

ISHAN DYES & CHEMICALS LTD.

15th Annual Report

2007-2008

Register Office: 1St Floor, Dinsha Chambers, Borsad - 388540

Works: 18. G.I.D.C. Estate, Phase - I, Vatva, Ahmedabad - 382445

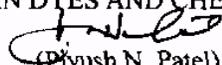
ISHAN DYES AND CHEMICALS LIMITED

NOTICE is hereby given that 15th Annual General Meeting of **ISHAN DYES AND CHEMICALS LIMITED** will be held on Tuesday, 30th September, 2008 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, 2008 and the Profit & Loss Account for the year ended even date together with the Reports of Auditors and Directors' Report thereon.
2. To appoint a director in place Shri Mahendra A. Shah, Director, who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint a director in place Smt. Anilaben P. 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.


(Piyush N. Patel)
Managing Director

Place : Borsad
Date : 30th June 2008

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 22/09/2008 to 30/09/2008 (both days inclusive).

ISHAN DYES AND CHEMICALS LTD.

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting their 15th Annual Report together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2008

(1) FINANCIAL AND WORKING RESULTS :

PARTICULARS	2007-2008	2006-2007
	[Rs.]	[Rs.]
Profit/(Loss) Before Depreciation :	19561.98	(723.43)
Less : Depreciation	15118.98	14658.27
Profit/(Loss) Before Tax :	4443.00	(15381.70)
Less : Provision for Tax	0	0
Profit/(Loss) After Tax	4443.00	(15381.70)

(2) PERFORMANCE

During the year under review, your company has achieved a tremendous growth of more than 200% in terms of turnover as well as in profit. The company has made profit of Rs. 44.43 lacs after depreciation as against loss of Rs. 153.81 lacs during previous year.

(3) DIVIDEND

In view of the Company's negative net worth and looking to the fund requirement of the company, the Board do not recommend any dividend on equity shares of the company.

(4) DEPOSITS :

The Company has not accepted any public deposits except from friends, directors and their relatives and no interest on the said deposit was outstanding on the date of Balance Sheet.

(5) DIRECTORS

Shri Mahendra A. Shah and Smt. Anifaben P. Patel 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 detaching 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, retire at the conclusion of this Annual General Meeting and are eligible for re-appointment.

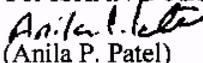
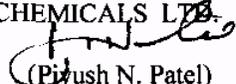
(10) PARTICULARS OF EMPLOYEES :

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, 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: 30th June, 2008

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

(Anila P. Patel)
Chairperson

(Piyush N. Patel)
Managing 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 Company		
				Directorship held	Members in Committee	Chairman in Committee
Anilaben P. Patel Chair Person	Non executive	9	Yes	0	0	0
Piyush N. Patel	Managing Director	9	Yes	0	0	0
Marut D. Patel	Non Executive Director	Nil	No	0	0	0
Pradeep B. Shah	Non executive	4	No	0	0	0
Mahendra A. Shah	Non executive	3	No	0	0	0
Ronak Y. Desai	Non executive	4	Yes	0	0	0

Nine meetings of the Board were held during the year on 26.04.2007, 28.07.2007, 27.08.2007, 30.09.2007, 10.10.2007, 26.10.2007, 15.11.2007, 28.01.2008

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 26.04.2007, 28.07.2007, 26.10.2007 and 28.01.2008 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
Mahendra A. Shah	Member (Independent)	Independent Director	3
Anilaben P. Patel	Member	Director	4

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. There were no request for transfer of shares were received and no meetings of the Share Transfer Committee was held during the year.

For shareholder grievances, the Board had not constituted any committee but it is under direct supervision of the Managing Director of the company.

General Body Meetings

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

Financial Year	Date	Time	Type	Location
2004-05	30/09/2005	11.00 A.M.	Annual General Meeting	At the Registered Office at 1 st Floor, Dinsha Chambers, Borsad - 388540
2005-06	30/09/2006	11.00 A.M.	Annual General Meeting	
2006-07	29/09/2007	11.00 A.M.	Annual General Meeting	

Postal Ballot

No Postal Ballot were 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 transaction 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 access its future potential.

