

NOTICE is hereby given that 20th Annual General Meeting of ISHAN DYES AND CHEMICALS LIMITED will be held on Friday, 27th September 2013 at 11.30 a.m. at the Registered Office of the Company situated at 1st Floor, Dinsha Chambers, Borsad – 388540 to transact the following ordinary and special business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that day together with the Reports of Auditors and Directors' Report thereon.
2. To appoint a Director in place Shri. Ronak Desai, Director, who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint a Director in place Shri. Roopin Patel, Director, who retires by rotation and being eligible, has offered himself for reappointment.
4. To appoint auditor and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modifications, following resolution as an Special resolution:

“RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended, the Company hereby accords its approval to the appointment of Shri. Piyush N. Patel as the Managing Director of the Company for a period of three years with effect from June 1, 2013 with the terms of remuneration and also with the other terms and conditions, with liberty to the Board to alter the same, so long as the alterations are in conformity with the provisions of Schedule XIII to the Companies Act, 1956.”

6. To consider and if thought fit to pass with or without modifications, following resolution as an Special resolution:

“RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended, the Company hereby accords its approval to the appointment of Shri. Shrinal P. Patel as the Whole Time Director of the Company for a period of three years with effect from February 1, 2013 with the terms of remuneration and also with the other terms and conditions, with liberty to the Board to alter the same, so long as the alterations are in conformity with the provisions of Schedule XIII to the Companies Act, 1956.”

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

Place: Ahmedabad
Date: 13th August 2013

Piyush N. Patel
Managing Director

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 20th September, 2013 to 27th September 2013, 2013 (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.
- (F) Members holding shares in physical form are requested to intimate to the Company's Registrar and Share Transfer Agents, MCS Ltd. Neelam Apartment, 88, Sampatrao Colony, B/h Standard Chartered Bank, Alkapuri, Baroda - 390 007. the following:
- a) Change in their address, if any, along with the pincode
 - b) Request for consolidation of shareholdings in one account if share certificates are held in multiple accounts or joint accounts in identical order of names.
- (G) Members holding shares in dematerialized mode are requested to intimate changes if any in their addresses along with pin code to their Depository Participants.
- (H) The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to members. To support this commendable initiative of MCA, company intend to implement the said initiative in full-fledged manner from subsequent general meetings and therefore seek members' support by requesting them to register their email address in respect of electronic holdings with their Depository through their concerned Depository Participants as early as possible. Members who hold shares in physical mode are requested to register their email address with Company's Registrar and Transfer Agents MCS Ltd., A/c: Ishan Dyes & Chemicals Ltd. email id: mcsltbaroda@gmail.com with providing details of shares.

- (I) As required under Clause 49 of the Listing Agreement particulars of Directors seeking re-appointment/appointment are as follows:

Appointment/Re-appointment of Directors:

As required under listing agreement, the particulars of directors who are proposed to be appointed/re- appointed given below:

A. Details of Mr. Ronak Desai

Name of the Director	Mr. Ronak Desai
Date of Birth and Age	1-9-1984 - 30 years
Qualification	
Expertise in specific functional areas	Hotel Management
Other Directorships and memberships of the Committees	Nil
No of shares held	Nil

B. Details of Mr. Roopin Patel

Name of the Director	Mr. Roopin Patel
Date of Birth and Age	31-5-1977 - 37 years
Qualification	
Expertise in specific functional areas	Finance, banking, taxation and accounts
Other Directorships and memberships of the Committees	Nil
No of shares held	Nil

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5 – Re-appointment of Shri Piyush N. Patel as Managing Director

The agreement between the Company and Shri Piyush N. Patel appointing him as the Managing Director of the Company expired on 31st May 2013. Accordingly, on the Recommendation of the remuneration committee and subject to approval of the Members, the Board of Directors of the Company have reappointed Shri Piyush N. Patel as the Managing Director of the company with effective from 1st June 2013 for a further period of 3 (Three) years.

Shri Piyush N. Patel, aged 59 is a Mechanical Engineer. He is having rich experience in the areas of chemicals, trading, and banking. He is also actively involved with many industrial and trade association activities. He is the key promoter of the company and associated with the company since its incorporation. He oversees production, general administration and overall business of the Company. Considering the exceptional contribution made by him in the company's achievements along with present level of business operation together with future growth plans of the company it is in the interest of the company to reappoint him as the Managing Director for a future period of 3 (Three) years with effect from 1st June 2013.

After considering the qualification, experience, expertise, achievements and contribution made by Shri Piyush N. Patel in the growth and development of the company together with expanding the business operations of the Company at its present level and also on recommendation of remuneration committee, the board of directors have reappointed him as the Managing Director of the company for a further period of 3 years with effective from 1st June 2013.

Subject to approval from the members, it is proposed to reappoint Shri Piyush N. Patel as the Managing Director of the company effective from 1st June, 2013 for three years and to pay the following remuneration within the overall limits specified in the Schedule XIII of the Companies Act, 1956, to him which is commensurate with the scale of the company's business and his responsibility to head the company.

Remuneration

A. Salary:

Gross consolidated salary of Rs. 2,00,000/- per month. The gross consolidated salary shall include basic, medical allowance, leave travel allowance, bonus, HRA and such other allowances as may be approved from time to time by the board of directors in accordance with the rules of the company. The same shall be divided in different heads and paid monthly, quarterly or annually in accordance with the rules of the Company and as the Board may deem fit and decide mutually with him. An increment upto 25% per annum shall be given during the tenure of agreement as the board may deem fit and approves from time to time.

B. Commission:

Such percentage of the net profits of the company or such amount as may be decided by the Board of Directors (which includes any Committee thereof) for each financial year or part thereof within the overall ceiling of 5 % of the net profit of the company.

C. Perquisites:

1. company 's contribution to provident and superannuation funds.
2. gratuity at the rate of one month's salary for each completed year of service.
3. leave with the full pay as per the rules of the company and encashment of unavailed leave being allowed at the end of the tenure.
4. free furnished accommodation or house rent allowance upto 20% of the salary and company 's furniture on rental basis as may be approved by the board of directors.
5. reimbursement of gas, electricity, water charges, furnishings, maintenance / repairs of residential accommodation and furniture.
6. reimbursement of the entertainment expenses incurred in the courses of business of the company.
7. reimbursement of medical expenses including hospitalization , nursing home and surgical charges for self and family whether incurred in India or abroad including hospitalization , nursing home and surgical charges and in case of medical treatment abroad the air fare, boarding, loading for patient and attendant.
8. reimbursement of actual traveling expenses for proceeding on leave to any place and return there from in respect of self and family in accordance with the rules specified by the company from time to time.
9. reimbursement of membership fee for clubs in India or abroad including any admission / life membership fee.
10. personal accident insurance policy in accordance with the rules specified by the company from time to time.
11. cost of insurance cover against risk of any financial liability or loss because of any error of judgment as may be approved by the board of directors from time to time.
12. free use of company 's car for company 's work as well as for personal purposes along with driver.
13. telephone, telefax and other communication facility at the residence.
14. subject to statutory ceilings the managing director may be given any other allowances , perquisites , benefits and facilities as the board of directors from time to time may decide.

However, the total perquisites value is subject to a maximum ceiling of 50% of annual consolidated salary.

The following shall not be included in the computation of perquisites for the purpose of the ceiling:

- a. contribution to provident and superannuation funds referred to in paragraph C(1) above.
- b. gratuity payable as per paragraph C(2) above to the extent of half month 's salary for each completed year of service.
- c. encashment of leave at the end of tenure as per paragraph C(3) above.
- d. provision of company 's car for official duties.

e. free telephone and other communication facility at the residence.

Perquisites/ allowances shall be valued as per income tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual costs.

In the absence or inadequacy of profits in any financial year, the aforesaid remuneration by way of salary, perquisites and other allowances not exceeding the limits specified in schedule XIII shall be payable to Shri Piyush N. Patel, as a minimum remuneration.

The terms and conditions of said reappointed and / or remuneration and/or agreement, may be altered and varied from time to time by the board as it may, in its discretion, deem fit within the maximum amount payable to Shri Piyush N. Patel in accordance with the provision of the companies act, 1956, or any amendments made therein or with the approval of Central Government, if required.

The agreement may be terminated by either party by giving the other party six months notice or by any shorter notice as may be mutually agreed to between the parties.

The directors recommend passing of the resolution contained in item no. 5 of the accompanying notice.

Except Shri Piyush Patel, Shri Shrinal Patel and Smt. Anilaben Patel, no other Director is concerned or interested in the resolution.

A copy of the draft agreement to be entered into between the Company and Shri Piyush N. Patel will be open for inspection by the members at the registered office of the company between 3.00 p.m to 5.00 p.m on any working day of the Company except Saturday, Sunday and holiday's up to and including the date of Annual General Meeting.

This shall be deemed to be an abstract of the terms and conditions of appointment of Shri Piyush N. Patel under section 302 of the Companies Act, 1956 and the memorandum of interest in that behalf.

The board recommends the Special Resolution at Item no.5 of the notice for your approval.

A statement as required under Schedule XIII of the Companies Act, 1956 is annexed hereto.

