



DYNEMIC PRODUCTS LIMITED

(The Company was originally incorporated on 14th June 1990 as DyNemic Products Private Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 13886. The name was subsequently changed to DyNemic Products Limited vide fresh certificate of incorporation dated 28th January 1993)

Registered Office & Corporate Office: B- 301, Satyamev Complex-1, Opp. New Gujarat High Court, S.G. Highway, Sola, Ahmedabad-380 060, Gujarat, India.

(At the time of incorporation, the registered office of the company was situated at 18, Harshad Chambers, Ajod Dairy Road, Rakhial, Ahmedabad which was then shifted to 103, Himadri Office Complex, Near Toran Dinning Hall, Opp: Sales India, Ashram Road, Ahmedabad-380 009 w.e.f. 31-12-1992 and thereafter w.e.f. 6-11-2003 the Registered office of the Company has been shifted to B-301, Satyamev Complex-1, Opp New Guj High Court, S.G Highway Sola, Ahmedabad –380060).

Tel: 0091-79-27773071/2/3 Fax: 0091-79-27432176 **E-mail:** cs@dynemic.com; **Website:** www.dynemic.com

Contact person: Ms. Reena K. Desai, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 44,21,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 25 PER SHARE (i.e. AT A PRICE OF RS.35 PER SHARE) AGGREGATING TO RS.1547.35LACS

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- PER EQUITY SHARE AND THE ISSUE PRICE OF RS. 35 PER EQUITY SHARE IS 3.5 TIMES OF THE FACE VALUE. THE ISSUE WOULD CONSTITUTE 39.03 % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF DYNEMIC PRODUCTS LIMITED.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of DyNemic Products Limited (the “Company”), there has been no formal market for the Equity Shares of the Company. **The face value of shares is Rs.10/- and the issue price is 3.5 times of the face value.** The Issue Price (as determined by the Company in consultation with the Lead Manager and as stated under “basis for issue price” paragraph on page no. 33 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.



GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Prospectus

Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page vii of this Prospectus.

COMPANY’S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

| LEAD MANAGER | REGISTRAR |
|--|--|
|  <p>CENTRUM CAPITAL LIMITED SEBI Regn No. INM000010445 UIN No. 100016915 AMBI Reg. No: AMBI /087 Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020. Tel: +91-22- 2202 3838 Fax: +91-22- 2204 6096 Website: www.centrum.co.in Email: dynemic@centrum.co.in Contact Person: Mr. Mayank Dalal</p> |  <p>BIGSHARE SERVICES PVT. LTD SEBI Regn No. INR000001385 UIN No.100003467 Address of the Registrare-2, Ansa Industrial Estate, Saki Vihar Road,Saki Naka, Andheri (East), MUMBAI: 400 072. Tel: +91 – 22 – 28470652 Fax: +91 – 22 – 28475207 Website: www.bigshareonline.com Email: ipo@bigshareonline.com Contact Person: Mr N.V.K.Mohan</p> |

ISSUE SCHEDULE

ISSUE OPENS ON : WEDNESDAY, JANUARY 18, 2006 ISSUE CLOSES ON : WEDNESDAY, JANUARY 25, 2006

LISTING

The equity shares are proposed to be listed on Bombay Stock Exchange Limited, the Designated Stock Exchange (BSE). The company has received an in principle approval for listing of the equity shares issued from BSE vide its letter no.DCS/Smd/sm/ 2005 dated November 21, 2005.

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SECTION: I: DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

| TERM | DESCRIPTION |
|--|--|
| Articles / Articles of Association / AoA | Articles of Association of the Company |
| Companies Act | The Companies Act, 1956, as amended from time to time for the time being in force |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time for the time being in force |
| Depository Participant | A depository participant as defined under the Depositories Act |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force |
| Financial Year/FY / Fiscal | Period of twelve months ended March 31 st of that particular year |
| FIs | Financial Institutions |
| FII/ Foreign Institutional Investor | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IT Act | The Income-Tax Act, 1961, as amended from time to time and for the time being in force |
| Memorandum / Memorandum of Association / MOA | The Memorandum of Association of Dynamic Products Limited |
| NRI / Non-Resident Indian | A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000. |
| OCB | Overseas Corporate Bodies |
| SCRR | Securities Contracts (Regulations) Rules, 1957 as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force |
| SEBI Guidelines | SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |

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II. OFFERING-RELATED TERMS:

| TERM | DESCRIPTION |
|---|--|
| Allotment | Unless the context otherwise requires, issue of equity shares pursuant to this Issue |
| Allottee | The successful applicant to whom the Equity Shares are being / or have been issued or transferred |
| Applicant | Any prospective investor who makes an application pursuant to the terms of this Prospectus |
| Application Forms | The Form in terms of which the investors shall apply for the equity shares of the company. |
| Banker(s) to the Issue | CITIBANK N.A and HDFC Bank Ltd. |
| Issue Opening Date | The date on which the issue opens for subscription. |
| Issue Closing Date | The date on which the issue closes for subscription. |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms |
| Lead Manager | Lead Manager to the Issue, in this case being CENTRUM CAPITAL LIMITED |
| BSE | Bombay Stock Exchange Limited. |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| D/E Ratio | Debt-Equity Ratio |
| Designated Stock Exchange | Bombay Stock Exchange Limited (The Stock Exchange, Mumbai) |
| DP | Depository Participant |
| Equity Shares | Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof |
| Face Value | Face Value of equity shares of the Company being Rs. 10/- each |
| First Applicant | The applicant whose name appears first in the Application Form |
| GIR Number | General Index Registry Number |
| INR/ Rs | Indian National Rupee |
| Fresh Issue/ Issue/ Offer/ Public Issue | Public issue of 44,21,000 new Equity Shares of Rs.10/- each for cash at the issue price of Rs. 35 aggregating to Rs. 1547.35 lacs by the company in terms of this Prospectus |
| Issuer | Dynemic Products Limited |
| Issue Price | The final price at which Equity Shares will be issued and allotted in terms of this Prospectus. |
| Non-Retail Applicants | All applicants that are not Retail Individual applicants |
| Non-Retail Portion | The portion of the Issue that is available for allocation to Non-Retail Applicants, in this being a minimum of 22,05,500 Equity Shares of Rs.10 each |
| PAN | Permanent Account Number |
| Permanent Employees | Permanent Employees of the Company as on September 30, 2005 |



| TERM | DESCRIPTION |
|---|--|
| Qualified Institutional Buyers or QIBs | Public Financial Institutions as specified in Section 4A of the Companies Act, FIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds and pension funds with a minimum corpus of Rs 250 mn. |
| ROC | Registrar of Companies, Dadra and Nagar Haveli, Gujarat |
| Registrar / Registrar to the Issue | Registrar to the Issue, in this case being Bigshare Services Private, Limited, having its registered office as indicated on the cover page of this Prospectus |
| Retail Applicants/ Retail Individual Applicants | Retail Individual Applicants (including HUFs and NRIs) who have applied for a securities of or for an amount not more than Rs. 100,000 in the Issue |
| Retail Portion | The portion of the Issue being minimum of 22,05,500 Equity Shares of Rs.10 each available for allocation to Retail applicant(s) |
| Stock Exchange | BSE |

COMPANY/ INDUSTRY-RELATED TERMS:

| TERM | DESCRIPTION |
|---|---|
| AGM | Annual General Meeting |
| Articles / Articles of Association / AOA | Articles of Association of the Company |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| Auditors | The statutory auditors of the Company M/s Shah Rajesh & Associates, Chartered Accountants |
| AAS | Atomic Absorption Spectrophometer |
| Board of Directors | The Board of Directors of Dymenic Products Limited or a committee thereof |
| CETP | Common Effluent Treatment Plant |
| Compliance Officer | Compliance Officer of the Company in this case, Ms. Reena K. Desai, Company Secretary |
| Dymenic Products Limited/ DPL/We/ Us/ the Company/ the issuer | Unless the context otherwise indicates or implies refers to Dymenic Products Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at B-301, Satyamev Complex-1, Opp. New Gujarat High Court, S.G. Highway, Sola, Ahmedabad-380 060, Gujarat, India |
| Director(s) | Director(s) of the Company unless otherwise specified |
| DEO | Di Ethyl Oxolate |
| D.C.S.P.C.P. | 1 (2:5 Dichloro 4 Sulfophenyl) 3 Carboxy 5 Pyrazolone |
| Equity Shares | Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof |
| Equity Shareholders | Persons holding Equity shares of the Company unless otherwise specified in the context otherwise. |
| E.T.P. | Effluent Treatment Plant |

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| TERM | DESCRIPTION |
|--|---|
| EINECS | European Inventory of existing Chemical & Substance |
| Face Value | Value of Equity Share, in this case Rs. 10/- each. |
| FVCI | Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 |
| HACCP | Hazard Analysis and Critical Control Point |
| HP | Horse Power |
| HT | High Tension |
| HCL | Hydrochloric Acid |
| ICD | Inland Container Depot |
| JNPT | Jawaharlal Nehru Port Trust |
| L.D.O. | Low Density Oil |
| Memorandum / Memorandum of Association / MOA | The Memorandum of Association of the Company |
| Methyl Ester | Aceto Acetic Methyl Ester |
| MFPI | Ministry Of Food Processing Industry |
| M. P. | 3-Methyl-5-Pyrazolone |
| Non-Resident | A person who is not a NRI, FII or a person resident in India |
| N.W. Acid | Nevile Winther's Acid |
| PCEP | 1-Phenyl-3-Carbethoxy-5- Pyrazolone |
| Promoter(s) | Persons whose name have been inserted as promoters as referred on page 79 of this Prospectus |
| PPM | Parts Per Million |
| P.C.O.SA | Para Cresidine Ortho Sulphonic Acid |
| P.C.P. | 1-Phenyl-3-Carboxy-5-Pyrazolone |
| PHPS | (1: 4 Phenyl Hydrazine para sulphonic acid_) |
| Registered Office of the Company | Registered Office of the Company situated at B- 301, Satyamev Complex-1, Opp. New Gujarat High Court, S.G. Highway, Sola, Ahmedabad-380 060, Gujarat, India |
| S.P.C.P. | 1:4 Sulphophenyl 3 Carboxy 5 Pyrazolone |
| V.S. Pyrazolone | 1-(2-Beta Hydroxy Ethyl Sulphophenyl)-3-Methyl-5-Pyrazolone |
| S.P.M.P | 1:4 - Sulphophenyl -3- Methyl-5-Pyrazolone |

In the section entitled "Main Provisions of Articles of Association of Dynamic Products Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.



III. ABBREVIATIONS:

| ABBREVIATION | FULL FORM |
|--------------|---|
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year |
| AGM | Annual General Meeting |
| AAS | Atomic Absorption Spectrophometer |
| BSE | Bombay Stock Exchange Limited |
| Centrum | Centrum Capital Limited |
| CAGR | Compounded Annual Growth Rate |
| Capex | Capital Expenditure |
| CDSL | Central Depository Services (India) Limited |
| CETP | Common Effluent Treatment Plant |
| D/E Ratio | Debt Equity Ratio |
| DP | Depository Participant |
| D.C.S.P.C.P. | 1(2:5 Dichloro 4 Sulfophenyl) 3 Carboxy 5 Pyrazolone |
| EBDITA | Earnings Before Depreciation, Interest, Tax and Amortization |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year-end. |
| DEO | Di Ethyle Oxolate |
| E.T.P. | Effluent Treatment Plant |
| EINECS | European Inventory of existing Chemical & Substance |
| FCNR Account | Foreign Currency Non Resident Account |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto. |
| FIs | Financial Institutions |
| FII(s) | Foreign Institutional Investors registered with SEBI under applicable laws. |
| FIPB | Foreign Investment Promotion Board |
| FY / Fiscal | Financial year ending March 31st |
| GIR Number | General Index Registry Number |
| Gol | Government of India |
| HCL | Hydrochloric Acid |
| HR | Human Resources |
| HUF | Hindu Undivided Family |
| HP | Horse Power |
| HT | High Tension |
| HACCP | Hazard Analysis and Critical Control Point |
| INR/ Rs | Indian National Rupee |

DYNEMIC PRODUCTS LIMITED

| ABBREVIATION | FULL FORM |
|------------------|---|
| ICD | Inland Container Depot |
| JNPT | Jawaharlal Nehru Port Trust |
| L.D.O. | Low Density Oil |
| M. P. | 3-Methyl-5-Pyrazolone |
| MOU | Memorandum of Understanding |
| MNC | Multi National Company |
| MP | Management Perception |
| Methyl Ester | Aceto Acetic Methyle Ester |
| MFPI | Ministry of Food Processing Industry |
| N. A. | Not Applicable |
| NRE Account | Non Resident External Account |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depositories Limited |
| NAV | Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares. |
| N.W. Acid | Nevile Winther's Acid |
| OCB | Overseas Corporate Bodies |
| P.C.O.SA | Para Cresidine Ortho Sulphonic Acid |
| P.C.P. | 1-Phenyl-3-Carboxy-5-Pyrazolone |
| P/E Ratio | Price/Earning Ratio |
| PAN | Permanent Account Number |
| PPM | Parts Per Million |
| PCEP | 1-Phenyl-3-Carbethoxy-5- Pyrazolone |
| PHPS | (1: 4 phenyl hydrazine para sulphonic acid_) |
| QIB | Qualified Institutional Buyer |
| RBI | The Reserve Bank of India |
| ROC | The Registrar of Companies, Dadra and Nagar Haveli, Gujarat. |
| RONW | Return on Net Worth |
| SEC. | Section |
| S.P.C.P. | 1:4 Sulphophenyl 3 Carboxy 5 Pyrazolone |
| S.P.M.P. | 1:4 - Sulphophenyl -3- Methyl-5-Pyrazolone |
| Schaeffer's Acid | 2-Hydroxy Naphthalene -6-Sulfonic Acid |
| VCF | Venture Capital Funds |
| V.S. Pyrazolone | 1-(2-Beta Hydroxy Ethyl Sulphophenyl)-3-Methyl-5-Pyrazolone |



SECTION II: RISK FACTORS

I FORWARD-LOOKING STATEMENTS AND MARKET DATA:

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, shall”, “will”, “will continue”, “will pursue”, “may” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

All forward-looking statements are subject to risk, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- Our ability to successfully implement our strategy and our growth and expansion plans;
- Increasing competition in and the conditions of the Indian and global Chemical and in particular food colour industry;
- Increases in employees costs, including wage levels of Chemist, technicians etc.;
- Changes in laws & regulations that apply to the chemical industry;
- Changes in political or social conditions in India.
- Changes in the value of the Indian rupee and other currencies, in particular the [U.S. Dollar];

For further discussion of factors that could cause our actual results to differ, please see “Risk Factors” beginning from this page. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. None of the Company or any of their respective affiliates has any obligation to update or otherwise revise any statements to reflect circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

MARKET DATA

Market data used throughout this Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.

All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India.

II RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Prospectus including the risks described below, in addition to the other information contained in this Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company’s business, results of operations and financial condition could suffer, the trading price of the Company’s Equity Shares could decline, and the investor may lose all or part of his investment.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

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Materiality:

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

1. Some events may not be material individually, but may be found material collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

RISK ARISING OUT OF OUTSTANDING LITIGATION AGAINST THE COMPANY:

● Tax Disputes

| Sr No | Party | Assessment Order Challenged' | Assessing Authority | Date Instituted | Claim Amount |
|-------|--|--|---|-----------------|----------------|
| 1 | Dynemic Products Limited V/s C I T | Disallowance of deduction u/s 80 HHC, 80IB of the Income Tax Act, disallowance from Profit For payment of interest to Sales Tax Authorities and disallowance of Written off of Preliminary Expense from Profit and Loss Account for the A.Y 2001-2002. | Assistant Commissioner of Income Tax A.R. | 26-4-2005 | Rs 11,57,336/- |

Case Dispute:

For the Assessment Year 2001-2002 The Assistant Commissioner Income Tax has disallowed deduction from Profit and loss Account on account of payment of interest on sales tax amounting to Rs 1.06 lacs, Preliminary expense written off amounting to Rs. 0.26 lacs, deduction under section 80 IB of the Income Tax Act amounting to Rs 9.53 lacs and deduction under section 80HHC of the Income Tax Act amounting to Rs 9.42 lacs. However the Company has deposit the said amount with Income tax Authorities and preferred an appeal before Income tax appellate tribunal, Ahmedabad.

INTERNAL RISK FACTORS

1. PROMOTERS ARE FIRST GENERATION ENTREPRENEURS

The company is promoted by first generation entrepreneurs in the food colour, dye intermediates industry

MANAGEMENT PERCEPTION: The Promoters Mr Bhagwandas K Patel, Mr Rameshbhai B Patel, Mr Dashrathbhai P Patel & Mr Shashikant P Patel has 15 years of experience each in the field of manufacturing, trading and export of various dye, intermediates and Food Colour Products & Mr Dixit B Patel is having an experience of 3 years in the field of Marketing of Dye Intermediates & Food Colour. Further the Company has also employed a team of professional with several years of relevant experience to look after day to day operation of the Company.

2. SUCCESS OF THE COMPANY DEPENDS ON SENIOR MANAGEMENT.

The Company's success on a large scale depends upon its senior management, Directors and key personnel and its ability to attract and retain them.

MANAGEMENT PERCEPTION: Our future performance will depend upon the continued services of senior management, Directors and key personnel. Qualified & experienced people are in demand, and in the light of paucity of talented manpower, salary expectations are growing faster than revenue growth & hence retaining key personnel and recruiting fresh talent will be the challenges the company will have to face.



3. COMPANY'S BUSINESS IS PRONE TO ACCIDENT.

Improper handling of dangerous materials in our business may result into accidents, which could create significant liabilities that would lower profits of the company. The Company handle explosive and combustible materials. If such materials are handled incorrectly or are subjected to unsuitable conditions then they could harm employees of the company, other persons and the environment and cause damage to our properties.

MANAGEMENT PERCEPTION: The Company has employed skill manpower to handle materials and machines, further extensive training is provided in house to handle materials and machines. The units of the Company has been under cover of insurance from any untoward event viz Fire, Earthquake.

4. COMPANY'S ENTIRE FACILITIES ARE GEAGROPHICALLY LOCATED IN ONE AREA.

Both the plants of the Company are located in Ankleshwar. As a result if there is any localized social unrest, natural disaster or breakdown of services and utilities, it may affect the business of the company. In addition, continuous addition of industries in and around Ankleshwar without commensurate growth of its infrastructure facilities is putting a pressure on the existing infrastructure at Ankleswar thereby, which may affect the business of the company.

5. COMPANY HAS NOT YET PLACED ORDERS FOR THE MACHINERY FOR THE PROPOSED EXPANSION

For the proposed expansion, the Company has received quotation for some of the Machinery and services and for some of the Machinery Quotation has received but the same has been expired, However the company has not place orders for the same and for some of the Machinery and services the Company has not obtained quotation nor placed any orders. For details please refer to the section titled "Objects of the Issue" on page 19 of this Prospectus. Any increase in prices of these machinery and services may adversely affect our estimates of project cost

6. THE COMPANY IS EXPOSED TO FOREIGN CURRENCY RISK

The Company is exposed to foreign exchange risk since significant portion of the company's revenues are denominated in U.S. Dollars and other foreign currencies while its costs are denominated in Indian Rupees. Hence the financial performance of the company is vulnerable to fluctuations in the foreign exchange rates.

7. TAX BENEFIT

The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase future tax liabilities of the Company and hence pressure on the profits in future.

MANAGEMENT PERCEPTION: Policies of Government of India pertaining to exports have been favorable in the past and it is expected that the policies will continue to be beneficial to the export sector. Further both the Units of the company are 100% EOU and Company enjoy tax holiday status till 2008-09. For details refer to the section entitled "Tax Benefits" on page 34 of this Prospectus.

8. FURTHER ISSUE OF EQUITY SHARES.

The Company is in the pace of rapid growth and in future the company may require further issue of equity shares to satisfy the capital needs of the company for any further expansion thus any future equity offerings by the Company may lead to dilution of shareholding or may affect the market price of our equity shares

MANAGEMENT PERCEPTION: The major part of capital requirements of the proposed expansion is being raised through this IPO and balance through Debt & Internal Cash Accruals. However, the actual amount and timing of future requirements may differ from our estimates due to unforeseen delay or unanticipated expenditure, cost overrun, regulatory changes, technological changes etc., and if company decides to raise additional funds through the incurrence of debt, the interest obligation would increase and may subject to additional covenants, which could limit the company ability to access cash flows from the operations. If we decide to raise additional funds through the issuance of equity, the shareholding of the existing shareholders in the company is likely to be diluted.

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9. FLUCTUATIONS IN THE RATE OF DIVIDEND DECLARED IN THE LAST FIVE YEARS.

Even though the profitability of the company has increased during the last 5 years, the company had declared & paid dividend in three of the last 5 years only

MANAGEMENT PERCEPTION: The Company has decided to plough back its profit for expansion of company's infrastructure & growth and at the same time the company has issued bonus shares in 2004 for enhancing the share of equity shareholders in the Company.

10. DELAY IN PROJECT IMPLEMENTATION WILL LEAD TO COST OVERRUN.

MANAGEMENT PERCEPTION: The management of the company is keen to implement the project in time and has planned that no delay will be caused during the project implementation, which shall result into timely completion of the project and avoidance of cost overrun.

11. TITLE FOR RESIDENTIAL PROPERTIES

Title of certain residential Buildings purchased specifically to provide accommodation to employees of the Company is in the name of the employees.

MANAGEMENT PERCEPTION: Since there were restrictions under Local Laws like Co-operative Society Act, the company was not in the position to acquire the title of property in the name of company from Co-Operative Society; however, the company has in its possession the Shares Certificate, Possession Letter and Allotment Letter. Further, from the point of view of more security, Company has obtained necessary affidavits and other documents in its interest, even though the value of Property is insignificant in the total Block of Fixed Assets .

12. CONSOLIDATED RESULTS NOT GIVEN

Company has a Subsidiary named Dynamic USA INC as on 31st August 2005, However the Company has not given the consolidated results for the period 31st August 2005.

MANAGEMENT PERCEPTION: Dynamic USA INC has been incorporated on 09/06/2005, as on date there is no operational activity in the concern and hence Consolidated results has not been given

13. DISRUPTION IN SUPPLY OF POWER

The power required at both the units at Ankleshwar is sourced from GEB. The company has entered into a contract with GEB for the supply of 300 KVA of electricity for its Unit I and 67 KVA of electricity for its Unit II. Thus any delay in supply of additional power from GEB may affect the operation of the company.

MANAGEMENT PERCEPTION: Company at present has 1 DG set with a capacity of 125 KVA at Unit I, which can provide 42% of the electricity for its Unit No 1. The Company has entered into contract with GEB for the supply of 300 KVA for Unit II for the proposed expansion and the company is also planning to install one D.G. Set for Unit II with capacity of 125 KVA out of the proceeds of the present issue.

14. COMPANY IS SUBJECT TO RESTRICTIVE COVENANTS IN CERTAIN LONG-TERM DEBT FACILITIES PROVIDED BY LENDERS.

The covenants in borrowings from banks, among other things, require the Company to obtain their approval in respect of issuing new securities (debt or equity), effecting mergers, consolidations, declaring dividends at any time while the company is in default in payment of interest and principal amount. For details, please refer to page no. 20 of this Prospectus.

MANAGEMENT PERCEPTION: Though these covenants are restrictive to some extent to the Company however it ensures financial discipline, which would help the Company in the long run to improve its financial performance.

15. FUNDING OF EXPANSION PROJECT

The expansion is funded substantially from the funds raised through the present IPO and any delay in coming out with IPO will adversely impact the project of the Company and in turn its profitability.



16. THE PROJECT HAS NOT BEEN APPRAISED BY ANY BANK OR FINANCIAL INSTITUTIONS

The Company has estimated the total fund requirements internally and the project has not been appraised by any Bank or Financial Institutions. Deployment of funds towards the project is also at the Company discretion.

MANAGEMENT PERCEPTION The Company has however appointed Citibank N.A., Ahmedabad as an independent Monitoring agency for monitoring utilization of funds raised through this issue.

17. LOSSES BY THE PROMOTER/GROUP/ASSOCIATE COMPANY

The Following Group Company has incurred losses during the previous years as follows

| Name of the Company /Firm | Loss for the year ended 31st March 2005 (Rs in lacs) | Loss for the year ended 31st March 2004 (Rs in lacs) | Loss for year ended 31st March 2003 (Rs in lacs) |
|--|--|--|--|
| Dynamic Overseas (India) Private Limited | ----- | 0.04 | 0.99 |
| Shakti Intermediates | ----- | ----- | 9.07 |
| Shakti Intermediates Private Limited | 0.40 | ----- | ----- |

MANAGEMENT PERCEPTION: There are no financial or other arrangements between the Group Companies named Shakti Intermediates Private Limited (formerly Shakti intermediates) and Dynamic Products Limited, Further loss made by the Dynamic Overseas (India) Private Limited is not significant and therefore losses may not significantly affect the Books of Dynamic Products Limited.

18. PENDING UTILISATION OF FUNDS

Pending utilization in the project, the proceeds of the issue will be invested in non-Productive assets such as Banks Deposits and or Gilt Securities either directly or through Government Securities, the deployment may not result in adequate return for the Company.

19. NON RECRUITMENT OF MANPOWER FOR THE PROPOSED EXPANSION.

The Company has not started recruitment for its proposed expansion.

MANAGEMENT PERCEPTION: Company does not envisage difficulty in recruiting the required manpower for the Project.

20. UNITS LOCATED AT ANKLESHWER ARE ON THE LEASE HOLD LAND.

The company has both the units located at Ankaleshwer on lease hold land allotted by the GIDC for a period of 99 years. After 99 Years in case the said lease will not get renewal, the company shall have to invest the major funds to establish/ transfer its both the units at some other palce.

MANAGEMENT PERCEPTION: Lands are allotted by GIDC on lease basis only. However, there is a specific clause in the lease agreement under which lease can be renewed for a further period of 99 years before the completion of existing 99 years. (For more details please refer page no. 64 of this Prospectus)

21. DIMINUTION IN VALUE OF QUOTED INVESTMENTS;

Company has investments in Gujarat State Financial Corporation Limited a company quoted on the Stock Exchange. There is a diminution in the value of the investment as on the date of the Prospectus.

MANAGEMENT PERCEPTION: There will be no major financial bearing on the profitability or otherwise of the company due to the diminution in value.

DYNEMIC PRODUCTS LIMITED

EXTERNAL FACTORS

1. ANTIDUMPING DUTY BY IMPORTING COUNTRIES

Antidumping duty by USA, UK and other importing countries.

MANAGEMENT PERCEPTION: The Company is exporting its product on large scale to Fareast countries, Australia & other developed countries all over the world where the possibilities of imposing antidumping duty are very less. At present the export of Company's product to U.S.A & U.K. is in negligible proportion. (Please Refer Page No 59 for Details of Countrywise Exports under the head of Business Strategy)

2. GLOBAL COMPETITIVE MARKET.

Company operates in globally competitive environment, which may force to reduce the price of the products and will have an effect on margins.

MANAGEMENT PERCEPTION: The Company endeavors to increase its scope, volume and value of business in a competitive and risk prone environment. The Company has also an advantage over overseas players on account of their lower operating cost.

3. ENVIRONMENTAL LAWS & REGULATIONS

Failure to comply with environmental laws and regulations could result in litigation and the business to be adversely affected. The Company may incur substantial expense in complying with environmental laws and regulations. The company is also subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations.

MANAGEMENT PERCEPTION: The Company has obtained various certificates viz HACCP for control of quality of goods or services under Food safety programme, from TQCS International (Group) Pty Ltd, ISO 14001 for environmental management system from BVQI, further it has also obtained all the necessary approvals from Gujarat Pollution Control Board.

The Company has also entered into agreements with Common Effluent Treatment agencies (operating CET Plant) near the location of the units for disposal of the effluent generated during the production process. Further company has also implemented the Employee Training Programme for proper handling of materials and machinery. (For further details please refer page no. 66 in respect to Enviornmental Law & Regulations applicable to the Company.)

4. CHANGES IN THE DOMESTIC TAX LAWS.

Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

MANAGEMENT PERCEPTION: Change in tax laws, particularly income tax, can have an impact on the post-tax profits of the Company.

5. FINANCIAL STATEMENTS IN THE PROSPECTUS

MANAGEMENT PERCEPTION: The financial statements and derived ratios there from contained in the prospectus are prepared as per the permissible accounting practices. The investors may make their own adjustments to the same before arriving at an investment decision in the proposed issue.

6. RISK ARISING ON ACCOUNT OF PATENT REGIME

Company has not applied for registration of process of manufacturing for it products viz. Food colours and intermediates dyes, however, it may become mandatory under the coming amendments in Patent Laws.

MANAGEMENT PERCEPTION: At present it is not compulsory for the concerened Industry, so as and when it will become compulsory under the relevent laws, company shall take appropriate action to get the Patents registered.



7. POLITICAL, ECONOMIC AND SOCIAL DEVELOPMENTS IN INDIA COULD AFFECT BUSINESS.

MANAGEMENT PERCEPTION: Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any change in the direction of economic policies as also specific policies relating to Chemical Industry could affect the company. Significant changes in India's economic liberalization and deregulation policies could affect business and economic conditions in India and impact our business.

8. TERRORIST ATTACKS, DROUGHT, FLOODS ETC, MAY ADVERSELY AFFECT THE FINANCIAL MARKETS IN INDIA.

Terrorist attacks such as the ones that occurred in New York & Washington, D.C on September 11, 2001 and New Delhi on December 13, 2001 and Bali on October 12, 2002 and other countries, may adversely affect Indian and World wide financial markets. These acts may also result in a loss of business confidence and have an adverse impact on the economics of India and other countries, including economic recession.

9. POST ISSUE VOLITILITY IN PRICE OF THE SCRIP

The price of the Company's equity shares in Indian Stock Exchanges may fluctuate after this issue as a result of several factors, including:

- a) Volatility in the Indian and Global Securities market;
- b) The results of operations and performance;
- c) Perception about the company future performance or the performance of other Indian companies in the same Industry;
- d) Performance about the Company's future performance or the performance of other company in same industry;
- e) Adverse media reports on the Company's performance or recommendations by the financial analyst;
- f) Changes in the estimates of the Company's performance or recommendations by financial institutions;
- g) Significant development in India' fiscal economic liberalization and deregulation policies and
- h) Significant developments in India's fiscal and environmental regulations

10. FOOD RELATED NORMS IN INDIA AS WELL AS IN FOREIGN COUNTRIES

In India, company is neither coming under any particular group of Bureau of Indian Standard (BIS) nor it is regulated by Foods and Drugs Administration Authority under Food Ministry, but any colour manufactured by the company may be restricted / prohibited or banned in terms of domestic sale/ exports etc. by the concerned Ministry.

MANAGEMENT PERCEPTION: Company has obtained the Registration with BIS for its product, to maintain the quality of its products on continuous basis (even it is optional for it). Some of the food colours which have been banned in the domestic market by the Government of India, but that can be exported because of better overseas market.

However, in case any restriction/ prohibition is notified by the Government for consumption in Indian Market or overseas Market, it can be exported or may be exhausted in domestic market respectively. Further various kind of colours can be manufactured under a single Plant with same technology, thus there is negligible chances of underutilization of plant capacity.

Notes:

- 1) Pre-Issue Net worth of the Company as on 31st August 2005 is Rs. 1044.90 lakhs. The Book Value/ NAV per share on the same date is Rs. 15.13.
- 2) The Investors are advised to refer to the section on "Basis for Issue Price" on page number 33 before making an investment in this issue.
- 3) Size of the present Issue of 44,21,000 equity shares of Rs.10/- each for cash at premium of Rs 25/- per share aggregating Rs.1547.35 lakhs.
- 4) Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with Bombay Stock Exchange Limited the Designated Stock Exchange.

DYNEMIC PRODUCTS LIMITED

- 5) The average cost of acquisition of existing shares of the promoters is as under:

| Name of the Promoter | Average Cost of Acquisition per Equity Share (in Rs.) |
|--------------------------------|---|
| Mr Bhagwandas K.Patel | 7.78 |
| Mr Dasrathbhai Prahaddas Patel | 6.62 |
| Mr Rameshbhai Patel | 8.74 |
| Mr Shashikant P Patel | 6.16 |
| Mr. Dixit B. Patel | 7.94 |

For any complaint/ clarification/ information pertaining to the Issue, the investors may contact the Lead Manager or the Compliance Officer who will be obliged to attend to the same.

- 6) Since inception, The Company has made a Bonus issue of 6,72,880 Nos. of Equity shares of Rs 10 each in the ratio of one equity share for every two Equity shares and the allotment was made on 25/10/2000 and the Company has issued a bonus shares of 34,52,940 Nos. of Equity shares of Rs 10 each in the ratio of one equity shares for every one equity shares and the allotment of these Equity shares was made on 07/06/2004.

The above bonus shares was made through Capitalisation of profits transferred from General Reserve

- 7) **Diminution in Value of Quoted Investments:** As per the audited accounts dated 31st August 2005, the company has investments in Gujarat State Financial Corporation Limited which is a quoted securities . The diminution in value does not have any bearings on the financials of the Company.
- 8) The Lead Manager and the Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- 9) **Related Party Transactions Disclosures:** The Company has entered into certain related party transactions. The related party transactions cover the financial transactions carried out in the ordinary course of business and /or discharge of contractual obligations. There are no common pursuits among the group companies and all the transactions are at arm's length and are subject to Transfer pricing regulations. For detail of related party transaction please refer Annexure VI on page 91 of this Prospectus. The information has been provided from the Financial Year 2001-02 when the Accounting Standard on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India became mandatory
- 10) Details of remuneration paid to directors are given in Managerial Remuneration at page no 71 of this Prospectus.
- 11) For details in relation to loans and advances, please refer to page no. 100 of this Prospectus.

HIGHLIGHTS

- Promoters have hands on experience in manufacturing of Dyes Intermediaries and Food Colours.
- Profit making Company since last 13 years.
- The company has to its credit an award for Indirect Export of Self Manufactured Dyes for the year 2001-02 & 2002-03 received by Gujarat Dyestuffs Manufacturers' Association.
- The company has obtained certificate of approval From Bureau Veritas Quality International (BVQI) for achievement of ISO 9001: 2000 quality standards, the Company has also received certificate of approval from Bureau Veritas Quality International (BVQI) for achievement of 14001:1996 and 14001:2004 quality standards for both its units situated at Ankleshwar.
- The company has also obtained HACCP Code: 2003 certificate of registration from TQCS International (Group) Pty Ltd under food safety programme for both its units situated at Ankleshwar
- The company was awarded with trophy for export performance of more than Rs. 6.00 & 8.00 Crore for Self Manufactured Indirect Export of Dyes Intermediates in the year 2002-03 by Gujarat Dyestuffs Manufacturers' Association.
- The company has obtained the status of One Star Export House.



SECTION - III : INTRODUCTION

I. SUMMARY

(i) SUMMARY OF THE INDUSTRY AND BUSINESS OF THE COMPANY

Investors should read the following summary with the Risk Factors appearing on page number vii of this Prospectus and detailed information about the company and the financial statements of the company included in this Prospectus.

INDIAN FOOD INDUSTRY:

India is the world's second largest Producer of Food next to China, and the potential of being the biggest with the Food and agriculture sector. However it accounts for less than 1.5% of International Food Trade. This indicates vast scope for both investors and exporters. Food exports stood at US \$ 5.8 billion whereas the world total was \$438 billion. The Indian Food Industry sales turnover is Rs 140,000 Crore (1 Crore = 10 million) annually as at the start of the year 2000. The Industry has the highest number of plants approved by the US FOOD and Drug Administration (FDA) outside the USA.

Indian Food Processing Industry can be further sub divided into various food processing sectors such as grain processing, meat processing, poultry & egg processing, milk & milk products, fish processing, fruit & vegetable processing, consumer food processing, consumer food industries.

(Source- Annual Report 1999-2000, MFPI/APEDA Export Statistics & NHB Horticulture Statistics)

INDIAN FOOD COLOUR INDUSTRY

The Colour Production industry aims to meet food and drink manufacturers by providing a full range of colours to suit application within current legislation.

The major application of food colours is as follows

- Soft drinks
- Cosmetics
- Pharmaceutical Industries
- Confectionery
- Processed Food Products
- Dairy Products
- Bakery Products
- Alcoholic Drinks
- Meat Products

The Following type of Food Colour used in the Food Processing Industry is natural, nature identical, caramel and synthetic colour.

Natural Food Colours are those, which are synthesized by a controlled chemical process, but as the same suggest, are otherwise identical to compounds found in nature.

Caramel Food Colour is manufactured through the controlled heating of carbohydrate with water and sometimes with an extra chemical, which confers additional properties on the final product.

Synthetic colours are those, which are not found in nature, but are manufactured by a controlled synthetic process.

Indian Food Colour Industry does not only serves the domestic market but is also an major exporter of dyes and intermediates to various countries in the world.

With a rise of per capita income of the middle class and drastic changes in the food habits has lead to increase in domestic consumption of food processing industry and with a entry of multinational in Food Industry having a manufactured based in India, there is a huge opportunity for a food colour industry to grow with a growth of Food Industry.

DYNEMIC PRODUCTS LIMITED

BUSINESS OF THE COMPANY:

ABOUT THE COMPANY & ITS BUSINESS:

The Company was incorporated on 14th June 1990 as Private Limited Company. The name was subsequently changed to Dynemic Products Ltd. on 31/12/1992 and fresh certificate of incorporation vide letter dated 28th day of January 1993 was received consequent to the change of name.

The Registered office of the company is situated at B-301, Satyamev Complex-1, Opp: New Gujarat High Court, S.G. Highway, Sola, Ahmedabad-380 060. At the time of incorporation, the registered office of the company was at 18, Harshad Chambers, Ajod Dairy Road, Rakhial, Ahmedabad which was then shifted to 103, Himadri Office Complex, Near Toran Dinning Hall, Opp: Sales India, Ashram Road, Ahmedabad-380 009 w.e.f. 31-12-1992 and thereafter w.e.f. 6-11-2003 the Registered office of the Company has been shifted to B-301, Satyamev Complex-1, Opp New Guj High Court, S.G Highway Sola, Ahmedabad - 380060.

The company was promoted with the objective of carrying on the business of manufacturing S.P.C.P., the raw material for Food Color, Reactive & Ramazole Dyes. The company has acquired on lease the Plot no. 6401 in GIDC Estate at Ankleshwar admeasuring 1888 Sq. Meter for this purpose. In the year 1997 the company acquired on lease additional Plot nos. 6415 & 6416 in GIDC Estate both admeasuring 1888 Sq. Meter each.

In the year 2000 the company acquired the running business of M/s Saffron Dyestuff Industries & started manufacturing wide range of food colours at the premises 3709/6, G.I.D.C Estate, Ankleshwar having plot area admeasuring 3700 Sq. Meter.

As the company aims to provide entire range of qualitative & quantitative services to Food Industry, at its Unit I The Company commenced manufacturing of food colour namely Tartrazine in the year 2000-01.

Both the units at Ankleshwar are having eco friendly plants with in-house testing facilities to control quality at every level of manufacturing,

The Company has built goodwill due to its quality Product. The Company has a well equipped state of art in house laboratory which conduct test of every parameter of Food Colour & Dye Intermediates laid down under national & international authorities.

The Company exports its product to around 41 countries worldwide. Also the Company has registered its office in USA and expects to capture good market in the American continent. All these have led the company to acquire and retain a status of one of the largest manufacturer and supplier of Food Colours and Dye Intermediates in India.

END USE OF PRODUCTS MANUFACTURED BY THE COMPANY.

The major application of synthetic food colour are enlisted below

- Soft Drinks
- Confectionery
- Processed Foods Products
- Bakery Products
- Alcoholic Drinks
- Meat Products

END USER

The Key end users of the Products are Food, beverage manufacture, animal Feed manufactures, cosmetic manufacturers and pharmaceutical Manufacturers.