General Shareholders Information

Date, Time and venue of 14th Annual General Meeting : Tuesday, 30/09/2008 at 11.00 a.m. at 1st Floor, Dinsha Chambers, Borsad - 388540.

Financial Calendar : April 1 to March 31

Date of Book Closure : 22.09.2008 to 30.09.2008
(Both days inclusive)

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

Distribution of Shareholding as on 31.03.2008

No. of Equity Shares	No. of Shareholders	% of Shareholders	No. of Share Held	% of Shareholding
Upto 2500	610	31.11	856000	1.14
2501 – 5000	629	32.07	2731000	3.64
5001 – 10000	261	13.31	2191000	2.92
10001 – 20000	111	5.66	1755100	2.34
20001 – 30000	47	2.40	1193000	1.59
30001 - 40000	16	0.82	591000	0.78
40001 – 50000	147	7.49	7210000	9.60
50001 – 100000	66	3.37	5496000	7.32
100000 and above	74	3.77	53074900	70.67
TOTAL	1961	100	75098000	100

Address for Correspondence

For both Physical and Electronic form : 1st Floor, Dinsha Chambers, Borsad – 388540.

Email : shareishan@yahoo.co.in

For any assistances regarding correspondence dematerialization of shares , Share transfers , Transactions , Change of Address , non- receipt of Dividend or any other query , Relating to shares .

Registered Office:

1st Floor, Dinsha Chambers, Borsad – 388540.

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,2008 , 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 .

For K. G. Patel & Co.
Chartered Accountants

Place : Anand
Date : 30.06.2008

C.A Kamlesh Parikh
Partner

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) Industry structure and Development

In spite of heavy inflation, your Company registered a healthy performance during 2007-2008. Due to cost cutting measures implemented by the company, company will further strengthen the financial position in the coming years.

Your Company's current saleable products include various kinds of chemicals like alfa blue, bita, etc. for chemicals, pharmaceutical industries. These products are manufactured under process which controls the pollutions.

B) Opportunities, Threats, Risk and Concerns

Your company always try to find the opportunities in the industry through its strength, technology edge and management expertise. These opportunities will be linked directly to the growing demand from the customers.

The threats for your company would come from adverse fluctuation in input and capital cost, tax and duties. Availability of skilled manpower and contractor 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 to 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 2008-09

The market uptrend seen in the year is likely to continue in the coming year

D) Internal Control Systems and their adequacy

We have a strong integrated systems which is 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. This is because of improvement in physical production and the cost reduction measures taken by the company apart from better sales price realization.

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.

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, 2008 and also the profit and Loss Account and 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. 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 :
 - I. 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;
 - 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 & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - IV. As required by Sec 209 of the Companies Act, 1956, the company is required to maintain books on accrual principles of accounting. *Contrary to this principle, the company has not accounted for interest accrued on C.N. S. Bank for the year under audit. Since the Bank has also not provided interest in the loan account, the actual amount of un-provided interest is not available. We are not in position to express our opinion since C.N.S. Bank Ltd. is under liquidation. Subject to this, in our opinion the Profit & Loss account and Balance Sheet of the Company comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable except: (I) Accounting Standard 15 for provision of retirement benefits: The amount being uncertain and not determined, we are unable to give any opinion on the same. For more details refer to note No. (J) in notes on accounts in Schedule no. 19.*
 - V. On the basis of written representation received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we reported that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director; in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - VI. Subject to note no. 4 (iv) above, 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008.
- 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 Cash Flow Statement, of the cash flows for the year ended on that date.

For K.G. Patel & Co.
Chartered Accountants

Place :- Borsad

Date : 30 JUN 2008



Kamlesh
Kamlesh Parikh
Partner
Membership No.34529

Annexure to the auditors' report:

Re: Ishan Dyes & Chemicals Limited

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

- I. (a) The company has maintained records showing plant wise particulars giving details and situation of fixed assets.
(b) All the major assets have been physically verified by the management during the year.
(c) No substantial part of fixed assets has been disposed off during the year.
- II. (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 inventory. The discrepancy noticed on verification between the physical records and the book records were not material.
- III. (a) The Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.

(b) As expressed by management, no interest is payable on such loans and there are no stipulations for repayments for the loans that have been taken from parties listed in the register maintained u/s 301 of the Companies Act, 1956.