Item No. 6 – Re-appointment of Shri Shrinal P. Patel as Whole Time Director

The agreement between the Company and Shri Shrinal P. Patel appointing him as the Whole Time Director of the Company expired on February 28, 2013. Accordingly, on the Recommendation of the remuneration committee and subject to approval of the Members, the Board of Directors of the Company have reappointed Shri Shrinal P. Patel as the Whole Time Director of the company with effective from 1st March 2013 for a further period of 3 (Three) years.

Shri Shrinal P. Patel, aged 29 is BBA in Business Finance, Psychology and Bio-Science from the University of Florida. He is associated as Whole Time Director of the Company since 2010 and contributed to accelerate the growth of the Company. He oversees marketing, product

development and finance of the Company. He has contributed exceptionally well to grow the Company at its present scale of operations and also to make it zero banking debt company. Considering contribution made by him in the company's achievements along with present level of business operation and future growth plans of the company it is in the interest of the company to reappoint him as Whole Time Director for a future period of 3 (Three) years with effect from 1st March 2013.

After considering the qualification, achievements and contribution made by Shri Shrinal N. Patel in the growth and development of the company together with expanding the business operations of the Company at its present level and also on recommendation of remuneration committee, the board of directors have reappointed him as Whole Time Director of the company for a further period of 3 years with effective from 1st March 2013.

Subject to approval from the members, it is proposed to reappoint Shri Shrinal P. Patel as Whole Time Director of the company effective from 1st March 2013 for three years and to pay the following remuneration within the overall limits specified in the Schedule XIII of the Companies Act, 1956, to him which is commensurate with the scale of the company's business and his responsibility to head the company.

Remuneration

A. Salary:

Gross consolidated salary of Rs. 1,50,000/- per month. The gross consolidated salary shall include basic, medical allowance, leave travel allowance, bonus, HRA and such other allowances as may be approved from time to time by the board of directors in accordance with the rules of the company. The same shall be divided in different heads and paid monthly, quarterly or annually in accordance with the rules of the Company and as the Board may deem fit and decide mutually with him. An increment upto 25% per annum shall be given during the tenure of agreement as the board may deem fit and approves from time to time.

B. Commission:

Such percentage of the net profits of the company or such amount as may be decided by the Board of Directors (which includes any Committee thereof) for each financial year or part thereof within the overall ceiling of 5 % of the net profit of the company.

C. Perquisites:

1. company's contribution to provident and superannuation funds.
2. gratuity at the rate of one month's salary for each completed year of service.
3. leave with the full pay as per the rules of the company and encashment of unavailed leave being allowed at the end of the tenure.
4. free furnished accommodation or house rent allowance upto 20% of the salary and company's furniture on rental basis as may be approved by the board of directors.
5. reimbursement of gas, electricity, water charges, furnishings, maintenance / repairs of residential accommodation and furniture.
6. reimbursement of the entertainment expenses incurred in the courses of business of the company.

7. reimbursement of medical expenses including hospitalization , nursing home and surgical charges for self and family whether incurred in India or abroad including hospitalization , nursing home and surgical charges and in case of medical treatment abroad the air fare, boarding, loading for patient and attendant.
8. reimbursement of actual traveling expenses for proceeding on leave to any place and return there from in respect of self and family in accordance with the rules specified by the company from time to time.
9. reimbursement of membership fee for clubs in India or abroad including any admission / life membership fee.
10. personal accident insurance policy in accordance with the rules specified by the company from time to time.
11. cost of insurance cover against risk of any financial liability or loss because of any error of judgment as may be approved by the board of directors from time to time.
12. free use of company 's car for company 's work as well as for personal purposes along with driver .
13. telephone, telefax and other communication facility at the residence.
14. subject to statutory ceilings the managing director may be given any other allowances , perquisites , benefits and facilities as the board of directors from time to time may decide.

However, the total perquisites value is subject to a maximum ceiling of 50% of annual consolidated salary.

The following shall not be included in the computation of perquisites for the purpose of the ceiling:

- f. contribution to provident and superannuation funds referred to in paragraph C(1) above.
- g. gratuity payable as per paragraph C(2) above to the extent of half month 's salary for each completed year of service.
- h. encashment of leave at the end of tenure as per paragraph C(3) above.
- i. provision of company 's car for official duties.
- j. free telephone and other communication facility at the residence.

Perquisites/ allowances shall be valued as per income tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual costs.

In the absence or inadequacy of profits in any financial year, the aforesaid remuneration by way of salary, perquisites and other allowances not exceeding the limits specified in schedule XIII shall be payable to Shri Shrinal P. Patel, as a minimum remuneration.

The terms and conditions of said reappointed and / or remuneration and/or agreement, may be altered and varied from time to time by the board as it may, in its discretion, deem fit within the maximum amount payable to Shri Shrinal P. Patel in accordance with the provision of the companies act, 1956, or any amendments made therein or with the approval of Central Government, if required.

The agreement may be terminated by either party by giving the other party six months notice or by any shorter notice as may be mutually agreed to between the parties.

The directors recommend passing of the resolution contained in item no. 6 of the accompanying notice.

Except Shri Piyush Patel, Shri Shrinal Patel and Smt. Anilaben Patel, no other Director is concerned or interested in the resolution.

A copy of the draft agreement to be entered into between the Company and Shri Shrinal P. Patel will be open for inspection by the members at the registered office of the company between 3.00 p.m to 5.00 p.m on any working day of the Company except Saturday, Sunday and holiday's up to and including the date of Annual General Meeting.

This shall be deemed to be an abstract of the terms and conditions of appointment of Shri Shrinal P. Patel under section 302 of the Companies Act, 1956 and the memorandum of interest in that behalf.

The board recommends the Special Resolution at Item no.6 of the notice for your approval.

A statement as required under Schedule XIII of the Companies Act, 1956 is annexed hereto.

Additional information for the shareholders, as required under schedule XIII to the Companies Act, 1956 and to the extent applicable to the company / appointees are given below for item no. 5 & 6:

1. GENERAL INFORMATION:

- i) Nature of Industry: Pigments
- ii) Date of expected date of commencement of commercial production:
Already in operations since last twenty years
- iii) Financial performance based on given indicators: as per published audited financial results for the year ended 31st March ,2013

Particulars	Rs. In lacs.
Sales and other income	7243.14
Profit before tax (before extraordinary item)	338.41
Provision for tax	89.81
Profit After Tax	82.87

- iv) Export performance and net foreign exchange earned for the financial year ended 31st March ,2013: FOB value of exports Rs. 549.38 lacs.
- v) Foreign investment or collaborators: Not applicable

2. INFORMATION ABOUT THE APPOINTEES :

- i) Background details :

Item no. 5 : Shri Piyush N. Patel, aged 59 is a Mechanical Engineer. He is having rich experience in the areas of chemicals, trading, and banking. He is also actively involved with many industrial and trade association activities. He is the key promoter of the company and associated with the company since its incorporation. He oversees production, general administration and overall business of the Company.

Item no. 6: Shri Shrinal P. Patel, aged 29 is BBA in Business Finance, Psychology and Bio-Science from the University of Florida. He is associated as Whole Time Director of the Company since 2010 and contributed to accelerate the growth of the Company. He oversees marketing, product development and finance of the Company.

ii) past remuneration drawn :

Financial year	Shri Piyush N. Patel	Shri Shrinal P. Patel
2010-2011		
2011-2012		
2012-2013	19,98,000/-	13,32,000/-

ii) job profile and suitability :

Item No. 5: Shri Piyush N. Patel oversees production, general administration and overall business of the Company. Under his vision and guidance the Company has expanded and scale upto its present level of operations.

Items No. 6: Shri Shrinal P. Patel oversees marketing, product development and finance of the Company. He has contributed exceptionally well to grow the Company at its present scale of operations and also to make it zero banking debt company.

iv) Remuneration proposed :

The remuneration package is given in detail in the explanatory statement. However, the same is summarized hereunder:

Item	Shri Piyush N. Patel	Shri Shrinal P. Patel
Salary	Consolidated of Rs.2,00,000/- and annual increment upto 25%	Consolidated of Rs.1,50,000/- and annual increment upto 25%
Perquisites & Allowances	Subject to maximum ceiling of 50% of annual consolidated salary	
Commission	Such percentage of net profits of the Company or such amount as may be decided by the board for each financial year or part thereof within overall ceiling of 5% of the net profit of the Company	
Minimum remuneration in case of inadequacy of profit during any financial year	The aforesaid remuneration by way of salary, perquisites and other allowances not exceeding the limits specified in Schedule XIII shall be payable as a minimum remuneration	

iv) Comparative remuneration profile with respect to industries, size of the company, profile of the position person:

Taking into consideration the size of the Company, the profile of Shri Piyush N. Patel & Shri Shrinal P. Patel together with experience, expertise and responsibilities shouldered by them and in comparison with industry

benchmarks, the aforesaid remuneration package is comparable and reasonable to senior level position in other companies of similar scale.

vi) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel:

Besides the remuneration proposed Shri Piyush N. Patel and Shri Shrinal P. Patel have no other pecuniary relationship with the company and its managerial personnel. However, both them are holding equity shares of the Company.

3. OTHER INFORMATION

i) Reasons for loss / inadequate profits:

Not Applicable

ii) Steps taken by the company to improve performance:

The management is planning to introduce new product ranges, increase its production capacity and improve productivity at all level to enhance profitability and improve performance.

iii) Expected increase in productivity and profits and measurable terms.