The major applications of Dye Intermediates are enlisted below

- Food Colours
- Manufacturing of Reactive & Ramazol Dyes
- Acid Dyes
- Direct Dyes
- Pigments

End Users : The Key end users are Dyestuff Manufacturers

THE COMPETITIVE STRENGTH OF DYNEMIC PRODUCTS LIMITED IS AS FOLLOWS.

➤ PROFESSIONAL MANAGEMENT

The Company is managed by a Professional team with several years of relevant experience .The Management team is supported by Board of Directors who are qualified and having a vast experience in Food Colour Industry.

➤ STRONG CUSTOMER RELATIONSHIP

The Company has track record of timely deliveries of the quality product to their customers, which enable the company to maintain the relationship with each of its existing clients and enhance its client base.



➤ **CAPABLE TO MANAGE MULTIPLE AND LARGE ORDERS**

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer. The company has developed the expertise to manage it.

The Company believes that they have embarked upon the journey to attain the leadership position in chosen domain within the next 5 years by setting specific targets with respect to size, focus and markets.

To achieve the above objective, the company has formulated different strategies pertaining to various aspect of business as described below.

➤ **EXPANSION OF THE EXISTING FACILITIES**

The Company proposes to expand its existing facilities, manufacturing of existing products namely Primary Food Colors & Lake Colours.

➤ **ENHANCING CUSTOMER BASE**

The Company intends to continue to grow business by adding new customer in existing countries and by sourcing new customers in unexplored countries. The Company aims to do this by effectively leveraging their marketing skills and relationship and further enhancing customer satisfaction.

➤ **REDUCTION OF OPERATIONAL COST**

The Company strives to reduce the operational costs, which helps to sell the product in national and international market at a competitive price.

In order to achieve the above objective the company proposes to install Recovery Plant for recovery of Glauber's salt and 1:4 PHPS and the company also proposed to replace existing Gas fired boiler with Wood lignite fired boiler.

(ii) OFFERING DETAILS :

ISSUE DETAILS IN BRIEF :

(All figures in Rs.)

| Number of Shares | Nominal Value | Aggregate Value Including Premium |
|---|---------------|-----------------------------------|
| A. Authorised Capital | | |
| 1,30,00,000 Equity Shares of Rs 10/- each | 13,00,00,000 | NIL |
| B. ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | |
| 69,05,880 Equity Shares of Rs 10/- each | 6,90,58,800 | NIL |
| C. PRESENT OFFER TO THE PUBLIC IN TERMS OF THIS PROSPECTUS | | |
| 44,21,000 Equity Shares of Rs 10/- each at a Premium of Rs 25/- per share (i.e. at a price of Rs 35/- per share) | 4,42,10,000 | 15,47,35,000 |
| OF WHICH | | |
| Firm Allotment of Rs 10,000 Equity Shares of Rs 10/- each per share i.e. at a price of Rs 35/- per share will be offered to Lead Manager in Public Issue to Centrum Capital Limited.) | 1,00,000 | 3,50,000 |
| D. NET OFFER TO PUBLIC IN PUBLIC ISSUE | | |
| 44,11,000 Equity Shares of Rs 10/- each at a premium of Rs 25/- per share in terms of this Prospectus | 4,41,10,000 | 15,43,85,000 |
| E. SUBSCRIBED AND PAID UP CAPITAL AFTER THE ISSUE | | |
| (1,13,26,880 Equity Shares of Rs 10 Each_fully paid up) | 11,32,68,800 | NIL |
| F. SHARE PREMIUM AMOUNT | | |
| Before the issue | NIL | NIL |
| After the issue | 11,05,25,000 | NIL |

DYNEMIC PRODUCTS LIMITED

(ii) SUMMARY FINANCIAL, OPERATING AND OTHER DATA:

SUMMARY OF FINANCIAL DATA UNDER INDIAN GAAP

STATEMENT OF PROFITS & LOSSES AS RESTATED

Rs. In Lacs

| Sr. No. | PARTICULARS | As on 31/08/2005 | FOR THE YEAR ENDED ON 31st MARCH | | | | |
|-----------|---|---------------------|----------------------------------|----------------|----------------|----------------|----------------|
| | | | 2005 | 2004 | 2003 | 2002 | 2001 |
| A] | INCOME: | | | | | | |
| | Sales (Net): | | | | | | |
| | Export Sales | 790.11 | 2015.06 | 1816.22 | 1450.60 | 1123.09 | 720.14 |
| | Domestic Sales | 314.36 | 582.23 | 713.86 | 502.44 | 716.95 | 764.23 |
| | Total Sales | 1104.47 | 2597.29 | 2530.08 | 1953.04 | 1840.04 | 1484.37 |
| | Other Income | 26.66 | 95.84 | 140.98 | 48.81 | 27.69 | 144.85 |
| | Increase/Decrease in Stock | 14.56 | 82.82 | -108.71 | 163.70 | 18.88 | 21.00 |
| | Total: A: | 1145.69 | 2775.95 | 2562.35 | 2165.55 | 1886.61 | 1650.22 |
| B] | EXPENDITURE: | | | | | | |
| | Manufacturing Expenses | 892.80 | 2063.29 | 2032.77 | 1674.62 | 1485.03 | 1295.85 |
| | Employees' Remuneration | 23.13 | 73.09 | 60.68 | 54.10 | 55.95 | 28.85 |
| | Administrative & Other Exps. | 76.10 | 206.77 | 196.16 | 125.61 | 99.00 | 92.16 |
| | Depreciation | 18.63 | 41.68 | 37.63 | 31.65 | 24.64 | 18.23 |
| | Financial Charges | 15.00 | 32.71 | 34.26 | 32.42 | 17.74 | 16.19 |
| | Misc.Exps. Written off | 0.00 | 1.19 | 0.30 | 0.34 | 0.34 | 0.34 |
| | Total: B: | 1025.67 | 2418.73 | 2361.80 | 1918.74 | 1682.70 | 1451.62 |
| C] | PROFIT BEFORE TAX (A - B) | 120.02 | 357.22 | 200.55 | 246.81 | 203.91 | 198.60 |
| | Provision for Taxation: | | | | | | |
| | Current Tax | 0.00 | 140.00 | 60.00 | 73.00 | 38.00 | 40.50 |
| | Deferred Tax | 0.00 | 12.46 | 15.93 | 18.10 | 0.00 | 0.00 |
| D] | NET PROFIT AFTER TAX | 120.02 | 204.76 | 124.62 | 155.71 | 165.91 | 158.10 |
| E] | Brought forward Profit from Previous Year | 212.90 | 380.74 | 243.36 | 254.53 | 165.45 | 45.21 |
| F] | Less: Transferred for Deferred tax | 0.00 | 0.00 | 0.00 | 80.31 | 0.00 | 0.00 |
| | Utilize for Bonus issue | 0.00 | 312.84 | 0.00 | 0.00 | 0.00 | 37.86 |
| | Liability For Initial adoption | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| G] | NET BALANCE (E - F) | 212.90 | 67.90 | 243.36 | 174.22 | 165.45 | 7.35 |
| H] | PROFIT AVAILABLE FOR APPROPRIATION (D+G) | 332.92 | 272.66 | 367.98 | 329.93 | 331.36 | 165.45 |
| | Less: Appropriations: | | | | | | |
| | Dividend of P.Y.2002-03 written back | 0.00 | 0.00 | -61.54 | 0.00 | 0.00 | 0.00 |
| | Tax on Dividend 2002-03 written back | 0.00 | 0.00 | -7.88 | 0.00 | 0.00 | 0.00 |
| | Transferred to General Res. | 0.00 | 10.24 | 18.10 | 17.15 | 15.30 | 0.00 |
| | Interim Dividend | 0.00 | 43.80 | 34.18 | 0.00 | 0.00 | 0.00 |
| | Tax on Interim Dividend | 0.00 | 5.72 | 4.38 | 0.00 | 0.00 | 0.00 |
| | Proposed Equity Dividend | 0.00 | 0.00 | 0.00 | 61.54 | 61.53 | 0.00 |
| | Tax on Proposed Dividend | 0.00 | 0.00 | 0.00 | 7.88 | 0.00 | 0.00 |
| I] | BAL.CARRIED FORWARD TO BALANCE SHEET | 332.92 | 212.90 | 380.74 | 243.36 | 254.53 | 165.45 |



STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

RESTATED SUMMARY OF ASSETS AND LIABILITIES (AUDITED)

(Rs. In Lacs)

| Sr. No. | PARTICULARS | As on 31-08-05 | AS AT 31st MARCH | | | | |
|-----------|--|-------------------|------------------|---------------|---------------|---------------|---------------|
| | | | 2005 | 2004 | 2003 | 2002 | 2001 |
| A] | FIXED ASSETS: | | | | | | |
| | Gross Block | 995.81 | 962.97 | 925.4 | 764.31 | 676.56 | 517.35 |
| | Less: Depreciation | 215.24 | 196.95 | 160.53 | 123.2 | 91.55 | 66.91 |
| | Net block | 780.57 | 766.02 | 764.87 | 641.11 | 585.01 | 450.44 |
| B] | INVESTMENTS: | 4.41 | 4.03 | 4.03 | 3.19 | 2.63 | 2.63 |
| C] | CURRENT ASSETS, LOANS & ADVANCES: | | | | | | |
| | Inventories | 364.81 | 376.92 | 261.72 | 370.42 | 166.03 | 142.34 |
| | Sundry Debtors | 454.87 | 611.7 | 517.31 | 329.11 | 299.19 | 223.99 |
| | Cash and Bank Balance | 28.47 | 18.73 | 13.11 | 10.54 | 13.73 | 34.17 |
| | Loans And Advances | 367.35 | 322.39 | 154.26 | 184.04 | 190.12 | 46.34 |
| | Total Rs. | 1215.49 | 1329.74 | 946.4 | 894.11 | 669.07 | 446.84 |
| D] | LIABILITIES & PROVISIONS: | | | | | | |
| | Secured Loans | 295.38 | 446.04 | 230.47 | 186.53 | 184.57 | 59.46 |
| | Unsecured Loans | 97.96 | 97.74 | 130.33 | 68.02 | 25.89 | 61.77 |
| | Current Liabilities & Provisions | 435.43 | 501.01 | 463.86 | 568.35 | 435.49 | 272.63 |
| | Deferred Tax Liability | 126.81 | 126.81 | 114.35 | 98.42 | 0 | 0 |
| | Total Rs. | 955.58 | 1171.6 | 939.01 | 921.32 | 645.95 | 393.86 |
| E] | NET WORTH (A + B + C - D) | 1044.9 | 928.19 | 776.29 | 617.09 | 610.76 | 506.05 |
| F] | REPRESENTED BY: | | | | | | |
| | Equity Shares & Share App. Mon. | 690.59 | 690.59 | 345.29 | 341.86 | 341.86 | 341.86 |
| | Reserves and Surplus | 361.26 | 241.24 | 431.28 | 275.81 | 269.82 | 165.45 |
| | Total Rs. | 1051.84 | 931.83 | 776.57 | 617.67 | 611.68 | 507.31 |
| G] | MISC. EXPENDITURE UPTO THE DATE NOT W/OFF | 6.94 | 3.64 | 0.28 | 0.58 | 0.92 | 1.26 |
| H] | NET WORTH (F - G) | 1044.9 | 928.19 | 776.29 | 617.09 | 610.76 | 506.05 |

DYNEMIC PRODUCTS LIMITED

II. GENERAL INFORMATION :

DYNEMIC PRODUCTS LIMITED

(The Company was originally incorporated on 14th June 1990 as Dynemic Products Private Limited at Gujarat, Dadra & Nagar Haveli vide Registration Number: 04 – 13886. The name was subsequently changed to Dynemic Products Limited vide fresh certificate of incorporation dated 28th January 1993)

Registered Office & Corporate Office: B- 301, Satyamev Complex-1, Opp. New Gujarat High Court, S.G. Highway, Sola, Ahmedabad-380 060, Gujarat, India

(At the time of incorporation, the registered office of the company was situated at 18, Harshad Chambers, Ajod Dairy Road, Rakhial, Ahmedabad which was then shifted to 103, Himadri Office Complex, Near Toran Dinning Hall, Opp: Sales India, Ashram Road, Ahmedabad-380 009 w.e.f. 31-12-1992 and thereafter w.e.f. 6-11-2003 the Registered office of the Company has been shifted to B-301, Satyamev Complex-1, Opp New Guj High Court, S.G Highway Sola, Ahmedabad – 380060).Tel: 0091-79-27773071/2/3 Fax: 0091-79-27432176

E-mail: cs@dynemic.com; **Website:** www.dynemic.com

Contact person: Ms. Reena K. Desai, Company Secretary and Compliance Officer
Registered with Registrar of Companies at ROC Bhavan, Opp Rupal Park Society, behind Ankur bus stop, Naranpura, Ahmedabad-380 013

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on 16th August 2005 and a resolution passed by the Board of Directors at its meeting held on 16th July, 2005.

BOARD OF DIRECTORS:

The company is currently managed by Board of Directors comprising of 10 Directors. The Company's Board of Directors consist of the following persons:

| NAME OF THE DIRECTOR | DESIGNATION | STATUS |
|---------------------------|------------------------------|--|
| Mr. Bhagwandas K.Patel | Chairman & Managing Director | Executive and Non Independent Director |
| Mr. Dasharathbhai P Patel | Whole Time Director | Executive and Non Independent Director |
| Mr. Rameshbhai B Patel | Whole Time Director | Executive and Non Independent Director |
| Mr. Shashikant P Patel | Whole Time Director | Executive and Non Independent Director |
| Mr. Dixit B Patel | Whole Time Director | Executive and Non Independent Director |
| Mr. Jagdishbhai S Shah | Director | Non Executive and Independent Director |
| Mr. Hitendra H Sheth | Director | Non Executive and Independent Director |
| Mr. Harish K shah | Director | Non Executive and Independent Director |
| Mr. Vishnubhai G Patel | Additional Director | Non Executive and Independent Director |
| Mr. Shankarlal B Mundra | Additional Director | Non Executive and Independent Director |

PROFILE OF THE CHAIRMAN, MANAGING AND WHOLE TIME DIRECTORS OF THE COMPANY

For details of their profiles please refer page no 70 of this Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Reena K. Desai
DYNEMIC PRODUCTS LIMITED
B-301, Satyamev Complex-1,
Opp. New Gujarat High Court,
Sarkhej-Gandhinagar Highway,
Sola, Ahmedabad-380 063
Gujarat.
Tel: +91-79-27773071/2/3/4
Fax: +91-79-27432176
E-mail:cs@dynemic.com



INVESTORS CAN CONTACT THE COMPLIANCE OFFICER IN CASE OF ANY PRE- ISSUE OR POST- ISSUE RELATED PROBLEMS SUCH AS NON-RECEIPT OF LETTERS OF ALLOTMENT, CREDIT OF ALLOTTED SHARES IN THE RESPECTIVE BENEFICIARY ACCOUNTS, REFUND ORDERS ETC.

LEGAL ADVISORS TO THE ISSUE

Mrs. Swati.S Soparakar
204,Aakanksha, Opp Vadilal House
Near Mount Carmel Railway Crossing,
Navrangpura, Ahmedabad-380009
Tel No: 91-079-26404245-46
Fax-91-079-26563214
Email Address: soparkarad1@sancharnet .in

BANKERS TO THE COMPANY

CITIBANK N.A.

3rd Floor, Rambrandt, C.G. Road, Ellis Bridge,
Ahmedabad-380 006
Tel No: 079-26402514
Fax No: 079-26402517
Email Address: premdeep.shah@citigroup.com

HDFC BANK LTD

Shilp 2, Ground Floor, Nr. Sales India, Ashram Road,
Ahmedabad-380 009
Tel No: 079-26563737
Fax No: 079-27542824
Email Address:manish.motwani@hdfcbank.com

STATE BANK OF INDORE

Shalibhdra Apartment,
B/h, Old High Court, Ashram Road,
Ahmedabad-380 009
Tel No: 079-27540880
Fax No: 079-27542595
Email Address: SBN3217@SBIIndore co.in

LEAD MANAGER

CENTRUM

CENTRUM CAPITAL LIMITED
SEBI Regn No. INM000010445
UIN No. 100016915

Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate,
Mumbai: 400 020.
Tel: +91-22- 2202 3838
Fax: +91-22- 2204 6096
Email: dynemic@centrum.co.in
Website: www.centrum.co.in
Contact Person: Mr. Mayank Dalal

DYNEMIC PRODUCTS LIMITED

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PVT LTD

E-2, Ansa Industrial Estate, Sakhivar Road, Saki Naka,
Andheri East, Mumbai-400 072.

Tel: +91 – 22 –28470652

Fax+91-22-2487 5207

Website: www.bigshareonline.com

Email: ipo@bigshareonline.com

SEBI Reg No: INR000001385

UIN No: 100003467

Contact Person: Mr. N.V.K. Mohan

BANKERS TO THE ISSUE

CITIBANK N.A.

Citigroup Centre, G Block, Plot C-61, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051.

Tel : 9122-22691713/12/14

Fax : 9122-22691715

Email : divyesh.dalal@citigroup.com

Contact Person : Mr Divyesh Dalal

HDFC BANK LTD

26 A, Narayan Properties, Chandivali Farm Road, Saki Naka, Andheri (East), Mumbai -4000 72

Tel No : 91-22 28569009

Fax No : 91-22 28569256

Email : Clayton.mendonca@hdfcbank.com

Contact Person : Mr Clayton Mendonca

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

AUDITORS

M/s Shah Rajesh & Associates

Chartered Accountants

4, Third Floor, Rambha Complex

Opp. Gujarat Vidhyapith Ashram Road, Ahmedabad - 380014

Tel: +91-79-27543319/27542215

Email: rajeshs@icenet.co.in

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

MONITORING AGENCY

Citibank N.A, Ahmedabad has been appointed as a monitoring agency.

UNDERWRITING

Underwriting being optional, the Company does not propose to underwrite the issue.

INTER ALLOCATION OF RESPONSIBILITIES

Centrum Capital Limited is the sole Lead Manager to the Issue.

INITIAL PUBLIC OFFER OF DYNEMIC PRODUCTS LIMITED.

Public issue of 44,21,000 Equity shares of Rs 10/- each issued for cash at a premium of Rs 25/- per share aggregating Rs 15,47,35,000/-



III. CAPITAL STRUCTURE OF THE COMPANY

(All figures in Rs.)

| Number of Shares | | Nominal Value | Aggregate Value Including Premium |
|---|---|---------------|-----------------------------------|
| A. Authorised Capital | | | |
| 1,30,00,000 | Equity Shares of Rs 10/- each | 13,00,00,000 | NIL |
| B. ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | | |
| 69,05,880 | Equity Shares of Rs 10/- each | 6,90,58,800 | NIL |
| C. PRESENT OFFER TO THE PUBLIC IN TERMS OF THIS PROSPECTUS | | | |
| 44,21,000 | Equity Shares of Rs 10/- each at a Premium of Rs 25/- per share (i.e. at a price of Rs 35/- per share) | 4,42,10,000 | 15,47,35,000 |
| OF WHICH | | | |
| | Firm Allotment of Rs 10,000 Equity Shares of Rs 10/- each per share i.e. at a price of Rs 35/- per share will be offered to Lead Manager in Public Issue to Centrum Capital Limited.) | 1,00,000 | 3,50,000 |
| D. NET OFFER TO PUBLIC IN PUBLIC ISSUE | | | |
| 44,11,000 | Equity Shares of Rs 10/- each at a premium of Rs 25/- per share in terms of this Prospectus | 4,41,10,000 | 15,43,85,000 |
| E. SUBSCRIBED AND PAID UP CAPITAL AFTER THE ISSUE | | | |
| | (1,13,26,880 Equity Shares of Rs 10 Each fully paid up) | 11,32,68,800 | NIL |
| F. SHARE PREMIUM AMOUNT | | | |
| | Before the issue | NIL | NIL |
| | After the issue | 11,05,25,000 | NIL |

DETAILS OF INCREASE IN AUTHORISED CAPITAL:

| Sr. No. | Particulars of increase | Date of Meeting | AGM/EGM |
|---------|-------------------------------------|-----------------|---------|
| 1 | From Rs. 15 Lacs to Rs. 75 Lacs** | 31/12/1992 | EGM |
| 2 | From Rs. 75 Lacs to Rs. 200 Lacs | 24/02/1995 | EGM |
| 3 | From Rs. 200 Lacs to Rs. 400 acs | 21/08/2000 | EGM |
| 4 | From Rs. 400 Lacs to Rs. 1100 Lacs | 1/6/2004 | EGM |
| 5 | From Rs. 1100 Lacs to Rs. 1300 Lacs | 16/08/2005 | AGM |

****Note:** The Company was incorporated with Authorised Capital of Rs. 15,00,000 divided into 15,000 equity shares of Rs. 100/- each. The denomination of shares was changed from Rs 100 to 10/- and the Authorised Capital was increased to Rs 75,00,000 divided into 7,50,000 equity shares of Rs. 10/- each.

DYNEMIC PRODUCTS LIMITED

Notes To The Capital Structure:

1. SHARE CAPITAL HISTORY OF THE COMPANY:

| Date of Allotment/ Fully paid-up | Nos. of Shares | Face Value Rs. | Issue Price Rs. | Value Rs. | Cumulative Paid-up Capital Rs. | Consider- Ration (Cash, Bonus, Kind etc.) | Remarks |
|---|-------------------|----------------------|--------------------|--------------|---|--|---------------|
| Incorporation | 400 | 100 | 100 | 40000 | 40000 | Cash | |
| 24/08/1991 | 9833 | 100 | 100 | 983300 | 1023300 | Cash | |
| 11/1/1992 | 1392 | 100 | 100 | 139200 | 1162500 | Cash | |
| 5/8/1992 | 1990 | 100 | 100 | 199000 | 1361500 | Cash | |
| Split from Rs 100 per share to Rs 10 per share. | 136150 | 10 | 10 | | 1361500 | | |
| 31/03/1993 | 56900 | 10 | 10 | 569000 | 1930500 | Cash | |
| 10/6/1993 | 86700 | 10 | 10 | 867000 | 2797500 | Cash | |
| 14/10/1993 | 80510 | 10 | 10 | 805100 | 3602600 | Cash | |
| 31/03/1994 | 78700 | 10 | 10 | 787000 | 4389600 | Cash | |
| 30/09/1994 | 92550 | 10 | 10 | 925500 | 5315100 | Cash | |
| 31/01/1995 | 105400 | 10 | 10 | 1054000 | 6369100 | Cash | |
| 5/6/1995 | 656950 | 10 | 10 | 6569500 | 12938600 | Cash | (Right Basis) |
| 7/2/1996 | 51900 | 10 | 10 | 519000 | 13457600 | Cash | |
| 25/10/2000 | 672880 | 10 | NIL | 6728800 | 20186400 | Bonus | Ref Note No 1 |
| 3/11/2000 | 1400000 | 10 | NIL | 14000000 | 34186400 | Agreement | Ref Note No 2 |
| 1/4/2004 | 34300 | 10 | 10 | 343000 | 34529400 | Cash | |
| 7/6/2004 | 3452940 | 10 | NIL | 34529400 | 69058800 | Bonus | Ref Note No 3 |
| Total | 6905880 | | | | | | |

NOTE:

SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH: -

- 672880 equity shares of Rs. 10/- each were allotted as bonus shares to shareholders in the ratio of 1:2 (one bonus share allotted for every two equity shares held on 25/10/2000
- 1400000 equity shares of Rs. 10/- each were allotted as fully paid up to partners of erstwhile partnership firm M/s Saffron Dyestuff Industries pursuant to agreement on 3/11/2000.
- 3452940 equity shares of Rs. 10/- each were allotted as bonus shares to shareholders in the ratio of 1:1 on 7/06/2004



STATEMENT SHOWING SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH:

| Date of issue | Persons to whom shares are issued | Reason for issue | No. of share issued | Benefits accrued to the company |
|---------------|---|---|---------------------|---|
| 25/10/2000 | To all shareholders as on the record date | Bonus in the ratio of 2:1 | 6,72,880 | NIL |
| 3/11/2000 | All the partners of erstwhile firm M/s Saffron Dyestuff Industries: (1) Shashikant Parsottamdas Patel (2) Dahyabhai Nathbhai Patel (H.U.F) (3) Dashrathbhai Prahaladbhai Patel (H.U.F) (4) Vimalaben Bhagwandas Patel | To take over the firm M/s Saffron Dyestuff Industries as a going concern as on 31-10-2000, pursuant to agreement by the company | 14,00,000 | Expansion in the same line of product - Commencement of manufacturing of food colours – forward integration by utilising the final product of the company – value addition to the products. |
| 7/06/2004 | To all shareholders as on the record date | Bonus in the ratio of 1:1 | 3452940 | NIL |

LOCK IN DETAILS OF SHARES OF PROMOTERS FOR 1 YEARS & 3 YEARS

| NAME OF THE PROMOTER / GROUP | DATE OF ALLOTMENT / TRANSFER | CONSIDERATION | NO. OF SHARES | FACE VALUE | ISSUE/ TRANSFER PRICE | POST ISSUE % | LOCK-IN PERIOD (YEARS) |
|---------------------------------|------------------------------|---------------|---------------|------------|-----------------------|--------------|------------------------|
| BHAGWANDAS KALIDAS PATEL | 14/06/1990 | Cash | 1000 | 10 | 10 | 0.01 | 1 |
| | 24/08/1991 | Cash | 3000 | 10 | 10 | 0.03 | 1 |
| | 11/01/1992 | Cash | 3000 | 10 | 10 | 0.03 | 1 |
| | 31/03/1993 | Cash | 4000 | 10 | 10 | 0.04 | 1 |
| | 31/03/1994 | Cash | 3500 | 10 | 10 | 0.03 | 1 |
| | 30/09/1994 | Cash | 7100 | 10 | 10 | 0.06 | 1 |
| | 05/06/1995 | Cash | 21600 | 10 | 10 | 0.19 | 1 |
| | 05/04/1997 | Transfer | 6500 | 10 | 10 | 0.06 | 1 |
| | 19/04/1997 | Transfer | 1000 | 10 | 10 | 0.01 | 1 |
| | 17/06/1997 | Transfer | 7400 | 10 | 10 | 0.07 | 1 |
| | 08/12/1997 | Transfer | 2000 | 10 | 10 | 0.02 | 1 |
| | 08/01/1998 | Transfer | 500 | 10 | 10 | 0.00 | 1 |
| | 19/04/1999 | Transfer | 3200 | 10 | 10 | 0.03 | 1 |
| | 30/06/2000 | Transfer | 1500 | 10 | 10 | 0.01 | 1 |
| | 07/10/2000 | Transfer | 20200 | 10 | 10 | 0.18 | 1 |
| | 25/10/2000 | Bonus | 42750 | 10 | 0 | 0.38 | 1 |
| | 01/06/2002 | Transfer | 2000 | 10 | 10 | 0.02 | 1 |
| | 07/06/2004 | Bonus | 113506 | 10 | 0 | 1.00 | 1 |
| | 07/06/2004 | Bonus | 16744 | 10 | 0 | 0.15 | 3 |
| | 30/04/2005 | Transfer | 60000 | 10 | 10 | 0.53 | 3 |
| | 31/05/2005 | Transfer | 459600 | 10 | 10 | 4.06 | 3 |
| | Total | | 780100 | | | 6.89 | |

DYNEMIC PRODUCTS LIMITED

| NAME OF THE PROMOTER / GROUP | DATE OF ALLOTMENT / TRANSFER | CONSIDERATION | NO. OF SHARES | FACE VALUE | ISSUE/ TRANSFER PRICE | POST ISSUE % | LOCK-IN PERIOD (YEARS) |
|--------------------------------------|------------------------------|---------------|---------------|-------------|-----------------------|--------------|------------------------|
| DASHRATHBHAI PRAHLADDAS PATEL | 14/06/1990 | Cash | 1000 | 10 | 10 | 0.01 | 1 |
| | 24/08/1991 | Cash | 2830 | 10 | 10 | 0.02 | 1 |
| | 11/01/1992 | Cash | 3170 | 10 | 10 | 0.03 | 1 |
| | 10/06/1993 | Cash | 2300 | 10 | 10 | 0.02 | 1 |
| | 31/03/1994 | Cash | 3500 | 10 | 10 | 0.03 | 1 |
| | 05/06/1995 | Cash | 12800 | 10 | 10 | 0.11 | 1 |
| | 06/02/1997 | Transfer | 7000 | 10 | 10 | 0.06 | 1 |
| | 21/02/1997 | Transfer | 1500 | 10 | 10 | 0.01 | 1 |
| | 19/03/1997 | Transfer | 1650 | 10 | 10 | 0.01 | 1 |
| | 18/06/1997 | Transfer | 500 | 10 | 10 | 0.00 | 1 |
| | 10/07/1997 | Transfer | 2000 | 10 | 10 | 0.02 | 1 |
| | 10/11/1997 | Transfer | 1000 | 10 | 10 | 0.01 | 1 |
| | 20/11/1997 | Transfer | 3000 | 10 | 10 | 0.03 | 1 |
| | 21/02/1998 | Transfer | 8500 | 10 | 10 | 0.08 | 1 |
| | 07/09/1998 | Transfer | 6100 | 10 | 10 | 0.05 | 1 |
| | 31/03/2000 | Transfer | 35636 | 10 | 10 | 0.31 | 1 |
| | 31/03/2000 | Transfer | 3524 | 10 | 10 | 0.03 | 3 |
| | 07/10/2000 | Transfer | 13100 | 10 | 10 | 0.11 | 3 |
| | 25/10/2000 | Bonus | 54555 | 10 | 0 | 0.48 | 3 |
| | 01/04/2004 | Cash | 4700 | 10 | 10 | 0.04 | 3 |
| | 07/06/2004 | Bonus | 168365 | 10 | 0 | 1.49 | 3 |
| 30/04/2005 | Transfer | 157100 | 10 | 10 | 1.39 | 3 | |
| 31/05/2005 | Transfer | 165000 | 10 | 10 | 1.46 | 3 | |
| | Total | 658830 | | 5.82 | | | |
| RAMESHKUMAR BHAGWANDAS PATEL | 14/06/1990 | Cash | 1000 | 10 | 10 | 0.01 | 1 |
| | 28/08/1991 | Cash | 6000 | 10 | 10 | 0.05 | 1 |
| | 10/06/1993 | Cash | 3000 | 10 | 10 | 0.03 | 1 |
| | 31/03/1994 | Cash | 3500 | 10 | 10 | 0.03 | 1 |
| | 05/06/1995 | Cash | 13700 | 10 | 10 | 0.12 | 1 |
| | 25/10/2000 | Bonus | 13500 | 10 | 0 | 0.12 | 1 |
| | 01/05/2002 | Transfer | 21350 | 10 | 10 | 0.19 | 1 |
| | 01/04/2004 | Cash | 4700 | 10 | 10 | 0.04 | 1 |
| | 07/06/2004 | Bonus | 3106 | 10 | 0 | 0.03 | 1 |
| | 07/06/2004 | Bonus | 63644 | 10 | 0 | 0.56 | 3 |
| | 30/04/2005 | Transfer | 320000 | 10 | 10 | 2.83 | 3 |
| | 31/05/2005 | Transfer | 182700 | 10 | 10 | 1.61 | 3 |
| | Total | | 636200 | | | 5.62 | |



| NAME OF THE PROMOTER / GROUP | DATE OF ALLOTMENT / TRANSFER | CONSIDERATION | NO. OF SHARES | FACE VALUE | ISSUE/ TRANSFER PRICE | POST ISSUE % | LOCK-IN PERIOD (YEARS) |
|-------------------------------|------------------------------|---------------|----------------|---------------|-----------------------|--------------|------------------------|
| SHASHIKANT PARSOTTAMDAS PATEL | 03/11/2000 | Agreement | 57656 | 10 | 10 | 0.51 | 1 |
| | 03/11/2000 | Agreement | 177244 | 10 | 10 | 1.56 | 3 |
| | 01/04/2004 | Cash | 4700 | 10 | 10 | 0.04 | 3 |
| | 07/06/2004 | Bonus | 239600 | 10 | 0 | 2.12 | 3 |
| | 30/04/2005 | Transfer | 45000 | 10 | 10 | 0.4 | 3 |
| | 31/05/2005 | Transfer | 99800 | 10 | 10 | 0.88 | 3 |
| | Total | | | 624000 | | | 5.51 |
| DIXIT BHAGWANBHAI PATEL | 07/10/2000 | Transfer | 4200 | 10 | 10 | 0.04 | 1 |
| | 25/10/2000 | Bonus | 2100 | 10 | 0 | 0.02 | 1 |
| | 01/08/2001 | Transfer | 500 | 10 | 10 | 0.00 | 1 |
| | 01/06/2002 | Transfer | 7100 | 10 | 10 | 0.06 | 1 |
| | 01/04/2004 | Cash | 4700 | 10 | 10 | 0.04 | 1 |
| | 07/06/2004 | Bonus | 18600 | 10 | 0 | 0.16 | 1 |
| | 31/05/2005 | Transfer | 33300 | 10 | 10 | 0.29 | 1 |
| | 31/05/2005 | Transfer | 30000 | 10 | 10 | 0.26 | 3 |
| | Total | | | 100500 | | | 0.89 |
| GRAND TOTAL | | | 2799630 | | | 24.73 | |

LOCK IN OF MINIMUM PROMOTER CONTRIBUTION- 3 YEARS

| NAME OF THE PROMOTER / GROUP | DATE OF ALLOTMENT / TRANSFER | CONSIDERATION | NO. OF SHARES | FACE VALUE | ISSUE/ TRANSFER PRICE | POST ISSUE % | LOCK-IN PERIOD (YEARS) |
|-------------------------------|------------------------------|---------------|---------------|---------------|-----------------------|--------------|------------------------|
| BHAGWANDAS KALIDAS PATEL | 7/6/2004 | Bonus | 16744 | 10 | 0 | 0.15 | 3 |
| | 30/4/2005 | Transfer | 60000 | 10 | 10 | 0.53 | 3 |
| | 31/5/2005 | Transfer | 459600 | 10 | 10 | 4.06 | 3 |
| | Total | | 536344 | 4.74 | | | |
| DASHRATHBHAI PRAHLADDAS PATEL | 31/3/2000 | Transfer | 3524 | 10 | 10 | 0.03 | 3 |
| | 7/10/2000 | Transfer | 13100 | 10 | 10 | 0.11 | 3 |
| | 25/10/2000 | Bonus | 54555 | 10 | 0 | 0.48 | 3 |
| | 1/4/2004 | Cash | 4700 | 10 | 10 | 0.04 | 3 |
| | 7/6/2004 | Bonus | 168365 | 10 | 0 | 1.49 | 3 |
| | 30/4/2005 | Transfer | 157100 | 10 | 10 | 1.39 | 3 |
| | 31/5/2005 | Transfer | 165000 | 10 | 10 | 1.46 | 3 |
| | Total | | | 566344 | | | 5.00 |

DYNEMIC PRODUCTS LIMITED

| NAME OF THE PROMOTER / GROUP | DATE OF ALLOTMENT / TRANSFER | CONSIDERATION | NO. OF SHARES | FACE VALUE | ISSUE/ TRANSFER PRICE | POST ISSUE % | LOCK-IN PERIOD (YEARS) |
|-------------------------------------|------------------------------|-----------------|----------------|------------|-----------------------|--------------|------------------------|
| RAMESHKUMAR BHAGWANDAS PATEL | 7/6/2004 | Bonus | 63644 | 10 | 0 | 0.56 | 3 |
| | 30/4/2005 | Transfer | 320000 | 10 | 10 | 2.83 | 3 |
| | 31/5/2005 | Transfer | 182700 | 10 | 10 | 1.61 | 3 |
| | Total | 566344 | 5.00 | | | | |
| SHASHIKANT P. PATEL | 3/11/2000 | Agreement | 177244 | 10 | 10 | 1.56 | 3 |
| | 1/4/2004 | Cash | 4700 | 10 | 10 | 0.04 | 3 |
| | 7/6/2004 | Bonus | 239600 | 10 | 0 | 2.12 | 3 |
| | 30/4/2005 | Transfer | 45000 | 10 | 10 | 0.40 | 3 |
| | 31/5/2005 | Transfer | 99800 | 10 | 10 | 0.88 | 3 |
| | Total | | 566344 | | | 5.00 | |
| DIXIT BHAGWAN BHAI PATEL | 31/5/2005 | Transfer | 30000 | 10 | 10 | 0.26 | 3 |
| | Total | | 2265376 | | | 20.00 | |

Notes:

- Lock-in period will commence from date of allotment of this issue. Besides this, entire pre-issue share capital, other than that locked in as promoter's contribution for 3 years, will be locked in for a period of one year from the date of allotment in this public issue.
- The Promoters Mr. Bhagwandas K Patel, Mr. Dashrathbhai P Patel, Mr. Ramesh B Patel, Mr. Shahshikant P Patel, and Mr. Dixit B Patel have given their approval for Lock in of their shareholding as specified above, vide their letter-dated 8th September, 2005.
- Shares issued last shall be locked-in first.
- The Equity Shares to be held by promoter(s) which are locked in, shall not be sold, hypothecated /transferred during the lock in period, however it may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the company, subject to continuation of lock-in, in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.
- Equity shares of promoters, locked in may be pledged only with banks or financial institution as collateral security for loans granted by such banks or FIs provided the pledge of shares is one of the terms of sanction of loan.
- The promoters' contribution has been brought in from persons defined as promoters under the Guidelines.
- The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
- The Securities forming part of Promoters contributions that are issued last have been locked in first.
- The Securities which are subject to lock in carry the inscription "non transferable"
- The Promoter's Contribution has been brought in is not less than the specified minimum lot of Rs 25000/- per application form from each individual .
- An over subscription to the extent of 10% of the net offer to the public can be retained for the purpose of rounding off to the nearest integer of shares while finalizing the allotment.
- In the event of over subscription allotment will be made on proportionate basis (subject to minimum application size) as detailed under basis of allotment



13. 10,000 Equity shares will be allotted on firm basis to the Lead Manager ie Centrum Capital Limited, No further application for subscription to the public issue from such person shall be entertained.
14. The Lead Manager to whom firm allotment is proposed to be made, withdraws partially or fully from the offer made to him after filing of prospectus with the ROC, the extent of shares Proposed to be allotted to such person shall be taken up by the Promoters and the subscription amount shall be brought in atleast one day prior to the issue opening date.
15. Shares so acquired by promoters shall also be subject to lock in period for 3 years.
16. Securities issued on Firm allotment basis shall be locked in for a period of one year from the date of Commencement of Commercial Production or the date of allotment in the Public Issue, whichever is later.
17. No payment, direct or indirect in nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who received firm allotment in such public issue.