(c) There are no stipulations for payment of interest or repayment of principal. There being no stipulation for repayment of loan taken, the question of amount overdue of loan taken from parties listed in the register maintained u/s 301 of the Companies Act, 1956 does not arise.
- IV. 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 controls.
- V. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 particulars of which need to be entered in the register maintained under Sec. 301 of the Act. Consequently, the requirements of clause v. b) of paragraph 4 of the order are not applicable to the company.
- VI. 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 in earlier years. However, company has not accepted any fresh deposit from public. Company has also not accepted any

term deposits from public. However, to meet the short term requirement of funds, company has taken unsecured loans from friends and relatives of directors in earlier years. No order has been passed by the Company Law Board.

VII. In our opinion, the Company has internal audit system commensurate with size and nature of its business.

VIII. 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, 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.

IX. (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, VAT and other material statutory dues applicable to it. There are no arrears of outstanding statutory dues with respect to liabilities incurred during the year under audit for a period six months from the date they become payable.

(b) according to information and explanation given to us, old outstanding statutory the undisputed dues are: TDS outstanding for year 2004-05 is Rs 106,485. The amount outstanding for Central Sales tax pending for payment is Rs. 631632. Old ESI Payable is Rs. 48968. Outstanding Purchase Tax payable Rs. 125724.

(c) According to information and explanation given to us there is a case of non deposit of disputed dues of sales tax of Rs. 254.05 lacks pending before Commissioner of Appeals, Gujarat Sales Tax with reference to sales tax assessment for year 2003-04.

X. The accumulated losses of the company are more than its net worth. However, the company has made cash profits during the financial year covered by our audit. In the immediately preceding the financial year, company has incurred losses. Since the company has not provided the amount of due interest and the actual amount of interest due is not available, we are not able to quantify the amount and give any further comments.

XI. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to C.N.S. Bank Ltd.

In case of term loan from C.N.S. Bank Ltd., the bank has recalled the entire term loan for repayment and had filed 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. However, as per the explanation given to us there are disputes between Company and lender with reference to the amount due and we are unable express any opinion on this matter.

- XII. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4 (xii) of paragraph 4 of the order are not applicable.
- XIV. The company is not dealing in 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.
- XV. The company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI. The company has not obtained term loans during the year.
- XVII. 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 during the year have been used during the year for long-term investment/repayment. Since specific records of application of funds raised are not available, we are unable to quantify the actual short term funds applied for long term investment.
- XVIII. 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.
- XIX. According to the information and explanations given to us, the Company had not issued any Secured Debentures during the year.
- XX. The Company has not raised any money by public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For K.G. Patel & Co.
Chartered Accountants



Kamlesh
Kamlesh Parikh
Partner
Membership No.34529

Place :- Borsad

Date :- -30 JUN 2008

ISHAN DYES & CHEMICALS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE	2007-08		2006-2007	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		75,098,000		75,098,000
Reserves & Surplus	2		17,511,953		17,511,953
Loan Funds					
Secured Loans	3	5 03 80 238		55,107,219	
Unsecured Loans	4	73,060,527	123,440,765	61,548,258	116,655,477
TOTAL			216,050,718		209,265,430
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	206,302,468		203,962,886	
Less :- Depreciation Fund		116,168,445		101,384,282	
Net Block			90,134,023		102,578,604
Capital Work-in-progress			2,508,485		
Investments	6	709,369	709,369	1,015,013	1,015,013
Current Assets, Loans & Advances					
Inventories	7	31,196,088		27,368,577	
Sundry Debtors	8	27,408,418		269,343	
Cash and Bank Balances	9	2,104,829		1,779,651	
Loans and Advances	10	1 04 82 938		7,737,713	
Less: Current Liabilities Provision.	11	84,133,991	(12,941,718.00)	72,230,940	
Net Current Assets					(35,075,656)
Miscellaneous Expenditure	12		726,632		1,390,540
Profit & Loss Account			134,913,927		139,356,929
TOTAL			216,050,718		209,265,430
As per our Audit Report of even date					For & on behalf of Board of Directors

Kamlesh
Kamlesh Parikh
Partner
K. G. Patel & Co
Chartered Accountants
Place :- Borsad
Date :- 30/06/2008