Steps taken will yield favorable results during coming financial years.

4. DISCLOSURES:

The detail of the remuneration package of Shri Piyush N. Patel and Shri Shrinal P. Patel are given in the explanatory statement hereinabove and the same is contained in the respective draft agreement with respective of them which is open for inspection as mentioned hereinabove. Other directors are paid no remuneration. All the components of the remuneration are fixed except commission to Shri Piyush N. Patel and Shri Shrinal P. Patel which will be decided by the performance of the company. The appointments are contractual and provides for notice period. No stock option have been given to them.

Your director recommends this resolutions for your approval.

Except Shri Piyush Patel, Shri Shrinal Patel and Smt. Anilaben Patel, no other Director is concerned or interested in the resolution.

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

Place: Ahmedabad
Date: 13th August 2013

Piyush N. Patel
Managing Director

DIRECTORS' REPORT

To,
The Members,
Ishan Dyes & Chemicals Ltd.

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS:

	Amounts in Rupees Lacs	
	Current Year Rs.	Previous Year Rs.
Sales (Net)	7207.25	6739.61
Other Income	35.89	41.77
Total Revenue	7243.14	6781.38
Profit before Interest and Depreciation & Exceptional / Extraordinary items	700.76	941.17
Interest (Net)	126.40	134.45
Depreciation	229.27	207.54
Profit before Exceptional / Extraordinary items	345.09	599.18
Exceptional & Extraordinary expenses	352.03	17.55
Profit / (Loss) before Tax	(6.94)	581.63
Tax expenses (net)	(-) 89.81	109.48
Profit after Tax	82.87	472.15

DIVIDEND:

Considering the future growth plan and with a view to conserve the resources, your Directors regret their inability to recommend any Dividend for the financial year 2012-13.

REVIEW OF OPERATIONS:

The Company has achieved turnover of Rs. 72.07 Cr and EBITAD (pre exceptional and extraordinary item) of Rs. 7 Cr as against Rs. 67.39 Cr and Rs. 9.40 Cr respectively for the previous year. The margins has remained under pressure on account of increased cost of production however due to turnover growth the impact has been minimized.

The business operation has earned Profit before tax and extraordinary items of Rs. 3.45 Cr. for the year ended which was Rs. 5.99 Cr for the immediate past year. During the year the Company has incurred expenditure of Rs. 3.45 Cr on account of one time settlement payment of interest on repayment of its old banking debt with The Charotar Nagrik Sahakari Bank Ltd. and the same has been treated as an exceptional item due to one time cost. On account of said exceptional item the Profit after tax for the year amounted to Rs. 0.83 Cr as against Rs. 4.72 Cr for the previous year.

The year was full of challenges, opportunities together with volatility. Despite of various limitations and challenges particularly on account of increased cost of production and raw material cost has impacted pressure on the margins. The management has successfully maintained the business volumes and improved the turnover for protecting profit margin.

The cost of operations has gone up mainly due to inflationary pressure across all expense heads and particularly increased raw material cost; however, the demand driven market conditions together with changed marketing & business strategy of the Company has supported well to imbibe part of the cost increase by way of better remunerative sales prices during the year under review and protected the margins. The systematic and focused approach of the management of the Company since last couple of years has yielded favorable and consistently improved results and thereby almost wiped off all accumulated losses. The performances are expected to improve further in coming years bearing unforeseen circumstances.

FINANCE:

During the year under review, the Company has entirely paid off its past banking debt of The Charotar Nagrik Sahakari Bank Ltd. under the one time settlement scheme as duly approved by the concerned regulatory authorities. The same has resulted into extraordinary item on account of one time interest burden of Rs. 3.45 Cr.

The committed efforts of the management have resulted into zero banking debt with the Company and overall debt and interest burden on the Company.

PROSPECTS:

In a time to come, ecology and allied regulatory compliances, commodity and petro-products price volatility, foreign currency fluctuations, inflationary operation costs, large working capital need, skilled manpower availability etc. are major concern for the industry in general. The global and domestic demand is likely to be increased and major business is expected to flow into India from western countries due to quality and cost competitiveness advantages. Your Company being integrated manufacturer from CPC Blue Crude to finished Blue Pigment products is likely to derive benefits in the present scenario in terms of volume growth as well as new potentials. The industry is facing major challenges in the field of ecology compliances due to stricter norms and various restrictions resulting into production constraint and lower plant utilizations which would results into improved prices due to shrinking production capacities together with increasing demand.

The management is working on increase in production volume by debottlenecking its plant and process improvements. Also the management has undertaken overall resource & capacity optimization program together with cost savings and control at all levels which would further strengthen up business operations and performance.

EXPORTS:

The Export is the thrust area for the growth of the Company and during the year ended recorded gross export turnover of Rs. 5.49 Cr.

CORPORATE GOVERNANCE:

The Report on Corporate Governance and Management Discussion and Analysis are annexed to this report as Annexure – I and II respectively.

RESPONSIBILITY STATEMENT:

As per the requirements of Section 217(2AA) of the Companies Act, 1956, The Directors hereby confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departures had been made from the same;
- b) the Directors had 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;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis.

DIRECTORATE:

Shri Ronak Desai and Shri Roopin Patel Directors retire by rotation and being eligible offer themselves for reappointment.

INDUSTRIAL RELATIONS:

Employee relations during the year were cordial. We appreciate for committed contribution made by employees of the Company at all the levels to sustain during the challenging business scenario.

PARTICULARS OF THE EMPOLYEEES:

No employee of the Company was in receipt of remuneration in excess of the limits as per Section 217(2A) of the Companies Act, 1956 read together with the Companies (particulars of employees) Rules, 1975, as amended.

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

The particulars required being included in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report to the Board of Directors) Rules, 1988 is given in Annexure 1 forming part of this report.

INSURANCE:

All the properties and insurable interest of the Company including Buildings, Plant and Machinery are adequately insured.

AUDITORS:

The Company's auditors M/s. G. S. Mathur & Co., Chartered Accountants retires at the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

ACKNOWLEDGMENT:

The Director place on record their appreciation for the assistance and co-operation received from the Company's valued customers, members, investors, employees, bankers, government departments, Company's suppliers and all form of business associates for their continued support and confidence in the company.

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

Place: Ahmedabad
Date: 13th August 2013

Piyush N. Patel
Managing Director

ANNEXURE - I

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy:

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to enhance and protect the interests of its stakeholders at all levels. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

Your Company believes that good governance brings about sustained corporate growth and long term benefits for stakeholders. Accordingly the Company has established good practice in Corporate Governance which is implemented by the Board of Directors. We consistently review on a periodical basis all systems, policies and delegations so as to establish adequate and sound systems of risk management and internal controls.

2. Board of Directors:

As on March 31, 2013 the Board comprised of Eight (8) Directors of which Two (2) are Executive Directors. The details for the Board of Directors are as under:

Smt. Anilaben P. Patel	-	Chairperson	-	Non Executive Promoter
Shri Piyush N. Patel	-	Managing Director	-	Executive Promoter
Shri Shrinal P. Patel	-	Whole Time Director	-	Executive Promoter
Shri Roopin A. Patel	-	Director-		Non Executive Independent
Shri Marut D. Patel	-	Director-		Non Executive Independent
Shri Ronak Y. Desai	-	Director-		Non Executive Independent
Shri Mayank H. Patel	-	Director-		Non Executive Independent
Shri Yatin G. Patel	-	Director-		Non Executive Independent

The composition of the Board is in conformity with the Listing Agreements. All the directors bring with them rich and varied experience and also they contribute an active role in the meetings of the Board and committee.

None of Directors of the Company is either member in more than ten committees and/or Chairman of more than five committees in other companies in which he is Director.

3. Board Meetings:

During the year 2012-2013, there were in total Four (4) board meetings held on 30th May, 2012, 30th July, 2012, 09th November, 2012 and 12th February, 2013. The time gap between the two meetings was in accordance with the requirements. All the information required to be furnished to the Board was made available along with detailed Agenda.

The composition of the Directors and their attendance at the Board Meetings during the year ended March 31, 2013 and at the last Annual General Meeting held on September 29, 2012 are as follows:

Name of Directors	Category of Directorship	No. of Board Meetings attended	Attendance at the last AGM held on September 29, 2012
Mrs. Anilaben Patel	Non-Executive - Chair Person	4	Yes
Mr. Piyush Patel	Managing Director	4	Yes
Mr. Shrinal Patel	Whole time Director	4	Yes
Mr. Roopin Patel	Non-Executive Independent	3	Yes
Mr. Marut Patel	Non-Executive Director	1	No
Mr. Ronak Desai	Non-Executive Independent	2	No
Mr. Mayank Patel	Non-Executive Independent	2	No
Mr. Yatin Patel	Non-Executive Independent	1	No

4. Code of Conduct:

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel. A declaration regarding compliance by the Board, of Code of Conduct is separately annexed to this Report.