2. EQUITY SHARES HELD BY TOP TEN SHAREHOLDERS:

a) Top ten shareholders as on two years prior to the date of filing of the Prospectus with the ROC

| Sr. No | Name of the shareholders | No. Of shares |
|--------|---------------------------------|----------------|
| 1 | DASHARATHBHAI P. PATEL (H.U.F.) | 383700 |
| 2 | D.N. PATEL (H.U.F.) | 350000 |
| 3 | VIMALA BHAGWANDAS PATEL | 276500 |
| 4 | SHASHIKANT P. PATEL | 239600 |
| 5 | DASHRATHBHAI PRAHLADDAS PATEL | 168365 |
| 6 | BHAGWANDAS K PATEL | 130250 |
| 7 | BHAGWANDAS NATHABHAI PATEL | 75750 |
| 8 | LILABEN DASHRATHBHAI PATEL | 75000 |
| 9 | RAMESHBHAI B. PATEL | 66750 |
| 10 | CHETNA PATEL | 55450 |
| | Total | 1821365 |

b) Top ten shareholders 10 days prior to the date of filing of the Prospectus with the ROC

| Sr. No | Name of the shareholders | No. Of shares |
|--------|-------------------------------|----------------|
| 1 | BHAGWANDAS KALIDAS PATEL | 780100 |
| 2 | DASHRATHBHAI PRAHLADDAS PATEL | 658830 |
| 3 | RAMESHKUMAR BHAGWANDAS PATEL | 636200 |
| 4 | SHASHIKANT P. PATEL | 624000 |
| 5 | D.N. PATEL (H.U.F) | 500000 |
| 6 | DASHARATHBHAI P. PATEL (HUF) | 485000 |
| 7 | LILABEN DASARATHBHAI PATEL | 165000 |
| 8 | CHETNA MUKESHKUMAR PATEL | 125500 |
| 9 | PALAK DASHRATHBHAI PATEL | 120950 |
| 10 | MUKESHKUMAR BHAGWANDAS PATEL | 110900 |
| | Total | 4206480 |

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c) Top ten shareholders on the date of filing of the prospectus with the ROC.

| Sr. No | Name of the shareholders | No. Of shares |
|--------|-------------------------------|----------------|
| 1 | BHAGWANDAS KALIDAS PATEL | 780100 |
| 2 | DASHRATHBHAI PRAHLADDAS PATEL | 658830 |
| 3 | RAMESHKUMAR BHAGWANDAS PATEL | 636200 |
| 4 | SHASHIKANT P. PATEL | 624000 |
| 5 | D.N. PATEL (H.U.F) | 500000 |
| 6 | DASHARATHBHAI P. PATEL (HUF) | 485000 |
| 7 | LILABEN DASHRATHBHAI PATEL | 165000 |
| 8 | CHETNA MUKESHKUMAR PATEL | 125500 |
| 9 | PALAK DASHRATHBHAI PATEL | 120950 |
| 10 | MUKESHKUMAR BHAGWANDAS PATEL | 110900 |
| | Total | 4206480 |

3. The pre and post offer shareholding pattern of the Company is given below: -

| Sr. No. | Shareholder | Before the Issue No. Of Rs.10/- shares | % Pre Issue | Post Issue pursuant to Public issue | |
|---------|---|--|---------------|--|------------------------|
| | | | | No. Of Rs.10/- shares | % Post Public Issue |
| 1 | Promoters | | | | |
| | ● Indian | 2799630 | 40.54 | 2799630 | 24.72 |
| | ● Foreign | Nil | 0.00 | Nil | 0.00 |
| 2 | Promoter Group | | | | |
| | ● Relative of Promoter | 1734250 | 25.12 | 1734250 | 15.31 |
| | ● Persons Acting in Concert | 818500 | 11.85 | 818500 | 7.23 |
| 3 | a) ● Others | 1552000 | 22.47 | 1552000 | 13.70 |
| | b) ● Other Directors | 1500 | 0.02 | 1500 | 0.01 |
| | Total of Promoter & Promoter Group Share Holding | 6905880 | 100.00 | 6905880 | 60.97 |
| 4 | ● Institutional Investor & Others | | | | |
| | ● Institutional Investors | NIL | 0.00 | NIL | 0.00 |
| | ● Other Director | NIL | 0.00 | NIL | 0.00 |
| | Private Corporate Bodies | NIL | 0.00 | NIL | 0.00 |
| | NRI/OCB | NIL | 0.00 | NIL | 0.00 |
| | Indian Public | NIL | 0.00 | 4421000 | 39.03 |
| | Total Holding of Institutional Investor & Others | NIL | 0.00 | 4421000 | 39.03 |
| | Grand Total | 6905880 | 100.00 | 11326880 | 100.00 |



18. As on date of filing of Prospectus with SEBI, the issued capital of the company is fully paid up.
19. No single applicant can make an application for number of shares, which exceeds the number of shares offered
20. As per SEBI Guidelines, A Minimum of 50% of the net offer to the public is reserved for allotment to individuals investors applying Equity shares of or a value of not more than Rs 100,000 The remaining 50% of net offer to the public is reserved for individuals applying for equity shares of a value more than Rs 1,00,000 and corporate bodies /institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
21. The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash (except the Issue of bonus shares and 14,00,000 equity shares of Rs. 10/- each were allotted as fully paid up to partners of erstwhile partnership firm M/s Saffron Dyestuff Industries pursuant to agreement on 3/11/2000).
22. The Company has not availed any bridge loans against the proceeds of this Issue.
23. The Company will get the full amount of equity Shares including premium at the stage of application.
24. As of the date of the Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
25. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the Equity Shares offered through this Prospectus have been listed.
26. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
27. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, either by way of split or consolidation of the Equity Shares or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
28. The total numbers of members of the Company are 570 as on 30th September 2005
29. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.
30. Any transaction in securities by the “Promoters”, promoter group” and the immediate relatives of the Promoters during the period between the date of filing of the Prospectus with the Registrar of Companies or Stock Exchanges as the case may be and date of closure of the issue shall be reported to the stock Exchanges concerned within 24 hours of the transaction.
31. At any given point of time, there shall be only one denomination for the Equity shares of the Company.
32. No payment direct or indirect in the nature of discount, commission allowance, or otherwise shall be made either by the issuer company or the promoters to the persons who receive firm allotment in this issue.
33. The Promoters including Promoter Group and Associates and Directors have purchased /Sold Equity shares of the Company, during the period of Six months preceeding the date on which prospectus is filed with ROC.The details are as given as below.

| Sr. No | Date | Promoter/Promoter Group | Purchased/ Sold | No of Equity shares | Price per share |
|--------|-----------|-----------------------------|--------------------|------------------------|--------------------|
| 1 | 30/4/2005 | S.P.Patel | Sold | 45000 | 10 |
| 2 | 30/4/2005 | Sharda Hiralal Patel. | Sold | 49900 | 10 |
| 3 | 30/4/2005 | D.N.Patel (H.U.F) | Sold | 200000 | 10 |
| 4 | 30/4/2005 | Bhagwandas Nathabhai Patel | Sold | 120000 | 10 |
| 5 | 30/4/2005 | L.D.Patel | Sold | 43200 | 10 |
| 6 | 30/4/2005 | P.D. Patel | Sold | 117400 | 10 |
| 7 | 30/4/2005 | Dashrathbhai P. Patel (HUF) | Sold | 30100 | 10 |
| 8 | 30/4/2005 | V.B. Patel | Sold | 29900 | 10 |
| 9 | 30/4/2005 | Chetna Bhagwandas Patel | Sold | 500 | 10 |

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| Sr. No | Date | Promoter/Promoter Group | Purchased/ Sold | No of Equity shares | Price per share |
|--------|-----------|-------------------------------|--------------------|------------------------|--------------------|
| 10 | 30/4/2005 | Shashikant P Patel | Purchased | 45000 | 10 |
| 11 | 30/4/2005 | Sharda Shashikant Patel | Purchased | 49900 | 10 |
| 12 | 30/4/2005 | Hansaben R. Patel | Purchased | 38300 | 10 |
| 13 | 30/4/2005 | Hansaben R. Patel | Purchased | 40600 | 10 |
| 14 | 30/4/2005 | Hansaben R. Patel | Purchased | 36600 | 10 |
| 15 | 30/4/2005 | Hansaben R. Patel | Purchased | 31200 | 10 |
| 16 | 30/4/2005 | Hansaben R. Patel | Purchased | 6000 | 10 |
| 18 | 30/4/2005 | Rameshkumar Bhagwandas Patdl | Purchased | 200000 | 10 |
| 19 | 30/4/2005 | Rameshkumar Bhagwandas Patel | Purchased | 120000 | 10 |
| 20 | 30/4/2005 | Dashrathbhai Prahladdas Patel | Purchased | 22500 | 10 |
| 21 | 30/4/2005 | Dashrathbhai Prahladdas Patel | Purchased | 17200 | 10 |
| 22 | 30/4/2005 | Lilaben Dashrathbhai Patel | Purchased | 43200 | 10 |
| 23 | 30/4/2005 | Palak Dasharathbhai Patel | Purchased | 117400 | 10 |
| 24 | 30/4/2005 | Dashrathbhai Prahladdas Patel | Purchased | 30100 | 10 |
| 25 | 30/4/2005 | Bhagwandas Kalidas Patel | Purchased | 29900 | 10 |
| 26 | 30/4/2005 | Bhagwandas Kalidas Patel | Purchased | 500 | 10 |
| 27 | 30/4/2005 | Mittal D. Patel | Purchased | 300 | 10 |
| 28 | 31/5/2005 | C.M.Patel | Sold | 50000 | 10 |
| 29 | 31/5/2005 | M.B.Patel | Sold | 50000 | 10 |
| 30 | 31/5/2005 | Mukesh B. Patel | Sold | 50000 | 10 |
| 31 | 31/5/2005 | Chetna M. Patel | Sold | 50000 | 10 |
| 32 | 31/5/2005 | B.K.Patel(H.U.F.) | Sold | 63300 | 10 |
| 33 | 31/5/2005 | Sharda Shashikant Patel | Sold | 74850 | 10 |
| 34 | 31/5/2005 | Hansaben R. Patel | Sold | 182700 | 10 |
| 35 | 31/5/2005 | Vimla Bhagwandas Patel | Sold | 459600 | 10 |
| 36 | 31/5/2005 | Dasharahtbhai P. Patel (HUF) | Sold | 16500 | 10 |
| 37 | 31/5/2005 | Shantaben Lalbhai Patel | Sold | 7500 | 10 |
| 38 | 31/5/2005 | Manjulaben Hasmukhlal Patel | Sold | 2100 | 10 |
| 39 | 31/5/2005 | Pravina Kamleshkumar Patel | Sold | 5700 | 10 |
| 40 | 31/5/2005 | Rameshkumar Mohanlal Patel | Sold | 300 | 10 |
| 41 | 31/5/2005 | Dashrathbhai P. Patel (HUF) | Sold | 148500 | 10 |
| 42 | 31/5/2005 | Chetna Mukeshkumar Patel | Purchased | 50000 | 10 |
| 43 | 31/5/2005 | Mukeshkumar Bhagwandas Patel | Purchased | 50000 | 10 |
| 44 | 31/5/2005 | Mukeshkumar Bhagwandas Patel | Purchased | 50000 | 10 |
| 45 | 31/5/2005 | Chetna Mukeshkumar Patel | Purchased | 50000 | 10 |
| 46 | 31/5/2005 | Dixit Bhagwandas Patel | Purchased | 63300 | 10 |
| 47 | 31/5/2005 | Shashikant P Patel | Purchased | 74850 | 10 |
| 48 | 31/5/2005 | Rameshkumar Bhagwandas Patel | Purchased | 182700 | 10 |
| 49 | 31/5/2005 | Bhagwandas Kalidas Patel | Purchased | 459600 | 10 |
| 50 | 31/5/2005 | Dashrathbhai Prahladdas Patel | Purchased | 16500 | 10 |
| 51 | 31/5/2005 | Lalbhai Manorbhai Patel | Purchased | 7500 | 10 |
| 52 | 31/5/2005 | Hasmukhbhai Morarbhai Patel | Purchased | 2100 | 10 |
| 53 | 31/5/2005 | Kamleshkumar Joitaram Patel | Purchased | 5700 | 10 |
| 54 | 31/5/2005 | Rameshkumar Mohanlal Patel | Purchased | 300 | 10 |
| 55 | 31/5/2005 | Dashrathbhai Prahladdas Patel | Purchased | 148500 | 10 |



IV OBJECTS OF THE ISSUE

The Company proposes the Present Issue for:

- Backward Integration by manufacturing of major Raw Material namely Ethyl Acetate, Installation of recovery plants for recovery of 1680 MT Glauber's Salt and 96 MT of 1:4 PHPS & Replacement of existing Gas Fired Boiler with Wood / Lignite Fired Boiler for cost saving.
- Expansion of existing capacity for manufacturing of existing products Viz Primary Food Colors & Lake Colors.
- To meet the Working Capital Margin requirement
- To meet the expenses of the issue
- To list the equity shares of the company to be issued through this Prospectus on BSE.

FUNDS REQUIREMENT

The Company has estimated funds requirement as under:

| Sr. No. | Particulars | Amount (Rs. In Lacs) |
|---------|--|----------------------|
| 1. | Expansion of Unit I by in house manufacturing of Ethyl Acetate, installing recovery plant of Glauber Salt and 1.4 PHPS and replacement of existing Gas Fired Boiler with Wood /Lignite fired boiler. | 411.86 |
| 2. | Expansion of existing capacities of Unit II by installation of three plants for manufacturing of Food Colours and Lake Colours. | 1321.56 |
| 3. | To meet the expenses of the issue | 86.06 |
| | Total | 1819.48 |

Note: The Company proposes to acquire net tangible assets amounting to Rs. 1514.77 Lacs which represents 97.89% of the issue proceeds.

UNIT WISE BREAK UP IS AS FOLLOWS

| Sr.No. | Particulars of Cost | Unit-1 | Unit-2 | Total Rs. |
|--------|--|---------------|----------------|----------------|
| 1. | Land Development | 10.00 | 15.00 | 25.00 |
| 2. | Building -Factory. | 53.64 | 205.32 | 258.96 |
| 3. | Plant & Machineries. | 144.33 | 709.61 | 853.94 |
| 4. | Laboratory Equipments | 0.00 | 209.32 | 209.32 |
| 5. | Other Expenses (Electrification / Transportation / Installation) | 42.57 | 124.98 | 167.55 |
| 6. | Working Capital Margin | 161.32 | 57.33 | 218.65 |
| | Total Cost of Project | 411.86 | 1321.56 | 1733.42 |

FUNDING PLANS (MEANS OF FINANCE)

The funding plans proposed by the company are as under:

| Sr. No. | Particulars | Amount (Rs. In Lacs) |
|---------|-------------------------------------|----------------------|
| 1. | Public Issue of Equity Shares | 1,547.35 |
| 2. | Term Loans / Internal Cash Accruals | 272.13 |
| | Total | 1,819.48 |

NOTES

The Company has received Sanction letter from Citibank NA, 3rd Floor, Rembrandt Complex, C.G Road, Ahmedabad to part finance the expansion project.

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Thus the Company has made firm arrangements through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through public issue.

The main objects clause and objects incidental or ancillary to the main clause of the Memorandum of Association of the company enable the company to undertake the existing activities and the activities for which the funds are raised by the company.

The net proceeds of the Issue and from Term Loan is Rs. 1733.42. Lacs after meeting issue expenses of Rs. 86.06 Lacs will be used for expansion of the two units at Ankleshwar. Any shortfall will be met through company's internal accruals. In case of any surplus the same will be used for business purpose.

The other object of the issue is to achieve the benefits of listing and to provide liquidity to our existing shareholders.

No part of the issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel, Associates and Group Companies.

Details Regarding Term Loan

| | |
|----------------------|---|
| Name of the Borrower | Dynemic Products Limited |
| Amount of Loan | Rs 272.00 Lacs |
| Currency | Indian Rupees |
| Purpose | Funds to be used by the borrower for financing its Working Capital requirements and for refinancing existing Term Loan |
| Primary Security | First and exclusive charge on all present and future Land and Building, Factory Buildings, Plant and Machinery, Book debts and stocks Equitable Mortgage on leaseholdland Factory plots & Building constructed thereon and plant and Machinery attached there at plot Nos 6401, 6415 and 6416 situated GIDC Ankleshwar. Equitable Mortgage on Factory Plot No 3709/6 (Unit II) along with hypothecation of existing plant and Machinery of Unit II located at GIDC Ankleshwar. Equitable Mortgage on commercial Property located at B-301 Satyamev Complex 1, Sarkhej – Gandhinagar Highway, Ahmedabad. |
| Collateral Security | Personal Guarantees of Promoters and Directors, Demand Promissory notes for a sum of Rs. 84.5 million |
| Other Securities | Margin on stock and debtors < 120 days would be 40% and 50% respectively Cash margins will be as follows: Usance LC : 10% |
| Period of Term Loan | Repayment 12 quarterly installments |
| Rate of Interest | 13% per annum. |

Major Covenants of above Sanctioned term Loan

* Sanction of Term Loan is Subject to :-

- 1) The above Sanction is subject to company being able to raise Rs 1547.35 lacs of Capital through IPO.
- 2) The Company being able to achieve the Sales turnover of more than Rs 30.00 Million in 2005-06
- 3) Cost run over in the proposed project if any are funded through internal accruals.
- 4) Debtors Outstanding greater than 120 days being maintained less than Rs 5.00 million.
- 5) DSCR and Current Ratio being maintained more than 2.0 times and 1.33 times at all times .
- 6) All Stamp Duties and other Legal expenses to be borne by the borrower.
- 7) All the assets of the borrower to be covered under comprehensive Insurance for full value.
- 8) Monthly Book Debts Statements, Quartely Performance Statement, Annual Audited Financial Statements to be received by the bank within the prescribed time.
 - The borrower shall comply with all the Laws and Regulations applicable to its operations borrower shall fulfill all its Financial Obligations under various Taxations, Retiral, and applicable Laws prevelant from time to time.
 - All future borrowings by the borrower would be with the prior written permission of Citibank N.A.
 - The borrower or Associate Companies shall not issue any Gaurantee of any kind, without prior permission of Citibank N.A



- No change shall be made in the Equity, Management and the Operating Structure of the company without the prior approval of Citibank N.A

PROJECT DETAILS

(A) BACKWARD INTEGRATION BY MANUFACTURING OF MAJOR RAW MATERIAL NAMELY ETHYL ACETATE.

The Company uses Ethyl Acetate as one of its major Raw material in production of S.P.C.P. having present consumption of Approx. 475 MT p.a. for production of 1020 MT p.a. of SPCP. At present the company purchases its 100% requirement of E.A. from outside party the cost of which is Rs. 40 to Rs. 45 per kg. The company proposes to go in backward integration process for manufacturing of Ethyl Acetate as in house process. At present, the company gets recovery of Liquor of Esterification during the process of manufacturing of S.P.C.P. The said recovered Liquor of Esterification can be used for manufacturing of Ethyl Acetate. The cost of manufacturing will be nearly 80% less than existing purchase price.

The categorized Existing & Proposed production capacities of the company are as follows:

| Product | EXISTING CAPACITY | PROPOSED CAPACITY | TOTAL CAPACITY |
|---------------------------------|-------------------|-------------------|----------------|
| Dyes Intermediates | 1,020 MT/Annum | NIL | 1,020 MT/Annum |
| Tartrazine & Other Food Colours | 720 MT/Annum | 270 MT/Annum | 990 MT/Annum |
| Glauber's Salt Recovery | NIL | 1680 MT/Annum | 1680 MT/Annum |
| 1: 4 PHPS Recovery | NIL | 96 MT / Annum | 96 MT / Annum |

B) INSTALLATION OF RECOVERY PLANTS FOR RECOVERY OF GLAUBER'S SALT AND 1:4 PHPS

The company also proposes to install a recovery plant of Gaulber's salt and 1:4 PHPS as by the installations of these plants the company would be able to recover of 140 MT per month of Glauber's Salt and 8 MT per month of 1:4 PHPS as finished goods and these would be recovered from the filtration of Effluent disposed off during the production and in turn both these products recovered viz Glauber's Salt & 1:4 PHPS would be sold in the market generating an additional income of Rs 83.40 lacs

C) REPLACEMENT OF EXISTING GAS FIRED BOILER WITH WOOD / LIGNITE FIRED BOILER

The company also proposes for the replacement of their existing Gas Fired Boiler with a wood /lignite Fired boiler the purpose of such installation would basically lead to cost saving of Rs 79.86 lacs and also the replacement cost of the boiler i.e. Rs 26.00 Lacs would be recovered within few months from the commencement of production by this system

THE DETAILED COST BREAK UP FOR SETTING UP UNIT I IS PROVIDED BELOW

| Sr.No. | Summary of Total Cost | Rs in lacs |
|--------|---|---------------|
| 1. | Land Development | 10.00 |
| 2. | Building -Factory. | 53.64 |
| 3. | Plant & Machinerics. | 144.33 |
| 4. | Other Expenses (Electrification / Transportation / Installation)Electrification | 42.57 |
| 5. | Working Capital Margin | 161.32 |
| | Total Cost of Project | 411.86 |

LAND:

The company proposes the expansion project in its existing land admeasuring 5664 sq mtrs comprising of three plots situated at 6401, 6415 & 6416 G I D C, Estate Ankleshwar 393002. However the company proposes to incur Rs 10.00 Lacs towards the Land Development expenses on its existing land.

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BUILDING (Rs 53.64 Lacs)

| Sr No. | Item | Area/Unit | Rate/Unit (Rs) | Rs. In Lacs |
|-------------|--|------------------|----------------|--------------|
| (A) | Boiler | | | |
| | Foundation of Boiler chimney Installation and Storage Yard | 50M ² | 3.50 | 3.50 |
| | Sub Total (A) | | | 3.50 |
| (B) | Glober Salt & 1:4 PHPS Recovery Plant | | | |
| (I) | Structural & Foundation job RCC made Column Beam | – | 1.69 | 1.69 |
| | ii) Joist (250 mm x 125 mm) | 3 MT | 0.38 | 1.15 |
| | iii) Channel (75 mm x 40 mm) | 2 MT | 0.34 | 0.69 |
| | iv) Channel (75 mm x 40 mm) | 1 MT | 0.33 | 0.33 |
| | v) Angle (75 mm x 75 mm) | 1 MT | 0.33 | 0.33 |
| | vi) Plate / Tie Rod / Channel | 1 MT | 0.39 | 0.39 |
| | Total | | | 4.58 |
| (B) | Crystallization System | | | |
| (II) | Structural & foundation job RCC made column & Beam | – | 1.69 | 1.69 |
| | <u>Structural Job</u> | | | |
| | i) Joist (250 mm x 125 mm) | 3 MT | 0.38 | 1.15 |
| | ii) Channel (75 mm x 40 mm) | 2 MT | 0.34 | 0.69 |
| | ii) Channel (75 mm x 40 mm) | 1 MT | 0.33 | 0.33 |
| | iv) Angle (75 mm x 75 mm) | 1 MT | 0.33 | 0.33 |
| | v) Plate / Tie Rod / Channel | 1 MT | 0.39 | 0.39 |
| | Total | | | 4.58 |
| | Sub Total (B) | | | 9.16 |
| (C) | Solvent Recovery Plant | | | |
| | Foundation of Machineries / Civil job | 1 Set | 1.00 | 1.00 |
| | <u>Structural Job</u> | | | |
| | i) Channel (200 mm x 100 mm) | 5.5 MT | 0.38 | 2.11 |
| | ii) Channel (200 mm x 100 mm) | 7.06 MT | 0.38 | 2.71 |
| | iii) Angle (75 mm x 40 mm) | 01 MT | 0.34 | 0.34 |
| | iv) Channel for staircase (75 mm x 75 mm) | 01 MT | 0.34 | 0.34 |
| | iv) Plate / Tie Rod / Supporting Angel | 01 MT | 0.39 | 0.39 |
| | Sub Total(C) | | | 6.89 |
| (D) | Construction of Boiler Area, Storage Area, Tank Farm & Godown | | | 34.09 |
| | Grand Total [A+B+C] | | | 53.64 |

Notes:

- For Civil Construction of Storage Area, Boiler Area, tank farm and godown the company has received the quotation from M/s M K Construction & Co a Government Approved 9C) Class contractor at ankleshwar vide their quotation dated 18/8/2005
- As for the self-fabrication and civil construction estimates and quotations from different parties have been received the company will carry out the works on its own and the materials will be purchased at best competitive prices.



1. MACHINERIES ALREADY PURCHASED

| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Invoice |
|---------|---------------------|-----------------|-------------|--|
| 1) | Heat Pipe Exchanger | Apex Enterprise | 7.73 | No. 26 dtd 03/01/2005 from Apex Enterprise |
| | Total | | 7.73 | |

2. MACHINERIES FOR WHICH ORDERS HAVE NOT BEEN PLACED BUT QUOTATION HAS BEEN RECEIVED

Machineries

Glauber Salt & 1:4 PHPS Recovery Plant & Crystallisation System

| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Quotation No & date |
|---------|-----------------------------------|-------------------------------|--------------|---|
| 1) | Multiple Effect Evaporation Plant | Chem Process System Pvt. Ltd | 25.82 | CPSPL-182-B-EVP& CRY-ZEFT-R2 dtd 5-7-2005 |
| 2) | Crystallization System | Chem. Process System Pvt. Ltd | 21.32 | CPSPL-182-B-EVP& CRY-ZEFT-R2 dtd 5-7-2005 |
| | Total | | 47.14 | |

Solvent Recovery Plant

| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Quotation No & date |
|---------|------------------------|-------------------------|--------------|-----------------------------------|
| 1) | Solvent Recovery Plant | Welkin Egg, Corporation | 40.03 | WO/WEC/ANK/136/2005 dtd 25/8/2005 |
| | Total | | 40.03 | |

Wood Boiler / General Utilities

| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Quotation No & date |
|---------|------------------------|----------------------------------|--------------|--------------------------------------|
| 1) | Boiler | Industrial Boiler Ltd | 22.17 | IB/V/2141 & 2159 /2005 dtd 26/8/2005 |
| 2) | Water Preheater | Industrial Boiler Ltd | 1.88 | IB/V/2141 & 2159 /2005 dtd 26/8/2005 |
| 3) | Cyclone Dust Collector | Industrial Boiler Ltd | 1.88 | IB/V/2141 & 2159 /2005 dtd 26/8/2005 |
| 4) | Softener | B.T. Engineering | 1.75 | BET/05-06/38a dtd 18/7/2005 |
| 5) | Water Feed Tank | Akas Process Machinery Pvt. Ltd. | 0.75 | APMPL/DPL/05-06/101/05 dtd 30-7-2005 |
| 6) | Steam Blow Down Drain | Ultra Mec Services | 0.10 | 125/05-06 dtd 28/7/2005 |
| | Total | | 28.53 | |

Other General Utilities

| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Quotation No & date |
|---------|-------------------------------|---------------------------------|--------------|---|
| 1) | Cooling Tower | Artech Cooling Towers Pvt Ltd | 3.59 | NIL /08/01/2005 Validity letter dtd 28/7/2005 |
| 2) | S.S. Centrifuge (GS) (2 Nos.) | Vishwakarma Engg. Ind. | 5.51 | 56/05 dtd 25/07/2005 |
| 3) | D G Set 250 KVA | Bhaskar Power Projects (P) Ltd. | 11.80 | BPPPPL/AHD/1297/05-06 dtd 27/7/2005 |
| | Total | | 20.90 | |

DYNEMIC PRODUCTS LIMITED

3. Brief details of other expenses relating to electrification, insulation, instrumentation of plant and machinery, for which Company has not placed any orders nor received any Quotation, the cost of which are company own estimates on the basis of past experience.

| Sr No | Name of Machinery | Rs in Lacs |
|-------|----------------------------|--------------|
| 1 | Electrification | 4.07 |
| 2 | Erection and Commissioning | 10.75 |
| 3 | Insulation | 3.76 |
| 4 | Instrumentation | 4.19 |
| 5 | Pumps & Valves | 9.60 |
| 6 | Pipe & Fittings | 5.53 |
| 7 | Transportation | 4.67 |
| | Total | 42.57 |

EXPANSION OF UNIT – II

The company in this unit proposes to make expansion by installation of three plants for manufacturing of Food Colours and Lake Colours. The expansion for Lake Colours plant is Forward Integration by further processing of Food Colors and the company is also setting up its own Research & Development center.

The categorized Existing & Proposed production capacities of the company are as follows:

| Product | EXISTING CAPACITY | PROPOSED CAPACITY | TOTAL CAPACITY |
|--------------|-------------------|-------------------|----------------|
| Food Colours | 240 MT/Annum | 720 MT/Annum | 960 MT/Annum |
| Lake Colours | NIL | 180 MT/Annum | 180 MT/Annum |

THE DETAILED COST OF THE PROJECT FOR UNIT II HAS BEEN DESCRIBED BELOW.

| Sr.No. | Summary of total Cost of Unit II | Rs in lacs |
|--------|--|----------------|
| 1. | Land Development | 15.00 |
| 2. | Building -Factory. | 205.32 |
| 3. | Plant & Machineries. | 709.61 |
| 4. | Laboratory Equipments | 209.32 |
| 5. | Other Expenses (Electrification / Transportation / Installation) | 124.98 |
| 6. | Working Capital Margin | 57.33 |
| | TOTAL COST OF PROJECT | 1321.56 |

LAND:

The company proposes the expansion project in its existing land admeasuring 3700 sq mtrs comprising of a plot situated at 3709/6 G I D C, Estate Ankleshwar 393002. However the company proposes to incur Rs 15.00 Lacs towards the Land Development expenses on its existing land.



BUILDING CONSTRUCTION FOR PRIMARY & LAKE COLOURS (RS 165.57 LACS)

| Sr No. | Name of the building | Number of Floors | Total Height[M] | Floor Area [M2] | Total Floor Area[M2] | Rate Rs/ M2 | Rs In Lacs |
|--------|---|------------------|-----------------|-----------------|----------------------|-------------|----------------|
| 1 | Process Building (24.00m *17.62 m) (I, II, III Floors) GMP requirements | GR + 3 | 21 | 423 | 1269 | 6500 | 82.48 15.00 |
| 2 | Dryer Plant (17.62 m* 8.65 m) | GR + 2 | 18 | 152 | 456 | 6500 | 29.64 |
| 3 | Raw Material Store FG store (17.62 m * 11.50 m) | GR | 8 | 202 | 202 | 8000 | 16.16 |
| 4 | Utilities Building including DG, Boiler Foundation (19.69 m *7.62 m) | GR | 5 | 150 | 150 | 6500 | 9.75 |
| 5 | ETP Tanks | GR | | | 100 | 4500 | 4.50 |
| 6 | Plumbing / External drainage | LS | | | 1 | 150000 | 1.50 |
| | Total | | | | | | 159.03 |
| | Add for statutory approvals, Architects Fees, Incidental expenses, inflation, contingencies | | | | | | 6.54 |
| | Grand Total | | | | | | 165.57 |

BUILDING CONSTRUCTION FOR R & D LABORATORY (RS 39.75 LACS)

| Sr No. | Description | Area/Quantity | UNIT | RATE | Rs In Lacs |
|--------|--|---------------|----------------|--------|--------------|
| 1 | Civil Construction –Approx Built up area | 230 | M ² | 6000 | 13.80 |
| 2 | Tables, work banches for laboratory and other office furniture | 50 | MT | 20000 | 10.00 |
| 3 | Fume Chambers, with blowers, ducting etc | 2 | Nos | 200000 | 4.00 |
| 4 | LEV's | 3 | Nos | 40000 | 1.20 |
| 5 | Air Conditioning | 250 | M ³ | 2500 | 6.25 |
| 6 | Electrical Work | 1 | Job | 300000 | 3.00 |
| 7 | Racks, Cupboards | 1 | Job | 150000 | 1.50 |
| | Grand Total | | | | 39.75 |

For civil construction of building for Primary & Lake Colours and for the proposed Research and development Laboratory the company has received the quotation from M/s Project Management Consultants at Ankleshwar dated 18/08/2005.

DYNEMIC PRODUCTS LIMITED

1. MACHINERIES FOR WHICH ORDERS HAVE NOT BEEN PLACED BUT QUOTATION HAS BEEN RECEIVED

PLANT : A

| Sr. No. | Name of Machinery | Supplier's Name | Rs in Lacs | Quotation No & Date |
|---------|-------------------------------|---------------------------------|---------------|--|
| 1 | Glass Lined Reactor (5 KL) | Swiss Glass Coat Equipment Ltd. | 13.45 | SM/Q/981/2005-06 dtd 21/8/2005 |
| 2 | HDPE Tank (1 KL) | Nu Fibro tech | 0.11 | NU/05-06/N-114 dtd 29/07/2005 |
| 3 | SS Reactor (6 KL) | Welmech Engineering Services | 5.33 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 4 | SS Reactor (1 KL, 3 Nos) | Welmech Engineering Services | 3.57 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 5 | SS Reactor (12 KL, 3 Nos) | Welmech Engineering Services | 36.74 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 6 | Filter Press (48") | Sachin Filtech Pvt. Ltd. | 23.02 | SFPL/18/853-1P/04-2005 dtd 12/01/2005 validity letter dtd 03/08/2005 |
| 7 | Sparkler Filter (10 M 3 / Hr) | Chemac Equipments Pvt. Ltd | 7.00 | CE/Q-0205/2005-06 dtd 08/08/2005 |
| 8 | Spray Dryer Unit (250 KG /Hr) | Mojj Engineering Systems Ltd. | 59.45 | MES/M4/QT/MEC/17306/2005 & 17141/2005 dtd 17/08/2005 |
| 9 | ACM 30 | Rieco Industries Ltd | 43.55 | 210134 dtd 30-12/2004 validity letter Dtd 04/08/2005 |
| 10 | Blender | Bifriend Engineering Works | 12.70 | BEW/O/675/2005 dtd 18/08/2005 |
| 11 | Ice Flaker (9 MT/ DAY) | NSIE Company (India) Pvt Ltd. | 14.20 | ABP/NSIE/2005/1004 dtd 08/08/2005 |
| 12 | Pumps (4 nos) | Hiralal & Sons | 0.92 | 812 dtd 10/9/2005 |
| 13 | Metal Detector (2000 Kg/Hr) | Rieco Industries Ltd | 13.15 | RIE Co /AMD/260090 dtd 30/12/2004 validity letter dtd 4/08/2005 |
| 14 | Bag Filter (2 Nos.) | Welmech Engineering Services | 1.41 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| | | Total (A) | 234.60 | |



PLANT: B

| Sr. No. | Name of Machinery | Supplier's Name | Rs in Lacs | Quotation No & Date |
|----------------|-------------------------------|---------------------------------------|-------------------|--|
| 1 | Glass Lined Reactor (4 KL) | Swiss Glass Coat Equipment Ltd. | 11.97 | SM/Q/981/2005-06 dtd 21/8/2005 |
| 2 | Glass Lined Reactor (8 KL) | Swiss Glass Coat Equipment Ltd. | 21.52 | SM/Q/981/2005-06 dtd 21/8/2005 |
| 3 | SS Reactor (3 KL, 2 Nos) | Welmech Engineering Services | 9.41 | WO/WES/DPL-II/61/ 2005-06 dtd 04/08/2005 |
| 4 | HDPE Tank (1 KL) | No Fibro tech | 0.11 | NU/05-06/N-114 dtd 29/ 07/2005 |
| 5 | Filter Press (48") | Sachin Filtech Pvt. Ltd. | 23.02 | SFPL/18/853/1P/04-2005 dtd 12/01/2005 validity letter dtd 03/08/2005 |
| 6 | Sparkler Filter (10 M 3 / Hr) | Chemac Equipments Pvt. Ltd | 7.00 | CE/Q-0205/2005-06 dtd 08/08/2005 |
| 7 | Spray Dryer Unit (250 KG /Hr) | Mojj Engineering Systems Ltd. | 59.45 | MES/M4/QT/MEC/17306/ 2005 & 17141/2005 dtd 17/08/2005 |
| 8 | ACM 30 | Rieco Industries Ltd | 43.55 | 210134 dtd 30-12/2004 validity letter dtd 04/08/ 2005 |
| 9 | Blender | Bifriend Engineering Works | 12.70 | BEW/O/675/2005 dtd 18/08/2005 |
| 10 | Ice Flaker (9 MT/ DAY) | NSIE Company (India) Pvt Ltd. | 14.20 | ABP/NSIE/2005/1004 dtd 08/08/2005 |
| 11 | Bag Filter (2 Nos) | Welmech Engineering Services | 1.41 | WO/WES/DPL-II/61/ 2005-06 dtd04/08/2005 |
| 12 | Air Jet Mill (Lab Model) | Chemac Equipments Pvt. Ltd | 3.53 | CE/Q-1134/2003-04 Validity letter dated 17-9-2005 |
| 13 | Metal Detector (2000 Kg/Hr) | Rieco Industries Ltd | 13.15 | RIE Co /AMD/260090 dtd 30/12/2004 validity letter dtd 4/08/2005 |
| 14 | Pumps (3 Nos) | Hiralal & Sons | 0.69 | 812 dtd 10/09/2005 |
| 15 | Air Jet Mill | Vishwakarma Engineering Industries | 100.00 | NIL dtd 18/08/2005 |
| | | Total (B) | 321.71 | |

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PLANT: C

| Sr. No. | Name of Machinery | Supplier's Name | Rs in Lacs | Quotation No & Date |
|---------|------------------------------|---------------------------------|---------------|---|
| 1 | Glass Lined Reactor (4 KL) | Swiss Glass Coat Equipment Ltd. | 11.96 | SM/Q/981/2005-06 dtd 21/8/2005 |
| 2 | Glass Lined Reactor (1 KL) | Swiss Glass Coat Equipment Ltd. | 6.98 | SM/Q/981/2005-06 21/8/2005 |
| 3 | Glass Lined Reactor (8 KL) | Swiss Glass Coat Equipment Ltd. | 21.52 | SM/Q/981/2005-06 21/8/2005 |
| 4 | SS Reactor (12 KL) | Welmech Engineering Services | 12.25 | WO/WES/DPL-II/61 /2005-06 dtd04/08/2005 |
| 5 | MSRL Storage Tank (10 KL) | Welmech Engineering Services | 1.50 | WO/WES/DPL-II/61/ 2005-06 dtd04/08/2005 |
| 6 | Filter Press (48") | Sachin Filtech Pvt. Ltd. | 23.04 | SFPL/18/853-1P/04-2005 dtd12/01/2005 validity letter dtd 03/08/2005 |
| 7 | Sparkler Filter (10 M3 / hr) | Chemac Equipments Pvt Ltd | 7.00 | CE/Q-0205/2005-06 dtd 08/08/2005 |
| 8 | Blender | Bifriend Engineering Works | 12.71 | BEW/O/675/2005 dtd 18/08/2005 |
| 9 | Metal Detector (200kg/Hr) | Rieco Industries Ltd | 13.15 | RIE Co /AMD/260090 dtd 30/12/2004 validity letter dtd 4/08/2005 |
| 10 | Pump (4 nos) | Hiralal & Sons | 0.92 | 812 dtd 10/09/2005 |
| | | Total (C) | 111.03 | |
| | | Grand Total (A+B+C) | 667.34 | |

BOILER & GENERAL UTILITIES

| Sr. No. | Name of Machinery | Supplier's Name | Rs in Lacs | Quotation No & Date |
|---------|------------------------|---|--------------|--|
| 1 | Boiler | Elite Thermal Engineers Pvt Ltd | 7.69 | Q/ETE/323/2003 dtd 27/11/2004 Validity Letter dated ETE/677/2005 dtd 14/8/2005 |
| 2 | Cooling Tower (2 Sets) | Shree Matangi Cooling Towers Pvt Ltd | 1.94 | SMCPL/F1 B /23 /05-06 dtd 02/08/2005 |
| 3 | Air Compressor | Firdos & S Cambatta Company | 24.64 | 007/SSP/111 dtd 05/08/2005 |
| 4 | D G Set | Bhaskar Power Projects (P) Ltd | 8.00 | BPPL/AHD/1320/05-06 dtd 09/08/2005 |
| | | Grand Total | 42.27 | |



RESEARCH & DEVELOPMENT & LABORATORY

| Sr. No. | Name of Machinery | Supplier's Name | Rs in Lacs | Quotation No & Date |
|---------|--|----------------------------------|---------------|-------------------------------------|
| 1) | Auto Titrator | Lab India | 8.07 | LIPL/IBD/61-2005 dtd 06/08/2005 |
| 2) | TOC Analyser | Saksham Enterprise | 31.76 | SK245SHI254 dtd 08/08/2005 |
| 3) | pH System | Bela Instruments | 0.68 | BI/9357 dtd 06/08/2005 |
| 5) | Perkin Elmer Claras 500 Gas Chromatographer | Perkin Elmer (India) Pvt Ltd | 57.98 | PE/789/BRC/2005 dtd 10/08/2005 |
| 6) | Conductivity meter | Lab India Instruments Pvt Ltd | 0.90 | LIPL/IBD/06-2005 dtd 06/08/2005 |
| 7) | Analytical Balance | Lab India Instruments Pvt Ltd | 7.32 | LTK/BNP/0556-2005 dtd 15/07/2004 |
| 8) | Microwave Owen | I.R. Technology Services Pvt Ltd | 16.43 | Q-2413/QTS/UVJ dtd 8/8/2005 |
| 9) | Microprocessor Controlled Karl Fisher Titrator (KAFI) | Lab India Instruments Pvt Ltd | 3.53 | LIPL/IBD/059-2005 dtd 06/08/2005 |
| 10) | Perkin Elmer Lambda 35 UV/vis Spectrometer | Perkin Elmer (India) Pvt Ltd | 16.22 | 0721/2005/UV/W dtd 03/01/2005 |
| 11) | HPLC | Waters | 31.15 | WI/AHD/169 dtd 9/08/2005 |
| | Total | | 209.32 | |

2. Brief details of other expenses relating to electrification insulation, instrumentation of plant and machinery, for which Company has not placed any orders nor received any Quotation, the cost of which are company own estimates on the basis of past experience.

| Sr No | Name of Machinery | Rs in Lacs |
|-------|----------------------------|---------------|
| 1 | Electrification | 14.30 |
| 2 | Erection and Commissioning | 40.00 |
| 3 | Insulation | 7.73 |
| 4 | Instrumentation | 5.00 |
| 5 | Pumps | 2.41 |
| 6 | Pipe, Valves & Fittings | 39.04 |
| 7 | Safety Equipments | 2.00 |
| 8 | Hoist | 1.50 |
| 9 | E T P | 8.00 |
| 10 | Transportation | 5.00 |
| | Grand Total | 124.98 |

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SUMMARY

| Sr. No. | Particulars | UNIT-1 (Rs in Lacs) | UNIT-2 (Rs in Lacs) | TOTAL (Rs in Lacs) |
|---------|---|------------------------|------------------------|-----------------------|
| 1 | Machineries already installed | 7.73 | NIL | 7.73 |
| 2 | Machineries for which orders have been placed | NIL | NIL | NIL |
| 3 | Machineries for which orders have not been placed but quotations have been received | 136.60 | 918.93 | 1055.53 |
| 4 | Materials for which no quotations have been received nor orders have been placed | 42.57 | 124.98 | 167.55 |
| | TOTAL | 186.90 | 1043.91 | 1230.81 |

5. TO MEET THE EXPENSES OF THE ISSUE

| Sr. No. | Particulars | Amount (Rs. In Lacs) |
|---------|---|----------------------|
| | Issue Expenses: | |
| 1. | Lead Managers & Registrars fees, Audit Fees & Consultancy | 29.00 |
| 2. | Printing & Stationery / Dispatch | 15.06 |
| 3. | Brokerage & Selling Commission | 22.50 |
| 4. | Advertisement & Marketing Expenses | 12.00 |
| 5. | Other Expenses (Listing Fees, Depository Charges etc.) | 7.50 |
| | Total | 86.06 |

6. WORKING CAPITAL REQUIREMENT

The Working Capital to be funded out of the proposed issue has been computed as follows

| WORKING CAPITAL | UNIT-I | UNIT-II | BASE | |
|---|--------|---------|------|--|
| Raw Material, Stores, packing Materials etc | 20 | 30 | DAYS | Cost of Raw Materials, Stores, Etc consumption |
| Work in Progress | 04 | 04 | DAYS | Cost of Production |
| Finished Goods | 30 | 25 | DAYS | Cost of Sales |
| Debtors | 90 | 60 | DAYS | Gross Sales |
| Creditors for Raw Materials, Stores, packing materials etc. | 60 | 30 | DAYS | Cost of Raw materials, Stores Etc. Consumption |

| PARTICULARS | UNIT-I TOTAL (Rs In Lacs) | UNIT-II TOTAL (Rs In Lacs) | TOTAL (Rs In Lacs) |
|--|------------------------------|-------------------------------|-----------------------|
| Raw Materials, Stores, Packing Materials etc | 114.07 | 118.57 | 232.64 |
| Work in Progress | 32.23 | 17.57 | 49.80 |
| Finished Goods | 211.85 | 122.06 | 333.91 |
| Debtors | 683.29 | 412.81 | 1096.10 |
| SUB TOTAL | 1041.44 | 671.01 | 1712.45 |
| Less: Creditors | 355.22 | 115.58 | 470.80 |
| NET WORKING CAPITAL | 686.22 | 555.43 | 1241.65 |
| Less: Bank Credits | 368.81 | 274.22 | 643.03 |
| NET WORKING CAPITAL | 317.41 | 281.21 | 598.62 |
| Existing Margin for Working Capital | 156.09 | 223.88 | 379.97 |
| NET MARGIN FOR PROPOSED WORKING CAPITAL | 161.32 | 57.33 | 218.65 |



APPRAISAL

The funds requirement and funding plans are Company's own estimates, and have not been appraised by any bank / financial institution.