Piyush Patel
Managing Director

Piyush Patel
Piyush Patel

ISHAN DYES & CHEMICALS LIMITED
PROFIT & LOSS ACCOUNT 2007 - 2008

PARTICULARS	SCHEDULE	2007-08		2006-07	
INCOME					
Sales	13		330,339,329		108,763,495
Other Income	14		5,278,164		6,840,769
Unpaid interest written back			0		8,580,421
Profit on sale of Office Building					149,489
Increase/(Decrease) in Stock	15		5855634		13,386,086
		TOTAL	341,473,127		137,720,260
EXPENDITURE					
Raw Materials Consumed	16		189585726		71,785,014
Manufacturing, Administrative, Selling & Other Expenses	17	81,196,942			49,446,083
Excise Duty		36876807			12,232,070
Provision for ce. Excise duty		699,448			0
Depreciation		15118980			14,658,272
Interest & Financial Charges		13166384			4,132,581
Prior Period Items		-18183			782,194
Loss on sale of vehicle		324023			-
Fringe Benefit Tax		80000	147,444,401		65,750
		TOTAL	337,030,127		153,101,964
Profit (Loss) For the Year			4,443,000		-15,381,704
Prvoision For Tax			0		0
Balance Carried Over To Balance sheet			4,443,000		-15,381,704
As per our Audit Report of even date				For & on behalf of Board of Directors	

Kamlesh Parikh
Partner
K. G. Patel & Co
Chartered Accountants
Place :- Borsad
Date :- 30/06/2008



Piyush Patel
Managing Director

(Signature)
Anil K. Patel

SCHEDULES FORMING PART OF THE BALANCE SHEET 2007- 2008

PARTICULARS	Amount in Rupees]	
	2007 - 2008	2006- 2007
SCHEDULE 1 : SHARE CAPITAL		
<u>Authorised</u>		
110,00,000 Equity Share of Rs.10/- each	110,000,000	110,000,000
<u>Issued,Subscribed and Paid up</u>		
75,09,800 (P.Y 75,09,800) Equity Shares Rs. 10/- each fully paid in cash	75,098,000	75,098,000
Total	75,098,000	75,098,000
SCHEDULE 2 : Reserve & Surplus		
Share Premium Reserve	12,136,953	5,375,000
Revaluation Reserve	5,375,000	12,136,953
Total	17,511,953	17,511,953
SCHEDULE 3 : SECURED LOANS		
<u>Term Loans :-</u>		
From Bank of India No.827	0	
From Charotar Nagrik Shakari Bank Ltd - 31	40,101,671	40,101,671
From Dharmaj People Co-Op. Bank Ltd. Account	10,278,567	15,005,548
Total	50,380,238	55,107,219
NOTE :		
1. Term loan from C.N.S. Bank Ltd. Is secured by second charge over movable plant and machinery of the company.		
2. Term loan from Dharmaj Peoples Co-op Bank is secured by third charge over current assets of the company.		
SCHEDULE 4 : UNSECURED LOANS		
From Directors	4,841,500	6,935,440
Other Unsecured Loans	68,219,027	54,612,818
Total	73,060,527	61,548,258
SCHEDULE 6 : INVESTMENTS (At Cost)		
<u>UNQUOTED</u>		
47550 Shares of Rs.10/- each of Charotar Nagrik Sahkari Bank Limited	475,500	475,500
The Green Environment (Share)	5,000	5,000
Sharelinking Deposit	30,869	48,513
The Dharmaj Peoples Bank	198,000	98,000
L.R. Enterprise Pvt. Ltd.	-	388,000
Total	709,369	1,015,013