5. Audit Committee:

Pursuant to clause 49 of the Listing Agreement, Audit Committee is duly constituted comprising of 3 Directors, of which all are Independent Directors. As on March 31, 2013 composition of members of Audit Committee and their details are mentioned below:

Name of Member	Category of Directors	Designation
Mr. Roopin A. Patel	Independent & Non Executive Director	Chairman
Mr. Ronak Y. Desai	Independent & Non Executive Director	Member
Mr. Mayank H. Patel	Independent & Non Executive Director	Member

All the members of the Audit Committee are financially literate and have accounting knowledge.

The terms of reference of Audit Committee include inter alia systematic review of accounting policies & practices, financial reporting process, adequacy of internal control systems and internal audit function, quarterly/half yearly review of financial statements together with risk management and accounting policies. It also recommends appointment of statutory auditors, internal auditor, cost auditor, tax auditor and fixation of their fees. Mr. Roopin A. Patel Chairman of the audit committee is a Chartered Accountant and has financial and accounting knowledge. The Audit Committee shall have the authority to investigate into any matter that may be prescribed under

Company Law for the time being in force and as delegated by the Board of Directors from time to time. The representatives of the firm of Statutory Auditor and Internal Auditor, are the permanent invitees to the meetings of the audit committee.

The composition and terms of reference of the Audit Committee are in conformity with the listing agreement and the Companies Act, 1956. All the minutes of the Audit Committee are placed before the Board for its information.

6. Shareholders/Investors Grievance Committee:

Shareholders/Investors Grievance Committee comprise of 2 (Two) Directors. The Chairman of SGC Committee is a Non-Executive Director. As on March 31, 2013 composition of members of SGC Committee and their details are mentioned below:

Sr. No	Name of the Members	Category of Directors	Designation
1.	Mrs. Anilaben Patel	Non-Executive	Chairperson
2.	Mr. Piyushbhai N. Patel	Managing Director	Member

The functions and powers of the Committee also include approval / allotment / rejection of transfer / transmission of equity share, issue of duplicate certificates, allotment of Shares and securities from time to time. Information relating to Shareholders/Investor Complaints and all share transfers are regularly placed before the Committee.

There are no pending complaints/transfers. Also as on date there are no complaints which are not resolved to the satisfaction of Shareholders. The summary of status of complaints/request received, disposed and pending as on March 31, 2013 is as under:

No. of complaints/request received	No. of complaints/request not solved to the satisfaction of shareholders/investors	No. of pending complaints/request
16	NIL	NIL

The minutes of Shareholders/Investors Grievance Committee are placed before the Board for its information.

All Share transfer and correspondence thereon are handled by the Company's Registrars and Share Transfer Agents viz. MCS Ltd. Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda 390 007, Gujarat.

Mr. Shrinal P. Patel, Whole Time Director has been appointed as the Compliance Officer, as required by the Listing Agreement. He has been entrusted the task of overseeing the Share Transfer work done by the Registrars and Share Transfer Agents and attending to grievances of the Shareholders and Investors intimated to the Company directly or through SEBI and Stock Exchanges. All complaints/grievances intimated during the year, have been resolved.

There are no pending legal matters, in which the Company has been made a party, before any other Court(s)/ Consumer Forum(s) etc., on Investors grievances.

7. Service Contract and Severance Fees:

The appointment of Shri Piyush N. Patel, Managing Director and Shri Shrinal P. Patel, Whole Time Director of the Company are governed by the resolutions passed by the Board of Directors and approved by the shareholders. No sitting fees are paid to any member of the Board of Directors.

The details of remuneration paid to the directors of the Company during the financial year 2012-13 are as under:

Director	Remuneration paid/payable during 2012 2013 (Rs.)			
	Sitting Fee	Salary & Perks	Commission	Total
Shri Piyush N. Patel	Nil	19,98,000	Nil	19,98,000
Shri Shrinal P. Patel	<i>Nil</i>	13,32,000	<i>Nil</i>	13,32,000
Total		33,30,000		33,30,000

Stock Option Scheme: The Company does not have any stock option scheme for any of its director or employees

8. Disclosures:

i) The Board has received disclosures from Directors and/or key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties, if any, are disclosed in "Notes on Accounts" annexed to Financial Statements of the year. All related parties transaction are entered after approval from the board in accordance with the requirements of the Companies Act, 1956 and interested directors did not participated in the discussions or proceedings of the agenda of such transaction and the remaining board of directors has approved the transaction unanimously.

ii) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.

iii) Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company. The Company has periodic review and reporting to

the Board of Directors of risk assessment by senior executives with a view to minimize risk.

iv) The Whole Time Director is responsible for compliances in respect of Company Law, SEBI, Stock Exchange rules and regulations and other related laws and legal issues in general.

v) As a matter of transparency and good governance, key operational and financial data is furnished to the Directors in every meeting of the Board. Management Discussions and Analysis report forming part of the Annual Report is enclosed.

9. Reconciliation of Share Capital

A qualified practicing Chartered Accountant / Company Secretary carried out a Share Capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

10. Means of Communication:

Half yearly/Quarterly Results are not been sent to shareholders; instead shareholders are intimated these through press.

The quarterly, half-yearly and Annual Results of the Company's financial performance are published in the newspapers viz. Economic Time in English and Gujarati. These, before release to the press are informed to the Bombay Stock Exchange.

Management discussion and analysis forms part of the Annual Report and appears as Annexure to the Directors' Report.

11. Compliance:

Auditors' Certificate on Corporate Governance, as required by Clause 49 of the Listing Agreement is incorporated in this Annual Report.

SHAREHOLDERS INFORMATION

a) Annual General Meetings:

Date: Friday 27th September 2013, at 11.00 a.m. at the Registered office at 1st floor, Dinsha Chambers, Borsad, 388540, Gujarat.

ISHAN DYES & CHEMICALS LTD
At the Registered

The details of last three annual general meetings are as under:

Financial Year	Date	Time	Type	Location
2009-10	20/09/2010	11.00 A.M.	Annual General Meeting	Office at 1 st Floor, Dinsha Chambers, Borsad – 388540
2010-11	30/07/2011	11.00 A.M.	Annual General Meeting	
2011-12	20/09/2012	11.00 A.M.	Annual General Meeting	

There are no resolutions passed thru postal ballots and also no Extra Ordinary General Meeting held during last year.

b) Financial Year:

The financial year of the Company is from April to March.

c) Financial Calendar:

Unaudited Results with Limited Review for the Quarter	Due Date	Annual Audited Accounts	Due Date
30 th June 2013	14 th August 2013	31 st March 2014	30 th May 2014
30 th Sept. 2013	14 th November, 2013		
31 st Dec. 2013	14 th February, 2014		

d) Date of Book Closure:

The Register of Members and Share Transfer Books of the Company will remain closed 20th September 2013 to 27th September 2013 (both days inclusive).

e) Listing on Stock Exchange:

The Company is listed with Bombay Stock Exchange Ltd (BSE), Ahmedabad Sock Exchange and Vadodara Stock Exchange.

f) Registrar and Share Transfer Agent:

The Company has appointed MCS Limited for processing and approving the transfer of shares. Their contact details are as follows:

MCS Limited
Neelam Apartment, 88,
Sampatrao Colony, B/h Standard Chartered Bank,
Alkapuri, Baroda - 390 007. Tel: 0265-2339397 Fax: 0265-2341636
Email id: mcsLtdbaroda@yahoo.com

g) Share Transfer System:

The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time. Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

As required under Clause 47-C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

h) Distribution of shareholding as on March 31, 2013:

No. of shares	No. of Share holders	% of Shareholders	No. of Shares	% of Shares
Up to 500	1154	65.23	321801	4.28
501 - 1000	191	10.81	160310	2.13
1001 - 2000	94	5.32	146600	1.95
2001 - 3000	48	2.71	123400	1.64
3001 - 4000	20	1.13	72550	0.96
4001 - 5000	139	7.87	682300	9.08
5001 - 10000	61	3.45	493550	6.57
10001 - 50000	41	2.32	826779	11.09
50000 - 100000	7	0.39	583200	7.76
100000 and above	12	0.73	4099310	54.58
Total	1766	100	7509800	100.00

i) Dematerialization of Shares:

The Company has availed connectivity with both the Depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) with ISIN - INE561M01018. As on 31st March, 2013, details of shares held in dematerialized mode and physical mode are as under:

Particulars	No. of Shares	% of Total Capital
Held in Demat form with NSDL	30,14,460	40.14%
Held in Demat form with CDSL	5,90,300	7.87%
Holdings in Physical Mode	39,05,040	51.99%
Total	75,09,800	100.00%

j) Plant Location:

The Company plant is located at 18, GIDC Estate, Phase – I, Vatva, Ahmedabad – 382445.

k) Outstanding GDRs/ADRs/Warrants or any convertible instruments:

The Company has not issued any GDRs/ADRs/Warrants or convertible instruments.

l) Address for Investor Correspondence:

Compliance Officer:	Registrar & Share Transfer Agent:
Mr. Shrinal Patel – The Compliance Officer Ishan Dyes & Chemicals Ltd. 1 st Floor, Dinsha Chambers, Borsad – 388 540 Email-id: ishandyes@yahoo.com Tel: +91 79 25832144, 25893607 Fax: +91 79 25833643	MCS Limited Neelam Apartment, 88, Sampatrao Colony, B/h Standard Chartered Bank, Alkapuri, Baroda - 390 007. Tel: 0265-2339397 Fax: 0265-2341636 Email-id: mcsLtdbaroda@yahoo.com

Green Initiative:

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), enabling electronic delivery of documents including the Annual Report, Quarterly, Half Yearly results etc. to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/Company/Registrars & Share Transfer Agents. Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with R&T agent, by sending a letter, duly signed by the first/sole holder quoting details of Folio No.