SCHEDULE OF IMPLEMENTATION

The Board of Directors of the company are firm and committed to implement and complete the project within the Schedule as under.

| UNIT-I | | |
|-------------------------------|---------------------|-------------------|
| ACTIVITY | COMMENCEMENT | COMPLETION |
| LAND DEVELOPMENT | NOVEMBER-2005 | DECEMBER-2005 |
| CIVIL CONSTRUCTION & BUILDING | OCTOBER-2005 | DECEMBER-2005 |
| PLANT & MACHINERY: | | |
| PLACEMENT OF ORDERS | | |
| INDIGENOUS | OCTOBER-2005 | NOVEMBER-2005 |
| DELIVERY AT SITE | DECEMBER-2005 | FEBRUARY-2006 |
| ERECTION AND INSTALLATION | JANUARY-2005 | MARCH-2006 |
| TRIAL RUNS | MARCH-2006 | |
| COMMERCIAL PRODUCTION | APRIL-2006 | |

| UNIT-II | | |
|-------------------------------|---------------------|-------------------|
| ACTIVITY | COMMENCEMENT | COMPLETION |
| LAND DEVELOPMENT | NOVEMBER-2005 | DECEMBER-2005 |
| CIVIL CONSTRUCTION & BUILDING | NOVEMBER-2005 | JUNE-2006 |
| PLANT & MACHINERY: | | |
| PLACEMENT OF ORDERS | | |
| IMPORTED / INDEGENOUS | MARCH-2006 | JUNE-2006 |
| DELIVERY AT SITE | JULY-2006 | AUGUST-2006 |
| ERECTION AND INSTALLATION | AUGUST-2006 | SEPTEMBER-2006 |
| TRIAL RUNS | OCTOBER-2006 | |
| COMMERCIAL PRODUCTION | NOVEMBER-2006 | |

The company has already deployed Rs. 14.77 Lacs up to 15th November, 2005, towards the proposed project as envisaged in the present issue. The same has been certified by M/s Shah Rajesh & Associates, Chartered Accountants, vide their certificate dated 29th November, 2005. The details of funds already deployed are as under:

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

The above amount of Rs. 14.77 lacs has been spent from out of the sources of financing detailed below:

| Sr. No. | Particulars | Amount (Rs in Lacs) |
|----------------|--|----------------------------|
| 1 | Advance Lead Manager Fees & Issue related expenses | 5.00 |
| 2 | Advance Registrar Fees | 0.25 |
| 3 | Machinery Installed | 7.73 |
| 4. | Towards Legal Fees to Swati Soparkar | 1.00 |
| 5. | Towards processing fees to BSE | 0.25 |
| 6. | Towards Misc. Expenses like travelling etc. | 0.54 |
| | Total | 14.77 |

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DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount is proposed to be incurred by the Company in the fiscal 2006 and fiscal 2007. The quarter-wise break-up of the fund deployment is as follows:

(Rs. In Lakhs)

| Sr. No. | Description | Already incurred | Fiscal 2005 - 2006 | | Fiscal 2006 - 2007 | | | Total |
|-------------|-----------------------------------|------------------|--------------------|---------------|--------------------|-----------|-----------|---------------|
| | | | Oct – Dec | Jan – Mar | Apr – Jun | Jul – Sep | Oct – Dec | |
| I. | UNIT-I | | | | | | | |
| | Land Development | – | 10.00 | – | – | – | – | 10.00 |
| | Buildings-Factory | – | 10.00 | 43.64 | – | – | – | 53.64 |
| | Machinery | 07.73 | 22.49 | 50.00 | 102.61 | – | – | 182.83 |
| | Electrification | – | – | 02.00 | 02.07 | – | – | 04.07 |
| II. | EXPENSES TO THE ISSUE | 07.04 | 45.77 | 33.25 | – | – | – | 86.06 |
| III. | MARGIN FOR WORKING CAPITAL | – | – | – | 161.32 | – | – | 161.32 |
| | TOTAL | 14.77 | 88.26 | 128.89 | 266.00 | – | – | 497.92 |

(Rs. In Lakhs)

| Sr. No. | Description | Already incurred | Fiscal 2005 - 2006 | | Fiscal 2006 - 2007 | | | Total |
|-------------|-----------------------------------|------------------|--------------------|---------------|--------------------|---------------|---------------|----------------|
| | | | Oct – Dec | Jan – Mar | Apr - Jun | Jul - Sep | Oct – Dec | |
| I. | UNIT-II | | | | | | | |
| | Land Development | – | 15.00 | – | – | – | – | 15.00 |
| | Buildings-Factory | – | 40.00 | 98.00 | 66.32 | – | – | 205.32 |
| | Plant Machinery | – | – | 250.00 | 250.00 | 350.00 | 171.61 | 1021.61 |
| | Electrification | – | – | – | 04.30 | 10.00 | – | 14.30 |
| II. | DG SET | – | – | – | – | – | 08.00 | 08.00 |
| III. | MARGIN FOR WORKING CAPITAL | – | – | – | – | – | 57.33 | 57.33 |
| | TOTAL | – | 55.00 | 348.00 | 320.62 | 360.00 | 236.94 | 1321.56 |

INTERIM USE OF FUNDS

Pending any use as described above, the company intends to invest the proceeds of this issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with the banks for the necessary duration. These investments would be authorized by the Company's Board or a duly authorized committee thereof.



BASIC TERMS OF ISSUE PRICE

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Prospectus and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE:

Investors should read the following along with the Risk Factors on page No vii and the details about the Company and its financial statements included in this Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of their investment.

QUALITATIVE FACTORS:

- Promoters have hands on experience in manufacturing of Dyes Intermediaries and Food Colours.
- Profit making Company since last 13 years.
- The company has to its credit an award for Indirect Export of Self Manufactured Dyes for the year 2001-02 & 2002-03 received by Gujarat Dyestuffs Manufacturers' Association.
- The company has obtained certificate of approval from Bureau Verities Quality International (BVQI) for achievement of ISO 9001: 2000 quality standards, the Company has also received certificate of approval from Bureau Verities Quality International (BVQI) for achievement of 14001:1996 and 14001:2004 quality standards for both its units situated at Ankleshwar.
- The company has also obtained HACCP Code: 2003 certificate of registration from TQCS International (Group) Pty Ltd under food safety programme for both its units situated at Ankleshwar
- The company was awarded with trophy for export performance of more than Rs. 6.00 & 8.00 Crore for Self Manufactured Indirect Export of Dyes & intermediates in the year 2002-03 by Gujarat Dyestuffs Manufacturers' Association.
- Both the Units of the company are exporting Oriented Units and have obtained the status of One Star Export House.

QUANTITATIVE FACTORS:

1. Adjusted earning per share (EPS) weighted

| Year | EPS | Weightage |
|---------------------------------|-------------|-----------|
| 12 Months Ended 31st March 2003 | 4.55 | 1 |
| 12 Months Ended 31st March 2004 | 3.61 | 2 |
| 12 Months Ended 31st March 2005 | 2.97 | 3 |
| Weighted average | 3.45 | |

Note: Earning per share (EPS) is calculated after adjusting 34,52,940 bonus shares issued on 07/06/2004 with retrospective effect as provided in Accounting Standard 20.

2. Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs 35 per share

| | Issue Price of Rs.35/- per share |
|---|----------------------------------|
| a) Based on weighted average (EPS) as on 31st March, 2005 | 10.14 |
| b) PE Multiple Dyes and Pigments Industry | |
| ● Highest | 37.10 |
| ● Lowest | 5.90 |
| ● Average | 12.60 |

Source: Capital Market Volume XX/15, dated Dec 05- Dec 18, 2005 ; Category: Dyes and Pigments

The Company is in dyes intermediaries business. The accounting ratios of select companies in the Industry Group (dyes and pigments) are as follows:

| Company | EPS (Rs.) | P/E Ratio | RONW (%) | NAV (Rs.) |
|---|-----------|-----------|----------|-----------|
| Atul Ltd (as on 31st March, 2005) | 4.60 | 13.60 | 6.20 | 65.0 |
| Vidhi Dyestuff (as on 31st March 2005) | 0.40 | Nil | 15.10 | 2.9 |
| Dynemic Products Limited (as on 31st March, 2005) | 2.97 | 11.78 | 22.06 | 13.44 |

@ Source: Capital Market Volume XX/15, dated Dec 05-Dec 18, 2005; Category: Dyes and Pigments

DYNEMIC PRODUCTS LIMITED

3. Return on Net worth:

| Year | RONW (%) | Weightage |
|---------------------------------|--------------|-----------|
| 12 Months Ended 31st March 2003 | 25.23 | 1 |
| 12 Months Ended 31st March 2004 | 16.05 | 2 |
| 12 Months Ended 31st March 2005 | 22.06 | 3 |
| Weighted Average | 20.59 | |

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs 2.97 is 13.59 %

4. Net Asset Value (NAV) per share (Rs.)

| | |
|---------------------------|-------|
| a) As on March 31st, 2005 | 13.44 |
| b) As on March 31st 2004 | 22.71 |
| c) After Issue | 21.86 |
| d) Issue Price | 35.00 |

The Face value of shares is Rs.10/- and the Issue price is 3.5 times of the Face value.

The Lead Manager believes that the issue Price of Rs 35/- is justified in view of the above Qualitative and Quantitative parameters. The investors may want to pursue the risk factors and financial of the Company including important profitability and return ratios, as set out in the Auditors reports in this Prospectus to have more informed view of the investment proposition.

TAX BENEFITS

The Auditors of the Company M/s Shah Rajesh & Associates, chartered Accountants who vide their letter dated 21/09/2005 have stated the possible tax benefits available to Dynamic Products Limited and its current shareholders under the Current tax laws presently in force in India. They have stated that Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. The Auditors do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefit have been / would be met with;
- the revenue authorities / courts will concur with the views expressed herein.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current tax laws.

As per the existing provision of the income tax Act, 1961(The Act) and other laws for the time being in force, the following tax benefits and deduction are and will interalia be available to M/s Dynamic Products Limited and Shareholders.

A. BENEFITS TO THE COMPANY UNDER THE INCOME-TAX ACT, 1961 "ACT":

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - (a) In respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962;
 - (b) In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.



2. The Company is eligible under Section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
3. In accordance with 10(34), dividend income (referred to in Section 115-O), declared, distributed or paid on or after 1st April 2003 on shares held by the company will be exempt from tax.
4. Subject to compliance of certain terms and conditions laid down in Section 10B of the Income Tax Act, 1961, the company will be entitled to benefits of Section 10B as hundred percent export oriented undertaking (EOU), a deduction equal to 90% of the profits and gains as derived by the export oriented undertaking from the exports of the goods manufactured by such EOU upto Asstt. Year 2009-2010.

B. TO THE MEMBERS OF THE COMPANY

Under the Income-tax Act, 1961

Resident Members

- o Under section 10(34) of the Act income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income tax in the hands of the shareholders.
- o Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.
- o In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- o Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- o Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

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- o Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- o Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Non Resident Indians / Members other than FIIs and Foreign Venture Capital Investors

- o By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, is exempt from tax in the hands of the recipients.

Tax on income from investment and Long Term Capital Gains:

- ❑ A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to certain incomes of Non-Residents".
- ❑ Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessionaly taxed at a flat rate of 10% (plus applicable surcharge and educational cess on income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- o Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
- ❑ Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- o Return of income not to be filed in certain cases
- ❑ Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Other Provisions

- ❑ Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.
- ❑ Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- ❑ Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;



- c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
- d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
- e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- ❑ Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10(38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- ❑ Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- ❑ Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.
- ❑ Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].

Foreign Institutional Investors (FIIs)

- o By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.
- o The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income-tax) as per section 115AD of the Act.
- o The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
 - ❑ Short term capital gains – 30% (plus applicable surcharge and education cess on income-tax)
 - ❑ Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess on income-tax) (shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months).
- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Bank for Agriculture and Rural Development established under Section 3 of the National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

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- c. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under Section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under Section 3(1) of the Small Industries Development Bank of India Act, 1989.
- o Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under section 10(38) of the Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.

Venture Capital Companies / Funds

- o In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

Infrastructure Capital Companies / Funds or Co-operative Bank

- o In accordance with and subject to the conditions specified in section 10(23G) of the Act, income from specified investments made to a power sector company by an Infrastructure Capital Fund or Infrastructure Capital Company or Cooperative Bank on or after first day of June, 1998 is exempt from levy of Income-Tax.

However the aforesaid Income would be subjected to Minimum Alternative Tax under section 115JB of the Act.

(ii) *Under the Wealth-tax Act, 1957*

- o Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth-tax Act; hence Wealth-tax Act will not be applicable.

(iii) *Under the Gift-tax Act, 1957*

- o Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- o All the above benefits are as per the Current tax as amended by the Finance Act 2005.
- o The stated benefits will be available only to the sole/first named holder in case of Joint holder of the shares.
- o In respect of non-resident, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the Country in which the non-resident has fiscal domicile.
 - ❑ We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Prospectus which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.
 - ❑ Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.
- IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCE, EACH INVESTOR IS ADVISED TO CONSULT HIS / HER OWN TAX ADVISER WITH RESPECT TO SPECIFIC TAX CONSEQUENCES OF HIS / HER PARTICIPATION IN THE SCHEME.



SECTION:IV: ABOUT DYNAMIC PRODUCTS LIMITED

1. INDUSTRY OVERVIEW

INTRODUCTION

FOOD COLOUR IN HISTORY

Color in one form or another, has been added to our foods from ancient time. Initially few of the Natural Colors were available; the same were derived from Plants, Animals and Mineral sources. The developing Food Industry had available a vast array of Synthetic Food Colors in the late 1800's which led to colors being added for decoration of food and unfortunately to disguise low quality foodstuffs. As the beginning of 20th century the chemically synthesized colors, which were available, were derived from Aniline, a petroleum product, originally which were called 'coal tar' dyes (colors), since the materials for the same were obtained from bituminous coal. Synthetic colour when compared with natural colour, has an advantage of being easier to produce, less expensive and economical. Also they could be blended easily without imparting unwanted flavors to the foods and has a benefit of providing greater extent of shades & hues.

INDIAN FOOD COLOUR INDUSTRY

The Colour Production industry aims to meet food and drink manufacturers by providing a full range of colours to suit all application within Current Legislation

THE MAJOR APPLICATION OF FOOD COLOURS ARE AS FOLLOWS:

- Soft Drinks
- Cosmetic
- Pharmaceutical Industries
- Confectionery
- Processed Food Products
- Dairy Products
- Bakery Products
- Alcoholic Drinks
- Meat Products

TYPE OF FOOD COLOURS USED IN THE INDUSTRY

The Type of Colours used in the Industry are natural, nature identical, Caramel and synthetic Colour.

Nature Food Colours are those which are synthesized by a Controlled chemical process, but as the name suggest, are otherwise identical to compounds found in nature

Caramel Colours is manufactured through the controlled heating of a carbohydrate with water and sometimes with an extra chemical which confers additional properties on the final product-

Synthetic colour is those, which are not found in nature, but are manufactured by a controlled synthetic process

INDIAN FOOD INDUSTRY

India is the world's second largest Producer of Food next to China, and the potential of being the biggest with the Food and agriculture sector. However it accounts for less than 1.5% of International Food Trade. This indicates vast scope for both investors and exporters. Food exports stood at US \$ 5.8 billion whereas the world total was \$438 billion. The Indian Food Industry sales turnover was Rs 140,000 Crore (1 Crore = 10 million) annually as at the start of the year 2000. The Industry has the highest number of plants approved by the US FOOD and Drug Administration (FDA) outside the USA.

Indian Food Processing Industry can be further sub divided into various food processing sectors such as grain processing, meat processing, poultry & egg processing, milk & milk products, fish processing, fruit & vegetable processing, consumer food industries. The position in respect of each of the sector is as follows:

The question of providing financial assistance under the Plan Scheme for setting up/modernization in the grain/rice/pulses/ flour milling sector was being reviewed. It was felt that priority should be given to processing and enhancing shelf life of perishable items so as to reduce wastage and encourage value addition in that sector. Considering that rice/pulses/ flour are consumed in the processed form only and primary processing in these sectors adds little to shelf life, wastage control and value addition, it was decided to discontinue assistance to this sector from the financial year 2004-05. Priority was given to fruit and vegetables, dairy, meat and poultry, fish, bakery, confectionary and consumer goods.

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Cereal based consumer food industry include pasta, breads, cakes, pastries, rusks, buns, rolls, noodles, rice flakes, corn flakes biscuits, ready to eat and ready to cook products, coco products. Etc. The bread and biscuits constitutes the largest segments of consumer foods in India. Ministry of Food Processing Industries is also providing financial assistance for setting up/modernization/expansion of consumer industries and has approved 12 numbers of proposals of cereal based consumer food industries from April 2003 to March 2004.

Processing of meat products is licensed under Meat Food Products Order, (MFPO), 1973 which was hitherto being implemented by the Directorate of Marketing & Inspection (DMI) has since been transferred to MFPI.

Under MFPO, all persons who are engaged in the business of manufacturing meat food products for sale excepting hotels, restaurants, boarding houses, eating houses etc., where meat food products are manufactured for consumption in their respective premises, are required to obtain MFPO License.

(Source website www.indianfoodindustry.net)

Details in terms of quantity and value of meat food products manufactured under MFPO, 1973 are given as under: -

| Year | Quantity (in MTs) | Value (Rs.in Lakhs) |
|-----------|----------------------|------------------------|
| 1999-2000 | 3041 | 3946 |
| 2000-2001 | 3221 | 4173 |
| 2001-2002 | 2865 | 3812 |
| 2002-2003 | 3016 | 4247 |

(Source website www.indiainbusiness.nic.in)

DETAILS OF EXPORTS IN TERMS OF QUANTITY AND VALUE OF MEAT FOOD PRODUCTS ARE GIVEN AS UNDER: -

| Year | Quantity (in MTs) | Value (Rs.in Lakhs) |
|-----------|----------------------|------------------------|
| 1999-2000 | 195 | 215 |
| 2000-2001 | 168 | 189 |
| 2001-2002 | 32 | 36 |
| 2002-2003 | 79 | 68 |

Organized dairy industry accounts for less than 15% of the milk produced in India. The rest of the milk is either consumed at farm level, or is sold as fresh, non-pasteurised milk through unorganised channel. The share of organised industry is expected to rise rapidly-especially in the urban regions. India, with its status as the largest milk producer in the world, is on the verge of assuming an important position in the global dairy industry. Many international dairy companies are viewing India with an eye to tapping its vast growing market for dairy products. The rise in the market for dairy products is likely to witness the fastest growth at over 20-30% per annum.

With its long coast line of over 8000 kms., 50600 sq. kms. of continental shelf area and 2.2 million sq. km. of Exclusive Economic Zone, India is endowed with rich fishery resources.

Fish production (both marine and inland) since 1994- 95 are given below:

| Year | Marine | Inland | Total |
|-----------|--------|--------|-------|
| 1994-95 | 2.69 | 2.09 | 4.78 |
| 1995-96 | 2.70 | 2.24 | 4.94 |
| 1996-97 | 2.96 | 2.38 | 5.34 |
| 1997-98 | 2.95 | 2.44 | 5.39 |
| 1998-99 | 2.69 | 2.56 | 5.25 |
| 1999-2000 | 2.83 | 2.82 | 5.65 |
| 2000-01 | 2.81 | 2.84 | 5.65 |
| 2001-02* | - | - | 5.65 |

(Source website www.indiainbusiness.nic.in)



Export of marine products from India at present is about \$ 1.3 billion. Indian marine products are exported to over 64 countries. Japan is by far the most important market for our marine products in terms of value followed by USA, South East Asia and European Union. India is ranked 17th among the marine products exporting countries in the world.

The export of fisheries products during the next 5 years i.e. from 2001-2002 could be increased US\$ 3 to 4 billion with intensive efforts.

FRUIT AND VEGETABLE PROCESSING SECTOR

The installed capacity of fruit and vegetable processing industry has been increased from 11.08 lakh tons on 01.01. 1993 to 23.28 lakh tons as on 01.01.04. The utilization of fruits and vegetables for processing in the organized & unorganised sectors is estimated to be around 2% of the total production.

| As on (1st January) | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|--|-------|-------|-------|-------|-------|------|------|-------|-------|-------|-------|
| Capacity (Lakh tons) | 11.08 | 12.60 | 14.02 | 17.60 | 19.1 | 20.4 | 20.8 | 21.00 | 21.10 | 21.98 | 23.28 |
| Production (Lakh tons) | 4.69 | 5.59 | 6.76 | 8.50 | 9.6 | 9.1 | 9.4 | 9.8 | 9.9 | 10.3 | 10.72 |
| Growth in Prod. Over the previous year (%) | 30.28 | 20.00 | 20.93 | 25.74 | 12.94 | -5.2 | 3.3 | 4.26 | 1.0 | 4.04 | 4.08 |

(source website www.indiainbusiness.nic.in)

As a result of withdrawal of excise duty on Fruits & Vegetable Products in the Union Budget of 2001, the installed capacity and growth of this sector has been increasing steadily. The growth in terms of production during 2003 is approximately 4% compared to 2002.

To boost up fruit & Vegetable processing sector MFPI is extending financial assistance in the form of Granting- aid for setting up new units, modernization and upgradation of existing units.

Consumer food industry includes pasta, breads, cakes, pastries, rusks, buns, rolls, noodles, corn flakes, rice flakes, ready to eat and ready to cook products, cocoa products, biscuits, soft drinks, beer, alcoholic beverages (non-molasses based), mineral and packaged water. Bread and biscuits constitute the largest segment of consumer foods. Their production is about 3.70 million tons per year. Manufacturing of bread is reserved for SSI sector. Out of the total production of bread, 40% is produced in the organized sector and the remaining 60% in the unorganised sector. Similarly, production of biscuits in the organized sector is about 11.50 lakh tons and quantity of biscuits produced in the unorganised sector is about 3.80 lakh tons. According to available information, production of flakes is around 14,000 tons. Production of pasta products has registered a marginal growth in the organized sector but its growth in the unorganised sector is comparatively higher.

SOFT DRINKS

The Soft Beverage Industry accounts for a significant volume of food Colour sold. This is based on the fact that coloured drinks are more appealing and they enhance the consumer perception of flavour, fruit content and overall quality. All categories of colours are used viz Synthetic, natural, identical, natural and caramel colours (for cola).

The aerated soft drinks industry in India comprises over 100 plants across all States. It provides direct and indirect industry related employment to over 125,000 employees. It has attracted one of the highest foreign direct investments in the country amounting to around Rs.4700 crore. It contributes over Rs.1200 crore annually by way of excise duty, sales tax and related taxes. It has strong forward and backward linkages with over Rs.1000 crores relating to glass, plastic, refrigeration, sugar and transportation industry. Total export earnings are over Rs.700 crore per annum. Presently there are more than 7000,000 outlets in the country.

The soft drinks constitute the 3rd largest packaged foods regularly consumed after packed tea and packed biscuits. The estimated production of soft drinks has registered a gradual increase as follows:

| Year | Bottles (in Million) |
|-------------|-------------------------|
| 1998 - 1999 | 5670 |
| 1999 - 2000 | 6230 |
| 2000 - 2001 | 6450 |
| 2001 - 2002 | 6600 |
| 2002 - 2003 | 10000 |
| 2003 - 2004 | 11040 |

(Source website www.indiainbusiness.nic.in)

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India is the third largest market for alcoholic beverages in the world. The demand for spirits and beer is estimated to be around 373 million cases. There are 12 joint venture companies having a licensed capacity of 33919 Kilo-litres per annum for production of grain based alcoholic beverages.

Wine industry India has made a beginning to establish itself as a quality conscious industry. The demand per annum for wine in the domestic market is estimated to be around 6 million bottles (750 ml). Against this, the estimated annual production of wine by the domestic industry is over 2.4 million bottles. The market is estimated to grow at around 25 % per annum in the next five years.

The wine industry in India provides considerable opportunities for value addition and employment generation in the agro-processing sector. It offers:

- a) Possibilities for value addition to grapes/fruits, which could be cultivated on a large scale as a measure of agri diversification offering higher incomes to farmers
- b) Opportunities for employment generation
- c) Possibilities of weaning people away from hard liquor &
- d) Opportunities for increased domestic production to counter large imports of wine

EXPORTS

MFPI has been encouraging the new processing capacities for agro-food products through its various policy initiatives and Plan schemes providing financial incentives for setting up of new units and modernization of existing units. It is conscious of the fact that the tremendous potential for manufacturing of processed food products should be harnessed not only to meet the domestic demand but also to take advantage of the export potential that is available in the international market. The export of processed food items for the last five years has been as under:

| ITEM | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 |
|--|----------------|----------------|----------------|-----------------|-----------------|
| Processed fruits and vegetables | 705.6 | 993.6 | 1345.5 | 1100.57 | 1206.93 |
| Animal products | 851.7 | 905.0 | 1637.1 | 1500.93 | 1800.53 |
| Other Processed Food (Guar Gum, Ground nut, Alcohol, Beverages, milled products etc. | 1134.5 | 1494.4 | 1798.0 | 1780.07 | 1720.11 |
| Rice | 6279.4 | 3125.8 | 2943.3 | 3174.14 | 5895.85 |
| Walnuts | 68.9 | 60.5 | 109.94 | 117.98 | 121.23 |
| Marine Products | 4626.8 | 5095.7 | 6443.89 | 5957.05 | 6881.31 |
| Total | 13666.9 | 11675.0 | 14277.6 | 13629.57 | 17625.96 |

(Source website www.indiainbusiness.nic.in)

The export of processed fruits and vegetables, animal products, rice and marine products have shown significant increase during the year 2002-03 as compared to the previous year. In the case of other processed food items there has been a marginal decline in exports during 2002-03 due to fluctuation in market.

INVESTMENTS

According to the Reserve Bank of India, the actual inflow of foreign investment in this sector till 31/3/2004 is over Rs. 3269 crores.

FUTURE OF THE FOOD INDUSTRY

India produces large variety of fruits & vegetables tropical, sub-tropical or temperate. These include mango, banana, apple, orange, chikoo, ber, pomegranates, etc., and vegetables like potato, tomato, onion, cauliflower, cabbage etc. The total area under fruits and vegetables cultivation is estimated to be at 5.63 and 5.6 million hectares.

(Source- Annual Report 1999-2000, MFPI/APEDA Export Statistics & NHB Horticulture Statistics)



FACTORS PROVIDING THE GROWTH OF INDIAN FOOD INDUSTRY

GOVERNMENT POLICIES

The liberal policies and other developmental measures taken by the Government have brightened the future of the Industry. The production base is being enlarged, modern methods of cultivation are being adopted thereby improving the productivity and cutting the per unit cost. To some extent cold chain is being provided, which will help in retaining quality, freshness and reduce post-harvest losses. With the new hybrid varieties being added the production season is also being extended.

These developments has result in the greater availability of quality raw materials to the industry thus resulting in better capacity utilisation and producing a wider range of products and of international quality. The quality is now the watchword for success.

ENTRY OF MULTI NATIONAL IN INDIAN FOOD INDUSTRY

The multinationals now entering the food industry have an international marketing network and have their brand loyalties all over the world. This will enable the Indian products reaching all over the world in the form and packing required.

With the rise in the per capita income particularly of the middle class and a drastic change in the food habits has lead to an increased domestic consumption of processed foodstuffs.

The major advantage for India is smaller overheads and lower labour costs and hence it can compete by entering in the international market with lower product price.

DYE INTERMEDIATES

DOMESTIC PRODUCTION OF DYES AND INTERMEDIATES

The major players in the industry of dye intermediates and food colours are as follows;

- a) Roha Dyechem Pvt. Ltd, Mumbai
- b) Vidhi Dyestuff Mfg. Co. Ltd., Mumbai
- c) Neelikon Food Dyes & Chemicals Ltd., Mumbai
- d) Asim Food Products Pvt Ltd, Mumbai
- e) Ajanta Chemical Industries, Delhi

Apart from the aforesaid, the Company is one of the active player, but as the Dye Intermediates and food colour Industry is unorganized, the quantitative data in respect of said industry is not available.

EXPORTS OF DYES AND INTERMEDIATES

Herein given below the statistics of Exports of Dyes and intermediates to various countries in the world.

TOP TEN DESTINATION OF INDIA'S EXPORT FOR DYES & INTERMEDIATES

| Sr No | Country Name | 2000-2001 Value in Million uS\$ | 2001-2002 Value (in Million US\$) | 2002-2003 |
|--------------|---------------------|--|--|------------------|
| 1 | USA | 75.9183 | 102.5978 | 107.2019 |
| 2 | Germany | 43.357 | 40.245 | 45.3646 |
| 3 | Italy | 34.7532 | 28.1222 | 35.2566 |
| 4 | UK | 31.3108 | 23.1712 | 27.3448 |
| 5 | Hong Kong | 23.9418 | 19.7576 | 23.1569 |
| 6 | Switzerland | 38.5754 | 32.4764 | 22.2118 |
| 7 | Bangladesh | 16.556 | 16.5273 | 20.6703 |
| 8 | Turkey | 15.7512 | 14.4904 | 20.5403 |
| 9 | Taiwan | 13.2248 | 14.0585 | 17.9168 |
| 10 | Spain | 15.5707 | 13.1444 | 17.0636 |

(Source website www.foodadditivesworld.com)

DYNEMIC PRODUCTS LIMITED

INDIAN CUMULATIVE EXPORT

| Sr No | Product | April 2002- August 2002 Value (in Million US\$) | April 2003-August 2003 Value (in Million US\$) |
|-------|---|---|--|
| 1 | Colour lakes | 1.0551 | 1.2892 |
| 2 | Coloring matter of vegetable or animal origin (including dyeing extracts but excluding animal black), whether or not chemically defined | 1.7799 | |
| 3 | Colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black) whether or not chemically defined | 1,7799 | 2,4722 |

(Source website www.foodadditivesworld.com)

INDIA'S EXPORT OF DYES AND INTERMEDIATES

| Sr. No | Product | 2000-2001 US\$ Million | 2001-2002 US\$ Million | 2002-2003 US \$ Million |
|--------|---|------------------------|------------------------|-------------------------|
| 1 | Colour lakes | 1,1184 | 2,3992 | 2,7072 |
| 2 | Colouring matter of vegetable or animal origin (including dyeing extracts but excluding animal black) whether or not chemically defined | 4,2938 | 3,1178 | 3,4832 |
| 3 | Cutch (Catechu) Extract | 2,9815 | 1,6695 | 1,5116 |

(Source website www.foodadditivesworld.com)

OPPORTUNITY FOR FOOD COLOUR INDUSTRY

The Colour Production industry aims to meet food and Drink manufacturers need by providing a full range of colours to suit all application in Soft Drinks, Confectionary, processed food Products, Dairy Products, Bakery Products, Alcoholic Drinks, Meat Products.

With a rise of per capita income of the middle class and drastic changes in the food habits has lead to increase in domestic consumption of food processing industry and with a entry of multinational in Food Industry having a manufactured based in India, there is a huge opportunity for a food colour industry to grow with a growth of Food Industry.

The overall colour market is forecast to grow in line with technological and sociological changes that will lead to an overall increase in processed food industry.

The aim of colour manufacturers, whether the colour is synthetic, nature identical or naturally derived is to constantly suport and train the food Industry in the correct selection and application of colour. The addition of colour is often thought of as "last on the list" in the development process. Time pressures an ingredient rationalization often mean that the most suitable colour is not used, which can cause problems in the future, both in manufacturing, lack of consumer appel and potential new product failure. Colour suppliers will continue to mirror the flavour industry by offering bespoke formulations and preblends with a comprehensive technical advice and sample service.



2. BUSINESS OVERVIEW

LOCATION OF THE PROJECT

The plants of the company is located at 6401,6415,6416,3709 at GIDC Estate, Ankleshwar Dist. Bharuch.Gujarat, India.

PLANT AND MACHINERY, TECHNOLOGY, PROCESS ETC.