SCHEDULE 7 : INVENTORIES			
(As taken, valued and certified by the Manager)			
Raw Materials		4068087	6488008
Finished Goods		6,217,763	4,378,965
Work in Process		19,284,038	15,267,202
Stores, Spares, Dies, & Others		694,000	350,000
Packing Material		821,124	662,860
Fuel Stock		61,640	101,342
ETP Material		19,436	120,200
		-	0
	Total	31,196,088	27,368,577
SCHEDULE 8 : SUNDRY DEBTORS			
(Unsecured, considered good)			
Debts due for a period exceeding			
six months		469,748	103,316
Other Debts		26,938,670	166,027
	Total	27,408,418	269,343
SCHEDULE 9: CASH & BANK BALANCES			
Cash on Hand		187,145	81,440
Balances with Scheduled Banks :			
on Current Accounts		908,063	788,590
on Fixed Deposits		1,009,621	909,621
	Total	2,104,829	1,779,651
SCHEDULE 10 : LOANS AND ADVANCES			
(Unsecured, considered good)			
Advances recoverable in cash or in kind for value to be received or pending adjustment		2,477,525	206,233
Advance for Capital Goods		1,488,974	2,455,819
Tax Deducted at Sources		980,880	1,365,013
Balances with Revenue Authorities		2,932,108	1,600,805
Deposits		2,547,406	2,033,176
Prepaid Expenses		36,916	26,667
F.B.T. TAX AY. 2007-2008 & 2008-09		19,129	50,000
	Total	10,482,938	7,737,713
SCHEDULE 11 : CURRENT LIABILITIES			
Creditors for Goods & Expenses		80,498,987	66,590,663
Other Liabilities [Provision]		2,249,603	3,905,120
Statutory Liabilities		1,385,401	1,735,157
	Total	84,133,991	72,230,940

SCHEDULE 12: MISCELLANEOUS EXPENSES				
(To the extent not written off and/or adjusted)				
Gas Boiler (Differed Revenue Expenditure)			593,039	802,349
CETP Contribution (Diff. Revenue)			133,593	588,191
	Total		726,632	1,390,540
SCHEDULE 13: SALES				
Sales			292,864,966	92,702,921
Excise Duty			27,570,176	12,514,588
Vallue Added Tax			9,904,187	3545986
	Total		330,339,329	108,763,495
SCHEDULE 14 : OTHER INCOME				
DEPB License Income			500,609	0
Interest from others (Gross)			64,530	72,365
Job Income			0	3,717,845
Other income/ Write Back			4,713,025	3,050,559
UnPaid Intrest Written Back			0	8580421
Profit On Sale Of H.O. Office			0	149489
	Total		5,278,164	15,570,679
SCHEDULE 15 : INCREASE/(DECREASE) IN STOCKS				
Finished Goods & WIP				
Closing Stock			25,501,801	19,646,167
Opening Stock			19,646,167	6,260,081
	Total		5,855,634	13,386,086
SCHEDULE 16 : RAW MATERIALS CONSUMED				
Opening Stock			6,488,008	505,722
Add : Purchase			187,165,805	77,767,300
			193,653,813	78,273,022
Less : Closing Stock			4,068,087	6,488,008
	Total		189,585,726	71,785,014
SCHEDULE 17 : MANUFACTURING, ADMINISTRATIVE, SELLING & OTHER EXPENSES				
Stores, Spares Consumed			1,775,582	1,745,979
Other Manufacturing Exp.			9,224,368	3,116,523
Power & Fuel			37,362,533	23,374,962
Expenses on Personnel :				
Salaries, Wages and Allowances	17304161			9161840
Staff welfare	338560		17,642,721	202416
Printing & Stationery			126,423	62,109
Postage, Telephones Exp.			390,132	288,818
Travelling and Conveyance			303,505	163,638

Repairs & Maintenance :				
To Plant & Machinery		7339381		3817966
To Others		841415	8,180,796	277041
Vehicle Repairs & Maintenance			344,807	159,957
Auditor's Remuneration			73,449	80,720
Security Charges			332,595	296,521
Legal & Professional Charges			1,551,312	354,368
Rent & Taxes			108,996	96,096
Bank Charges				0
Selling & Distribution Expenses			2,258,420	4,213,309
Exchange Rate Difference				19,978
Miscellaneous Expenses			831,770	1,280,202
Miscellaneous Expenses written Off			663,908	700,431
Staff Medical			25,625	33,210
	Total		81,196,942	49,446,083