Declaration regarding affirmation of Code of Conduct:

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board have affirmed compliance with Code of Conduct for the year ended 31st March, 2013.

For and on Behalf of the Board
Piyush N. Patel
Managing Director

ANNEXURE I (A)

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2013.

For and on Behalf of the Board

Piyush N. Patel
Managing Director

ANNEXURE IIMANAGEMENT DISCUSSION AND ANALYSIS REPORT**A. INDUSTRY STRUCTURE AND DEVELOPMENT**

Your Company has registered a satisfactory performance for the financial year ended on 31st March 2013. The Management took proactive measures to effectively improve on all parameters covering areas of production, quality, marketing and finance. The year has witnessed volatility and uncertainty for the industry as a whole and your Company was not an exception to same. Despite of many challenges the Company has achieved growth in the turnover and maintained its position as one of the market leader in quality phthalocyanine blue producer and exporter.

Your Company's current products include various kinds of Phthalocyanine Blue range of products like CPC Blue, Pigment Alpha Blues and Pigment Beta Blue. All these products are having wide applications for various industrial purposes.

B. OPPORTUNITIES, THREATS, RISK AND CONCERNS

The management of your company always tries to develop long term relation with the clients and spot for the new opportunities in the industry through continuous in-house research and development with the use of process improvements and updating technology. This approach has supported the Company to grow at the steady rate by creating sustainable demand from satisfied customer base and repetitive orders from them.

The key threat areas for your Company would be fluctuation in the prices of various raw materials which are linked to world petro products and commodity prices, foreign exchange fluctuations, environmental regulations, and general global demand situation. Availability of skilled manpower and contract work force would be another set of challenges to the growth of the Company.

Your Company has identified the major thrust areas of sensitive business factors 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 on a continuous basis.

C. OUTLOOKS FOR 2013-2014

The management expects increasing demand globally for its products during the financial year 2013-14. Also the company has healthy order book position for execution during the year. Due to stringent pollution norms, improved economy of America and limited production rate would limit overall supply and have positive impact on price increase together with escalation in demand.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have a strong integrated internal control system which is deemed to be adequate considering the nature and scale of our class of business.

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

During the year under review, your Company has achieved satisfactory financial performance and the same is on account of increased turnover. The Company has repaid its long term banking obligations also. The profitability for the year has been impacted on account of onetime interest settlement cost on repayment of old long term bank loan together with general increase in overheads and raw material cost which the Company was unable to imbibe fully in the sales price. Baring unforeseen circumstances the management estimates improved performance during financial year 2013-14.

F. MATERIAL DEVELOPMENTS ON HUMAN RESOURCES

Human Resource programs and initiatives in the Company are aligned to meet the future business plans and needs. Your Company believes in investing in people to develop and expand their capability. The Company has been able to create a favourable work environment that motivates performance, customer focus and innovation. The Company's strategies are based, inter alia, on processes of continuous learning and improvements. During the year the Company has realigned its manpower strength to meet its business plans, reduce cost and improve productivity overall.

Place: Ahmedabad
Date: 13th August 2013

On Behalf of the Board of Directors
FOR ISHAN DYES AND CHEMICALS LTD
Piyush N. Patel
Managing Director

Auditors' Certificate on Corporate Governance

To the Members,
ISHAN DYES & CHEMICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Ishan Dyes & Chemicals Ltd, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For G S MATHUR & CO
Chartered Accountants
Bhargav Vaghela
Partner
Membership No.124 619
F.R.N.: 008744N
Ahmedabad
29th May, 2013

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

1. Report on the Financial Statements :

We have audited the attached Balance Sheet of ISHAN DYES & CHEMICALS LIMITED, as at March 31st, 2013, 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. Management's responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;

e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

Place : Ahmedabad

Date: 29th May, 2013

For G S MATHUR & CO
Chartered Accountants

Bhargav Vaghela
Partner

Membership No.124 619
F.R.N.: 008744N

Annexure to the Auditors' Report:

Re: Ishan Dyes & Chemicals Limited

Referred to in paragraph 5 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 in a 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 was 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 not taken unsecured loans from parties covered in the register maintained under section 301 of the companies Act, 1956. Therefore, in respect of the said loans, the maximum amounts outstanding at any time during the year is Rs. NIL lacs and the year ended balance is NIL.
- (b) In our opinion and according to the information and explanations given to us, since the Company has not taken any unsecured loans as per point (a) above, there is no question of the rate of interest and other terms and conditions of the loans taken by the Company or whether they are prima facie prejudicial to the interest of the company.
- (c) Since no unsecured loan is there as mentioned in point no. (a) above, there are no stipulations for payment of interest or repayment of principal. Further, there is no question of outstanding of loan taken as on 31st March, 2013, 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, 2013 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 are Rs. 15.27 Lacs and the year-end balance is NIL.
- (e) The company has not taken any loan during the year from the companies/firms or other parties covered under register maintained under section 301 of the companies Act, 1956.
- (f) There are no stipulations for repayment of principal. There being no outstanding of loan given as on 31st March, 2013, 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, 2013 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 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, 2013 is NIL.
7. In our opinion, the Company has internal audit system commensurate with size and nature of its business.
8. We have broadly reviewed cost records maintained by the Company pursuant to Companies (Cost Accounting) Records, Rules 2011 prescribed by the Central Government u/s 209(1)(d) of the Companies Act,1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have ,however, not made the detailed examination of the Cost Records with a view to determine whether they are accurate or complete.

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, 2013 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.

However, the Company has received a show cause notice for FY 2009-10 & 2010-11 vide reference no.37000202640000304/Ins V dated 30/04/2013 from Employee State Insurance Corporation, Regional Office. Recovery of liability is determined of Rs.11.98 Lacs.

- (c) The disputed statutory dues aggregating Rs.1.95 Lacs that have been deposited on account of disputed matters pending before appropriate authorities 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 115 JB	1.95	AY 2006-07	CIT (Appeal), Baroda

10. The company has accumulated losses at Year ending 31st March' 2013. However, the company has made profits during the period covered by our audit and in the immediately preceding the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
During the year under review, in case of Term Loans from C.N.S. Bank Limited, the Company received a settlement order dated 16/07/12 under 'one time settlement scheme' determining liability of Rs.495.41 Lacs (as against book liability of Rs.143.62 Lacs) to be settled by July'13. The Company has discharged the entire liability during the year under review. The Company has also received No Due Certificate from C.N.S.Bank dated 5th April, 2013.
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: Ahmedabad
Date: 29th May, 2013

For G S MATHUR & CO
Chartered Accountants
Bhargav Vaghela
Partner
Membership No.124 619
F.R.N.: 008744N

ISHAN DYES & CHEMICALS LTD
Balance Sheet as at : 31/03/13

ISHAN DYES & CHEMICALS LTD

(In ₹)

Particulars		Note No.	Figures as at 31-March-2013	Figures as at 31-March-2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	75,098,000	75,098,000
	(b) Reserves and surplus	3	17,990,341	9,548,907
	(c) Money received against share warrants		-	-
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	4	40,894,717	41,249,206
	(b) Deferred tax liabilities (Net)		-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions	5	2,149,111	14,300,000
4	Current liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables	6	160,563,505	80,010,937
	(c) Other current liabilities	7	8,526,176	29,320,508
	(d) Short-term provisions	8	2,483,612	2,836,527
	TOTAL		307,705,461	252,364,085
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	9	70,645,555	87,313,048
	(ii) Intangible assets	9	12,148,282	95,101
	(iii) Capital work-in-progress	9	711,897	711,897
	(iv) Intangible assets under development		-	-
	(b) Non-current investments	10	5,000	511,369
	(c) Deferred tax assets (net)	11	2,287,661	3,351,697
	(d) Long-term loans and advances	12	15,403,133	12,153,969
	(e) Other non-current assets		-	-
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	13	73,961,443	62,072,145
	(c) Trade receivables	14	127,606,302	79,785,372
	(d) Cash and cash equivalents	15	325,956	2,208,298
	(e) Short-term loans and advances	16	4,610,232	4,161,187
	(f) Other current assets		-	-
	TOTAL		307,705,461	252,364,085

Significant Accounting Policies

1

Notes forming part of Financial Statement

2 to 27

In terms of our report attached

For and on behalf of Board of Directors

G S MATHUR & CO
Chartered Accountants
Bhargav

Partner Vaghela
MEM. NO : 124 619
FRN: 008744N
Place : Ahmedabad
Date : 29/05/2013

Piyush N. Patel
Managing Director

Shrinal P. Patel
Director

Place : Ahmedabad
Date : 29/05/2013

ISHAN DYES & CHEMICALS LTD

ISHAN DYES & CHEMICALS LTD
Profit and loss statement for the year ended 31st March, 2013

(In ₹)