PLANT AND MACHINERY FOR UNIT 1

1. MACHINERIES ALREADY PURCHASED

| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Invoice No & date |
|---------|---------------------|-----------------|-------------|---|
| 1) | Heat Pipe Exchanger | Apex Enterprize | 7.73 | No. 26 dtd. 03.01.2005 from Apex Enterprize |
| | Total | | 7.73 | |

2. MACHINERIES FOR WHICH ORDERS HAVE NOT BEEN PLACED BUT QUOTATION HAS BEEN RECEIVED

| Glauber Salt & 1:4 PHPS Recovery Plant & Crystallization System | | | | |
|---|-----------------------------------|----------------------------------|--------------|---|
| Sr. No. | Machinery | Supplier's Name | Rs in Lacs | Quotation No & date |
| 1) | Multiple Effect Evaporation Plant | Chem Process System Pvt. Ltd | 25.82 | CPSPL-182-B-EVP & CRY -ZEFT-R2 dtd 5-7-2005 |
| 2) | Crystallization System | Chem Process System Pvt. Ltd | 21.32 | CPSPL-182-B-EVP & CRY -ZEFT-R2 dtd 5-7-2005 |
| | Total | | 47.14 | |
| Solvent Recovery Plant | | | | |
| Sr. No. | Machinery | Supplier's Name | Rs.in lacs | Quotation No & date |
| 1) | Solvent Recovery Plant | Welkin Egg, Corporation | 40.03 | WO/WEC/ANK/136/2005 dtd 25/8/2005 |
| | Total | | 40.03 | |
| Wood Boiler / General Utilities | | | | |
| Sr. No. | Machinery | Supplier's Name | Rs.in lacs | Quotation No & date |
| 1) | Boiler | Industrial Boiler Ltd | 22.17 | IB/V/2141 & 2159 /2005 dtd 26/8/2005 |
| 2) | Water Preheater | Industrial Boiler Ltd | 1.88 | IB/V/2141 & 2159 /2005 dtd 26/8/2005 |
| 3) | Cyclone Dust Collector | Industrial Boiler Ltd | 1.88 | IB/V/2141 & 2159 /2005 dtd 26/8/2005 |
| 4) | Softner | B.T. Engineering | 1.75 | BET/05-06/38a dtd 18/7/2005 |
| 5) | Water Feed Tank | Akas Process Machinery Pvt. Ltd. | 0.75 | APMPL/DPL/05-06/101/05 dtd 30-7-2005 |
| 6) | Steam Blow Down Drain | Ultra Mec Services | 0.10 | 125/05-06 dtd 28/7/2005 |
| | Total (A) | | 28.53 | |
| Other General Utilities | | | | |
| Sr. | Machinery | Supplier's Name | Rs.in lacs | Quotation No & date |
| 1) | Cooling Tower | Artech Cooling Towers Pvt Ltd | 3.59 | NIL /08/01/2005 Validity letter dtd 28/7/2005 |
| 2) | S.S. Centrifuge (GS) (2 Nos.) | Vishwakarma Engg. Ind. | 5.51 | 56/05 dtd 25/07/2005 |
| 3) | D G Set 250 KVA | Bhaskar Power Projects (P) Ltd. | 11.80 | BPPPPL/AHD/1297/05-06 dtd 27/7/2005 |
| | Total (B) | | 20.90 | |

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3. EQUIPMENTS AND MACHINERY AND OTHER SERVICES FOR WHICH NO QUATATION HAS BEEN RECEIVED AND NO ORDER HAVE BEEN PLACED

| Sr No | Name of Machinery | Rs.in lacs |
|-------|---------------------------|--------------|
| 1 | Electirfication | 4.07 |
| 2 | Erection and Commisioning | 10.75 |
| 3 | Insulation | 3.76 |
| 4 | Instrumentation | 4.19 |
| 5 | Pumps & Valves | 9.60 |
| 6 | Pipe & Fittings | 5.53 |
| 7 | Transportation | 4.67 |
| | Grand Total | 42.57 |

PLANT AND MACHINERY FOR UNIT II

1. MACHINERIES FOR WHICH ORDERS HAVE NOT BEEN PLACED BUT QUOTATION HAS BEEN RECEIVED

PLANT A :

| Sr. No | Name of Machinery | Supplier's Name | Rs.in lacs | Quotation No & Date |
|--------|-------------------------------|---------------------------------|---------------|---|
| 1 | Glass Lined Reactor (5 KL) | Swiss Glass Coat Equipment Ltd. | 13.45 | SM/Q/981/2004-05 dtd 21/8/2005 |
| 2 | HDPE Tank (1 KL) | Nu Fibro tech | 0.11 | NU/05-06/N-114 dtd 29/07/2005 |
| 3 | SS Reactor (6 KL) | Welmech Engineering Services | 5.33 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 4 | SS Reactor (1 KL, 3 Nos) | Welmech Engineering Services | 3.57 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 5 | SS Reactor (12 KL, 3 Nos) | Welmech Engineering Services | 36.74 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 6 | Filter Press (48") | Sachin Filtech Pvt. Ltd. | 23.02 | SFPL/18/853-1P/04-2005 dtd12/01/2005 validity letter dtd 03/08/2005 |
| 7 | Sparkler Filter (10 M 3 / Hr) | Chemed Equipments Pvt. Ltd | 7.00 | CE/Q-0205/2005-06 dtd 08/08/2005 |
| 8 | Spray Dryer Unit (250 KG /Hr) | Mojj Engineering Systems Ltd. | 59.45 | MES/M4/QT/MEC/17306/2005 & 17141/2005 dtd 17/08/2005 |
| 9 | ACM 30 | Rieco Industries Ltd | 43.55 | 210134 dtd 30-12/2004 validity letter dtd 04/08/2005 |
| 10 | Blender | Bifriend Engineering Works | 12.70 | BEW/O/675/2005 dtd 18/08/2005 |
| 11 | Ice Flaker (9 MT/ DAY) | NSIE Company (India) Pvt Ltd. | 14.20 | ABP/NSIE/2005/1004 dtd 08/08/2005 |
| 12 | Pumps (4 nos) | Hiralal & Sons | 0.92 | 812 dtd 10/09/2005 |
| 13 | Metal Detector (2000 Kg/Hr) | Rieco Industries Ltd | 13.15 | RIE Co /AMD/260090 dtd 30/12/2004 validity letter dtd 4/08/2005 |
| 14 | Bag Filter (2 Nos.) | Welmech Engineering Services | 1.41 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| | Total (A) | | 234.60 | |



PLANT: B

| Sr. No | Name of Machinery | Supplier's Name | Rs.in lacs | Quotation No & date |
|--------|--|------------------------------------|---------------|--|
| 1 | Glass Lined Reactor (4 KL) | Swiss Glass Coat Equipment Ltd. | 11.97 | SM/Q/981/2004-05 dtd 21/08/2005 |
| 2 | Glass Lined Reactor (8 KL) | Swiss Glass Coat Equipment Ltd. | 21.52 | SM/Q/981/2004-05 dtd 21/08/2005 |
| 3 | SS Reactor (3 KL, 2 Nose) | Welmech Engineering Services | 9.41 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 4 | HDPE Tank (1 KL) | Nu Fibro tech | 0.11 | NU/05-06/N-114 dtd 29/07/2005 |
| 5 | Filter Press (48") | Sachin Filtech Pvt. Ltd. | 23.02 | SFPL/18/853/1P/04-2005 dtd 12/01/2005 validity letter dtd 03/08/2005 |
| 6 | Sparkler Filter (10 M ³ / Hr) | Chemec Equipments Pvt. Ltd | 7.00 | CE/Q-0205/2005-06 dtd 08/08/2005 |
| 7 | Spray Dryer Unit (250 KG /Hr) | Mojj Engineering Systems Ltd. | 59.45 | MES/M4/QT/MEC/17306/2005 & 17141/2005 dtd 17/08/2005 |
| 8 | ACM 30 | Rieco Industries Ltd | 43.55 | 210134 dtd 30-12/2004 validity letter dtd 04/08/2005 |
| 9 | Blender | Bifriend Engineering Works | 12.70 | BEW/O/675/2005 dtd 18/08/2005 |
| 10 | Ice Flaker (9 MT/ DAY) | NSIE Company (India) Pvt Ltd. | 14.20 | ABP/NSIE/2005/1004 dtd 08/08/2005 |
| 11 | Bag Filter (2 Nos) | Welmech Engineering Services | 1.41 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 12 | Air Jet Mill (Lab Model) | Chemec Equipments Pvt. Ltd | 3.53 | CE/Q-1134/2003-04 Validity letter dated 17-9-2005 |
| 13 | Metal Detector (2000 Kg/Hr) | Rieco Industries Ltd | 13.15 | RIE Co /AMD/260090 dtd 30/12/2004 validity letter dtd 4/08/2005 |
| 14 | Pumps (3 Nos) | Hiralal & Sons | 0.69 | 812 dtd 10/09/2005 |
| 15 | Air Jet Mill | Vishwakarma Engineering Industries | 100.00 | NIL dtd 18/08/2005 |
| | Total (B) | | 321.71 | |

PLANT: C

| Sr. No | Name of Machinery | Supplier's Name | Rs.in lacs | Quotation No & date |
|--------|--|---------------------------------|------------|---|
| 1 | Glass Lined Reactor (4 KL) | Swiss Glass Coat Equipment Ltd. | 11.96 | SM/Q/981/2004-05 dtd 21/8/2005 |
| 2 | Glass Lined Reactor (1 KL) | Swiss Glass Coat Equipment Ltd. | 6.98 | SM/Q/981/2004-05 21/08/2005 |
| 3 | Glass Lined Reactor (8 KL) | Swiss Glass Coat Equipment Ltd. | 21.52 | SM/Q/981/2004-05 21/08/2005 |
| 4 | SS Reactor (12 KL) | Welmech Engineering Services | 12.25 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 5 | MSRL Storage Tank (10 KL) | Welmech Engineering Services | 1.50 | WO/WES/DPL-II/61/2005-06 dtd 04/08/2005 |
| 6 | Filter Press (48") | Sachin Filtech Pvt. Ltd. | 23.04 | SFPL/18/853-1P/04-2005 dtd12/01/2005 validity letter dtd 03/08/2005 |
| 7 | Sparkler Filter (10 M ³ / hr) | Chemec Equipments Pvt Ltd | 7.00 | CE/Q-0205/2005-06 dtd 08/08/2005 |
| 8 | Blender | Bifriend Engineering Works | 12.71 | BEW/O/675/2005 dtd 18/08/2005 |

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| Sr. No | Name of Machinery | Supplier's Name | Rs.in lacs | Quotation No & date |
|--------|----------------------------|----------------------|---------------|---|
| 9 | Metal Detector (200kg/Hr) | Rieco Industries Ltd | 13.15 | RIE Co /AMD/260090 dtd 30/12/2004 validity letter dtd 4/08/2005 |
| 10 | Pump (4 nos) | Hiralal & Sons | 0.92 | 812 dtd 10/09/2005 |
| | Total (C) | | 111.03 | |
| | Grand Total (A+B+C) | | 667.34 | |

BOILER & GENERAL UTILITIES

| Sr No | Name of Machinery | Supplier's Name | Rs.in lacs | Quotation No & Date |
|-------|------------------------|--------------------------------------|--------------|--|
| 1 | Boiler | Elite Thermal Engineers Pvt Ltd | 7.69 | Q/ETE/323/2003 dtd 27/11/2004 Validity Letter dated ETE/677/2005 dtd 14/8/2005 |
| 2 | Cooling Tower (2 Sets) | Shree Matangi Cooling Towers Pvt Ltd | 1.94 | SMCPL/F1 B /23 /05-06 dtd 02/08/2005 |
| 3 | Air Compressor | Firdos & S Cambatta Company | 24.64 | 007/SSP/111 dtd 05/08/2005 |
| 4 | D G Set | Bhaskar Power Projects (P) Ltd | 8.00 | BPPL/AHD/1320/05-06 dtd 09/08/2005 |
| | Grand Total | | 42.27 | |

RESEARCH & DEVELOPMENT & LABORATORY EQUIPMENT

| Sr. No. | Name of Machinery | Suppliers Name | Rs. In lacs | Quotation No & Date |
|---------|--|----------------------------------|---------------|-------------------------------------|
| 1) | Auto Titrator | Lab India | 8.07 | LIPL/IBD/61-2005 dtd 06/08/2005 |
| 2) | TOC Analyser | Saksham Enterprise | 31.76 | SK245SHI254 dtd 08/08/2005 |
| 3) | PH System | Bela Instruments | 0.68 | BI/9357 dtd 06/08/2005 |
| 4) | Particle Size Analyser | AIMIL Limited | 35.28 | A.VAD/QT/MAL/0596 dtd 06/08/2005 |
| 5) | Perkin Elmer Claras 500 Gas Chromatographer | Perkin Elmer (India) Pvt Ltd | 57.98 | PE/789/BRC/2005 dtd 10/08/2005 |
| 6) | Conductivity meter | Lab India Instruments Pvt Ltd | 0.90 | LIPL/IBD/06-2005 dtd 06/08/2005 |
| 7) | Analytical Balance | Lab India Instruments Pvt Ltd | 7.32 | LTK/BNP/0556-2005 dtd 15/07/2004 |
| 8) | Microwave Owen | I.R. Technology Services Pvt Ltd | 16.43 | Q-2413/QTS/UVJ dtd 8/8/2005 |
| 9) | Microprocessor Controlled Karl Fisher Titrator (KAFI) | Lab India Instruments Pvt Ltd | 3.53 | LIPL/IBD/059-2005 dtd 06/08/2005 |
| 10) | Perkin Elmer Lambda 35 UV/vis Spectrometer | Perkin Elmer (India) Pvt Ltd | 16.22 | 0721/2005/UV/W dtd 03/01/2005 |
| 11) | HPLC | Waters | 31.15 | WI/AHD/169 dtd 9/08/2005 |
| | Total | | 209.32 | |



3. EQUIPMENTS AND MACHINERY FOR WHICH NO QUOTATION HAS BEEN RECEIVED AND FOR WHICH NO ORDER HAS BEEN PLACED.

| Sr No | Name of Machinery | Rs. In lacs |
|-------|----------------------------|---------------|
| 1 | Electrification | 14.30 |
| 2 | Erection and Commissioning | 40.00 |
| 3 | Insulation | 7.73 |
| 4 | Instrumentation | 5.00 |
| 5 | Pumps | 2.41 |
| 6 | Pipe, Valves & Fittings | 39.04 |
| 7 | Safety Equipments | 2.00 |
| 8 | Hoist | 1.50 |
| 9 | E T P | 8.00 |
| 10 | Transportation | 5.00 |
| | | 124.98 |

SUMMARY;

| Sr No | Particulars | UNIT-1 (Rs in Lacs) | UNIT-2 (Rs in Lacs) | TOTAL (Rs in Lacs) |
|-------|---|------------------------|------------------------|-----------------------|
| 1 | Machineries already installed | 7.73 | NIL | 7.73 |
| 2 | Machineries for which orders have been placed | NIL | NIL | NIL |
| 3 | Machineries for which orders have not been placed but quotations have been received | 136.60 | 918.93 | 1055.53 |
| 4 | Materials for which no quotations have been received nor orders have been placed | 42.57 | 124.98 | 167.55 |
| | TOTAL | 186.90 | 1043.91 | 1230.81 |

Further, the company has not bought or does not propose to buy any second hand Plant and Machinery out of the issue proceeds.

TECHNOLOGY:

The Company has in existence Technology for manufacturing Food Colors, Lake Colors and Dye Intermediates to suit the needs for the present and future requirements

The Company has established all relevant mechanical and electronic equipment to accurately monitor the variables of reaction such as temperature, pressure, pH, and mole ratio and flow rate. This increases production efficiency giving higher yield & minimizing the failure of batch. The company has also installed reverse osmosis system for further producing finest form of Food Color & Commercial Dyestuffs. The company has also installed finest equipment for drying the product thus produced namely Spray Dryer, Spin Flesh Dryer.

The company proposes to install additional Jet Mill with Online Laser Particle Size analyzer, which will enable the company to offer the product with different size of particle as per the need.

Within the factory premise, the company has established state of art laboratory equipped with highly sophisticated Laboratory Equipments like HPLC, Atomic Absorption, Spectra photometer, & UV-Visible Spectrophotometer, Color Matching Machine suitable for Solid & Liquid to support the testing required for each product online as well as post production purpose and for the proposed expansion the company plans to purchase additional research and laboratory equipment viz Auto titrator, OC Analyser, P H System, particle size analyzer, HPLC, etc which will enable the company to support its existing as well as future testing requirements.

The company has in existence an ETP plant, which enables the company for disposal of effluents, which is discharged during the production process. The Company also proposes to make an addition of ETP under its proposed expansion plan.

DYNEMIC PRODUCTS LIMITED

MANUFACTURING PROCESS

❖ EXISTING PLANT

1. DYE INTERMEDIATES: -

The production process undertaken to produce Intermediates (Pyrazolones) are as under.

- **Sulphonation:**

Appropriate amine require for Pyrazolone such as Aniline, 2:5 DCA etc are reacted with Sulphuric acid, or Oleum & get respective Sulphonated product.

- **Diazotization:**

Above Sulphonated product is diazotized it with sodium nitrite in Acidic media.

- **Reduction:**

Diazo mass is reduced with corresponding reducing media & make it reduce.

- **Hydrolysis:**

Reduced mass is heated & hydrolysed with required acid.

- **Ester Preparation:**

Take required ester; combine it with two ester in the presence of Alkali Metal & use as Alkali Metal salt ester.

- **Condensation:**

Take required Hydrazine derivatives & condensed it with alkali metal ester or ester depending on the requirement of particular Pyrazolone.

- **Esterification & Saponification:**

Above condensed ester is reacted with alkaline media as per the requirement. On heating saponified product is evolved

- **Isolation:**

Above Saponified product is clarified & calculated quantity of acid is added isolating material

- **Centrifuge:**

Isolated mass is centrifuge for removal of water.

- **Drying:**

Centrifuged wet cake is dried in spin flash or tray drier.

- **Packing:**

The Wet Cake or Dry Powder is packed in the HDPE Bag with LDPE Liners

2. FOOD COLORS (PRIMARY): -

The Primary Food Colors are basically Synthetic Organic Dyes, which are manufactured by various chemical reactions.

- **Diazotization Reaction :**

Diazotization reaction is carried out in a reactor with specific Raw Material for each particular product maintaining temperature & pH at certain required level.

- **Coupling Reaction :**

Coupling Reaction is carried with diazotized mass where key process; parameters are continuously monitored and controlled to achieve a better quality product.

- **Isolation Reaction :**

The coupled mass is filtered off to remove impurities with suitable filter media. The filtrate received is isolated by addition of salt.



- **Filtration:**

The isolated mass is filtered through Filter Press. The filtered mass is collected & is sent for centrifuging. After centrifugation the wet cake is collected & sent for drying.

- **Drying:**

We have the state of art drying system. Drying is done by different type of drying system like SFD/Spray Drier/Tray Dryer. The centrifuged mass is dried and pulverized with ACM.

- **Packing:**

The dried product received is then packed in the HDPE Drum with LDPE plastic Liner inside & is stored in the Warehouse.

3. **LAKE COLORS:**

Lake Colors are produced by laking of Primary Food Colors.

- **Laking Process:**

Calculated quantity of Primary Food Color & water are taken in a reactor & solution is prepared. This solution is then acidified using appropriate acid & then laking is carried out using Aluminum Chloride.

- **Isolation:**

The laked solution prepared is then isolated by adjusting the pH of solution to required Alkaline level.

- **Filtration:**

The isolated mass is filtered through Filter Press. The filtered mass is collected & sent to centrifuge. After centrifugation the mass is collected & sent for drying.

- **Drying:**

Drying is done by different kind of drying systems like SFD/Spray Drier/Tray Dryer

The centrifuged mass is dried and Dried Powder (product) is received.

- **Packing:**

The dried product received is then packed in the HDPE Drum with LDPE plastic Liner inside & is stored in the Warehouse.

- **PROPOSED PLANT:**

1. Ethyl acetate

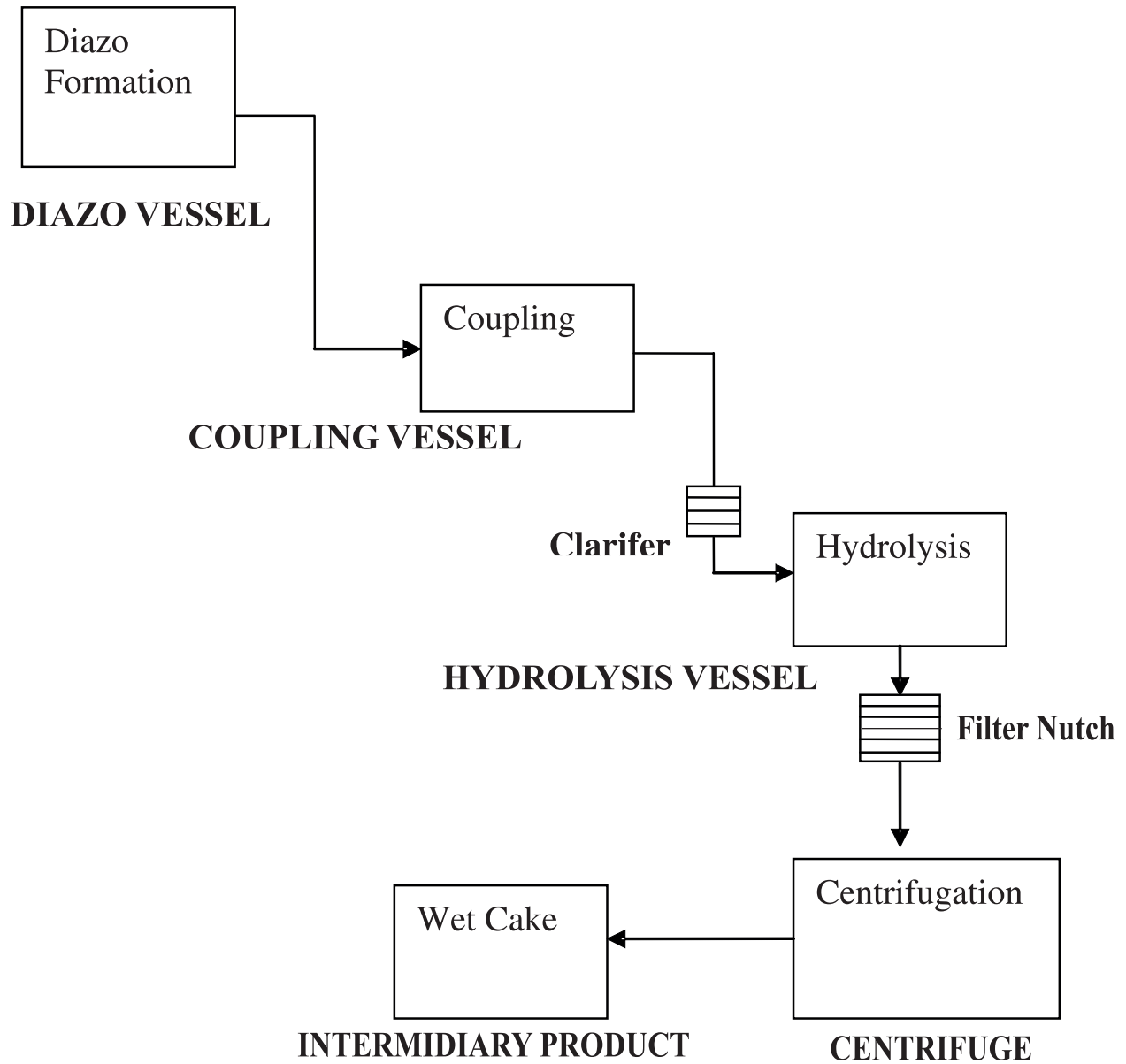
During mfg. of Carboxy Pyrazolone there is a one stream which generates solvent as by product, & is recovered by different technology & recovered solvent is reacted with acetic acid & converted to ethyl acetate, which is one of the main key raw material.

2. 1,4 phenyl hydrazine sulphonic acid & glauber salt

During mfg. of Pyrazolone there is an Intermediate stage namely hydrazine derivative. During filtration process it goes in to waste water in considerable qty. Which can be recovered by concentration effect by evaporating in with the different stages & crystallizing in different stages. During crystallization process we can recover Glauber Salt & after certain stages we can recover 1,4 PHPS & which can be use in the mfg. of Pyrazolone.

MANUFACTURING FLOW CHART OF DYE INTERMEDIATES

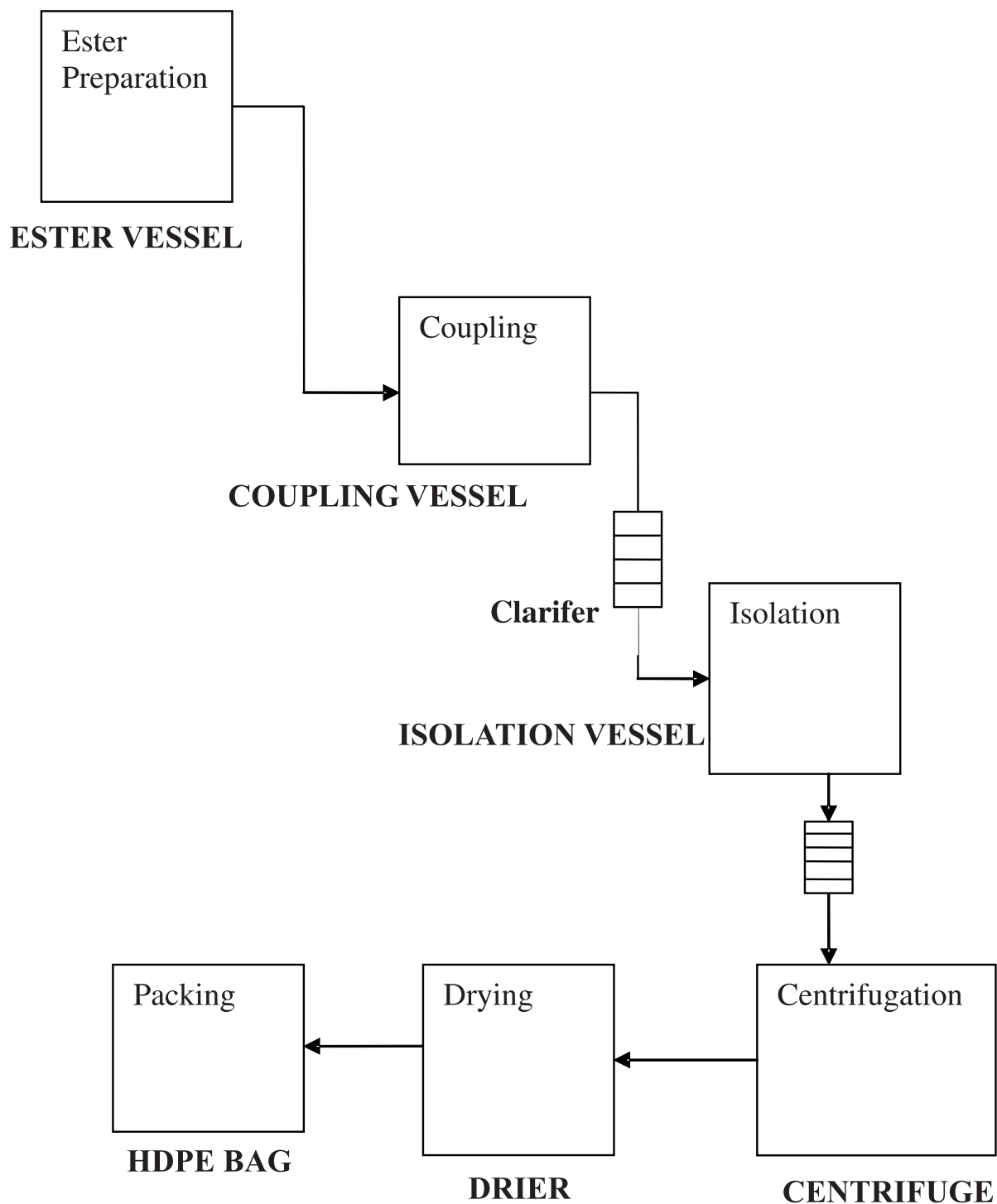
Stage - I



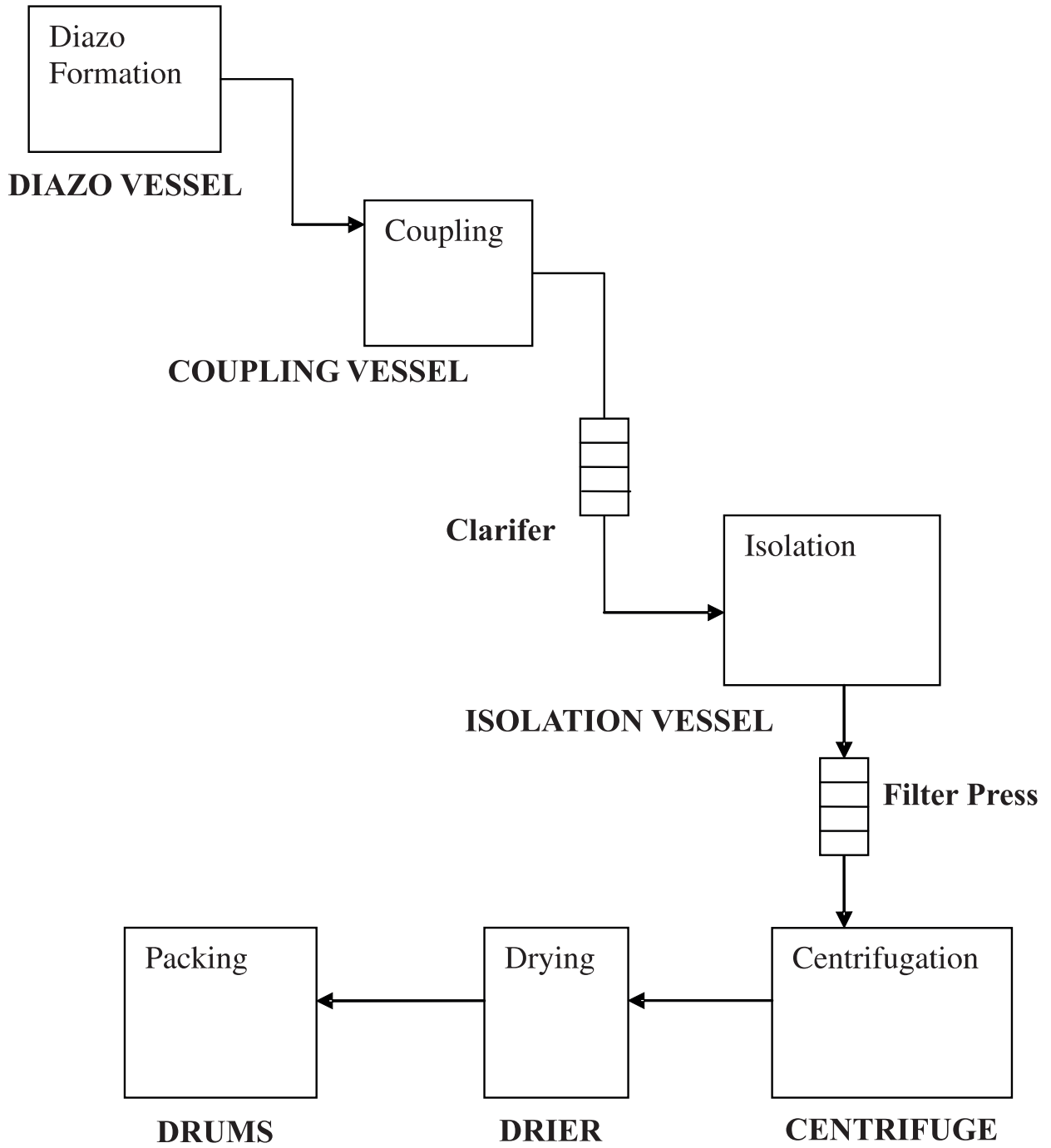


MANUFACTURING FLOW CHART OF DYE INTERMEDIATES

Stage - II

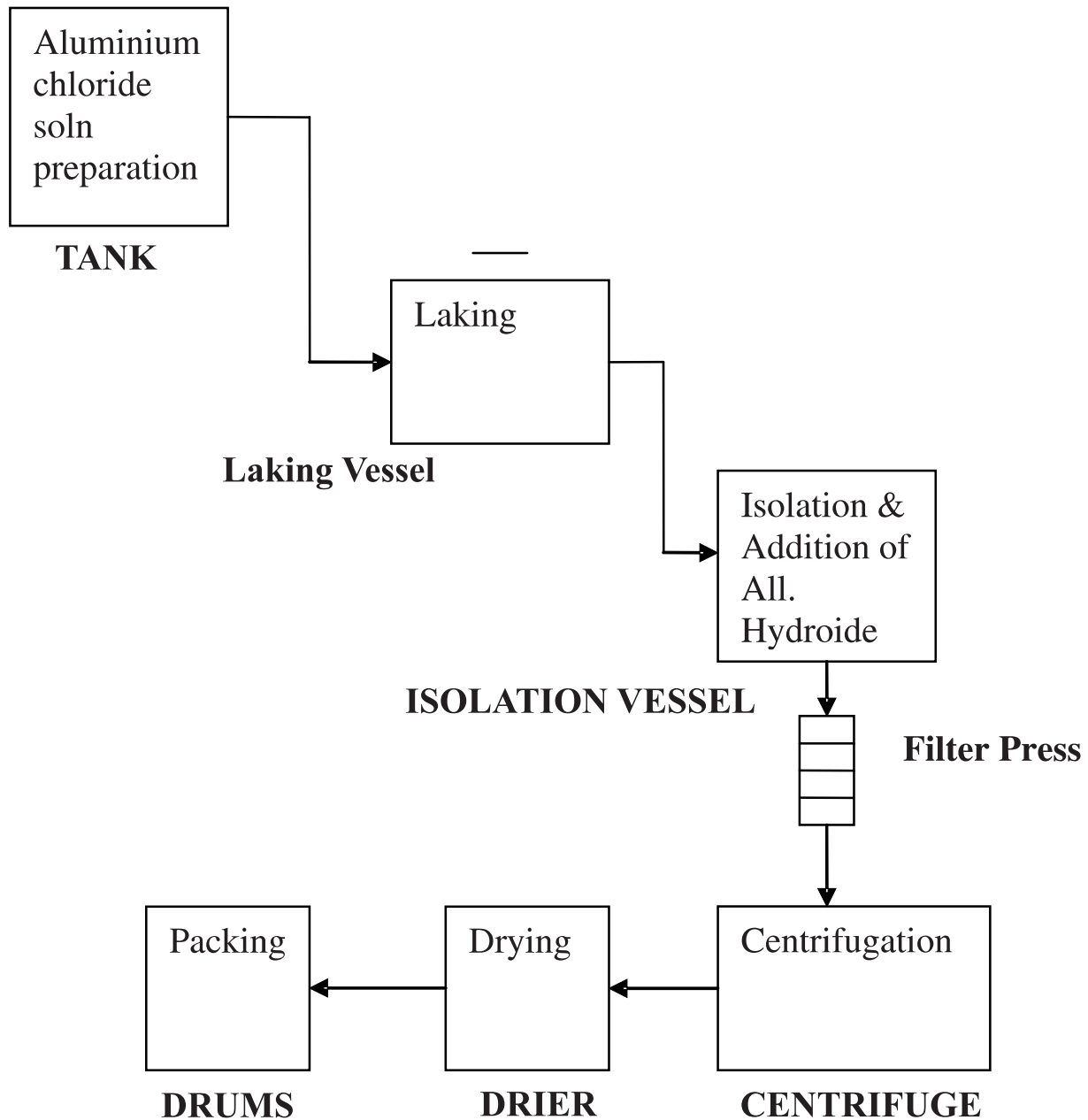


MANUFACTURING FLOW CHART OF FOOD COLORS





MANUFACTURING FLOW CHART OF LAKE COLORS



DYNEMIC PRODUCTS LIMITED

COLLABORATIONS

The Company at present does not have any Collaboration

INFRASTRUCTURE FACILITIES

RAW MATERIAL

Major Raw materials used to manufacture Synthetic Food Colors, Lake Colors & Dye Intermediates are available indigenously, and the same has been enlisted below.

- Raw material requirement for manufacturing Food Colors:
1:4 Sulfophenyl- 3- Carboxy- 5- Pyrazolone (1:4 SPCP), Schaeffer's Acid, Sulphanilic Acid, G.Salt, R. Salt, Sodium Naphthionate, N.W. Acid, Sulphuric Acid, Hydrochloric Acid, Sodium Chloride etc.
- Raw material required for manufacturing Lake Colors :
The Primary Raw Material for Lake Color are Food Colors. Besides this products like Aluminum Hydroxide, Aluminum Chloride are used to produce Lake Colors.
- Raw material required for manufacturing Dye Intermediates :
The basic raw material used to manufacture Dye Intdrmediates are Aniline Oil, Ethyl Acetate, Diethyl Oxalate, Sodium Metal, Methyl Ester, Hydrazine Hydrate, Sulphuric Acid, Hydrochloric Acid, Sodium Chloride etc.

The Company at present has not entered into long term agreement for procuring above mentioned raw material. As such they are easily available as & when required.

Total Quantity require for Basic Raw Material per year is stated as under:

| Product | Quantity/Year (M.T.) |
|--|----------------------|
| Aniline Oil | 510 |
| Di Ethyl Acetate | 548 |
| Ethyl Acetate | 328 |
| Sodium Metal | 083 |
| Sodium Nitrite | 320 |
| Sulphanilic Acid | 150 |
| 1:4 Sulfophenyl- 3- Carboxy- 5- Pyrazolone (1:4 SPCP), | 295 |
| Schaeffer's Acid | 090 |
| G.Salt | 025 |
| R.Salt | 014 |
| N.W. Acid | 014 |
| Sodium Naphthionate | 050 |

UTILITIES

The main utilities required are as follows:

| Existing | Power per month | Water per month in Cubic Liters | Light Diesel Oil per month in liters | Back-up DG Sets | Natural Gas SCM | Lignite (M.T) Cubic Liters |
|-----------------|-----------------|---------------------------------|--------------------------------------|-----------------|-----------------|----------------------------|
| Unit-I | 300 KVA | 2000 | 1000 | Nil | 55000 | Nil |
| Unit-II | 67 KVA | 106 | Nil | Nil | 3360 | Nil |
| Proposed | | | | | | |
| Unit-I | Nil | Nil | Nil | Nil | Nil | 300 |
| Unit-II | 300 KVA | 4800 | Nil | 125 KVA | 87360 | Nil |



MAN POWER (IN NO(S))

Existing: The present strength of the Company is 72 employees as on 30th September, 2005 as follows

| Particulars | UNIT- I | UNIT- II |
|----------------|-----------|-----------|
| Administrative | 09 | 08 |
| Skilled | 08 | 05 |
| Unskilled | 32 | 10 |
| Total | 49 | 23 |

Proposed Manpower Requirement:

| Particulars | UNIT- I | UNIT- II |
|----------------------|-----------|-----------|
| Administrative Staff | 03 | 09 |
| Skilled Personnel | 07 | 10 |
| Unskilled Personnel | 28 | 53 |
| Total | 38 | 72 |

PRODUCTS / SERVICES OF THE COMPANY

EXISTING PRODUCTS:

Existing Products of Dynamic Products Limited Includes:

The product range of the company includes Dyes Intermediates, Food Colours, Lake Colours & Blended Food Colours, and Food Dyes & Aluminium Lakes.

DYES INTERMEDIATES

The main utility of the Dyes intermediates is in manufacturing food colours, Reactive Dyes, Ramazol Dyes, Metal Complex Dyes, and Direct Dyes, Acid Dyes & Pigments

FOOD COLOURS

Primary food colours being easily soluble in water has wide application like in Foodstuff, Beverages, Animal feeds etc. Soft drinks & Beverages, Cheese, Dessert Edible Ices & Confectionery, Decoration & coatings, Pesticides, Alcoholic & Non-Alcoholic Drinks, Tablets & capsules, Toiletry Products, Pickles, Sauces & Seasonings, Bath Soaps, Jams & Jellies, Toothpaste, Shampoos, Baked Goods, Washing Powder, Writing Inks, Canned Products, Meat Industry.

LAKE COLOURS

Lake colors are more stable than the water-soluble colors. They are widely used in Cosmetic Products, Pharmaceutical Products, Bakery Products, Dairy Products, Spice Compounds and Snack Food.

The Company proposed to expand the manufacturing activity by increasing the production of its existing products.

Also the company has US FDA certified colours.

The products manufactured by the Company meet the regulatory requirement of BIS, EU & WHO Specification, also it fulfill criteria of Kosher & Halal Certification.

COMPETITION, KEY PLAYERS AND MARKET SHARE

COMPETITION & MAJOR COMPETITORS

Despite the apparently high barriers to enter into the Food Color market, new entrants do pose a high threat to existing participants. There are several competitive factors influencing the Food Colors market, the most important of which is customer service by timely delivery of product. Other factors, which influence the competition, are price, quality & up gradation of product.

DYNEMIC PRODUCTS LIMITED

Apart from the company, the major players in food Colour industry in India are:

- Roha Dyechem Pvt. Ltd, Mumbai
- Vidhi Dyestuff Mfg. Co. Ltd., Mumbai
- Neelikon Food Dyes & Chemicals Ltd., Mumbai
- Asim Food Products Pvt Ltd, Mumbai
- Ajanta Chemical Industries, Delhi

MARKET SHARE

It is very difficult to ascertain the market share since majority of the players are in unorganized sector.

Approach to marketing & proposed marketing set-up.

Company's enthusiastic marketing team strives to increase the company's share of the business with existing clients and also endeavor to expand company's customer base.

The approach which the company adopts to locate the customers is

- Through Internet, Exhibiting at Trade Fairs.
- Communicating with different Chamber of Commerce & approaching potential companies looking at diversifying business.

The Company proposes to increase its client set up by

- Participating in trade fair organized at international level
- Appointing a local agent in foreign country for marketing the product of the Company
- The company has also incorporated a subsidiary Company named Dynemic USA Inc to market the products of the Company.