Schedule 5 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block			
	01-04-07	Addition	Sale	31-03-08	01-04-07	Addition	written Back	31-03-08	31-03-08	31-03-07
Land	18666000	0	0	18666000	0	0	0	0	18666000	18666000
Buildings	19353847	49228	0	19403075	5784235	560195	0	6344430	13058645	13569612
Plant & Machinery	159273935	2936004	0	162209939	92353424	14072123	0	106425547	55784392	66920511
Office Equipments and Furniture-Fixture	3660219	124190	0	3784409	2082523	243473	0	2325996	1458413	1577696
Vehicles	3008885	0	769840	2239045	1164100	243189	334817	1072472	1166573	1844785
Total	203962886	3109422	769840	206302468	101384282	15118980	334817	116168445	90134023	102578604
Previou year	200721935	3597951	357000	203962886	86760499	14658272	34489	101384282	102578604	113846436

ISHAN DYES & CHEMICALS LIMITED

Cash Flow Statement for the year ended 31st March, 2008

NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	31-Mar-08	31-Mar-07
	44.43	(145.33)
Depreciation	151.19	146.58
Interest & Financial Charges	131.66	41.32
Profit/Loss on sale of assets	3.24	(1.49)
Unrealised Expenses/Income	6.64	7.01
Exchange rate difference	2.11	0.19
Unpaid interest written back	-	(85.80)
Banking Credit Balances written off	(44.20)	-
Dividend	(0.09)	-
Interest received	(0.55)	-
Fringe Benefit Tax	0.80	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	295.13	(37.52)
Increase in Inventories	(38.28)	(196.66)
Increase in Sundry Debtors	(271.41)	172.32
Increase in Loans & Advances	(32.52)	(3.15)
Increase in Current Liabilities & Provisions	163.88	134.67
CASH GENERATED FROM OPERATIONS	116.80	69.68
Income Tax paid - Fringe Benefit Tax	0.15	(0.66)
CASH FROM OPERATIONS AFTER TAX	116.95	69.00
Extraordinary Items (Prior Period expenditure)	(0.18)	7.82
Exchange Rate Difference	(2.11)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	117.14	61.18
Purchase of fixed assets	(48.48)	(35.98)
Proceeds from sale of fixed assets	1.11	3.57
Sale of investments	-	146.12
Dividend Received	0.09	-
NET CASH FLOW FROM INVESTING ACTIVITIES	(47.28)	113.71
Repayment of secured loans	(32.61)	(126.30)
Increase in Unsecured Loans	97.02	(88.76)
Repayment of interest	(131.66)	(41.32)
Interest received	0.65	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(66.60)	(256.38)
Net increase cash & cash equivalents	3.26	(73.67)
Add: Opening cash & cash equivalents	17.79	13.69
Closing cash & cash equivalents	21.05	17.79

Notes:

- The above cash flow statement has been prepared under the indirect method as set in the AS - 3 on cash flow statement issued by ICAI
- Cash & Cash Equivalent of Rs. 21.05 lacs comprises Balances with Schedule Banks for Rs. 19.18 lacs and cash on hand of Rs. 1.87 lacs
- Figures of previous years have been regrouped wherever required to confirm with current years figures

Kamlesh J. Parikh
Partner
K G PATEL & CO.
CHARTERED ACCOUNTANT
Place: Borsad
Date: 30/03/08



For & On behalf of the Board of Director

sd/-
Piyush N. Patel
sd/-
Managing Director

Place: Borsad
Date: 30/03/08

SCHEDULE : 19

**NOTES FORMING PART OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST
MARCH 2008.**

L SIGNIFICANT ACCOUNTING POLICIES:

(A) General:

1. The Accounts have been prepared on historical costs basis.
2. Income and expenditure are accounted on accrual basis except accrued interest on secured loans of C.N.S. Bank Ltd., amount of which is not available and provision for gratuity.

(B) Fixed Assets and Depreciation:

1. Fixed Assts are stated at cost of acquisition or construction less 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.)
2. Deprecation :
Deprecation 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:

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 net realizable value. |
| 4) Work in Process | : | At cost by using absorption cost method. |

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 stock of finished goods at the date of Balance Sheet includes duties and taxes payable to comply 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:

- 1) Sales: Sales are recongnised at the time of dispatch of goods. All sales are shown inclusive of excise duty but net of returns, discount, shortage and amounts recovered towards VAT.
- 2) Other Income: Interest on deposit is accounted for on accrual basis. Dividend on A share is accounted on receipt basis.