Particulars		Refer Note No.	Figures for the year ended 31st-March-2013	Figures for the year ended 31st-March-2012
A	Revenue from operations	17	720,725,062	673,960,502
B	Other income	18	3,589,331	4,177,226
C	Total Revenue (A + B)		724,314,393	678,137,728
D	Expenses:			
i	Cost of materials consumed	19	524,630,615	468,220,890
ii	Purchases of Stock-in-Trade		-	-
iii	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	-2,685,644	-16,817,248
iv	Employee benefits expense	21	18,887,660	33,675,620
v	Finance costs	22	12,640,154	13,445,643
vi	Depreciation and amortization expense		22,927,470	20,754,141
vii	Other expenses	23	113,404,775	98,979,410
	Total expenses		689,805,030	618,258,455
E	Profit before exceptional and extraordinary items and tax (III-IV)		34,509,363	59,879,273
F	Exceptional items	24	667,911	958,570
G	Profit before extraordinary items and tax (E - F)		33,841,452	58,920,703
H	Extraordinary Items	25	34,535,677	756,978
I	Profit before tax (G- H)		-694,225	58,163,725
J	Tax expense:			
	(1) Current tax		3,000,000	14,300,000
	(2) (Excess) / Short Provision of Tax in respect of earlier year		-1,408,082	-
	(3) Deferred Tax		1,064,036	-3,351,697
	(4) MAT Credit		-11,637,252	-
K	Profit (Loss) for the period from continuing operations (VII-VIII)		8,287,073	47,215,422
L	Earnings per equity share:			
	(1) Basic		1.10	6.29
	(2) Diluted		1.10	6.29

Significant Accounting Policies

1

Notes forming part of Financial Statement

2 to 27

In terms of our report attached
G S MATHUR & CO
Chartered Accountants
Bhargav
Partner Vaghela
MEM. NO : 124 619
FRN: 008744N
Place : Ahmedabad
Date : 29/05/2013

For and on behalf of Board of Directors

Piyush N. Patel
Managing Director

Shrinal P. Patel
Director

Place : Ahmedabad
Date : 29/05/2013

NOTES FORMING PARTS OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013**Note: 1 SIGNIFICANT ACCOUNTING POLICIES:****1.1 Basis of Preparation of Financial Statements**

The financial Statements are prepared under the historical cost convention on an accrual basis and are in conformity with the mandatory accounting standards and the provisions of the Companies Act, 1956 to the extent possible.

1.2 Use of Estimate

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 Fixed Assets and Depreciation**1.3.1 Tangible Assets**

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed Assets included 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.

1.3.2 Intangible Assets

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

1.3.3 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 and machinery except plant of Beta Blue on which depreciation is provided on single shift basis. The Company provides pro-rata depreciation from the day the asset is ready for use and for any asset sold, till the date of sale.

1.4 Inventory: Valuation and Treatments of Costs:

1.4.1 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. |

1.4.2 As per normal practices the cost of finished goods includes all direct cost and normal fixed cost. However, it does not include selling and distribution cost. Values 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. Provisions of such duty Its also made as duty and taxes payable in the accounts as on the date of Balance Sheet.

1.5 Revenue Recognition:

1.5.1 Sales: Sales are recognized at the time of dispatch of goods. All sales are shown net of excise duty, sales return, discount, and amount recovered towards VAT.

1.5.2 Other Income: Interest on deposits is accounted for an accrual basis. Dividend on shares is accounted on receipt basis. Export Incentives are recognized on accrual basis.

1.6 Provisions:

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

1.7 Contingent Liabilities:

Contingent Liabilities are disclosed by the way of notes on accounts.

1.8 Capital Contribution:

Capital Contribution made towards Common Effluent Treatment Plant to Green Environment Service Co- Op. Society Ltd was shown under Long Term Loans & Advances as CETP was under construction in previous year. During the year under review as CETP construction was completed , it has been treated as Intangible Asset since the Company has 'right to use'.

1.9 Earning Per Share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive

earnings per shares, only potential equity shares that are dilutive and that increase loss per share are included.

1.10 Investments:

Investments are stated at cost of acquisition.

1.11 Retirement Benefits:

Contribution to Provident fund is charged to Profit and Loss accounts. Gratuity is charged to profit and loss accounts on the basis on actuarial valuation done. Leave encashment is charged to Profit & Loss accounts.

1.12 Accounting for Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax assets is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

1.13 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the Financials Statements.

1.14 Change in Accounting Policies:

No change in accounting policy during the period under review.

1.15 Foreign exchange transactions.

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

1.16 Impairment of Assets :

Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that carrying amount may not be recoverable. And impairment loss

is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is higher of the asset's net selling price and value in use.

1.17 OTHER NOTES

1.17.1 Estimated amount of contracts remaining to be executed on Capital commitment net of advances: Rs. 7.11 lacs (P.Y. Rs.45.00 Lacs)

1.17.2 Previous years figure have been regrouped and / or rearranged wherever consider necessary to confirm to the present year's grouping.

1.17.3 Contingent liability

a. The Company has received a show cause notice for FY 2009-10 & 2010-11 vide reference no. 37000202640000304/Ins V dated 30/04/2013 from Employee State Insurance Corporation, Regional Office. Recovery of liability is determined of Rs.11.98 Lacs.

b. The disputed statutory dues aggregating Rs.1.95 Lacs that have been deposited on account of disputed matters pending before appropriate authorities 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 115 JB	1.95	AY 2006-07	CIT (Appeal), Baroda

1.18 PAYMENTS TO AUDITORS

Audit fees: Rs. 90,000/- (excluding taxes)

1.19 DIRECTORS REMUNERATION: Salary of Rs. 30,00,000/- & Bonus – Rs. 3,30,000/-

1.20 Balances due to / from third parties are subject to confirmation, reconciliation, and/or adjustments, if any.

1.21 In the opinion of the Board, Loans and Advances and Current Assets are approximately of the value stated, if realized in the ordinary course of business.

1.22 Undisputed Statutory Liability outstanding for more than six months is Nil.

1.23 Net Exchange Gain included in the profit and loss account is Rs. 7,38,989/-.

1.24 Value of imports on CIF basis	2012-13	2011-12
	Rs. 35.97 Lacs	Rs. 44.13 lacs

1.25 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 requirements in this regard as per Schedule VI of companies Act, 1956 could not be provided.

1.26 Earning in Foreign Exchange

FOB Value of Direct Export: Rs. 549.38 lacs (P.Y.: Rs. 487.95 lacs)

1.27 Extra ordinary item :

During the year under review, the Company has outstanding liability of Rs.143.62 Lacs as on 01/04/2012 of Term Loan of M/s Charotar Nagrik Sahakari Bank. The Company applied for one time settlement of its liabilities and obtained settlement order dated 16/07/12 determining total repayment of Rs.495.41 Lacs. The Company was supposed to discharge aforesaid liability by July'13. But the Company repaid the entire term loan liability during the year under review and received No Due Certificate from the Bank dated 05/04/2013. Additional liability of Rs.351.79 Lacs (Rs.495.41 less Rs.143.62 Lacs) has been reduced by Investment in shares & share linking deposit of Rs.6.44 Lacs. Net figures of Rs.345.35 Lacs charged to Profit & Loss A/c as Extraordinary item.

1.28 Related Party Disclosures as required by AS-18

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

Nature of transactions	Amount (in lacs)
Payment for Remuneration	33.30

1.29 Key Management Personnel:

Piyushbhai N. Patel, Managing Director

Shrinal Piyush Patel, Director

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

Notes forming part of Financial Statement

Note 2 Share capital

2.1	Share Capital	As at 31 March 2013		As at 31 March 2012	
		Number	₹	Number	₹
	<u>Authorised</u> Equity Shares of ` 10 each	11,000,000	110,000,000	11,000,000	110,000,000
	<u>Issued</u> Equity Shares of ` 10 each	7,509,800	75,098,000	7,509,800	75,098,000
	<u>Subscribed & Paid up</u> Equity Shares of ` 10 each fully paid	7,509,800	75,098,000	7,509,800	75,098,000
	Total	7,509,800	75,098,000	7,509,800.00	75,098,000.00

2.2	Particulars	Equity Shares	
		Number	₹
	Shares outstanding at the beginning of the year	7,509,800	75,098,000
	Shares Issued during the year	-	-
	Shares bought back during the year	-	-
	Shares outstanding at the end of the year	7,509,800	75,098,000

Shareholders' holding more than 5%

2.3	Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
	Shardaben J Patel	1081000	14.39%	1081000	14.39%
	Shrinal Patel	639000	8.51%	646660	8.61%
	Piyush Patel	581300	7.74%	625400	8.33%

Note 3 Reserves and surplus

Reserves & Surplus	As at 31 March 2013	As at 31 March 2012
	₹	₹
a. Securities Premium Account		
Opening Balance	5,375,000	5,375,000
Closing Balance	5,375,000	5,375,000
b. Revaluation Reserve		
Opening Balance	12,136,953	12,136,953
Closing Balance	12,136,953	12,136,953
c. Gratuity Reserve		
Opening Balance	1,271,227	823,268
(+) Current Year Transfer	154,361	447,959
(-) Written Back in Current Year		
Closing Balance	1,425,588	1,271,227
d. Surplus		
Opening balance	-9,234,273	-56,449,695
(+) Net Profit/(Net Loss) For the current year	8,287,073	47,215,422
Closing Balance	-947,200	-9,234,273
Total	17,990,341	9,548,907