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

The details of Food Colors & Dye Intermediates sales in Domestic and Exports for the last three years is as stated below.

| Product | 2002-03 | | 2003-04 | | 2004-05 | |
|--------------------------|-----------|----------------|-----------|----------------|-----------|----------------|
| | Qty (M.T) | Rs. (In lakhs) | Qty (M.T) | Rs. (in lakhs) | Qty (M.T) | Rs. (in lakhs) |
| Dye Intermediates | | | | | | |
| Domestic | 252.85 | 375.96 | 260.75 | 384.43 | 177.97 | 252.24 |
| Export | 424.00 | 589.28 | 509.85 | 629.64 | 387.61 | 615.66 |
| Food Colors | | | | | | |
| Domestic | 57.94 | 112.63 | 183.76 | 309.12 | 185.24 | 315.14 |
| Export | 430.39 | 802.20 | 545.68 | 988.38 | 711.90 | 1308.90 |
| Trading | | | | | | |
| Domestic | 21.92 | 13.85 | 45.80 | 43.80 | 14.91 | 6.52 |
| Export | 43.53 | 59.12 | 145.07 | 198.20 | 53.18 | 90.50 |
| TOTAL TURNOVER | | 1953.04 | | 2553.56 | | 2588.96 |

Source Balance Sheet

Details of Countrywise Export

(Rs In Lakhs)

A] DIRECT EXPORTS :

| Country | 2002-03 | 2003-04 | 2004-05 |
|-----------|---------|---------|---------|
| Algeria | 0.00 | 6.55 | 0.00 |
| Argentina | 96.20 | 72.11 | 46.59 |
| Australia | 11.82 | 46.58 | 19.87 |



| Country | 2002-03 | 2003-04 | 2004-05 |
|------------------|----------------|----------------|----------------|
| Brazil | 57.47 | 131.42 | 113.11 |
| Chile | 0.00 | 0.00 | 2.91 |
| China | 22.94 | 77.45 | 184.09 |
| Colombia | 8.32 | 9.84 | 59.24 |
| Dubai | 0.00 | 0.00 | 21.02 |
| Egypt | 15.10 | 54.63 | 0.00 |
| Germany | 11.40 | 16.55 | 50.24 |
| Guatemala | 0.00 | 0.00 | 7.02 |
| Hong Kong | 0.00 | 0.00 | 1.89 |
| Indonesia | 154.55 | 206.45 | 222.64 |
| Iran | 3.29 | 15.14 | 34.07 |
| Italy | 68.95 | 24.01 | 37.51 |
| Jamaica | 0.00 | 0.00 | 14.19 |
| Jordan | 0.00 | 0.00 | 4.59 |
| Kenya | 0.00 | 2.63 | 2.20 |
| Malaysia | 28.38 | 27.53 | 37.94 |
| Mexico | 0.00 | 0.00 | 23.15 |
| Morocco | 55.81 | 94.75 | 70.63 |
| Pakistan | 0.00 | 15.74 | 32.91 |
| Philippines | 0.00 | 34.35 | 0.63 |
| Romania | 0.00 | 0.00 | 0.00 |
| Russia | 0.00 | 19.20 | 18.86 |
| Saudi Arabia | 0.00 | 3.51 | 8.75 |
| Seychelles | 0.00 | 0.00 | 0.18 |
| Singapore | 0.00 | 0.00 | 9.03 |
| South Africa | 20.33 | 3.23 | 0.00 |
| Spain | 59.44 | 118.14 | 177.25 |
| Sri Lanka | 0.00 | 4.95 | 6.64 |
| Taiwan | 0.00 | 0.00 | 13.19 |
| Thailand | 0.00 | 45.63 | 46.41 |
| The Netherlands | 0.00 | 0.00 | 0.37 |
| Turkey | 0.00 | 41.01 | 31.74 |
| U.K | 0.00 | 16.76 | 31.38 |
| USA | 0.00 | 87.82 | 20.65 |
| Venezuela | 0.00 | 0.00 | 2.03 |
| Vietnam | 0.00 | 0.00 | 9.68 |
| Yemen | 0.00 | 0.00 | 5.87 |
| TOTAL [A] | 614.00 | 1175.98 | 1404.94 |

| B] INDIRECT EXPORTS : | | | |
|------------------------------|----------------|----------------|----------------|
| Particulars | 2002-03 | 2003-04 | 2004-05 |
| Indirect Exports | 836.60 | 640.24 | 610.12 |
| TOTAL [B] | 836.60 | 640.24 | 610.12 |
| GRAND TOTAL [A] + [B] | 1450.60 | 1816.22 | 2015.06 |

At present the Company has no export obligation

DYNEMIC PRODUCTS LIMITED

BUSINESS STRATEGY

A) DOMESTIC MARKET:

We believe, we have embarked upon the journey to attain the leadership position in our chosen domain within the next 5 years by setting specific strategic targets with respect to size, focus and markets.

To achieve the above objective, we have formulated different strategies pertain to various aspect of business as described below.

➤ EXPANSION OF THE EXISTING FACILITIES

The Company proposes to expand its existing facilities manufacturing of existing products namely Primary Food Colors & Lake Colours.

➤ ENHANCING CUSTOMER BASE

The Company intends to continue to grow business by adding new customer in existing and by sourcing new customers in unexplored countries. The Company aims to do this by effectively leveraging their marketing skills and relationship and further enhancing customer satisfaction.

➤ STRENGTHENING SOURCING CAPABILITIES

The Company intends to continue to grow business by adding new customers in existing and new countries. It aims to do this by effectively leveraging their marketing skills and relationship and further enhancing customer satisfaction.

➤ REDUCTION OF OPERATIONAL COST

The Company strives to reduce the operational costs to increase the competitiveness in market

B) EXPORTS

The Company exported 74.00%, 71.00% & 77.00% of our Dye Intermediates and Synthetic Food Colors in the year ended March 31, 2003, 2004, 2005 respectively. The details of Synthetic Food Colors & Dye Intermediates sales in Domestic and Exports for the last three years is as stated below.

| Product | 2002-03 | | 2003-04 | | 2004-05 | |
|--------------------------|-----------|----------------|-----------|----------------|-----------|----------------|
| | Qty (M.T) | Rs. (In lakhs) | Qty (M.T) | Rs. (in lakhs) | Qty (M.T) | Rs. (in lakhs) |
| Dye Intermediates | | | | | | |
| Domestic | 252.85 | 375.44 | 260.75 | 384.43 | 177.97 | 252.24 |
| Export | 424.00 | 589.28 | 509.85 | 629.64 | 387.61 | 615.66 |
| Food Colors | | | | | | |
| Domestic | 57.94 | 112.63 | 183.76 | 309.12 | 185.24 | 323.48 |
| Export | 430.39 | 802.20 | 545.68 | 988.38 | 711.90 | 1308.90 |
| Trading | | | | | | |
| Domestic | 21.92 | 13.85 | 45.80 | 43.80 | 14.91 | 6.52 |
| Export | 43.53 | 59.64 | 145.07 | 198.20 | 53.18 | 82.17 |
| Total Export | | 1953.04 | | 2553.56 | | 2588.96 |

Company has incorporated a subsidiary in USA named Dynamic USA Inc. with the sole objective to market the products of the company.

With smaller overheads and low labour cost and exemption from payment of Excises and custom duty due to EOU status granted to the Company recently, Company can compete with the international players.

➤ HIGH PRECISION QUALITY

The Company has sustained the status ISO 9001:2000 Certification of fully integrated ISO certified Company with two plants at Ankleshwar & Corporate office having been accredited by ISO certification. Also Company has got the Kosher Certification for its products and HACCP certification for its plants. All the plant laboratories are equipped with the most modern automated equipment to maintain high analytical standards of various dye intermediate & Colors . The Company is fully geared to face a rapidly changing environment by using its expertise, enhanced strength, various ISO accreditations and available infrastructure, including R&D Department



❖ SALES AND MARKETING:

The Company's enthusiastic market team strives to increase the share of the business with existing clients and also endeavors to expand company's customer base.

Basically, the Company receives order from

- existing Customer.
- by Locating new Customer through Internet, Exhibiting at Trade Fairs.
- Communicating with different Chamber of Commerce & visiting potential companies looking at diversifying business and from
- Walk in Customers.

By means of years of experience the Company has develop different strategies.

- To locate new customers
- To suit the requirement of existing as well as new customers.
- To locate new area of application

The company's core focus is to widen the product range and increase in volumes. Also the Company is a preferred partner to its customers as the Company has long business relations with them.

THE DETAIL OF TOP TEN CUSTOMERS FOR THE PERIOD ENDED ON 31/08/2005 IS AS UNDER:

| Sr. No. | Name of the Client | Sales Amt. (Rs. in lacs) | % of Total Sales |
|---------|----------------------------|--------------------------|------------------|
| 1 | Vidhi Dyestuff Mfg Ltd. | 104.04 | 9.42 |
| 2 | PT Dystar Colors Indonesia | 73.16 | 6.62 |
| 3 | Chempro Exports (India) | 63.04 | 5.71 |
| 4 | U.H. International | 52.34 | 4.74 |
| 5 | Unilex Exports Ltd. | 46.84 | 4.24 |
| 6 | Saporiti Do Brasil Ltda | 42.05 | 3.81 |
| 7 | Dye Chem S.A. | 34.05 | 3.08 |
| 8 | Palbro International | 33.71 | 3.05 |
| 9 | Anilinas Freire S.A. | 32.40 | 2.93 |
| 10 | Sun Wise International Co. | 29.01 | 2.63 |
| | Total | 510.66 | 46.24 |

For new customers, our marketing team discuss about the product & the intended application so as to offer them the right products. Some times we also ask for their counter samples to evaluate & offer them the same kind of products.

Once the buyer approves the samples our team verifies the permissibility of colors in that particular country to avoid any clash in futures.

In general, we sell our Dye Intermediates & Synthetic Food Colors in domestic as well as international market. Dye Intermediates are sometime sold directly to the Dyestuff Manufacturers & in some instance to active traders.

Synthetic Food colors are sold to Food additives Agent representing several companies & for numbers of products.

FUTURE PROSPECTS

Recently The Company has received a Status of Export Oriented Unit for both the plants at Ankleshwar and thus it is proposed to export the entire Product of the Company.

Also the company has recently received the status of One Star Export House which would benefit the company to maintain competitiveness in the international market.

With lower overheads and low labour cost and exemption from payment of Excise and custom duty due to availability of EOU status the Company can compete with the international players.

DYNEMIC PRODUCTS LIMITED

CAPACITY AND CAPACITY UTILIZATION:

Current Products/ Proposed Products and their Capacities

For Unit 1

The categorized Existing & Proposed production capacities of the company are as follows:

| Product | INSTALLED CAPACITY | EXISTING UTILISED CAPACITY | PROPOSED ADDITIONAL CAPACITY TO BE UTILISED | TOTAL CAPACITY |
|---------------------------------|--------------------|----------------------------|---|----------------|
| Dyes Intermediates | 1100 M.T / Annum | 1,020 MT/Annum | NIL | 1,020 MT/Annum |
| Tartrazine & Other Food Colours | 1100 M.T / Annum | 720 MT/Annum | 270 MT/Annum | 990 MT/Annum |
| Glauber's Salt Recovery | NIL | NIL | 1680 MT/Annum | 1680 MT/Annum |
| 1: 4 PHPS Recovery | NIL | NIL | 96 MT / Annum | 96 MT / Annum |

For Unit II

The categorized Existing & Proposed production capacities of the company are as follows:

| Product | INSTALLED CAPACITY | EXISTING UTILISED CAPACITY | PROPOSED ADDITIONAL CAPACITY TO BE UTILISED | TOTAL CAPACITY |
|--------------|--------------------|----------------------------|---|----------------|
| Food Colours | 270 MT/Annum | 240 MT/Annum | 720 MT/Annum | 960 MT/Annum |
| Lake Colours | NIL | NIL | 180 MT/Annum | 180 MT/Annum |

COMPETITIVE STRENGTH

➤ PROFESSIONAL MANAGEMENT

The Company is managed by a qualified management team with several years of relevant experience .The Management team is supported by Board of Directors who are qualified and having a vast experience in Food Colour Industry.

➤ STRONG CUSTOMER RELATIONSHIP

The Company has track record of timely deliveries of the quality product to their customers, which has enable the company to maintain the relationship with each of its existing clients and enhance the client base.

➤ CAPABLE TO MANAGE MULTIPLE AND LARGE ORDERS

Large orders require capabilities to manage large workforce, complex sourcing, production planning and ability to ensure timely delivery to the customer over the years the company has developed the expertise to manage multiple large orders concurrently.

INSURANCE

| DATE | POLICY NO. | COMPANY NAME | POLICY TYPE | FROM | TO | Amount Rs | PREMIUM Rs |
|------------|------------|--------------------------------------|--|------------|------------|-------------|------------|
| 12/09/2005 | 11077658 | IFFCO-TOKIO GENERAL INSURANCE Co.Ltd | Fixed Assets and Stock in process | 14/09/2005 | 13/09/2006 | 59474772.92 | 160576.00 |
| 12/09/2005 | 11077668 | IFFCO-TOKIO GENERAL INSURANCE Co.Ltd | Stock | 14/09/2005 | 13/09/2006 | 2750000.00 | 74247.00 |
| 12/09/2005 | 11077670 | IFFCO-TOKIO GENERAL INSURANCE Co.Ltd | Fixed Assets and Stock in process | 13/09/2005 | 12/09/2006 | 23986058.82 | 64760.00 |
| 12/09/2005 | 11077660 | IFFCO-TOKIO GENERAL INSURANCE Co.Ltd | Stock | 14/09/2005 | 13/09/2006 | 15000000.00 | 40499.00 |
| 21/02/2005 | 11057407 | IFFCO-TOKIO GENERAL INSURANCE Co.Ltd | Registered Office Building Situated at Ahmedabad | 18/02/2005 | 17/02/2006 | 3420096.00 | 4636.87 |



PROPERTY

EXISTING PROPERTY DETAILS

OWNED BY THE COMPANY

| Sr No | Name & Address | Area in Sq. Mtr. | Purchase Cost | Other Cost | Total Cost | Date of Acquisition |
|-------|---|--|---------------|------------|------------|---------------------|
| 1 | Flat No: B/16, Amrapali Co. Op Housing Society Ltd, GIDC Colony, Ankleshwar, Dist Bharuch | 53 Sq. Mr. | 128000 | 9785 | 137785 | 26-12-1995 |
| 2 | Flat No: B/17, Amrapali Co. Op Housing Society Ltd, GIDC Colony, Ankleshwar, Dist Bharuch | 53 Sq. Mr. | 128000 | 9785 | 137785 | 26-12-1995 |
| 3 | 104, "Shivam", Kohinoor Complex, GIDC Colony, Ankleshwar, Dist Bharuch | 1100 Sq. Feet | 305000 | 400985 | 705985 | 1-02-2000 |
| 4 | Vishwas City-2, Ghatlodia, Ahmedabad | 107 Sq. Mtr. | 350000 | 162005 | 512005 | 14-06-2001 |
| 5 | Plot No. 406/24, Sardar Society, GIDC Colony, Ankleshwar | 448 Sq. Mtr. | 313600 | 3649088 | 3962688 | 24-04-2003 |
| 6 | Satyamev Complex-1 Office no. 301, 308, 309, 310, Opp: New Gujarat High Court, S.G. Highway, Sola Road, Ahmedabad. | 883 Sq. Feet 1148 Sq. Feet 1358 Sq. Feet 883 Sq. Feet | 2375000 | 1165255 | 3540255 | 8-12-2003 |
| 7 | Gopal Park Society, Gota, Tal. Daskroi, Ahmedabad | 48.14 Sq. Mtr. | 151000 | 82410 | 202826 | 12-07-2004 |
| 8 | Flat No: B/9, Amrapali Co. Op Housing Society Ltd, GIDC Colony, Ankleshwar | 53 Sq. Mtr. | 313600 | 3649088 | 233410 | 22-03-2005 |

Notes: The Other Cost includes the following costs incurred on the Premises.

1. Stamp duty & Registration charges.
2. Maintenance Cost Paid.
3. Additional Furniture Cost.
4. Additional Construction Cost incurred.

The Company proposes to construct factory building at its existing land for manufacture of primary and lake colour and also proposes to construct a building for Research and Development laboratory both together amounting to Rs 205.32 lacs which are to be funded from the proceeds of the issue and for which the company has received a quotation from M/s Project Consultancy dated 18/08/2005.

DYNEMIC PRODUCTS LIMITED

LEASE DETAILS

The lease details are as under:

| Name & Address of Lessor | Plot No & Area in Sq. Mtr. | Land allotment charges | Lease Period | Remarks if any |
|--|-----------------------------|------------------------|--|---|
| Gujarat Industrial Development Corporation 3rd Floor, Fadia Chambers, Ashram Road, Navrangpura, Ahmedabad-380 009 | No.6401 1888 Sq. Mtr. | Rs. 249688/- | 99 Yrs from 18/08/91 | UNIT-I Factory Building admeasuring 4025 Sq. Metre has been constructed on these lands and the construction Cost for the same amounting to Rs. 1,08,84,955/- was borne by the company. |
| Gujarat Industrial Development Corporation "Udyog Bhavan", Sector 11, Block No. 2.3.4, Gh Road, Gandhinagar | No. 6415 1888 Sq. Mtr. | Rs. 623040/- | 99 Yrs from 12/01/97 | |
| Gujarat Industrial Development Corporation "Udyog Bhavan", Block No.2.3.4, Sector 11, Gh Road, Gandhinagar | No. 6416 1888 Sq. Mtr. | Rs. 217120/- | 99 Yrs from 18/07/97 | |
| Gujarat Industrial Development Corporation "Udyog Bhavan", Sector 11, Gandhinagar | No. 3709/6 3700 Sq. Mtr. | Rs. 1330000/- | 89 Yrs From 1/11/2000 (Refer Note) | Acquired plot in Yr. 2000 as a result of acquisition of business of M/s Saffron Dye stuff Industries Unit II Factory Building admeasuring 1000 Sq. Meter has been constructed on this land and the construction cost for the same amounting to Rs. 77,03,856/- was borne by the company. |

Note : The property leased to Saffron Dyestuff Industries by GIDC for 99 years which was acquired by the company on 1/11/2000



OUR FINANCIAL INDEBTEDNESS:

| Name of the Lender/ Nature of Loan | Sanction Amount (Rs in Lacs) | Loan Documentation | Amount Outstanding as on 30th September, 2005 (Rs in Lacs) | Interest Rate | Repayment Schedule | Security Created |
|---|--|---|--|--|--|--|
| CitiBank, N.A | 50 Lacs | Term Loan Agreement and Good Security agreement | 12 Lacs | 13% p.a. | Payable Quarterly in 8 equal installments From the date of sanction i.e. 27.1.2003 | Secured by creation of first charge by way of equitable/English mortgage in favour of bank over premises at plot No 6401,6415 and 6416 situated at GIDC Ankleshwar, Plot No 3709/6 (Unit II situated at GIDC Ankleshwar) and B-301, Satyamev Complex-1, opp New Gujarat High Court, Sarkhej Gandhinagar Road, Sola, Ahmedabad-380 060. and Hypothecation of Stocks and Book Debts forming part of Current assets both present and Future & Hypothecation of fixed assets including Plant & Machinery, Air Conditioner, XEROX machines, Electrical Equipment, Typewriter, Goods, inverter, trolley, converter, scaneer, vacuum cleaner, Furniture & Fixtures. |
| Citibank N.A (Working Capital Loan Fund Based) | 1) Pre Shipment / post Shipment under contracts or PO or LC - Rs 400 Lacs 1) Cash Credit- Sub Limit of 1 above Rs 100.00 Lacs | Loan Agreement for Mortgage and good Security Agreement | Packing Credit in Foreign Currency -Rs. 257.83 Lacs and Cash Credit Rs. 67.39 Lacs | For Export Finance in Rupees - 9% P.A For Export finance in Foreign Currency -LIBOR+ 0.75% P.A For Cash Credit Facility- 13.5% P.A | N.A | Secured by creation of first charge by way of equitable/English mortgage in favour of bank over premises at plot No 6401,6415 and 6416 situated at GIDC Ankleshwar, Plot No 3709/6 (Unit II situated at GIDC Ankleshwar) and B-301, 308,309 and 310, Satyamev Complex-1, opp New Gujarat High Court, Sarkhej Gandhinagar Road, Sola, Ahmedabad-380 060. |
| Citibank of India (Non-Fund) | 1) Since Letter of Credit- Rs 120 Lacs 2) Bank Guarantee -45 Lacs | Loan Agreement for Mortgage and good Security Agreement | Nil Nil | | | Secured by creation of first charge by way of equitable/English mortgage in favour of bank over premises at plot No 6401,6415 and 6416 situated at GIDC Ankleshwar, Plot No 3709/6 (Unit II situated at GIDC Ankleshwar) and B-301, 308,309 and 310, Satyamev Complex-1, opp New Gujarat High Court, Sarkhej Gandhinagar Road, Sola, Ahmedabad-380 060. |

DYNEMIC PRODUCTS LIMITED

SWOT ANALYSIS

❖ STRENGTHS: -

- The company holds status of One Star Export House.
- Management depth and ability to manage client relationships in domestic as well as international market.
- The company has been manufacturing & exporting Dye Intermediates since 1990 & Synthetic Food Colors since 1996 & had adequate knowledge of these products & their markets.
- Flexibility in production of orders irrespective of size, either big or small.
- The company is having 2 plants at Ankleshwar, One of the biggest Chemical Zone in the country enabling it easy access to raw materials.
- Adequate labour availability at relatively low wages.
- R&D capability backboned by pilot plants for trial commercial production.
- Company is accredited with ISO: 9001, ISO: 14001, HACCP & Kosher Certificates. Also the company is having US-FDA approval for the lots of its products.
- The company holds status of EXPORT ORIENTED UNIT (EOU)
- The Company have wholly owned subsidiary in U.S.A (Dynemic USA Inc.)

❖ WEAKNESS:

- Rigid government policies. Labour Policy & Pollution Control in particular.
- Change in Food related Norms in India as well as changes in other countries.

❖ OPPORTUNITIES.

- Large numbers of European & American Companies are looking at out sourcing these products form India, due to low cost.
- Synthetic Food Color demand is increasing gradually, every year, thus scope of higher quantum of business in future.
- Cosmetic Industry is blossoming year by year, resulting in high demand for Lake Colors.

❖ THREAT:

- Competition from Indian Companies in similar product segment.
- Competition from countries that offer low cost manufacturing base like China.

KEY INDUSTRY- REGULATIONS:

The following regulations and legislations are the significant laws, which broadly govern this industry in India:

EXCISE REGULATION

The Central Excise Act, 1944 seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. However The Government grants an exemption from payment of excise duty if the Company enjoys an EOU Status .The Company has recently received an EOU status (Please refer page no 114 for date of approval), and bonding with Excise and Custom Authorities are in process.

As soon as the Procedure for bonding of the both the units at Anleshwar is completed the Company will get 100% exemption from payment of excise duty on export of their products subject to compliance of condition stipulated for EOU.

CUSTOM REGULATIONS

All imports to the Country or export from the Country are subject of duties under the Custom Act, 1962 at the rate specified under the Custom Tariff Act 1975 however The Government grants an exemption from payment of custom duty if the Company enjoys a EOU Status .The Company has recently received an EOU status and is awaiting for bonding. As soon as the Procedure for bonding of the both the units at Anleshwar is completed the Company will get 100% exemption from payment of custom duty on import of their products subject to compliance of condition stipulated for EOU.

ENVIRONMENTAL AND OTHER REGULATION

The Company has to comply with the provision of Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of pollution) Act, 1981 and Hazardous (Management and handling) Rules 1989 and amended Rules 2000 and the Company has already obtained the relevant consents under the above said Acts for the existing capacity as well for the proposed expansion.

There are other regulation such as factories Act and other various labour legislations, which are also applicable to manufacturing Company such as our Company. For details please refer page no. 114 of this Prospectus.



HISTORY AND CORPORATE STRUCTURE OF THE COMPANY:

HISTORY AND MAJOR EVENTS

The Company was incorporated on 14th June 1990 as Private Limited Company. The name was subsequently changed to Dynamic Products Ltd. on 31/12/1992 and fresh certificate of incorporation dated 28th day of January 1993 was received consequent to the change of name.

The registered office of the company is situated at B-301, Satyamev Complex-1, Opp: New Gujarat High Court, S.G. Highway, Sola, Ahmedabad-380 060. The said premises are owned by the Company. At the time of incorporation, the registered office of the company was at 18, Harshad Chambers, Ajod Dairy Road, Rakhial, Ahmedabad which was then shifted to 103, Himadri Office Complex, Near Toran Dinning Hall, Opp: Sales India, Ashram Road, Ahmedabad-380 009 w.e.f. 31-12-1992 and thereafter w.e.f. 6-11-2003. Thereafter the registered office of the Company has been shifted to B-301, Satyamev Complex-1, opp New Gujarat High Court, S.G Highway, Sola, Ahmedabad -380060.

The company was promoted with the objective of carrying on the business of manufacturing S.P.C.P., the raw material for Food Color, Reactive & Ramazole Dyes. The company has acquired on lease the plot no. 6401 in GIDC Estate at Ankleshwar admeasuring 1888 Sq. Meter for this purpose. In the year 1997 the company acquired on lease additional plot no. 6415 & 6416 in GIDC Estate both admeasuring 1888 Sq. Meter.

In the year 2000 the company acquire the running business of M/s Saffron Dye Stuff Industries & started manufacturing wide range of food colours at the premises 3709/6, G.I.D.C Estate, Ankleshwar having plot area admeasuring 3700 Sq. Meter.

As the company aims to provide entire range of qualitative & quantitative services to Food Industry, at its Unit I The Company commenced manufacturing of food colour namely Tartrazine in the year 2000-01.

Both the units at Ankleshwar are Ultra modern and have eco friendly plants with in-house testing facilities to control quality at every level of manufacturing,

The Company gained goodwill in the short span of time due to its quality Product. The Company has a well equipped state of art in house laboratory which conduct test of every parameter of food colour & Dye Intermediates laid down under national & international authorities.

The Company exports its product to around 41 countries worldwide. Also the Company has registered its office in USA and expects to capture good market in American continent. All these has led the company to acquire and retain a status of largest manufacturer and supplier of food colours and dye intermediates in India .

MAJOR EVENTS:

| | |
|------|--|
| 1990 | Incorporation of the company as a private limited company |
| 1993 | Conversion of company as a public limited company |
| 1999 | Started its export sales. Obtained the export order from PT Dyestar- Indonesia |
| 2000 | Acquired the business of M/s Saffron Dye Stuff Industries. |
| 2001 | Obtained ISO 9002.certification. Unit I of the company at Ankleshwar obtained 14001:2004 certificate of registration The Company issued Bonus share in proportion of 2:1 out of its reserves. |
| 2002 | Unit II of the company at Ankleshwar obtained 14001:1996 certificate of registration. The Company won the Second Award for Indirect Export of Self Manufactured Dyes for the year 2001-02 by Gujarat Dyestuffs Manufacturers' Association. |
| 2003 | The company has obtained HAACP Code: 2003 certificate of registration. The Company won the Second Award for Indirect Export of Self Manufactured Dyes for the year 2002-03 by Gujarat Dyestuffs Manufacturers' Association. The company was awarded with trophy for export performance between 4.00 Crore to 6.00 Crore for Self Manufactured Direct Export of Dyes & intermediates in the year 2002-03 by Gujarat Dyestuffs Manufacturers' Association. The company was awarded with trophy for export performance of more than Rs. 8.00 Crore for Self Manufactured Indirect Export of Dyes & intermediates for the year 2002-03 by Gujarat Dyestuffs Manufacturers' Association. |
| 2004 | Obtained ISO 9001:2000.certification Crossed annual turnover of Rs. 2500 Lacs. The Company issue a Bonus share in proportion of 1:1 out of its reserves |
| 2005 | Obtained Kosher Certification for the "Synthetic Food Colours". Both the units of the Company got the status of Export Oriented Unit. Obtained the status of One Star Export House |

DYNEMIC PRODUCTS LIMITED

MAIN OBJECTS OF THE COMPANY

The main object of the company as stated in the Memorandum of Association of the Company is:

- A. To carry on business of manufacturers, exporters, importers, traders, dealers, processors, agents, sub-agents, brokers, sub-brokers, wholesalers, retailers, commission agents of dyes intermediates, organic and inorganic chemicals, fine chemicals, orgo-chemicals, alum chemical products of every nature and description and compounds derivatives and bye products thereof and products to be made there from specifically S.P.C.P, S.P.M.P., 4-NAP, 4-NAPSA intermediates Nw-Acid and other allied products.

The present business is in the line of the main objects of the Company

INFORMATION OF SUBSIDIARY

For detailed information please refer page no. 101 of this Prospectus

SHAREHOLDERS' AGREEMENT

There is no Shareholders' Agreement existing as on date.

OTHER AGREEMENTS

Except Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

FINANCIAL / STRATEGIC PARTNERS

There are no financial or strategic partners.



MANAGEMENT OF THE COMPANY

The Company is a professionally managed organization. The Company functions under the control of a Board consisting of professional Directors. The day-to-day matters are looked after by qualified key personnel, under the supervisions of a Mr Bhagwandas K Patel Chairman and Managing Director).

| Name, Age, Address, Designation and Occupation | Date of Appointment | Qualification | Other Directorships | Compensation (In Rs.) (2005 - 2006) |
|--|----------------------------|---|--|--|
| Mr. Bhagwandas K. Patel, Age 50 Years Chairman and Managing Director 13, Vinayak Bunglows, Nr. Sola Railway Crossing, Sola Road, Ahmedabad-380 051 Business | 8/11/2000 | B.Com, Inter C.A. | Dynamic Overseas (India) Pvt. Ltd. Dyemic USA Inc | Rs 45000 Per Month |
| Mr. Dashrathbhai P. Patel, Age 53 Years Whole time Director A-1, Panchvillla Bunglows, Nr. Bhuyangdev Cross Roads, Memnagar, Ahmedabad-380052 Business | 8/11/2000 | B.Sc. | Dynamic Overseas (India) Pvt. Ltd. | Rs 45000 Per Month |
| Mr. Rameshbhai B. Patel Age 41 Years, Wholetime Director B/16, Amrapali Co-op Hsg.society Soc., GIDC New Colony, Ankleshwar Business | 8/11/2000 | B.Sc. | Dynamic Overseas (India) Pvt. Ltd. Ratnamani Bio- Chemicals Pharmaceuticals Pvt. Ltd. | Rs 45000 Per Month |
| Mr. Shashikant P. Patel, Age 41 years, Whole Time Director G-104, Kohinoor Co. Op. Hsg Society. Soc. Ltd., "Shivam", Nr. Gattu School, New Colony, GIDC, Ankleshwar. Business | 8/11/2000 | B.Sc. | Dynamic Overseas (India) Pvt. Ltd. | Rs 45000 Per Month |
| Mr. Dixit B. Patel Age 24 Years Whole time Director 13, Vinayak Bunglow, Nr. Sola Railway Crossing, Sola Road, Ahmedabad-380 051 Business | 1/01/2003 | B.Sc., Diploma in Export Management | NIL | Rs 13500 Per Month |
| Mr. Jagdish. S. Shah Age 49 Years Director 5, Pujan Appt., 2nd Floor, Opp: Plot No. 68, Swastik Society, Navrangpura, Ahmedabad-380 009 Service | 07/06/2004 | B.Com, L.L.B. | NIL | NIL |
| Mr. Hitendra H. Sheth Age 51 Years Director 5, Chandralok Society, Subhash Chawk, Memnagar, Ahmedabad-380 052 Professional | 7/06/2004 | M.Com, L.L.B, C.A. (Inter). | NIL | NIL |

DYNEMIC PRODUCTS LIMITED

| Name, Age, Address, Designation and Occupation | Date of Appointment | Qualification | Other Directorships | Compensation (In Rs.) (2005 - 2006) |
|--|---------------------|--------------------|---------------------|-------------------------------------|
| Mr. Harish K. Shah Age 50 Years Director 27, Asha Co-Op. Hou. Soc., Opp: Laxminarayan Temple, Isanpur, Ahmedababd -380 Advocate | 2/07/2005 | B.Com, LL.B | NIL | NIL |
| Mr. Vishnubhai G. Patel Age 52 Years Additional Director 35, Nirant Park H.O.A, Opp: Sun & Step Club, Thaltej, Ahmedababd 380 Doctor | 8/09/2005 | M.B.B.S., (D.G.O.) | NIL | NIL |
| Mr. Shankarlal B. Mundra Age 45 Years Additional Director B-3, Simir Apartment, Shantinagar, Usmanpura, Ahmedabad Sales Tax Consultant | 29/09/2005 | B.com, L.L.B | NIL | NIL |

PROFILE OF THE DIRECTORS OF THE COMPANY IS GIVEN BELOW:

- **Mr. Bhagwandas K. Patel:** Chairman & M.D, age 50 years is Bachelor of Commerce. He has done Inter C.A. He is one of the pioneers of Dynemic Products Limited and has 15 years of track record in the existing business i.e food colours, Dyes & intermediates. He joined as administrative & finance head with M/s Britco Surgicals in the year 1985 & worked there for 6 years before starting his own company with other promoters.

He has participated in many trade fairs at national & international levels & also focused on planning & understanding quality & variety of food colours, dyes & intermediates.

Mr. Bhagwandas K. Patel currently looks after strategic business planning, finance, business development and client interface in the Company

- **Mr. Dashrathbhai P. Patel:** Whole Time Director, age 53 years is Bachelor of Science having experience of above two decades in colour & chemical industry is also one of the pioneers of the company. Mr. Dashrathbhai P. Patel, with his science background has contributed substantially to the technological improvement of the Company on a continuous basis. Previously he has worked as chemist for 3 years, He has also worked as a supervisor in chemical industry shift in charge for 4 years and production manager as 2 years in chemical industries. Yielding quality setting is one of his expertises. At present he is looking after the marketing of the products in domestic market.
- **Mr. Rameshbhai B. Patel:** Whole Time Director age, 41 years is Bachelor of Science having experience of above 15 years in colour & chemical industry is also one of the pioneers of the company. Previously he has worked as chemist for two years and he also worked as supervisor for two years in the chemical industry. He is in charge of total production/R&D of plant I at Ankleshwar. He has been instrumental and a driving force for increasing efficiency of food colour plants, developing new product/expanding product range, conceiving the projects and their expansion, selecting technology at Dynemic Products Ltd. He is president of the Gujarat Dyestuff Manufacturers Association, Ankleshwar Chapter.
- **Mr. Shashikant P. Patel:** Whole Time Director, age 41 years is a bachelor of science. He joined the Management team in the year 2000. Before joining the company he was partner in Godwish Rasayan where he gained experience in colour chemical industry.

With a focus on constant innovation, his continuous efforts have transformed the Company's reputation as a quality conscious, environmental friendly and technologically robust establishment. His gentle yet powerful inspiration has created a team of dedicated people, working continuously in search for excellence
- **Mr. Dixit B. Patel:** Whole Time Director, age 24 years is a bachelor of science and has done diploma in export management. He joined the Management team in the year 2003.



He has been driving force in exporting the product of the company to 32 countries all over world. With a focus on constant market trend, business vision and continuous efforts have contributed in boosting the export sales in last 2 years.

- **Mr. Jagdish S. Shah:** Professional Director, age 49 years is a bachelor of commerce and LLB. He has to his advantage 24 years of work experience.

Along with providing service to Dynamic Products, he is also holding the post of Asst. General Manager in Industrial Extension Bureau (iNDEXTb), a government of Gujarat Organisation since last 10 years.

- **Mr. Hitendra H. Sheth:** Professional Director, age 51 years is a bachelor of commerce and has done LLB & Inter C.A. He has to his advantage 22 years of wide experience in legal and tax consultancy.

Besides being a Director of Dynamic Products, he is also a reputed practitioner in the areas of Audit, Taxation & Finance

- **Mr. Harish K. Shah:** Professional Director, age 50 Years is a Bachelor of Commerce and has done LLB. He has to his advantage 20 years of wide experience in legal Consultancy. Besides being a director of Dynamic Products limited he is a reputed practitioner in civil and revenue matters.

- **Mr. Vishnubhai G. Patel:** Professional Director, age 52 years is a doctor by profession holding a degree of M.B.B.S (DGO). He has served in a government hospital for 4 years and is practicing as a Gynecologist in Ahmedabad since last 15 years. He is also a committee member in Thol High School, Thol, Ta : Kadi

- **Shankarlal B. Mundra:** Professional Director, age 45 years is a Bachelor of Commerce and has done LLB . He has to his advantage 16 years of experience as a Sales Tax consultant.

RELATIONSHIP BETWEEN DIRECTORS OF THE ISSUER COMPANY

None of the Directors are related to each other except Mr Dixit B Patel, who is the son of Mr Bhagwandas K Patel.

DETAILS OF THE BORROWING POWERS

Vide a resolution passed at the Extraordinary General Meeting of the Company held on 1st October 2005, Consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs. 30 crores (Rupees Thirty Crores only) over and above the paid up capital and free reserves of the company.

COMPENSATION OF WHOLE TIME DIRECTORS

MR. BHAGWANDAS K. PATEL

Mr Bhagwandas K Patel was appointed as a Managing Director of the Company w.e.f 01/01/2001 for a period of 5 years. The present term expires on 31/12/2005 and hence he was reappointed as Managing Director for 5 years w.e.f 01/01/2006 by the members in the 15th Annual General Meeting of the Company held on 16/08/2005.

The remuneration of Mr. Bhagwandas K. Patel was fixed as under.

Salary: Rs.45000/- p.m. (in the scale of Rs. 45000/- to Rs. 100000/-).

Perquisites: He is entitled to perquisites & commission as specified within the Maximum limit of part II of schedule XIII to the Companies Act, 1956.

Further, it was also resolved that Mr. Bhagwandas K. Patel shall not be liable to retire by rotation.

MR. DASHRATHBHAI P. PATEL

Mr Dashrathbhai P Patel was appointed as a Whole Time Director of the Company w.e.f 01/01/2001 for a period of 5 years. The present term expires on 31/12/2005 and hence he was reappointed as Whole Time Director for 5 years w.e.f 01/01/2006 by the members in the 15th Annual General Meeting of the Company held on 16/08/2005.

The remuneration of Mr. Dashrathbhai P. Patel was fixed as under.

Salary: Rs.45000/- p.m. (in the scale of Rs. 45000/- to Rs. 100000/-).

Perquisites: He is entitled to perquisites & commission as specified within the Maximum limit of part II of schedule XIII to the Companies Act, 1956.

Further, it was also resolved that Mr. Dashrathbhai P. Patel shall not be liable to retire by rotation.

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MR. RAMESHBHAI B. PATEL

Mr. Rameshbhai B Patel was appointed as a Whole Time Director of the Company w.e.f 01/01/2001 for a period of 5 years. The present term expires on 31/12/2005 and hence he was reappointed as Whole Time Director for 5 years w.e.f 01/01/2006 by the members in the 15th Annual General Meeting of the Company held on 16/08/2005.

The remuneration of Mr. Rameshbhai B. Patel was fixed as under.

Salary: Rs.45000/- p.m. (in the scale of Rs. 45000/- to Rs. 100000/-).

Perquisites: He is entitled to perquisites & commission as specified within the Maximum limit of part II of schedule XIII to the Companies Act, 1956.

Further, it was also resolved that Mr. Rameshbhai B. Patel shall not be liable to retire by rotation.

MR. SHASHIKANT P. PATEL

Mr. Shashikant P. Patel was appointed as a Whole Time Director of the Company w.e.f 01/01/2001 for a period of 5 years. The present term expires on 31/12/2005 and hence he was reappointed as Whole Time Director for 5 years w.e.f 01/01/2006 by the members in the 15th Annual General Meeting of the Company held on 16/08/2005.

The remuneration of Mr. Shashikant P. Patel was fixed as under.

Salary: Rs.45000/- p.m. (in the scale of Rs. 45000/- to Rs. 100000/-).

Perquisites: He is entitled to perquisites & commission as specified within the Maximum limit of part II of schedule XIII to the Companies Act, 1956.

Further, it was also resolved that Mr. Tashkent P. Patel shall not be liable to retire by rotation.

MR. DIXIT B. PATEL

As per the resolution passed at Extra Ordinary General Meeting of the Company held on 1st May 2003, the Company approved the appointment of Mr. Dixit B. Patel as a Whole Time director of the Company for a period of Five years w.e.f. 1st January 2003.

The Remuneration of Mr. Dixit B. Patel was fixed as under.

Salary: Rs.13500/- p.m.

Perquisites: He is entitled to perquisites & commission as specified within the Maximum limit of part II of schedule XIII to the Companies Act, 1956.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the company immediately upon applying for the in principal Approval for listing of the equity shares of the Stock Exchanges. The Company stand committed to good corporate Governance practice like transparency, disclosure and independent supervision to increase the value of our stakeholders Accordingly, the company has already undertaken steps to comply wit the SEBI guidelines on Corporate Governance. The Corporate Governance framework is based on an effective management and the constitution of the Board of Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholdng, Audit etc, details of which are as follows.

COMPOSITION OF BOARD OF DIRECTORS:

The Board of Directors of the Company comprises of Executive Directors and Non Executive Independent Directors as under.

| Name of the Director & Designation | Category |
|---|--------------------|
| Mr. Bhagwandas K. Patel Chairman & Managing Director | Promoter-Executive |
| Mr. Dashrathbhai P. Patel Whole Time Director | Promoter-Executive |
| Mr. Rameshbhai B. Patel Whole Time Director | Promoter-Executive |
| Mr. Shashikant P. Patel Whole Time Director | Promoter-Executive |



| Name of the Director & Designation | Category |
|---|---------------------------|
| Mr. Dixit B. Patel Whole Time Director | Promoter - Executive |
| Mr. Hitendra H. Sheth Professional Director | Independent-Non Executive |
| Mr. Jagdish S. Shah Professional Director | Independent-Non Executive |
| Mr. Harish K. Shah Professional Director | Independent-Non Executive |
| Mr. Vishnubhai G. Patel Professional Director | Independent-Non Executive |
| Mr. Shankarlal B. Mundra Professional Director | Independent-Non Executive |

AUDIT COMMITTEE

The terms of Audit Committee comply with the requirements of the Clause 49 of the Listing agreements to be entered into with the stock exchange. The Audit Committee consists of only non-executive directors, with the majority being independent directors.