(E) 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 a 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 made towards Common Effluent Treatment Plant to Green Vatva Co-op. Society is treated as differed revenue expenses and considering its utility, the expenses are to be written off over a period of 10 years from year 1999-2000.

Capital Contribution made towards Gas line Connection to Adani Energy lid is treated as differed revenue expenses and considering its utility, the expenses are to be written off over a period of 60 months beginning from February, 2006.

(H) Investments

Investments are stated at cost of acquisition.

(I) Retirement Benefits

Contribution to Provident fund is charged to profit and loss account. No provision is made for Gratuity. Liability in respect of leave encashment on retirement is also not provided. No amount of such un-provided retirement benefits is available and hence we are unable to state its effect on profit of the Company.

(J) Foreign exchange transactions.

The export sales transactions are recorded at the rate prevailing on the date of sale. 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.

(II) OTHER NOTES:

1. Estimated amount of contracts remaining to be executed on Capital account net of advances: Rs. 42.00 lack (P.Y. Rs. 16.00 Lack)
2. Contingent liabilities not provided for in respect of :
 - a. Amount of Unexpired Guarantees issued by Bank of India for imports of raw material against advance license without payment of duty is approximately of Rs. 9.09 lakhs, which does not include interest.
 - b. Value of Sales Bills discounted Rs. 45.55 Lacks.
 - c. Interest liability for delay in payment of T.D.S is neither calculated nor provided, since the appropriate authority has not determined the interest payment liability.
 - d. Disputed liability of Sales Tax Demand raised for assessment for year 2003-04 Rs. 254.50 lacks. As per expert opinion received, company does not see any liability on this account
 - e. The Company had obtained advance license for import of raw material against firm export orders in accounting year 1999-2000. The Company had applied for extension of validity period of license and had exported the goods. However, licensing authorities had refused to extend the validity of license and have imposed penalty of Rs. 222.86 lacks under Foreign Trade (Development Regulation) Act. The Company has denied its liability for such payment and has preferred appeal before appropriate authority against the order. Mean time, the appropriate authority has kept the penalty in abeyance and has also granted extension in the validity period of the advance license As per our examination of records, the company has fulfilled its export obligation and in view of this factual position and as per expert opinion received by the Company, it is not liable for such payments of penalty and hence no provision is made in the books of the company for the amount of penalty.
3. Previous years figure have been regrouped and/or rearranged wherever consider necessary to confirm to the year's grouping.
4. Payment to Auditors:

Audit fee	:	Rs. 60,000
Tax Audit	:	Rs. 25,000
For other professional fees	:	Rs. 25,000
Out of Pocket Expenses	:	Rs. 8,449
5. Director's Remuneration : Salaries Rs. 6.00 lacks.....
6. Balance due to/from third parties are subject to conformation, reconciliation, and/or adjustments, if any.
7. 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.
8. Undisputed Statutory liability out standing for more than six month are: (Rs. In lacks)

Sales Tax : 6,31,632	ESIC : 91139	Purchase Tax : 1,25,724
TDS : 1,06,485		Water Charges: Rs. 6,35,727
9. Exchange Loss/Gain (net) included in the profit and loss account is

Rs. 2,11,095/- [P.Y. Rs.19978/-]

10. Value of imports on CIF basics. 2007-2008 2006-2007

Raw Material (Rs. In lacks) Rs. 24.51 lacks Rs. 14.35 lacks

11. 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 the Companies Act, 1956 could not be provided.

12. Interest accrued on loan from Charotar Nagrik Sahakari Bank Ltd., Borsad Branch for Rs. Year 2007-2008 is not provided by the company. The bank is under liquidation. Actual Interest due for the period 1/04/2007 to 31/03/2008 is not available since the said bank is under liquidation and has stopped its operations.

13. Licensed and installed capacity :

PRODUCT	LICENSED CAPACITY		INSTALLED CAPACITY	
	2007-2008	2007-2008	2007-2008	2007-2008
C.P.C. BLUE	N.A.	N.A.	3000MT	3000MT
BETA BLUE	N.A.	N.A.	1200MT	720MT
ALPHA BLUE	N.A.	N.A.	1200MT	1200MT
CUPROUS CHLORIDE	N.A.	N.A.	600MT	600MT

Note : As certified by the management.