Notes forming part of Financial Statement

Note 4 Long-term borrowings

	Long Term Borrowings	As at 31 March 2013	As at 31 March 2012
		₹	₹
4.1	<u>Secured</u>		
	(a) Term loans		
	from Kotak Mahindra Prime Ltd (Secured By Hire Purchase of Vehicles where the vendors have a lien on and right of repossession of specific assets)	4,585,007	11,718,500
	from Charotar Nagrik Sahakari Bank (Secured By Second charge over movable plant & machinery of the company)	-	14,362,136
	Terms of Repayment :		
	from Kotak Mahindra Prime Ltd		
	Loan against Mercedes Car is repayable in 36 Equal Monthly installments (Last installment due date in Mar-14)		
	Loan against Range Rover Car is repayable in 36 Equal Monthly installments (Last installment due date in Apr-15)		
	Loan against BMW Car is repayable in 36 Equal Monthly installments (Last installment due date in Jul-13)		
	from Charotar Nagrik Sahakari Bank		
	The Company has repaid entire loan. Detailed explanation is provided in Point No.11 of Annexure to Auditors' Report.		
4.2	<u>Unsecured</u>		
	from other parties	36,309,710	15,168,570
	There is no specific Terms of repayment agreed between the Company and party. It depends upon liquidity position of the Company		
		40,894,717	41,249,206
	Total	40,894,717	41,249,206

Note 5 Long-term provisions

	Long Term Provisions	As at 31 March 2013	As at 31 March 2012
		₹	₹
	Provision for Income Tax	3,000,000	14,300,000
	Less : MAT Credit	836,087	-
	Less : Earlier Year Income Tax provision	14,802	-
	Total	2,149,111	14,300,000

Note 6 Trade payables

	Trade Payables	As at 31 March 2013	As at 31 March 2012
		₹	₹
	Micro, Small & Medium Enterprises	-	-
	Others	160,563,505	80,010,937
	Total	160,563,505	80,010,937

ISHAN DYES & CHEMICALS LTD

Notes forming part of Financial Statement

Note 7 Other current liabilities

<u>Other Current Liabilities</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
Statutory Liabilities	1,490,067	1,520,908
Other Current Liabilities (Maturity within one year)	7,036,109	27,799,600
Repayment due within 1 year		
Secured		
(a) Term loans		
from Kotak Mahindra Prime Ltd	7,036,109	7,360,054
(Secured By Hire Purchase against Vehicles)		
	7,036,109	7,360,054
Unsecured		
from other parties	-	20,439,546
(The company has not determined the repayment liability with the party and hence the amount payable within one year is considered as the same as previous year based on the managements perception of ability to repay for the current year. However the repayment would vary with any change in liquidity situation)		
	-	20,439,546
Total	8,526,176	29,320,508

Note 8 Short-term provisions

<u>Short Term Provisions</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Provision for employee benefits		
Salary & Reimbursements	458,016	654,656
Exgratia	-	258,618
Leave Encashment	364,417	174,421
Bonus	1,267,799	1,247,266
(b) Others		
Interest	-	61,817
Duty & Taxes payable on Finished Goods	364,094	364,094
Other Exps	29,286	75,655
Total	2,483,612	2,836,527

Note 10 Non-current investments

<u>Particulars</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Investment in Share of Co Op Bank	-	475,500
(b) Investment in Share Linking Deposit	-	30,869
(c) Investments in Others	5,000	5,000
Total	5,000	511,369

Note 11 Deferred Tax Assets (Net)

<u>Particulars</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
Opening Balance	3,351,697	
<u>Deferred Tax Liability</u>		
Provisions	-279,145	-873,716
<u>Deferred Tax Asset</u>		
Depreciation on Fixed Assets	-1,343,181	4,225,413
Total	2,287,661	3,351,697

Notes forming part of Financial Statement

Note 12 Long-term loans and advances

Long Term Loans and Advances	As at 31 March 2013	As at 31 March 2012
	₹	₹
a. Capital Advances Unsecured, considered good	1,409,819	1,409,819
b. Security Deposits Unsecured, considered good	3,192,149	2,194,150
c. Other loans and advances Unsecured, considered good Deposit for CETP	-	8,550,000
d. MAT Credit Entitlement Less: MAT Credit	11,637,252 836,087	- -
Total	15,403,133	12,153,969

Note 13 Inventories

Inventories	As at 31 March 2013	As at 31 March 2012
	₹	₹
a. Raw Materials and components	18,291,923	9,409,013
b. Work-in-progress	52,689,204	48,832,596
c. Finished goods	1,218,351	2,389,315
d. Stores and spares	1,307,968	641,221
f. Fuel	205,913	800,000
g. ETP Material	248,084	-
Total	73,961,443	62,072,145

Note 14 Trade receivables

Trade Receivables	As at 31 March 2013	As at 31 March 2012
	₹	₹
Trade receivables outstanding for a period less than six months from the date they are due for payment Unsecured, considered good	125,197,007	79,457,961
	125,197,007	79,457,961
Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured, considered good	2,409,295	327,411
	2,409,295	327,411
Total	127,606,302	79,785,372

Notes forming part of Financial Statement

Note 15 Cash and cash equivalents

Cash and cash equivalents	As at 31 March 2013	As at 31 March 2012
	₹	₹
a. Balances with banks*		
Guarantee (for GPCB)	56,674	56,674
In Current Account	222,043	2,137,040
b. Cash on hand	47,239	14,584
Total	325,956	2,208,298

Note 16 Short-term loans and advances

Short-term loans and advances	As at 31 March 2013	As at 31 March 2012
	₹	₹
Balance with Government Authorities	2,237,759	3,378,945
Deposits	18,642	18,642
Others	2,353,831	763,600
Total	4,610,232	4,161,187

Note 9 Fixed assets

	Rate of Depreciation	Gross Block				Accumulated Depreciation				Net Block		
		Balance as at 1 April 2012	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31 March 2013	Balance as at 1 April 2012
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a												
Tangible Assets												
Land		18,744,820	-			18,744,820	0			-	18,744,820	18,744,820
Factory Building	3.34%	15,441,688	288,778			15,730,466	520,985			8,909,841	7,052,832	6,820,625
Office Building	1.63%	5,006,230	-			5,006,230	81,602			400,817	4,687,015	4,605,413
Electrical Fittings	10.34%	10,796,277	-			10,796,277	1,116,335			7,843,718	4,068,894	2,952,559
Plant and Machinery	4.75%	50,774,128	-			50,774,128	2,411,771			45,316,296	7,869,603	5,457,832
Plant and Equipment	10.34%	133,260,821	3,042,892			136,303,713	13,906,760			1,089,043	10,791,151	72,717
Laboratory Equipments	10.34%	2,163,323	-			2,163,323	223,688			1,089,043	1,297,968	1,074,280
Office Equipments	4.75%	3,078,192	194,369			3,272,561	152,352			698,019	2,532,525	2,574,542
Computers	16.21%	1,050,252	23,500			1,073,752	172,479			684,238	538,493	389,514
Furniture and Fixtures	6.33%	1,630,919	-			1,630,919	103,237			479,042	1,255,114	1,151,877
Vehicles	9.50%	32,560,685	1,713,619			34,274,304	4,086,052			7,327,495	28,474,633	26,946,809
Total		274,507,335	5,263,158	-	-	279,770,493	21,930,651	-	-	209,124,938	87,313,048	70,645,555
b												
Intangible Assets												
ISO Exp & Webhosting Exp.	20%	323,820				323,820	64,764			293,483	95,101	30,337
Green Environment	10%		11,250,000			11,250,000	752,055			752,055	-	10,497,945
Novel Spent	10%		1,800,000			1,800,000	180,000			180,000	-	1,620,000
Misc. Exps		701,400				701,400	-			701,400	-	-
Total		1,025,220	13,050,000	-	-	14,075,220	996,819	-	-	1,926,938	95,101	12,148,282
c												
Capital Work in Progress												
		711,897	-			711,897	-			-	711,897	711,897
Total		711,897	-	-	-	711,897	-	-	-	-	711,897	711,897
d												
Intangible assets under Development												
		-	-			-	-			-	-	-
Total		-	-	-	-	-	-	-	-	-	-	-
Grand Total		276,244,452	18,313,158	-	-	294,557,610	22,927,470	-	-	211,051,876	88,120,046	83,505,734
Previous Year		248,317,863	27,926,589	-	-	276,244,452	20,754,141	(255,889)	-	188,124,406	80,691,709	88,120,046

Notes forming part of Financial Statement

Note 17 Revenue from operations

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Sale of products	787,514,290	725,519,769
Less:		
Excise duty	66,789,228	51,559,267
Total	720,725,062	673,960,502

Note 18 Other income

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Interest Income	280,708	135,975
Gujarat Sales Tax Revesal	541,992	-
Export Incentive	1,786,009	1,941,992
Foreign Exchnage Fluctuation	738,989	1,800,384
Discounts	240,933	237,644
Job Work Charges	-	-
Others	700	61,231
Total	3,589,331	4,177,226