The Members of the Audit committee are:

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|--------|-----------------------|-------------|----------------------------|
| 1. | Mr. Hitendra H. Sheth | Chairman | Non Executive, Independent |
| 2. | Mr. Jagdish S. Shah | Member | Non Executive, Independent |
| 3. | Mr. Harish K. Shah | Member | Non-Executive, Independent |

The scope and function of the Audit Committee are as per section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and controls systems .It acts as a link between the Management, and the statutory auditors. The scope of Audit Committee shall include, but shall not restricted to the following.

Power of Audit Committee

The powers of the audit committee are as under:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Audit committee is as under:

- Information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.

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- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The company secretary shall act as secretary to the committee."

REMUNERATION COMMITTEE

The remuneration committee acts in accordance with the Articles of association of the company. The Remuneration Committee consists of only non-executive directors, all being independent directors.

The members of the remuneration committee is consisted of following directors of the company:

- Mr. Shankarlal Mundra - Chairman- Independent Non Executive Director
- Mr. Hitendera H. Shah - Independent Non Executive Director
- Mr. Jagdish S. Shah - Independent Non Executive Director

Function and powers of the committee

The remuneration committee to determine on behalf of board and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for Executive Directors including any compensation payment if required and shall review from time to time if required.

SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE-

The Company has constituted a Shareholders/Investor Grievance Committee headed by Non Executive Director for speedy disposal of share transfer request and for redressed of investor's complaints if any received by the Company.

The Committee inter alia, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Compliance like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/ complaints relating to dematerialization of shares etc. The committee oversees the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

Composition of Shareholders/ Investors Grievance Committee

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|--------|-------------------------|-------------|---------------------------|
| 1. | Mr. Harish K. Shah | Chairman | Non-Executive-Independent |
| 2. | Mr. Bhagwandas K. Patel | Member | Executive-Non-Independent |



STATEMENT SHOWING SHARES HELD BY DIRECTORS OF THE COMPANY

| Sr. No. | Name of the Directors | No. of shares held |
|---------|-----------------------|--------------------|
| 1 | Bhagwandas K. patel | 780100 |
| 2 | Dashrathbhai P. Patel | 658830 |
| 3 | Rameshbhai P. Patel | 636200 |
| 4 | Shahsikant P. Patel | 624000 |
| 5 | Dixit B. Patel | 100500 |
| 6 | Hitendra H. Sheth | 1500 |
| 7 | Jagdish S. Shah | NIL |
| 8 | Harish K. Shah | NIL |
| 9 | Vishnubhai G. Patel | NIL |
| 10 | Shankarlal B. Mundra | NIL |

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in "Related Party Transactions" on page 91 of this Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page 71 of this Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated in "Related Party Transaction" on page no. 91 in this Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

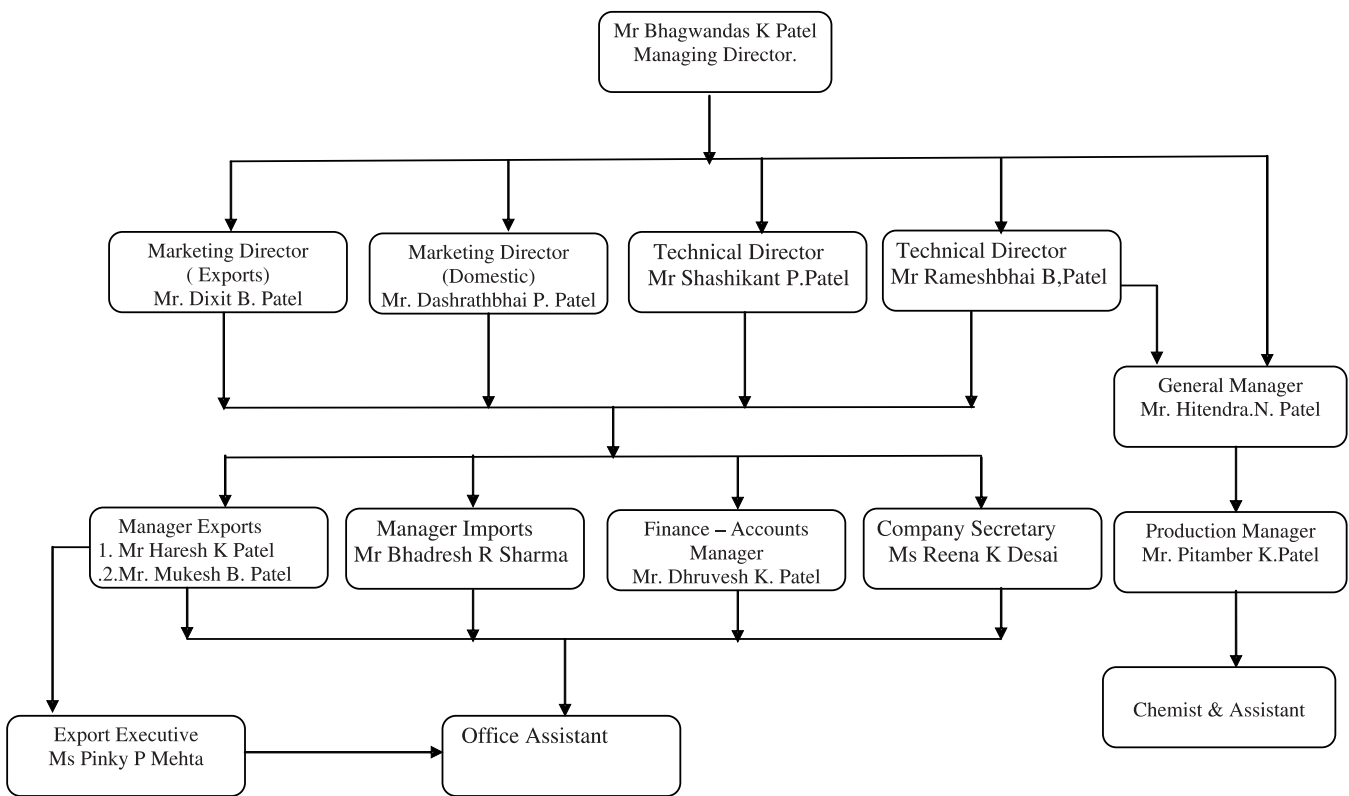
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favor or is acquitted in such proceeding.

CHANGES IN THE BOARD OF DIRECTORS IN THE LAST 3 YEARS

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place

| Name | Date of Appointment | Date of Cessation | Reason |
|-------------------------|---------------------|-------------------|-----------|
| Mr. Dixit B Patel | 01/01/2003 | _____ | Appointed |
| Mr. Jagdish S, Shah | 07/06/2004 | _____ | Appointed |
| Mr. Harish K. Shah | 02/07/2005 | _____ | Appointed |
| Mr. Vishnubhai G. Patel | 08/09/2005 | _____ | Appointed |
| Mr. Shankarlal B Mundra | 29/09/2005 | _____ | Appointed |
| Mr. Ashish R Joshi | 08/09/2005 | 29/09/2005 | Resigned |

1. MANAGEMENT ORGANIZATION CHART





KEY MANAGEMENT PERSONNEL:

DETAILS OF KEY MANAGERIAL PERSONNEL

The Company's management team is made up of qualified professionals with experience in management in their respective fields of expertise. The Managing Director and Executive Director are assisted in their day-to-day responsibilities by a team of professionals as under:

| Name & age | Age | Date of Joining | Designation | Salary Paid During 2004-2005 | Area of specialization | Qualification | Overall experience | Previous Employment |
|----------------------------|-----|-----------------|----------------------------|------------------------------|---|---|--------------------|---|
| Mr. Hitendrakumar N. Patel | 38 | 1/01/1993 | General Manager | Rs. 168000/- | Legal & Gen. Administration | B.com, M.L.W, L.L.B. | 15 Years | Worked as Labour Welfare Officer |
| Mr. Pitambar K. Patel | 36 | 1/04/1997 | Production Manager | Rs. 150000/- | Production | B.Sc. | 11 Years | Shift in charge in Tonira Pharma |
| Mr. Bhadresh R. Sharma | 46 | 1/04/1992 | Manager-Import | Rs. 177800/- | In charge of purchase of imported raw materials | B.Sc., L.L.M, Diploma in Import-Export Management | 28 Years | Accounts Officer in Everest Asbestos |
| Mr. Haresh K. Patel | 34 | 1/04/1999 | Manager-Export | Rs. 140000/- | In charge of Export Marketing | B.Sc. | 11 Years | Head of Sales - Vacovein |
| Mr. Mukesh B. Patel | 28 | 1/01/2000 | Manager-Export | Rs. 140000/- | In charge of Export Marketing | B.E. Mechanical, Diploma In International Trade | 6 Years | Service Engineer-Karnavati Engg. Co. |
| Mr. Dhruvesh K. Patel | 28 | 1/09/2000 | Manager-Finance & Accounts | Rs. 126000/- | In charge of finalization of Accounts & Finance | B.Com, Inter C.A. | 7 Years | Worked with a Practicing Chartered Accountant |
| Ms. Pinky P. Mehta | 28 | 1/04/1997 | Export-Executive | Rs. 105000/- | Documentation & Logistics | B.Sc., L.L.B. Diploma in Import Export Management | 8 Years | - |
| Ms. Reena K. Desai | 24 | 1/04/2005 | Company Secretary | - | Compliance with various requirements under various Corporate Laws | M.Com, A.C.S.S. | 3 Years | Worked with a practicing Company Secretary |

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL.

- **Mr. Hitendrakumar N. Patel:** General Manager age 38 years has done B.Com, MLW, and LL.B. before joining the company he worked as Labour Welfare Officer. He is responsible for legal & administration department for both the units at Ankleshwar.
- **Mr. Pitambar K. Patel:** Production Manager age 36 years holds degree of B.Sc. before joining the company he had worked as shift in charge in Tonira Pharma Limited. In the company he looks after daily production planning, daily production process of finished goods. He also gives the raw material consumption planning. He also looks after the proper & timely dispatch of work orders and also manages machinery maintenance schedule.
- **Mr. Bhadresh R. Sharma:** Manager-Import age 46 years holds degree of B.Sc., L.L.M (from L.A. Shah Law College), and Diploma in Export Import Management from Export Trade & Training Institute, Mumbai. He has rich experience of over 28 years in various fields. He joined the company in 1992 as administrative & accounts officer. Before joining the company he was working with Everest Asbestos Mfg. Company as accounts officer. At present he is looking after Logistic (Customs, Documentation), which mainly includes opening of L/C, purchase order, negotiation of freight etc., dealing with CHA etc.
- **Mr. Haresh K. Patel:** Manager Export age 34 years is Bachelor of Science. He is working with company since 1999. Before joining the company he worked as a head of sales department in Vacovein for 5 years. In the company he is responsible for strategic planning for marketing & promotion of export of the company involving decision regarding export promotion tours, participation in various trade fares at national & international level etc. Also he looks after the timely dispatch of export order.
- **Mr. Mukesh B. Patel:** Manager Export age 28 years is B.E. Mechanical. He has done certificate course in International Trade from Mumbai. He is working with the company since 2000. Before joining the company he worked as a Service

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Engineer with Karnavati Engg. Co. and as a Supervisor with Shakti Organics. In the company he is presently responsible for strategic planning for marketing & promotion of export of the company involving decision regarding export promotion tours, participation in various trade fares at national & international level etc.

- **Mr. Dhruvesh K. Patel:** Manager Finance & Accounts age 28 years is Bachelor of Commerce and has done Inter C.A. He is working with the company since 2000. Before joining the company he worked with practicing chartered accountant for 3 years. In the company he is head of Finance & Accounts Department. He looks after sales tax & Income tax matters including dealing with income tax & sales tax authorities for assessment.
- **Ms. Pinky P. Mehta:** Asst. Manager-Export, age 28 years holds degree of B.Sc., L.L.B (from L.A. Shah Law College), and Diploma in Export Import Management from Export Trade & Training Institute, Mumbai. She joined the company in the year 1998 as Export executive. At present she looks after entire documentation and Logistics which mainly includes dealing with various Government & Non Government departments like Customs, CHA, Banks, Jt. DGFT, Export Inspection Authorities, Gujarat Chamber of Commerce etc. for perfect execution of Export order.
- **Ms. Reena K. Desai:** Company Secretary age 24 years is M.Com & A.C.S. Before joining the company she was working with a reputed practicing Company Secretary. She is also responsible for compliance with various corporate laws affecting the company.

The Person whose names appear as Key Managerial Personnel are on the rolls of the Company as Permanent employees.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

| Name of the Key Managerial Personnel | No. Of equity shares held |
|--------------------------------------|---------------------------|
| Mr. Hitendrakumar N. Patel | 12400 |
| Mr. Bhadresh R. Sharma | 15800 |
| Mr Haresh K. Patel | 25000 |
| Mr. Mukeshkumar B. Patel | 110900 |
| Ms. Pinky P. Mehta | 3000 |

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

There is no profit sharing plan for the Key Managerial personnel The Company makes bonus payments to the employees based on performance, which is as per their terms of appointment.

CHANGES IN THE KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS:

Other than the following here has been no change in the key managerial personnel of the Company during the last three year.

| Sr. No. | Name | Designation | Date of Joining | Date of Leaving | Remarks |
|---------|--------------------|-------------------|-----------------|-----------------|-----------|
| 1 | Ms. Reena K. Desai | Company Secretary | 1/04/2005 | _____ | Appointed |

EMPLOYEES [in no(s)]

The total manpower directly employed by the Company as on 30th September 2005 is 72. Details of the man power is as follows:

| Particulars | UNIT I | UNIT II |
|----------------|--------|---------|
| Administrative | 09 | 08 |
| Skilled | 08 | 05 |
| Unskilled | 32 | 10 |
| Total | 49 | 23 |

DISCLOSURES REGARDING EMPLOYEES STOCK OPTION SCHEME / EMPLOYEES STOCK PURCHASE SCHEME

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.




PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.





PROMOTERS OF THE COMPANY:

DETAILS OF PROMOTERS BEING INDIVIDUALS:

| | |
|--|--|
|  | <p>Name: Mr. Bhagwandas K. Patel Designation: Chairman & MD Permanent Account Number : AAWPP5520G Passport Number : Z-1025620 Voter ID Number : LBR7267867 Driving License Number : 95/48235 Address: : 13, Vinayak Bungalow, Nr. Sola Railway Crossing, Sola Road, Ahmedabad-380 051</p> |
| <p>➤ Mr. Bhagwandas K. Patel: Chairman & M.D, age 50 years is Bachelor of Commerce. He has done Inter C.A. He is one of the pioneers of Dynamic Products Limited and has 15 years of track record in the existing business i.e. food colours, Dyes & intermediates. He joined as administrative & finance head with M/s Britco Surgicals in the year 1985 & worked there for 6 years before starting his own company with other promoters.</p> <p>He has participated in many trade fairs at national & international levels & also focused on planning & understanding quality & variety of food colours, dyes & intermediates.</p> <p>Mr. Bhagwandas K. Patel currently looks after strategic business planning, finance, business development and client interface in the Company</p> | |
|  | <p>Name: Mr. Dashrathbhai P. Patel Designation: Whole time Director Permanent Account Number : AAWPP5519K Passport Number : GJ/23/157/466020 Voter ID Number : E6787442 Driving License Number : GJ16BH96/45408 Address: : A-1, Panchvilla Bungalows, Nr. Bhuyangdev Cross Roads, Memnagar, Ahmedabad-380052</p> |
| <p>➤ Mr. Dashrathbhai P. Patel: Whole Time Director, age 53 years is Bachelor of Science having experience of above two decades in colour & chemical industry is also one of the pioneers of the company. Mr. Dashrathbhai Patel, with his science background has contributed substantially to the technological improvement of the Company on a continuous basis. Previously he has worked as chemist for 3 years, He has also worked as a supervisor in chemical industry shift in charge for 4 years and production manager as 2 years in chemical industries. Yielding quality setting is one of his expertises. At present he is looking after the marketing of the products in domestic market.</p> | |
|  | <p>Name: Mr. Rameshbhai B. Patel Designation: Whole time Director Permanent Account Number : AAYPP4408R Voter ID Number : DKQ1397710 Passport Number : Z115531 Driving License Number : GJ/16/BH/95/42417 Address: : B/16, Amrapali Co. Hsg society. Soc., GIDC New Colony, Ankleshwar.</p> |
| <p>➤ Mr. Rameshbhai B. Patel: Whole Time Director age, 41 years is Bachelor of Science having experience of above 15 years in colour & chemical industry is also one of the pioneers of the company. Previously he has worked as chemist for two years and he also worked as supervisor for two years in the chemical industry. He is in charge of total production/ R&D of plant I at Ankleshwar. He has been instrumental and a driving force for increasing efficiency of food colour plants, developing new product/expanding product range, conceiving the projects and their expansion, selecting technology at Dynamic Products Ltd. He is president of the Gujarat Dyestuff Manufacturers Association, Ankleshwar Chapter.</p> | |

DYNEMIC PRODUCTS LIMITED

| | |
|--|--|
|  | <p>Name: Mr. Shashikant P. Patel Designation: Whole time Director Permanent Account Number : AEVPP0018A Voter ID : DKQ3388493 Passport No. : B5639152 Driving License no. : GJ16/006488/00 Residential Address : G-104, Kohinoor Co. Op. Hou. Soc. Ltd., "Shivam", Nr. Gattu School, New Colony, GIDC, Ankleshwar.</p> |
| <p>➤ Mr. Shashikant P. Patel Whole Time Director Age 41 years is a bachelor of science. He joined the Management team in the year 2000. Before joining the company he was partner in Godwish Rasayan where he gained experience in colour chemical industry.</p> <p>With a focus on constant innovation, his continuous efforts have transformed the Company's reputation as a quality conscious, environmental friendly and technologically robust establishment. His gentle yet powerful inspiration has created a team of dedicated people, working continuously in search for excellence</p> | |
|  | <p>Name: Mr. Dixit B. Patel Designation: Whole time Director Permanent Account Number : AIWPP1765D Voter ID : LBR7267560 Passport No. : A9174678 Driving License no. : GJ01/314492/00 Residential Address : 13, Vinayak Bunglow, Nr. Sola Railway Crossing, Sola Road, Ahmedabad-380 051</p> |
| <p>➤ Mr. Dixit B. Patel: Whole Time Director age 24 years is a bachelor of science and has done diploma in export management. He joined the Management team in the year 2003.</p> <p>He has been driving force in exporting the product of the company to 32 countries all over world. With a focus on constant market trend, business vision and continuous efforts have contributed in boosting the export sales in last 2 years.</p> | |

DECLARATION

It is confirmed that the PAN, Driving licence No., Voter ID and Passport Number of Mr. Bhagwandas K. Patel, Dashrathbhai P. Patel Mr. Ramesh Patel, Mr. Shashikant Patel, Mr. Dixit Patel, is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Prospectus with them.

COMMON PURSUITS

There are no common pursuits amongst the company and other ventures promoted by the promoter.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Save as stated in this Prospectus neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in Dynamic Products Limited and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Prospectus or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation and Perks to Managing Director/ Whole-time Directors" on page 71 of this Prospectus there are no payment or benefit to promoters of the Company.



RELATED PARTY TRANSACTIONS:

For details of related party transactions please refer to Annexure VI of the Financial Statement on page 91.

DYNEMIC PRODUCTS LIMITED

CURRENCY OF PRESENTATION:

In this Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.



DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and declared by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The company has declared bonus shares in the ratio of 1:1 and declared an interim Dividend @7% during the previous year 2004-05.

DYNEMIC PRODUCTS LIMITED

SECTION V: FINANCIAL STATEMENTS

We the Lead Manager to the Issue, confirm that all notes to the Accounts, significant accounting policies as well as the Auditor's Qualification has been incorporated.

1. Financial Information of Dynamic Products Limited

The Board of Directors
M/s DYNEMIC PRODUCTS Ltd.,
301, SATYAMEV COMPLEX,
OPP. NEW GUJARAT HIGH COURT,
S. G. ROAD, AHMEDABAD-380060

Dear Sirs,

In accordance with the requirements of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('SEBI Guidelines') and our terms of reference with DYNEMIC PRODUCTS LTD. ('the Company') dated 5th September, 2005 requesting us to make this report for the purpose of Letter of Offer in connection with the Public Issue, we have examined the attached Statement of Adjusted Profit and Loss (Annexure I), the Statement of Adjusted Assets and Liabilities (Annexure II) and the financial information contained in Annexure III to XVII. Preparations of Annexures I to XVII are the responsibility of the Company's management. Our responsibility is to report on the Annexures I to XVII based on our examination. The Annexures I to XVII have been prepared by the Company's 7 based on:

1. The audited financial statements of the Company for the years ended 31st March, 2001, 2002, 2003, 2004, 2005 and five months period ended on 31st August, 2005, audited by us.

Based on our examination and the information and explanations received by us, we report that:

- 1.00 a) The restated results of the company, subject to note No.2 in Annexure-IV regarding the provision for the current tax and deferred tax for the period ended on 31st August 2005 not being made in the accounts, as the same will be provided for at the year end, reflect the profits and losses as extracted from the Profit and Loss Account for the accounting years/periods ended on 31st March, 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, and 31st August 2005 as set out in Annexure I to this report. These results have been arrived at after making adjustments, wherever quantifiable, for Audit Qualifications, Prior Period items and changes in Accounting Policies and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure IV.
- b) The restated assets and liabilities of the company, subject to note No.2 in Annexure IV regarding the provision for the current tax and deferred tax for the period ended on 31st August 2005 not being made in the accounts, as the same will be provided for at the year end, for the accounting years/periods ended on 31st March, 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, and 31st August, 2005 are as set out in Annexure II to this report. These results have been arrived at after making adjustments, wherever quantifiable, for Audit Qualifications, Prior Period items and changes in Accounting Policies and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure IV.
- 2.00 The Significant Accounting Policies adopted by the company are enclosed as Annexure III to this report.
- 3.00 The rates of dividends paid by the Company, where applicable, in respect of the accounting years/periods ended on 31st March, 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, and 31st August, 2005 are as shown in Annexure V to this report.
- 4.00 We have examined the accompanying 'Statement of Related Party Disclosure' for the accounting years/periods ended on 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, and 31st August 2005 enclosed as Annexure VI to this report.
- 5.00 Though the AS- 17 for Segmental Reporting is not applicable to the company, we have examined the accompanying Statement of 'Segment-wise Results' for the period ended 31st August, 2005 enclosed as Annexure VII to this report.
- 6.00 We have examined the 'Cash Flow Statement' of the Company in respect of each of the accounting years/periods ended on 31st March, 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005, and 31st August 2005 enclosed as Annexure VIII to this report.



7.00 We have also examined the following financial information relating to the Company for the purpose of inclusion in the Letter of Offer:

- i) Notes on accounts as at 31st March, 2005 and 31st August, 2005 as appearing in Annexure IV;
- ii) Accounting ratios as appearing in Annexure IX;
- iii) Statement of capitalization as at 31st March, 2005 as appearing in Annexure-X;
- iv) Details of Other income as appearing in Annexure XI;
- v) Statement of tax shelters as appearing in Annexure XII;
- vi) Statement of Secured loan as appearing in Annexure XIII;
- vii) Statement of unsecured loan as appearing in Annexure XIV;
- viii) Statement of Investment as appearing in Annexure XV;
- ix) Ageing Schedule of Debtors as appearing in Annexure XVI; and
- x) Statement of Loans & Advances given as appearing in Annexure XVII.

In respect of the financial information contained in this report, we have relied upon the audited financial statements.

In our opinion, the above financial information of the Company, read with significant accounting policies attached in Annexure III to this report after making adjustments, wherever quantifiable, and regrouping as considered appropriate, has been prepared in accordance with the SEBI Guidelines.

This report is intended solely for your information for the purpose of incorporating in the Prospectus to be issued by the Company in connection with the proposed Public Issue of the Company.

For SHAH RAJESH & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Ahmedabad.
Date : 21-9-2005

Sd/
[RAJESH D. SHAH]
PROPRIETOR.

DYNEMIC PRODUCTS LIMITED

ANNEXURE-I

DYNEMIC PRODUCTS LTD.

RESTATED SUMMARY OF PROFIT AND LOSS ACCOUNT (AUDITED)

Rs. In Lacs

| Sr. No. | PARTICULARS | As on 31/08/2005 | FOR THE YEAR ENDED ON 31st MARCH | | | | |
|------------|--|---------------------|----------------------------------|----------------|----------------|----------------|----------------|
| | | | 2005 | 2004 | 2003 | 2002 | 2001 |
| A] | INCOME: | | | | | | |
| | Sales (Net): | | | | | | |
| | Export Sales | 790.11 | 2015.06 | 1816.22 | 1450.60 | 1123.09 | 720.14 |
| | Domestic Sales | 314.36 | 582.23 | 713.86 | 502.44 | 716.95 | 764.23 |
| | Total Sales | 1104.47 | 2597.29 | 2530.08 | 1953.04 | 1840.04 | 1484.37 |
| | Other Income | 26.66 | 95.84 | 140.98 | 48.81 | 27.69 | 144.85 |
| | Increase/Decrease in Stock | 14.56 | 82.82 | -108.71 | 163.70 | 18.88 | 21.00 |
| | Total: A: | 1145.69 | 2775.95 | 2562.35 | 2165.55 | 1886.61 | 1650.22 |
| B] | EXPENDITURE: | | | | | | |
| | Manufacturing Expenses | 892.80 | 2063.29 | 2032.77 | 1674.62 | 1485.03 | 1295.85 |
| | Employees' Remuneration | 23.13 | 73.09 | 60.68 | 54.10 | 55.95 | 28.85 |
| | Administrative & Other Exps. | 76.10 | 206.77 | 196.16 | 125.61 | 99.00 | 92.16 |
| | Depreciation | 18.63 | 41.68 | 37.63 | 31.65 | 24.64 | 18.23 |
| | Financial Charges | 15.00 | 32.71 | 34.26 | 32.42 | 17.74 | 16.19 |
| | Misc.Exps. Written off | 0.00 | 1.19 | 0.30 | 0.34 | 0.34 | 0.34 |
| | Total : B : | 1025.67 | 2418.73 | 2361.80 | 1918.74 | 1682.70 | 1451.62 |
| C] | Profit before Tax (A - B) | 120.02 | 357.22 | 200.55 | 246.81 | 203.91 | 198.60 |
| | Provision for Taxation : | | | | | | |
| | Current Tax | 0.00 | 140.00 | 60.00 | 73.00 | 38.00 | 40.50 |
| | Deferred Tax | 0.00 | 12.46 | 15.93 | 18.10 | 0.00 | 0.00 |
| D] | Net Profit after Tax | 120.02 | 204.76 | 124.62 | 155.71 | 165.91 | 158.10 |
| E] | Brought forward Profit from Previous Year | 212.90 | 380.74 | 243.36 | 254.53 | 165.45 | 45.21 |
| F] | Less: Transferred for Deferred tax | 0.00 | 0.00 | 0.00 | 80.31 | 0.00 | 0.00 |
| | Utilise for Bonus issue | 0.00 | 312.84 | 0.00 | 0.00 | 0.00 | 37.86 |
| | Liability For Initial adoption | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| G] | Net Balance (E - F) | 212.90 | 67.90 | 243.36 | 174.22 | 165.45 | 7.35 |
| H] | Profit available for appropriation(D+G) | 332.92 | 272.66 | 367.98 | 329.93 | 331.36 | 165.45 |
| | Less : Appropriations : | | | | | | |
| | Dividend of P.Y.2002-03 written back | 0.00 | 0.00 | -61.54 | 0.00 | 0.00 | 0.00 |
| | Tax on Dividend 2002-03 written back | 0.00 | 0.00 | -7.88 | 0.00 | 0.00 | 0.00 |
| | Transferred to General Res. | 0.00 | 10.24 | 18.10 | 17.15 | 15.30 | 0.00 |
| | Interim Dividend | 0.00 | 43.80 | 34.18 | 0.00 | 0.00 | 0.00 |
| | Tax on Interim Dividend | 0.00 | 5.72 | 4.38 | 0.00 | 0.00 | 0.00 |
| | Proposed Equity Dividend | 0.00 | 0.00 | 0.00 | 61.54 | 61.53 | 0.00 |
| | Tax on Proposed Dividend | 0.00 | 0.00 | 0.00 | 7.88 | 0.00 | 0.00 |
| I] | Bal.Carried forward to Balance Sheet | 332.92 | 212.90 | 380.74 | 243.36 | 254.53 | 165.45 |
| II] | E P S | 1.74 | 2.97 | 3.61 | 4.55 | 4.85 | 4.62 |



ANNEXURE-II

DYNEMIC PRODUCTS LTD.

RESTATED SUMMARY OF ASSETS AND LIABILITIES (AUDITED)

(Rs. In Lacs)

| Sr. No. | PARTICULARS | As on 31/08/2005 | AS AT 31st MARCH | | | | |
|-----------|--|---------------------|------------------|---------------|---------------|---------------|---------------|
| | | | 2005 | 2004 | 2003 | 2002 | 2001 |
| A] | FIXED ASSETS: | | | | | | |
| | Gross Block | 995.81 | 962.97 | 925.4 | 764.31 | 676.56 | 517.35 |
| | Less: Depreciation | 215.24 | 196.95 | 160.53 | 123.2 | 91.55 | 66.91 |
| | Net block | 780.57 | 766.02 | 764.87 | 641.11 | 585.01 | 450.44 |
| B] | INVESTMENTS: | 4.41 | 4.03 | 4.03 | 3.19 | 2.63 | 2.63 |
| C] | CURRENT ASSETS, LOANS & ADVANCES: | | | | | | |
| | Inventories | 364.81 | 376.92 | 261.72 | 370.42 | 166.03 | 142.34 |
| | Sundry Debtors | 454.87 | 611.7 | 517.31 | 329.11 | 299.19 | 223.99 |
| | Cash and Bank Balance | 28.47 | 18.73 | 13.11 | 10.54 | 13.73 | 34.17 |
| | Loans And Advances | 367.35 | 322.39 | 154.26 | 184.04 | 190.12 | 46.34 |
| | Total Rs. | 1215.49 | 1329.74 | 946.4 | 894.11 | 669.07 | 446.84 |
| D] | LIABILITIES & PROVISIONS: | | | | | | |
| | Secured Loans | 295.38 | 446.04 | 230.47 | 186.53 | 184.57 | 59.46 |
| | Unsecured Loans | 97.96 | 97.74 | 130.33 | 68.02 | 25.89 | 61.77 |
| | Current Liabilities & Provisions | 435.43 | 501.01 | 463.86 | 568.35 | 435.49 | 272.63 |
| | Deferred Tax Liability | 126.81 | 126.81 | 114.35 | 98.42 | 0 | 0 |
| | Total Rs. | 955.58 | 1171.6 | 939.01 | 921.32 | 645.95 | 393.86 |
| E] | NET WORTH (A + B + C - D) | 1044.9 | 928.19 | 776.29 | 617.09 | 610.76 | 506.05 |
| F] | REPRESENTED BY: | | | | | | |
| | Equity Shares & Share App. Mon. | 690.59 | 690.59 | 345.29 | 341.86 | 341.86 | 341.86 |
| | Reserves and Surplus | 361.26 | 241.24 | 431.28 | 275.81 | 269.82 | 165.45 |
| | Total Rs. | 1051.84 | 931.83 | 776.57 | 617.67 | 611.68 | 507.31 |
| G] | MISC. EXPENDITURE UPTO THE DATE NOT W/OFF | 6.94 | 3.64 | 0.28 | 0.58 | 0.92 | 1.26 |
| H] | NET WORTH (F - G) | 1044.9 | 928.19 | 776.29 | 617.09 | 610.76 | 506.05 |

DYNEMIC PRODUCTS LIMITED

1) ACCOUNTING POLICIES:

Annexure - III

DYNEMIC PRODUCTS LTD

i) BASIS OF ACCOUNTING:

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

ii) REVENUE RECOGNITION:

Revenue from the sale of goods is recognized on the passing of title to the customers, which generally coincides with the dispatch. The sales are net of excise duty and sales tax.

iii) FIXED ASSETS:

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

iv) TREATMENT OF EXCISE DUTY :-

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

v) BORROWING COST:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalized as part of the total cost of the Assets.

vi) INVESTMENTS:

Long-term investments are stated at cost / book value unless there is diminution other than temporary, in the value of investments in which case, investments are stated at fair values.

vii) VALUATION OF INVENTORIES:

Inventories are valued as follows:

- | | |
|-----------------------------------|--|
| Trading Materials | At Cost. |
| Raw Materials & Packing Materials | At Cost. |
| Work in Progress & Finished Goods | At Estimated Cost or Net Realizable Value, whichever is lower. |

Note: Cost of Finished Goods and Work in Progress is as per Accounting Standard "2", on "Valuation of Inventories", issued by the Institute of Chartered Accountants of India.

Modvat on Purchase of Input is treated as advance payment of excise duty.

viii) FOREIGN CURRENCY TRANSACTIONS:

Transactions arising in foreign currencies are converted at the rates closely approximating the rates ruling on the transaction dates. All monetary assets and liabilities at the year-end are reinstated at the closing exchange rates. All exchange rate differences arising from conversion in terms of the above are included in the Profit & Loss Account, except for differences arising on the liabilities for purchase of Fixed Assets, which are capitalized.

ix) STAFF BENEFITS:

- (a) The Company has a Group Gratuity cum Life Assurance Policy with Life Insurance Corporation of India (LIC). Provision for gratuity is made as per actuarial valuation.
- (b) The Provident Fund Contributions are accounted on accrual basis and charged to Profit & Loss Account of the year.



x) MISCELLANEOUS EXPENDITURE:

(a) Preliminary Expenses are being written off as per Section 35D of the Income Tax Act 1961.

xi) DEFERRED TAXATION:

Tax Expenses comprise both current and deferred taxes. Deferred assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

xii) 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 an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

xiii) IMPAIRMENT OF FIXED ASSETS:

Though at present the standard is not applicable to the company, however as per the AS-28, at the end of each period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit & Loss Account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

DYNEMIC PRODUCTS LIMITED

Annexure - IV

NOTES TO THE ACCOUNTS AS AT 31ST MARCH 2005 AND FOR THE PERIOD ENDED 31ST AUGUST 2005.

| | For the Year Ended 31st March 2005 | For the Period Ended 31st August 2005 5 MONTHS |
|---|--|---|
| 1 A) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance) | NIL | NIL |
| 2 The provision for the Current Tax and Deferred Tax has not been made in the accounts for the period ended as on 31-8-2005 as the same will be provided at the year ended, however, the provision for the Fringe benefit tax, amounting to Rs.123229/- has been made for the period ended 31-8-2005, but the same is still remaining unpaid as on 31-8-2005. | | |
| 3 Sundry Creditors for the period ended 31st March 2005 includes amounts due to small-scale industrial undertakings, which are outstanding for more than 30 days. Amount due to SSI Units has not been segregated in view of non availability of requisite information for the purpose of ascertaining the liability if any, under the " Interst on delayed payments to Small Scale & Ancillary Undertaking Act 1993." | | |
| 4 Fixed Assets includes investment made by the company in Residential building for Employees of the Company. Title of certain residential buildings are steel in the name of Employee, and transferring the same in the name of the Company is under process as per the information and the explanation given to us. | | |
| 5 The Company has made investments for the incorporation of Subsidiary Company M/s. Dymenic Products (Inc) USA of Rs. 50000/- in the Jan 2004 in the United States of America, the same is shown under the head "LOANS AND ADVANCES" as the specific details of the investment are not available for our verification. During the period ended on 31-8-2005, again the investment for incorporation of Susidiary Company M/s. Dymenic USA Inc. for Rs. 871600/- has been made, and the same is shown under the head "LOANS AND ADVANCES", as the specific details of the investment are not available for verification. As per the information and the declaration provided by the Management, no activities are carried on in this subsidiary company i.e M/s Dymenic USA Inc and the another company i. e. M/s. Dymenic Products (Inc) USA could not be got registered, except that the investment for the incorporation expenses has been made till 31-8-2005. | | |

DYNEMIC PRODUCTS LIMITED

6 The another group company M/s Dynamic Overseas (I) Pvt. Ltd. has become the subsidiary company of the company during the period ended on 31-8-2005, the accounts of the subsidiary company M/s. Dynamic Overseas (I) Pvt. Ltd. as on 31-8-2005 has not been finalized and so, we are unable to give the consolidated results. Please refer clarification given below

7 Director's Remuneration:

| | 31.03.2005 | 31.08.2005 |
|---------------|----------------|---------------|
| Salary | 2660000 | 967500 |
| Total: | 2660000 | 967500 |

8 Some of the Debit / Credit balances are subject to reconciliation/ confirmation in certain cases. However, in the opinion of the Board of Directors all Assets including sundry debtors, loans and advances and deposits would be, in ordinary course of business, realised at least value stated.

9 **Taxes on Income:**

Deferred Tax:

Major Components of Deferred Tax Assets and Deferred Tax Liabilities arising out of significant timing differences are as under:

| Particulars | Upto 31.03.2004 | For theYear 2004-2005 | Upto 31.03.2005 |
|---|--------------------|--------------------------|--------------------|
| A] Deferred Tax Liability | | | |
| Depreciation | 11434586 | 1246242 | 12680828 |
| TOTAL (A) | | | |
| B] Deferred Tax Assets | NIL | NIL | NIL |
| | NIL | NIL | NIL |
| TOTAL (B) | NIL | NIL | NIL |
| Difference: | 11434586 | 1246242 | 12680828 |
| Net Deferred Tax (Liability) / Credit for the year | | 1246242 | |

Note:-The provision for the current tax and deferred tax for the period ended on 31-8-2005 has not been made as the same will be provided at the year end. However, the provision for the FBT has been made upto 31-8-2005.

10 Deferred Tax assets and liabilities are being offset as they relate to taxes on income levies by the same governing taxation law.

11 We have given Adjusted Profit and Loss Accounts for the financial Year ended 31st March 2001,2002,2003,2004,2005 and for the period ended 31st August, 2005.However Notes to Accounts is as at 31st March, 2005 and for the Period ended 31st August,2005.

12 Income tax refund of Rs 7.73 lacs received during the period ended on 31-8-2005 is related to the A. Y. 2004-05.

13 Balances of certain lenders, Sundry Creditors, Sundry Debtors and parties to whom Loans & Advances and Deposits made are subject to confirmation and reconciliation.

Clarification : As per amendment certificate dated 29/11/2005 given by the Auditors this note has been removed for the following reasons;

The investment in share capital in M/s Dynamic Overseas (I) Pvt Limited as on 31st August 2005 is of Rs 50,000/- out of the total share capital of Rs 1,00,000/- of M/s Dynamic Overseas (I) Private Limited.So, it is not the subsidiary as on 31st August 2005. The Further investments was made on 1st September 2005.and it was erroneously shown as subsidiary Company.



Annexure V

DYNEMIC PRODUCTS LTD.