14. Raw Materials Consumed :

PARTICULARS	2007-2008		2006-2007	
	QTY. (KGS)	VALUE	QTY. (KGS)	VALUE
A. PHTHALIC NHYDRIDE	1446700	86077492	536433	33580706
B. T.G.UREA	1979075	11977106	633899	3689292
C. SOLVENT	192250	4370515	76570	1828492
D. COPPER SCRAP	15375.31	5344170	62069.67	16036938
E. CHLORINE	12700	42957	34600	110720
F. AMMONIUM MOLYBDATE	2784.55	5371392	1350.95	2402246
G. SULPHRIC ACIT	4056500	16307956	2327473	5004067
H. CUPROUS CLORIDE	236714	55436944	23421	4853300
I. OTHERS		4657194		4278740
TOTAL		189585726		71784504

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

15. Particulars of Raw Material & Stores & Spares Consumed: (Rs. In lacks)

	2007-08		2006-2007	
	VALUE	%	VALUE	%
RAW MATERIAL	43.70	2.30	14.35	1.20
Imported	1852.15	97.70	703.50	98.80
Indigenous				
STORES & SPARE PARTS				

Imported	Nil		N	
Indigenous	17.75	100.00	17.46	100.00

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

17. Earnings in Foreign Exchange

FOB Value of Direct Export : 212.01 Lacks (P.Y. Rs.45.56 lacks)

18. Related party Disclosure as required by AS-18

Key Management Personnel:

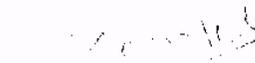
Piyushbhai N. Patel, Managing Director

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

20. The company does not envisage any benefit in immediate near future for taxes on income as details out in Accounting Standards AS-22 and hence no provision is made for deferred tax benefits. Signature to Schedule 1 to 19.

For & On behalf of the Board of Director

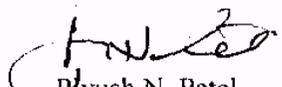
For J.G.Patel & Co.
Chartered Accountants


Namish Parikh
Partner

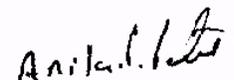
Place: Borsad
Date:-



30.06.2009


Piyush N. Patel
Managing Director

Place: Borsad
Dated:- 30.06.2009


Anila P. Patel
Director

SCHEDULE 20:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Rs. in lack.)

I	REGISTRATION DETAILS	STATE CODE	01
	REGISTRATION NO.	04 20737	
	BALANCE SHEET DATE	31/03/2006	
	PUBLIC ISSUE	NIL	RIGHT ISSUE NIL
	BONUS ISSUE	NIL	PRIVATE PLACEMENT NIL
II	POSITION OF MOBILISATION AND DELPOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)		
	TOTAL LIABILITES	3001.85	TOTAL ASSETS 3001.85
SOURCE: OF FONDS			
	PAID-UP CAPITAL		RESERVES & SURPLUS
	750.98		175.12
	SECURED LOANS		UNSECURED LOANS
	518.46		715.94
APPLICATION FUNDS			
	NET FIXED ASSETS		INVESTMENTS
	901.34		7.09
	NET CURRENT ASSETS		MISC. EXPENDITURE
	-129.41		7.26
			ACCUMULATED LOSSES
			1249.91
III PERFORMANCE OF COMPANY (AMOUNT IN RUPEES)			
	TURN OVER		TOTAL EXPENDITURE
	3417.73		3370.30
	PROFIT FOR THE YEAR	44.43	
	EARNING PER SHARE IN RS.		DIVIDEND RATE %
	0.59		NIL

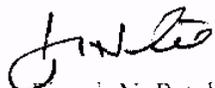
IV GENERIC NAME OF PRICIPAL PRODUCTS/SERVICES OF COMPANY

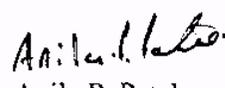
ITEMS CODE NO.

ITC CODE: 23004.19

Product Description COPPER PHTHALOCYANINE BLUE

For & On behalf of the Board of Director


Jayush N. Patel
Managing Director


Anila P. Patel
Director

Place: Borsad

Date:-

30 JUN 2008