Note 19 Cost of materials consumed

Cost of Material Consumed	For the year ended 31 March 2013		For the year ended 31 March 2012	
	₹		₹	
Material				
Opening Stock	9,409,013		9,351,323	
Add : Purchase	533,513,525		468,278,580	
Less : Closing Stock	18,291,923		9,409,013	
Consumption	524,630,615		468,220,890	
Imported	5,416,232	1%	4,269,094	1%
Indigenous	519,214,383	99%	463,951,795	99%
Total	524,630,615		468,220,890	

Note 20 Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Changes In Inventories Of Work-In-Process, Finished Goods, Stock-In-Trade	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Closing Balance		
Work-in-process	52,689,204	48,832,596
Finished goods	1,218,351	2,389,315
Stock-in-trade		
Total	53,907,555	51,221,911
Less : Opening Balance		
Work-in-process	48,832,596	33,106,851
Finished goods	2,389,315	1,297,812
Stock-in-trade		
Total	51,221,911	34,404,663
Net increase/(decrease) in inventories	2,685,644	16,817,248

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Note 21 Employee benefits expense

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Salaries & Wages	15,322,534	30,210,316
Contribution to PF & Other Funds	2,671,540	1,611,938
Staff Welfare Exp	893,586	1,853,366
Total	18,887,660	33,675,620

Defined Benefits Plan as per actuarial valuation are as follows :

Particulars

Particulars	Gratuity	
	2012-13	2011-12
Expenses recognised in Statement of Profit & Loss for the year ended 31st March, 2013		
Current service cost	188,934	213,335
Interest cost	105,664	67,920
Expected return on plan assets	-	-
Net actuarial losses/(gains)	(83,988)	(357)
Past Service Cost	-	167,061
Total Expenses	210,610	447,959

Reconciliation of opening and closing balances of changes in present value of the Defined Benefit obligation:

Particulars	Gratuity	
	2012-13	2011-12
Obligation at the beginning of the year	1,271,227	823,268
Service cost	188,934	213,335
Interest cost	105,664	67,920
Actuarial loss/(gain)	(83,988)	(357)
Past Service Cost	-	167,061
Loss/(Gain) on curtailment	-	-
Liability extinguished on settlement	-	-
Benefits paid	-56,250	-
Obligation at the end of the year	1,425,587	1,271,227

Reconciliation of opening and closing balances of changes in fair value of plan assets

Particulars	Gratuity	
	2012-13	2011-12
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial loss/(gain)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-
Experience adjustment	-	-
Present value of Defined Benefit Obligation as at the end of the year	1,425,587	1,271,227
Experience adjustment on plan liabilities	1,425,587	29,133
Experience adjustment on plan assets	-	-
Past Service Cost	-	167,061
Actuarial loss/(gain) due to change in assumptions	43,342	(29,490)
Actuarial loss/(gain) due to participant experience	-127,330	29,133

Net liability reconised in the Balance Sheet as at 31st March, 2013

Particulars	Gratuity	
	2012-13	2011-12
Defined Benefit Obligation as at the end of the year	1,425,587	1,271,227
Fair Value of plan assets as at 31st March, 2013	-	-
Present Value of unfunded obligation recognised as liability as at 31st March, 2013	1,425,587	1,271,227

Actual Return on Plan Assets

Actuarial assumptions	2012-13	2011-12
	Discount Rate	8.20%
Expected rate of return on plan assets		
Expected rate of salary increase	5.00%	5.00%
Mortality	LIC (1994-96) published table of mortality rates	
Withdrawal rates	5% at younger ages and reducing to 1% at older ages	

Retirement Age

58 years

Actuarial Valuation Method

Projected Unit Credit Method

Defined Contribution Plans

Rs 2,10,610 (P.Y. Rs 4,47,959) recognised as an expense and included in Contribution to Provident and Other Funds

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Note 22 Finance costs

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Interest expense	12,219,722	13,279,381
Other borrowing costs	420,432	166,261
Total	12,640,154	13,445,643

Note 23 Other expenses

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Manufacturing Exp		
Consumption of stores and spare parts	19,084,039	18,926,213
Power and fuel	62,295,301	53,165,327
Repairs & Maintenance - Others	860,967	600,643
Repairs to machinery	3,937,476	3,221,086
Pollution Control & Effluent Treatment Exp	4,750,938	3,963,638
Job Work Charges	4,673,400	2,862,324
Administrative Expenses		
Professional Fees	913,674	2,239,280
Insurance	492,160	450,927
Rent, Rates and taxes, excluding, taxes on income	134,185	533,615
Auditor's Remuneration	375,942	90,000
Office & Factory Exp	1,456,475	1,198,951
Vehicle Running Exp	698,968	713,309
Travelling & Conveyance Exp	3,930,083	1,989,942
Promotional Exp	-	35,988
Sales Tax Exp	-	111,192
Donation	50,000	111,000
Excise & Service Tax Exp	694,289	547,117
Communication Exp	442,475	474,200
Legal Exp	61,186	254,366
Security Charges	602,728	597,492
Printing & Stationery	115,260	147,408
Miscellaneous expenses	478,045	269,575
Penalty Exp	16,000	-
Selling and Distribution Expenses		
Freight Outward	6,921,071	6,079,914
Selling & Distribution Exp	420,114	395,903
Total	113,404,775	98,979,410

Note 24 Exceptional items

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Insurance Exp	667,911	351,780
Listing Exp	-	606,790
Total	667,911	958,570

ISHAN DYES & CHEMICALS LTD

Note 25 Extraordinary Items

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Assessment Tax		-848,258
Prior Period Adjustments		378,652
CNSB Loan Repayment Exp.	34,535,677	
Sales Tax Reversal		971,803
Loss of sales of Vehicles		254,781
Total	34,535,677	756,978

Note 26 Contingent Liabilities

Particulars	For the year ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
Income Tax	195,000	195,000
ESIC (Please refer to Point No.9(b) in Auditors' Report)	1,198,094	-
Total	1,393,094	195,000

Note 27 Earning Per Share

	2012-13	2011-12
27.1 Basic		
No of Equity Shares at the end of the year	7,509,800	7,509,800
Weighted No. of Equity Shares at the end of the year	7,509,800	7,509,800
Profit for calculation of EPS (in Rs.)	8,287,073	47,215,422
Basic Earning Per Equity Share (in Rs.)	1.10	6.29
Nominal Value of Equity Share (in Rs.)	10.00	10.00
27.2 Diluted		
Weighted Average No. of Equity Shares at the end of the year	7,509,800	7,509,800
Add : Weighted Avg No of potential Equity Shares at the end of the year	-	-
Weighted Average No. of Equity Shares at the end of the year for diluted EPS	7,509,800	7,509,800
Profit for calculation of EPS	8,287,073	47,215,422
Diluted Earning Per Equity Share	1.10	6.29

ISHAN DYES & CHEMICALS LTD

ISHAN DYES & CHEMICALS LTD
Cash Flow Statement for the year ended 31st March, 2013

(In ₹)

Particulars	Note No.	Year ended	
		31st March, 2013	31st March, 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax as per Profit and Loss Statement		(694,225)	58,163,725
Adjustments for :			
Provision for Income Tax		(11,300,000)	14,300,000
Provision for Income Tax written back of earlier years		1,408,082	-
Cash flow from exceptional and extraordinary items		35,203,588	1,715,548
Depreciation and Amortization Expenses		22,927,470	20,754,141
Finance Costs		12,640,154	13,445,643
Interest Income		(280,708)	(135,975)
Adjustments for Working Capital changes :			
Inventories		(11,889,297)	(16,929,060)
Trade Receivables		(47,820,930)	33,727,554
Loans and Advances		(3,698,209)	(9,947,678)
Trade Payables		80,552,568	(38,392,039)
Other Current Liabilities		(20,794,332)	(1,369,724)
Short-term Provisions		(198,554)	1,717,736
Long Term Provisions		(850,889)	-
Cash flow from exceptional and extraordinary items		(35,203,588)	(1,715,548)
Cash generated from operations			
Income Taxes Paid		(3,000,000)	(14,300,000)
MAT Credit availed		11,637,252	-
Net cash flow from operating activities		28,638,381	61,034,322
CASH FLOW FROM INVESTING ACTIVITIES			
Addition of Tangible / Intangible Assets (Net)		(18,313,158)	(28,182,478)
Sale of Fixed Assets		-	-
Interest Income		280,708	135,975
Sale of Non Current Investment		506,369	-
Net cash flow from investing activities		(17,526,081)	(28,046,503)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long-term Borrowings			
Repayment of Borrowings		(354,489)	(22,400,672)
Finance Costs		(12,640,154)	(13,445,643)
Net cash flow from financing activities		(12,994,643)	(35,846,315)
Net increase/decrease in Cash and Cash Equivalents		(1,882,342)	(2,858,495)
Opening balance of Cash and Cash Equivalents		2,208,298	5,066,793
Closing balance of Cash and Cash Equivalents		325,956	2,208,298

In terms of our report attached
G S MATHUR & CO
Chartered Accountants
Bhargav
Partner Vaghela
MEM. NO : 124 619
FRN: 008744N
Place : Ahmedabad
Date : 29/05/2013

For and on behalf of Board of Directors

Piyush N. Patel Shrinal P. Patel
Managing Director Director

Place : Ahmedabad
Date : 29/05/2013