57.67
E. SULPHURIC ACID	85,32,725	246.48	82,35,911	225.46
F. CUPROUS CHLORIDE	3,62,552	978.92	3,49,466	831.72
G. C.P.C BLUE CRUDE	4,57,400	910.28	0	0

Note: As certified by the management and accepted by auditors.

14. Particulars of Raw Material & Stores & Spares Consumed (Rs. In lacs)

Particulars	2010-11		2009-10	
	Rs. In lacs	%	Rs. In lacs	%
Raw Materials				
Imported	27.80	0.72	4.21	0.17
Indigenous	3828.56	99.28	2450.90	99.83
Stores & Spare Parts				
Imported	7.64	7.04	1.83	1.76
Indigenous	100.88	92.96	102.23	98.24

15. Quantity information regarding opening and closing stock of finished goods and sales is provided by way of annexure to these notes.

16. Earning in Foreign Exchange

FCE Value of Direct Export: Rs.434.98 lacs (P.Y.Rs. 146.73 lacs)

17. Related party Disclosures as required by AS-18.

Tushar N. Patel, Anilaben P. Patel, Shrinal Piyush Patel.

Nature of transactions Amount (In Lacs)

Payment for Remuneration 31.99

Payment for Interest 07.33

Payment for Job charge 16.58

Payment for Freight 14.32

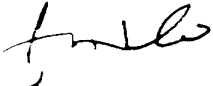
18. Key Management Personnel:

Piyushbhai N. Patel, Managing Director
Shrinal Piyush Patel, Director

19. The company has only one segment of activity i.e. production of Phthalocyanine Blue.

20. The company has been advised that in view of carry forwarded losses, Company does not envisage any liability on account of Income Tax and hence no provision is made for Income tax benefits.

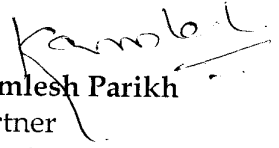
For and on behalf of
Ishan Dyes & Chemicals Ltd.


Piyush N. Patel
Managing Director


Shrinal P. Patel
Director



For K.G.Patel & Co.
Chartered Accountants


Kamlesh Parikh
Partner
Membership No.34529
F.R.N.: 107717W

Place: Borsad
Date: 30th May, 2011

Place: Borsad
Date: 30th May, 2011

Details of Production, Sales and Stock for the year 2010-2011

PARTICULARS	Opening		Production		Issued		Closing		Sales
	Qty. in k.g.	Value Rs.	Qty. in k.g.	Value Rs.	Captive Qty. in k.g.	Sales Qty. in k.g.	Qty. in k.g.	Value Rs.	
CPC BLUE	1,800	341,367	2,318,087		1,238,277	1,077,900	3,710	866,222	224,941,100
	8,950	1,545,105	1,950,356		1,605,006	352,500	1,800	341,367	55,904,025
TETRA CHLORO	2,685	1,259,401			1,720		965	223,523	
	2,875	1,323,335			190		2,685	1,259,401	
ALPHA BLUE	250	72,990	1,060,880		4,560	1,056,445	125	43,170	349,226,000
	15,125	4,675,643	955,729			970,604	250	72,990	269,097,372
BETA BLUE	715	173,067	134,425		500	134,075	565	164,897	34,758,255
	715	170,648	358,020			358,020	715	173,067	82,003,750
GYP-SUM			3,849,135			3,849,135			192,457
			3,650,705			3,650,705			182,535
TRADING SALES- CPC									
DILUTE AMMONIA [BY PRODUCT]			4,232,306			4,232,306			603,330
			4,585,320			4,585,320			436,340
SPENT SULPHURIC ACID [BY PRODUCT]			2,183,705			2,183,705			458,532
			521,000			521,000			201,912
CURRENT YEAR	5,450	1,846,825	13,778,538		1,245,057	12,533,566	5,365	1,297,812	609,756,064
PREVIOUS YEAR	27,665	7,714,731	12,021,130		1,605,196	10,438,149	5,450	1,846,825	408,254,754

NOTES:-

* - INDICATES PREVIOUS YEAR'S FIGURES
VALUE OF FINISHED GOODS ARE INCLUSIVE OF TAXES AND DUTIES

Balance Sheet Abstract and Company's General Business Profile

I Registration Details:

Registration No.	L	2	4	1	1	0	G	J	1	9	9	3	P	L	C	0	2	0	7	3	7	
Balance Sheet Date	3	1	0	3	2	0	1	1	State Code												0	4

II Capital Raised During the year (Rs. In lacs)

Public Issue	N	I	L
Bonus Issue	N	I	L
Conversion of Bonds	N	I	L

III Position of Mobilization and Deployment of Funds (Amt in lacs)

Total Liabilities	2	5	7	1	Total Assets	2	5	7	1	
Sources of Funds					Reserves & Surplus	-	3	8	8	
Paid Up Capital	0	7	5	1	Unsecured Loans		N	I	L	
Equity Share Suspense			N	I	L	Current Liabilities	1	8	4	4
Secured Loans			3	5	4					
Deferred Tax Liabilities			N	I	L					
Application of funds					Investments				5	
Net Fixed Assets			7	9	9					
Current Assets	1	7	5	6						

IV Performance of the Company (Amt in lacs)

Turnover	6	9	1	4	Total Expenditure	5	5	5	3	
Net Turnover	6	1	6	1	Profit After Tax		5	1	2	
Profit Before Tax			5	0	2	Dividend Per share		N	I	L
Earning Per share in Rs	6	.	6	9						

V Generic Names of Principal Products of the Company

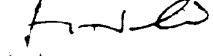
Item Code No. (ITC Code)

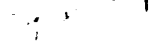
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Product Description

C O P P E R P H T H A L O C Y N I N E B L U E

For & on Behalf of the Board


 Vishal Patel
 Managing Director
 Place Borsad
 Date 31st May 2011


 Shrinil Patel
 Director