DIVIDENDS

(Rs.in Lacs)

| Particulars | Period Ended 31-Aug-05 | Year Ended 31-March-05 | Year ended 31-Mar-04 | Year ended 31-Mar-03 | Year ended 31-Mar-02 | Year Ended 31-Mar-01 |
|---------------------------------------|---------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Number of shares | 6905880 | 6905800 | 3418640 | 3418640 | 3418640 | 3418640 |
| Face value (Rs.) | 690.58 | 690.58 | 341.86 | 341.86 | 341.86 | 341.86 |
| Paid-up value (Rs.) | 690.58 | 690.58 | 341.86 | 341.86 | 341.86 | 341.86 |
| Rate of dividend | 0 | 7% (interim) | 10%(interim) | 0 | 18% | 0 |
| Total dividend (Rs) | 0 | 43.79 | 34.19 | 0 | 61.53 | 0 |
| Corporate dividend tax on ab ove (Rs) | 0 | 5.72 | 4.38 | 0 | 0 | 0 |

Annexure : VI

DYNEMIC PRODUCTS LTD

Details of Transactions with Key Management Personnel and Related Parties of the Key Management Personnel are as follows :-

Rs. In Lacs

| Sr. No. | Nature of Transaction | Key Management Personnel | | | | | Other Related Parties | | | | |
|---------|---|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
| | | 31st Aug 2005 | 31st March 2005 | 31st March 2004 | 31st March 2003 | 31st March 2002 | 31st Aug 2005 | 31st March 2005 | 31st March 2004 | 31st March 2003 | 31st March 2002 |
| 1 | Unsecured Loans:- | | | | | | | | | | |
| | Taken during the period | 0.70 | 12.95 | 0.00 | 17.32 | 0.00 | 0.50 | 67.44 | 11.85 | 10.29 | 0.00 |
| | Repaid during the period | 0.52 | 16.52 | 4.14 | 0.00 | 7.90 | 0.68 | 47.60 | 18.05 | 0.00 | 0.84 |
| | Balance as at Balance Sheet Date | 14.41 | 13.79 | 0.19 | 17.38 | 0.00 | 45.22 | 43.28 | 0.31 | 23.96 | 0.00 |
| 2 | Advances Recoverable in Cash or Kind :- | | | | | | | | | | |
| | Given during the period | 0.00 | 0.08 | 0.15 | 0.10 | 0.00 | 11.83 | 14.00 | 0.10 | 1.14 | 2.30 |
| | Settled during the period | 0.01 | 0.08 | 0.08 | 0.00 | 0.00 | 6.59 | 14.07 | 0.16 | 0.40 | 0.95 |
| | Balance as at Balance Sheet Date | 0.16 | 0.17 | 0.17 | 0.10 | 0.00 | 8.94 | 3.71 | 0.19 | 3.59 | 2.85 |
| 3 | Expenditure :- | | | | | | | | | | |
| | Purchase of Goods | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 9.23 | 19.67 | 17.44 | 17.73 | 9.39 |
| | Conversion Charges | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6.74 | 17.80 | 26.28 | 10.76 | 7.59 |
| 4 | Income Received - Sales | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | Amount of Expenses Incurred on our behalf :- | 14.21 | 35.19 | 37.24 | 30.50 | 32.44 | 0.89 | 2.24 | 1.60 | 1.55 | 0.00 |
| 6 | Amount Expended on behalf of others :- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

DYNEMIC PRODUCTS LIMITED

Sales and Purchase between group companies/ firms in the promoter group

Sales and Purchase between group companies/firms in the promoter group for the financial year ended 31st March 2002, 2003, 2004, 2005 and for the period ended 31st August, 2005 in terms of amount and percentage of total sales/purchase during the period are as under :

(Rs.in Lacs)

| Particulars | Purchases/Conversion charges | | | | |
|--|------------------------------|------------|------------|------------|------------|
| | 31/08/2005 | 31/03/2005 | 31/03/2004 | 31/03/2003 | 31/03/2002 |
| Total Amt.of sales/purchases | 757.58 | 1529.47 | 1357.81 | 1305.67 | 1181.06 |
| Total Amt.of conversion charges | 16.9 | 40.91 | 42.39 | 27.94 | 16.05 |
| Total Amt. Of Sale/ Purchases/ Convesion Charges | 774.48 | 1570.38 | 1400.20 | 1333.61 | 1197.11 |
| Sales / Purchase between group companies | 27.95 | 19.67 | 17.44 | 17.73 | 9.39 |
| Conversion/ Labour Charges between group companies | 6.74 | 17.80 | 26.28 | 10.76 | 7.59 |
| Total Sales/ Purchases/ Conversion Charges | 34.68 | 37.46 | 43.72 | 28.50 | 16.97 |
| Percentage to total sales/purchase | 3.69% | 1.29% | 1.28% | 1.36% | 0.79% |
| Percentage to total conversion charges | 39.86% | 43.50% | 61.99% | 38.51% | 47.26% |
| Percentage to total sales/ purchase/conversion charges | 4.48% | 2.39% | 3.12% | 2.14% | 1.42% |

RELATED PARTIES AS DISCLOSED BY THE COMPANY

i] Directors/promotors

| Sr. | Name | Designation |
|-----|----------------------------|----------------------|
| 1 | Shri B.K.Patel | Chairman & M. D. |
| 2 | Shri Dasharathbhai P.Patel | Whole Time Directors |
| 3 | Shri Rameshbhai B.Patel | Whole Time Directors |
| 4 | Shri Shashikant P.Patel | Whole Time Directors |
| 5 | Shri Dixit B.Patel | Whole Time Directors |
| 6 | Shri Jagadishbhai S.Shah | Director |
| 7 | Shri Hitendra H.Sheth | Director |

ii] List of other Related Parties with whom transactions have taken place during the period :-

| Sr. | Name | |
|-----|--|--|
| 1 | Shakti Intermediate P.Ltd. | |
| 2 | Shakti Organics | |
| 3 | Ratnamani Bio-tech Chemicals & Pharma P.Ltd. | |
| 4 | Dynamic Overseas (India) Pvt.Ltd. | |

iii] List of the Key managerial Personnel

| Sr. | Name | Designations |
|-----|----------------------|------------------------------|
| 1 | Hitendra Kumar Patel | General Manager |
| 2 | Pitambarbhai Patel | Production Manager |
| 3 | Bhadreshbhai Sharma | Manager - Import |
| 4 | Harehbhai Patel | Manager - Export |
| 5 | Mukeshbhai Patel | Manager - Export |
| 6 | Dhruvesh Patel | Manager - Finance & Accounts |
| 7 | Pinky Mehta | Export - Executive |
| 8 | Reena Desai | Company Secretary |



Annexure VII

DYNAMIC PRODUCTS LIMITED

STATEMENT OF SEGMENT REPORTING

Though the AS-17 is not applicable to the company at present, the information on segmental reporting is given for the period ended on 31-8-2005.

The Company is engaged in manufacturing of DYE INTERMEDIATES BESIDES FOOD COLOURS. As per Accounting Standard AS-17 "Segment Reporting", these have been considered as the only reportable business segments.

The composition of business segment are:-

| Name of Segment | Comprise of |
|---------------------|---|
| a) DYES & CHEMICALS | S.P.C.P., Sulphnilic Acid (Technical & Purified), 1.3 S.P.M.P., 2.5 DC S.P.C.P., etc. |
| b) FOOD COLOURS | Tatrazine, Allura Red, Camocine, Acid Yellow, Amaranth, Ponceu 4R, Sunset Yellow, Brilliant Blue, various preparation and lake colours etc. |

SEGMENT REPORTING

(Rupees in Lacs)

A] Primary Segment:

| | For the Year Ended 31st August 2005 | | |
|---|-------------------------------------|---------------|----------------|
| | Dye Intermediates | Food Colours | Total |
| Revenue: | | | |
| Segment Revenue | 794.99 | 364.88 | 1159.87 |
| Less: Excise Duty | 45.19 | 10.21 | 55.40 |
| | 749.80 | 354.67 | 1104.47 |
| Result: | | | |
| Segment Result | 72.61 | 47.41 | 120.02 |
| Less: Un allocable expenditure net of un allocable income (Interest Expenses) | 0 | 0 | 0 |
| Profit before Taxation | 72.61 | 47.41 | 120.02 |
| Less: Provision for Income Tax | 0 | 0 | 0 |
| Less: Tax provision for earlier years | 0 | 0 | 0 |
| (Less)/ Add: Deferred Tax (liability)/ credit | 0 | 0 | 0 |
| Net Profit | | | |
| Capital Employed: | | | |
| Segment Assets | 1590.14 | 688.11 | 2278.25 |
| Segment Liabilities | 1026.44 | 206.91 | 1233.35 |
| Net Segment Assets | 563.70 | 481.20 | 1044.90 |

Segment Information for Secondary Segment Reporting (By Geographical segments)

B] Secondary segment - Geographical Customers

| | For the Year Ended 31st March 2005 | For the Period Ended 31st August 2005 5 Months | For the Year Ended 31st March 2004 | For the Year Ended 31st March 2003 |
|--|------------------------------------|---|------------------------------------|------------------------------------|
| 1 Segment Revenue: | | | | |
| In India | N.A | 601.47 | N.A | N.A |
| Outside India | N.A | 503.00 | N.A | N.A |
| Total: | N.A | 1104.47 | N.A | N.A |
| 2 Net Carrying Cost of Assets by location of Assets: | | | | |
| In India | N.A | NIL | N.A | N.A |
| Outside India | N.A | NIL | N.A | N.A |
| Total: | N.A | NIL | N.A | N.A |

Note : Segmental Revenue & Purchase has been shown including the interdivisional transfer for Purchase and Sales .

DYNEMIC PRODUCTS LIMITED

ANNEXURE-VIII

M/S DYNEMIC PRODUCTS LTD.

RESTATED STATEMENT OF CASH FLOW (AUDITED)

Rs. In Lacs

| Sr. No. | PARTICULARS | As on 31/08/2005 | 2005 | FOR THE YEAR ENDED ON 31st MARCH | | | |
|-----------|--|---------------------|---------------|----------------------------------|---------------|----------------|----------------|
| | | | | 2004 | 2003 | 2002 | 2001 |
| A] | CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| | NET PROFIT AFTER TAX & EXTRA ORDINARY ITEMS | 120.02 | 204.76 | 124.62 | 155.71 | 165.91 | 158.10 |
| | ADJUSTMENTS FOR :- | | | | | | |
| | PROVISION FOR TAX & DEFERRED TAX | 0.00 | 152.46 | 75.93 | 91.10 | 38.00 | 40.50 |
| | Misc.Exps. Written off | 0.00 | 1.19 | 0.30 | 0.34 | 0.34 | 0.34 |
| | DEPRECIATION | 18.63 | 41.68 | 37.63 | 31.65 | 24.64 | 18.23 |
| | DEPRECIATION WRITTEN BACK | -0.34 | -5.25 | -0.30 | 0.00 | 0.00 | 0.00 |
| | EXCESS PROVISION FOR I T | 0.00 | 0.00 | -5.64 | 0.00 | 0.00 | 0.00 |
| | INTEREST & FINANCIAL CHARGES | 15.00 | 32.71 | 34.26 | 32.42 | 17.74 | 16.19 |
| | PROFIT ON SALE OF ASSETS | 0.00 | -1.46 | -0.19 | 0.00 | 0.00 | 0.00 |
| | INCOME TAX REFUND | -7.73 | 0.00 | 0.00 | 0.00 | 0.00 | -3.84 |
| | INTEREST/ DIVIDEND INCOME | 0.00 | -0.59 | -0.87 | -0.67 | -0.05 | -0.29 |
| | OPERATING PROFIT BEFORE WORKING | | | | | | |
| | CAPITAL CHANGES | 145.58 | 425.50 | 265.74 | 310.55 | 246.58 | 229.23 |
| | ADJUSTMENTS FOR :- | | | | | | |
| | TRADE & OTHER RECEIVABLES | 156.83 | -94.39 | -188.20 | -29.92 | -75.20 | -60.14 |
| | INVENTORIES | 12.11 | -115.20 | 108.70 | -204.39 | -23.69 | -66.10 |
| | TRADE PAYABLES | -65.58 | -102.85 | -21.44 | 140.37 | 63.32 | -47.66 |
| | LOANS & ADVANCES | 55.04 | -108.13 | 29.78 | -52.29 | -92.55 | 18.36 |
| | CASH GENERATED FROM OPERATIONS | 303.98 | 4.93 | 194.58 | 164.32 | 118.46 | 73.69 |
| | DIRECT TAXES PAID | -100.00 | -60.00 | -67.93 | -30.00 | -51.23 | -8.43 |
| | NET CASH FROM OPERATING ACTIVITIES | 203.98 | -55.07 | 126.65 | 134.32 | 67.23 | 65.26 |
| B] | CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| | PURCHASE OF FIXED ASSETS | -33.86 | -67.85 | -167.07 | -87.75 | -159.21 | -175.93 |
| | SALE OF FIXED ASSETS | 1.02 | 31.74 | 6.10 | 0.00 | 0.00 | 0.00 |
| | PURCHASE OF INVESTMENTS | -0.38 | 0.00 | -0.84 | -0.56 | 0.00 | -0.62 |
| | SALES OF INVESTMENTS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | INCOME TAX REFUND | 7.73 | 0.00 | 0.00 | 0.00 | 0.00 | 3.84 |
| | INTEREST/ DIVIDEND INCOME RECEIVED | 0.00 | 0.59 | 0.87 | 0.67 | 0.05 | 0.29 |
| | NET CASH USED IN INVESTING ACTIVITIES | -25.49 | -35.52 | -160.94 | -87.64 | -159.16 | -172.42 |
| C] | CASH FLOW FROM FINANCING ACTIVITIES | | | | | | |
| | PROCEEDS FROM ISSUING SHARES | 0.00 | 0.00 | 3.43 | 0.00 | 0.00 | 140.00 |
| | PROCEEDS FROM BORROWINGS | -150.44 | 182.98 | 106.25 | 44.09 | 89.23 | 41.24 |
| | INTEREST & FINANCIAL CHARGES PAID | -15.00 | -32.71 | -34.26 | -32.42 | -17.74 | -16.19 |
| | PRELIMINARY EXPS INCURRED | 0.00 | -4.55 | 0.00 | 0.00 | 0.00 | -1.30 |
| | PUBLIC ISSUE EXPS | -3.30 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | DIVIDEND & DIVI. TAX PAID | 0.00 | -49.51 | -38.56 | -61.54 | 0.00 | -29.88 |
| | NET CASH USED FROM FINANCING ACTIVITIES | -168.75 | 96.21 | 36.86 | -49.87 | 71.49 | 133.87 |
| | NET INCREASE IN CASH AND CASH EQUIVALENTS | 9.74 | 5.62 | 2.57 | -3.19 | -20.44 | 26.71 |
| | CASH AND CASH EQUIVALENTS (OPENING) | 18.73 | 13.11 | 10.54 | 13.73 | 34.17 | 7.46 |
| | CASH AND CASH EQUIVALENTS (CLOSING) | 28.47 | 18.73 | 13.11 | 10.54 | 13.73 | 34.17 |



ANNEXURE-IX

M/S DYNEMIC PRODUCTS LTD.

| Summary of Accounting Ratio | 31/08/2005 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|--|------------|---------|---------|---------|---------|---------|
| Basic Earning per share (Rs.) | 1.74 | 2.97 | 3.65 | 4.55 | 4.85 | 4.62 |
| Return on Net worth (%) | 11.49 | 22.06 | 16.05 | 25.23 | 27.16 | 31.24 |
| Net Asset Value (Rs.) | 15.13 | 13.44 | 22.71 | 18.05 | 17.87 | 14.80 |
| Weighted Average Number of Equity Shares | 6905880 | 6905880 | 3418600 | 3418600 | 3418600 | 3418600 |

| | |
|--|---|
| Basic Earning per share (Rs.) | $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Total No.of Equity shares outstanding during the year / period}^*}$ |
| Return on Net Worth (%) | $\frac{\text{Net Profit after Tax}}{\text{Net worth excluding Revaluation reserve at the end of the year / period}}$ |
| Net Asset Value per Equity share (Rs.) | $\frac{\text{Net worth excluding Revaluation reserve}}{\text{Total No. of Equity Shares outstanding during the year / period}^*}$ |

Net Profit, as restated and appearing in the statement of Profit and losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.

Earnings per share calculations have been done in accordance with Accounting Standard 20 - "Earning per share" issued by the Institute of Chartered Accountants of India.

Bonus Shares issued during the year 2004-2005 have been considered as equity share outstanding at the year ended for all prior years.

Annexure- X

DYNEMIC PRODUCTS LIMITED

STATEMENT OF CAPITALISATION

Rs. In Lacs

| Particulars | Pre issue as at 31st August, 2005 | Adjusted for Present Issue |
|--|--------------------------------------|-------------------------------|
| Borrowings : | | |
| Short term Debts | 266.04 | 266.04 |
| Long term Debts | 112.63 | 112.63 |
| Total Debts | 393.34 | 393.34 |
| Shareholders Funds: | | |
| Share Capital | 690.58 | 1132.69 |
| Reserves & Surplus | 361.26 | 1466.51 |
| Total Shareholders' Funds | 1051.84 | 2599.20 |
| Long term Debt/ Equity ratio (See Note) | 0.11 | 0.04 |

Notes:

- 1) The Long Term Debt /Equity is given as per amendment certificate of Auditor M/s Shah Rajesh & Associates vide certificate dated 29th November, 2005.

DYNEMIC PRODUCTS LIMITED

Annexure : XI

DYNEMIC PRODUCTS LTD

Statement of Other Income

Rs. In Lacs

| Particulars | As on 31/08/2005 | Year ended 31st March | | | | |
|-------------------------------------|---------------------|-----------------------|---------------|--------------|--------------|---------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| Details of Other Income | | | | | | |
| Recurring | | | | | | |
| Cash Discount Received | 0.00 | 2.39 | 2.58 | 1.11 | 1.39 | 0.00 |
| Interest on FD with Bank | 0.00 | 0.24 | 0.12 | 0.24 | 0.04 | 0.08 |
| Other Interest Income | 0.00 | 0.11 | 0.51 | 0.17 | 0.01 | 0.00 |
| DEPB Income/Export Incentives | 12.80 | 69.85 | 119.04 | 44.22 | 21.06 | 0.23 |
| Discount Income | 0.43 | 0.56 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend Income | 0.00 | 0.24 | 0.24 | 0.26 | 0.23 | 18.30 |
| Foreign Exchange Gain(Net) | 0.00 | 11.71 | 0.00 | 0.06 | 4.86 | 0.26 |
| Sample Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.37 |
| Duty Drawback | 0.00 | 0.01 | 0.04 | 0.04 | 0.00 | 0.04 |
| Excise Refund Income | 1.53 | 2.48 | 2.51 | 0.00 | 0.00 | 0.04 |
| Rates & Quality Dif.Income | 2.30 | 2.85 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales Tax(VAT) Refund/Setoff income | 0.00 | 0.43 | 0.00 | 0.02 | 0.00 | 0.66 |
| Vatav-Kasar A/c. | 0.13 | 0.03 | 0.04 | 0.53 | 0.12 | 0.00 |
| Late Payment Charges Recd. | 0.00 | 0.00 | 0.00 | 0.07 | 0.00 | 0.00 |
| Solid Waste Sale Income | 0.01 | 0.11 | 0.41 | 0.82 | 0.00 | 0.00 |
| Purification Charges income | 0.00 | 0.00 | 3.51 | 0.00 | 0.00 | 0.00 |
| Conversion Charges Income | 0.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Non Recurring | | | | | | |
| Bad Debts Recovered | 1.38 | 0.00 | 1.38 | 0.00 | 0.00 | 0.00 |
| Profit on Sale of DFRC Licence | 0.00 | 0.00 | 0.04 | 0.00 | 0.00 | 0.00 |
| Profit on Sale of Machinery | 0.00 | 1.46 | 0.19 | 0.00 | 0.00 | 0.00 |
| Income tax Refund & Int.thereon | 7.74 | 0.00 | 0.00 | 0.00 | 0.00 | 3.84 |
| Excise Modvate availed a/c. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 121.02 |
| Excess Provision for Income tax | 0.00 | 0.00 | 5.64 | 0.00 | 0.00 | 0.00 |
| Commission Income | 0.00 | 0.84 | 0.00 | 0.00 | 0.00 | 0.00 |
| Marketing Development Assistant | 0.00 | 0.00 | 0.00 | 0.34 | 0.00 | 0.00 |
| Insurance Claim Recived | 0.00 | 0.06 | 0.08 | 0.21 | 0.00 | 0.00 |
| ISO 9002 Subsidy | 0.00 | 0.00 | 0.00 | 0.71 | 0.00 | 0.00 |
| MDA Assistant | 0.00 | 2.46 | 0.00 | 0.00 | 0.00 | 0.00 |
| Power Bill Refund Income | 0.00 | 0.00 | 4.67 | 0.00 | 0.00 | 0.00 |
| Total | 26.66 | 95.84 | 140.98 | 48.81 | 27.69 | 144.85 |



Annexure : XII

DYNEMIC PRODUCTS LTD

Statement of Tax Shelter

Rs. In Lacs

| Year ending March, 31 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|-------------|-------------|-------------|-------------|-------------|
| Tax Rate | 35% | 35% | 35% | 35% | 35% |
| Surcharge | 2.50% | 2.50% | 5% | 2% | 13% |
| Tax & Surcharge | 35.88% | 35.88% | 36.75% | 35.70% | 39.55% |
| Education Cess | 2% | 0 | 0 | 0 | 0 |
| | 36.59% | 35.88% | 36.75% | 35.70% | 39.55% |
| Net Profit before tax | 357.23 | 195.10 | 246.82 | 203.91 | 198.60 |
| Tax at Notional Rate | 130.72 | 69.99 | 90.71 | 72.80 | 78.55 |
| Adjustments | | | | | |
| Export Profit u/s.80HHC | 0.00 | -14.90 | -29.36 | -16.64 | -16.73 |
| Deduction u/s. 80G, 80IA/80IB, 80M,10(34) | -0.26 | -0.25 | -13.62 | -45.81 | -46.10 |
| Diff.between Tax Depreciation & Book Depreciation | -34.06 | -44.39 | -42.84 | -53.16 | -41.56 |
| Other Adjustments | 4.48 | 0.36 | 0.94 | 0.95 | -3.78 |
| Net Adjustments | -29.83 | -59.19 | -84.89 | -114.66 | -108.17 |
| Tax Saving thereon | -10.91 | -21.23 | -31.20 | -40.93 | -42.78 |
| Total Tax payable | 119.80 | 48.76 | 59.51 | 31.86 | 35.76 |
| Tax As per Profit & Loss Account | 140.00 | 60.00 | 73.00 | 38.00 | 40.50 |

Annexure : XIII

DYNEMIC PRODUCTS LTD

Statement of Secured Loans

Rs. In Lacs

| Particulars | As on 31/08/2005 | Year ended 31st March | | | | |
|-----------------------------------|-----------------------------|------------------------------|-------------|-------------|-------------|-------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| Cash Credit & EPC A/c. | | | | | | |
| Citibank N.A. | 268.71 | 413.33 | 173.16 | 0.00 | 0.00 | 0.00 |
| State bank of Indore | 0.00 | 0.00 | 0.00 | 128.06 | 145.35 | 0.00 |
| Allahabad Bank | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 47.20 |
| Term Loan | | | | | | |
| Citibank N.A. | 12.00 | 18.00 | 42.00 | 0.00 | 0.00 | 0.00 |
| State bank of Indore | 0.00 | 0.00 | 0.00 | 58.47 | 39.12 | 0.00 |
| Gujarat Satate Financial Corpn. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.86 |
| Car Loans | | | | | | |
| Citi bank N.A. | 12.63 | 9.37 | 15.31 | 0.00 | 0.00 | 0.00 |
| ICICI Bank Ltd. | 2.04 | 5.34 | 0.00 | 0.00 | 0.00 | 0.00 |
| GMAC 20th Century | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 | 1.40 |
| Total Rs. | 295.38 | 446.04 | 230.47 | 186.53 | 184.57 | 59.46 |

Notes:-

- 1) Long term Debt represents Loan from banks
- 2) Long term Debt includes current portion of the long term debt payable under the next 12 months
- 3) Long term Debt / Equity ratio has been calculated as per the following formula

$$= \frac{\text{Long term Debt}}{\text{Share holders fund}}$$

DYNEMIC PRODUCTS LIMITED

Annexure : XIV

DYNEMIC PRODUCTS LTD

Statement of Unsecured Loans & Fixed Deposits Rs. In Lacs

| Particulars | As on 31/08/2005 | Year ended 31st March | | | | |
|--------------------------------------|---------------------|-----------------------|---------------|--------------|--------------|--------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| Loans from Directors | 13.65 | 11.87 | 15.64 | 17.38 | 0.00 | 7.90 |
| Deposits from Share holders & others | 71.81 | 73.08 | 89.09 | 24.75 | 0.00 | 1.00 |
| Deposits from Selling Agent | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 27.00 |
| Loans from Vardayini Chem P.Ltd. | 12.50 | 12.80 | 25.60 | 25.89 | 25.90 | 25.87 |
| Total | 97.96 | 97.74 | 130.33 | 68.02 | 25.89 | 61.77 |

Additional Information as on 31-08-2005

DYNEMIC PRODUCTS LTD

Statement of Unsecured Loans & Fixed Deposits

| Sr. | Particulars | Balance as on 31-8-05 (Rs.) | Total Rs. | Term of Deposits (p.a.) | Rate of Interest (p.a.) |
|------|--|--------------------------------------|--------------|---|----------------------------|
| I] | Loans/Deposits from Directors B.K.Patel Dixit B.Patel D.P.Patel Rameshbhai B.Patel Shashikant P.Patel | 2.75 3.42 1.46 3.83 2.19 | 13.65 | (Refer Note No.1) | (Refer Note No.1) |
| II] | Deposits from Shareholders & Others | | 71.81 | (Refer Note No.1) | (Refer Note No.1) |
| III] | Loans from Vardayini Chem.P.Ltd. | | 12.50 | The said deposit may be withdrawn at any time | 12% |
| | Total Rs. | | 97.96 | | |

Note :1

- (i) The Loans/Deposits taken from Directors and Others by the Company is the Fixed Deposits .The said Deposits are of two types i.e. Cumulative Deposits and Non-Cumulative Deposits.The time period and rate of interest is given as under :

| Cumulative Deposits | | | Non - Cumulative Deposits | | |
|---------------------|-------------------------|--------------------------|---------------------------|-------------------------|-----------|
| Time Period | Rate of Interest (p.a.) | Terms | Time Period | Rate of Interest(p.a.) | Terms |
| 1 Year | 9% | Interest | 1 Year | 9% | Interest |
| 2 Year | 10% | Credited to | 2 Year | 10% | paid half |
| 3 Year | 11% | the Account Quarterly | 3 Year | 11% | Yearly |

- (ii) At the expiry of time period, the said fixed deposits may be renewed or may be repaid. The said fixed deposits may be withdrawn at any time and in the case of pre-maturity withdrawal, the interest shall be considered at 1% lower than the rate of Interest prescribed above.

Note : The above additional information in respect of Unsecured Loans and advance has been inserted vide certificate dated 05/12./2005 received from M/s Shah Rajesh & Associates (Chartered Accountants) as an amendment to their earlier certificate dated 21/09/2005



Annexure : XV

DYNEMIC PRODUCTS LTD

Statement of Investments

| Particulars | As on 31/08/2005 | Year ended 31st March | | | | |
|--|---------------------|-----------------------|-------------|-------------|-------------|-------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| Investments in Promotor/ Promoters' Group Companies :- | | | | | | |
| Non Quoted | | | | | | |
| Dynamic Overseas (India) P.Ltd. 500 Equity shares each of Rs.100 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Other Quoted Invesments in shares of :- | | | | | | |
| Gujarat State Financial Corpn.Ltd. 190 Shares each of Rs.20/- Note :- The market value of the share is not available and hence not given. | 0.38 | 0.38 | 0.38 | 0.38 | 0.38 | 0.38 |
| Other Non Quoted Investments :- | | | | | | |
| Enviro Technology Ltd. 15000 Shares each of Rs.10/- | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Bharuch Enviro Infrastructure Ltd. 1260 Shares each of Rs.10/- | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 |
| 5600 Shares each of Rs.10/- | 0.56 | 0.56 | 0.56 | 0.56 | | |
| 8400 Shares each of Rs.10/- | 0.84 | 0.84 | 0.84 | | | |
| 2800 Shares each of Rs.10/- | 0.28 | | | | | |
| Narvsrjan Industrial Bank Ltd. 500 shares each of Rs.25/- | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 |
| Forum (Chandlodia) Aawas Owners' Asso. 1shares of Rs.100/- | 0.00 | 0.00 | 0.00 | 0.00 | | |
| Ankleshwar Res. & Any.Inf.Ltd. | 0.10 | | | | | |
| Share Application Money | | | | | | |
| Total | 4.41 | 4.03 | 4.03 | 3.19 | 2.63 | 2.63 |

Annexure : XVI

DYNEMIC PRODUCTS LTD

Statement of Sundry Debtors

Rs. In Lacs

| Particulars | As on 31/08/2005 | Year ended 31st March | | | | |
|----------------------------------|---------------------|-----------------------|---------------|---------------|---------------|---------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| More than 6 Months | | | | | | |
| Receivable from others | 50.39 | 138.28 | 6.14 | 14.17 | 4.23 | 19.09 |
| Less than 6 Months | | | | | | |
| Receivable from others | 385.76 | 473.41 | 511.17 | 314.94 | 294.95 | 204.90 |
| Receivable from promoters groups | 18.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 454.87 | 611.70 | 517.32 | 329.11 | 299.19 | 223.99 |

DYNEMIC PRODUCTS LIMITED

Annexure : XVII

DYNEMIC PRODUCTS LTD

Statement of Loans & Advances :-

Rs. In Lacs

| Particulars | As on 31/08/2005 | Year ended 31st March | | | | |
|---|---------------------|-----------------------|---------------|---------------|---------------|--------------|
| | | 2005 | 2004 | 2003 | 2002 | 2001 |
| Receivable from Promoters | | | | | | |
| B. K. Patel, Managing Director | 2.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.64 |
| Promoters' Group Companies | | | | | | |
| Dynemic USA Inc. | 8.72 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dynamic Overseas (India)P.Ltd. | 9.30 | 3.60 | 3.59 | 3.59 | 2.85 | 1.50 |
| Dynemic Products (Inc.) USA | 0.50 | 0.50 | 0.50 | 0.00 | 0.00 | 0.00 |
| Shakti Organics | 0.00 | 0.00 | 0.00 | 0.00 | 3.66 | 0.12 |
| Shakti Intermediate Pvt.Ltd. | 17.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | | | | | | |
| Loans to Employees | 0.20 | 0.43 | 0.83 | 2.63 | 0.41 | 0.35 |
| Other Advance Recoverable in Cash or in kind | 25.60 | 27.55 | 8.45 | 33.36 | 33.49 | 9.88 |
| Balance excise dept. | 19.63 | 15.97 | 8.38 | 49.08 | 61.44 | 2.77 |
| Deposits | 18.76 | 18.67 | 19.58 | 19.10 | 17.27 | 18.58 |
| Advance Income tax & TDS | 215.19 | 115.19 | 0.10 | 0.34 | 58.77 | 7.54 |
| Prepaid Insurance | 0.28 | 2.21 | 1.78 | 1.88 | 1.23 | 0.86 |
| Excise Refund Receivable | 47.56 | 84.30 | 60.38 | 49.55 | 0.00 | 3.47 |
| Octroi Refund Receivable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 |
| C.S.T.Refund Receivable | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.58 |
| Bank Guarantee | 0.39 | 0.39 | 7.85 | 0.39 | 0.39 | 0.00 |
| L/C Margin Money | 0.00 | 0.00 | 0.00 | 3.08 | 0.00 | 0.00 |
| DEPB Receivable | 0.00 | 41.79 | 32.38 | 0.00 | 0.00 | 0.00 |
| DEPB Received | 0.00 | 10.78 | 10.44 | 21.04 | 10.62 | 0.00 |
| Duty Drawback Receivable | 0.00 | 0.00 | 0.01 | 0.01 | 0.00 | 0.00 |
| Advance Sales tax | 0.92 | 0.62 | 0.00 | 0.00 | 0.00 | 0.00 |
| Service tax Bal.with ex.dept. | 0.88 | 0.39 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 367.35 | 322.39 | 154.26 | 184.04 | 190.12 | 46.34 |



2. FINANCIAL INFORMATION OF GROUP COMPANIES

OUR SUBSIDIARIES

- 1) Dynamic Overseas (India) Private Limited.
- 2) Dynemic USA Inc

Details of Subsidiary Companies

- 1) Dynamic Overseas (India)Private Limited

The Company was incorporated on 17th December, 1999 with the object of to carry on all or any of the business as buyers, sellers, importers, exporters, distributors, agents, brokers, stockist, commisio agents and dealers of Industrial and consumer Products.

Presently the Company is into the business of trading of Pigments natural food Colours and dyes.

The Registered office of the Company is situated at: B-310, Satyamev Complex-I, Opp: New Gujarat High Court, S.G. Highway Road, Sola, Ahmedabad 380 060.

The Board of Directors Comprises of following

| Name | Designation |
|----------------------------|-----------------------|
| Shri B.K Patel | Chairman and Director |
| Shri Dasharathbhai B,Patel | Director |
| Shri Rameshbhai B Patel | Director |
| Shri Shashikant P Patel | Director |

As on 1st September, 2005 the authorised, subscribed and paid up capital of the company is Rs 1,00,000 divided into 1000 (One thousand only) Equity Shares of Rs 100/- each.

Shareholding Pattern as on 1st September, 2005

| Name of the Shareholder | No of shares | % Holding |
|---|--------------|---------------|
| Promoters, Director & relative | | |
| Bhagwandas K Patel | 100 | 10.00 |
| Rameshbhai B. Patel | 100 | 10.00 |
| Dashrathbhai P. Patel | 100 | 10.00 |
| Shashikant P. Patel | 100 | 10.00 |
| Dynemic Products Ltd. | 600 | 60.00 |
| Foreign | Nil | Nil |
| Non Promoter Corporate Holding | Nil | Nil |
| Total | 1000 | 100.00 |

Note : The Company has become subsidiary of Dynemic Producte Limited as on 1st September, 2005 and since the Account of the Company has not been fianlised, and hence the financial results as on 31th August, 2005 has not been given.

Financial Performance (Audited):

Rs in lacs

| For the Year ended March, 31 | 2005 | 2004 | 2003 |
|--|--------|--------|--------|
| Total Income | 49.69 | Nil | Nil |
| PAT | 3.42 | (0.04) | (0.99) |
| Share Capital | 1.00 | 1.00 | 1.00 |
| No of outstanding Shares (Nos) | 1000 | 1000 | 1000 |
| Reserves (Excluding Revaluation Reserves) | Nil | Nil | Nil |
| EPS(Rs) | 342 | Nil | Nil |
| Book Value Per Share (Rs.) | 379.68 | Nil | Nil |

The Company is not a listed Company

DYNEMIC PRODUCTS LIMITED

Company has not made any public or rights issue in the Preceding three years

The Company has neither become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under Winding up Procedures.

There are no outstanding litigation and defaults against the Company

2) DYNEMIC USA INC

The Company is incorporated on 9th June, 2005 and is having a registered office at 5695 South First St, Abilene, TX 79605.

The Company has not yet started its activity however the Company proposed to enter into the business of marketing and selling of finished products of Dynemic Products Limited.

The Board of Directors comprises of following:

| Name | Designation |
|----------------------------|-------------|
| Shri Bhagwandas K Patel | Director |
| Shri Hareshkumar K Patel | Director |
| Shri Dashrathbhai M. Patel | Director |

The Authorised share Capital is \$ 100,000 Comprising of 100,000 Shares of Common Stock of the value of \$ 1.00 each).

Dynemio USA Inc has been incorporated as wholly owned subsidiary of Dynemic Products Limited. Dynemic Products Limited has transferred USD 20,000 to Dynemic USA Inc but till date no allotment of shares has been made by the Company.

Financial Performance

The Company has been incorporated on 9th June, 2005 and the Company has not started any business activity and hence the Balance sheet and Profit and loss Account has not been prepared.

The Company is not a listed Company

Company has not made any public or rights issue in the Preceding three years

The Company has neither become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under Winding up Procedures.

There are no outstanding litigation and defaults against the Company

OTHER GROUP /ASSOCIATE CONCERNS

1) RATNAMANI BIO-CHEMICALS & PHARMACEUTICALS PRIVATE LIMITED

The Company has been incorporated on 6th May, 2004 and is having its registered office at B-125, Maruti Tenament, Vastral Road, Ahmedabad 382415.

The Company proposes to enter into business of Pharmaceuticals intermediates

The Board of Directors of the Company Comprises of following:

| Name | Designation |
|----------------------------|-------------|
| Shri Rameshbhai B Patel | Director |
| Shri Prasannavadan R Patel | Director |
| Shri Pitamber K Patel | Director |
| Shri Dahyabhai N Patel | Director |
| Shri Kirtibhai B Patel | Director |

As on 31st March, 2005 the Authorised, Subscribed and Paid up share Capital of the Company is Rs 30,00,000 comprising of 3,00,000 Equity Shares of Rs 10 each.



Shareholding Pattern as on March 31st 2005

| Name of the Shareholder | No of shares | % Holding |
|---|----------------|---------------|
| Promoters, Director & relative | | |
| Shri Rameshbhai B Patel | 2000 | 00.67 |
| Shri Prasannavadan R Patel | 45000 | 15.00 |
| Shri Pitamber K Patel | 30000 | 10.00 |
| Shri Dahyabhai N Patel | 2000 | 00.66 |
| Shri Kirtibhai B. | 23000 | 07.67 |
| Relatives of Director | 198000 | 66.00 |
| Foreign shareholding | Nil | Nil |
| Non Promoter Corporate Holding | Nil | Nil |
| Total | 300,000 | 100.00 |

Financial Performance

The Company has not started any business activity and hence the Balance sheet and Profit and loss Account has not been prepared.

The Company is not a listed Company

Company has not made any public or rights issue in the Preceding three years

The Company has neither become sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up procedure.

There are no outstanding litigation and defaults against the Company

2) SHAKTI INTERMEDIATES PRIVATE LIMITED

The Company was incorporated on 16th December 2004 by converting the existing partnership firm named Shakti intermediates under part IX of the Companies Act, 1956

Brief details of Shakti Intermediates (Partnership Firm) and Shakti Intermediates Private Limited is as follows

Details of Shakti Intermediates

Shakti Intermediates was a partnership firm and was formed on 28th May, 1999. The Firm was engaged in the business of Manufacturing of Dye intermediate and solvent dye.

Membership and Controlling Interest in the Partnership Firm was as follows:

| Name of the Partner | % of Control |
|----------------------------|--------------|
| Shri Natvarbhai P Patel | 9% |
| Shri Mahendrakumar K Patel | 7% |
| Shri Mukeshkumar B Patel | 25% |
| Shri Harehbhai K Patel | 7% |
| Shri Girishbhai I Patel | 20% |
| Shri Paresh N Patel | 7% |
| Shri Bhadreshbhai D Patel | 25% |
| Total | 100% |

Financial Performance (Audited):

Rs in lacs

| For the Year ended March, 31 | 2003 | 2004 |
|--|--------|-------|
| Total Income | 69.44 | 92.42 |
| PAT | (9.07) | 3.02 |
| Partner Capital | 25.69 | 26.19 |
| Reserves (Excluding Revaluation Reserves) | Nil | Nil |

DYNEMIC PRODUCTS LIMITED

DETAILS OF SHAKTI INTERMEDIATES PRIVATE LIMITED

The Company was incorporated on 16th December 2004 by converting the existing partnership firm named Shakti Intermediates under part IX of the Companies Act, 1956. The Registered office of the Company is situated at 34 Uma Industrial Estate, vasana, Iyava, Taluka Sanand, Dist Ahmedabad.

The company is into the business of manufacturing of Dye intermediates and solvent dyes.

The Board of Director Comprises of following:

| Name | Designation |
|----------------------------|-----------------------|
| Shri Natvarbhai P Patel | Chairman and Director |
| Shri Mahendrakumar K Patel | Director |
| Shri Mukeshkumar B Patel | Director |
| Shri Hareshbhai K Patel | Director |
| Shri Girishbhai I Patel | Director |
| Shri Paresh N Patel | Director |
| Shri Bhadreshbhai D Patel | Director |

As on March, 31 2005 the Authorised share Capital is Rs 25,00,000 comprising of 250,000 equity shares of Rs 10 each and the issued, subscribed and paid up capital is Rs 15,00,000 Comprising of 150,000 equity shares of Rs 10 each.

Shareholding Pattern as on March 31st 2005

| Name of the Shareholder | No of Shares | % Holding |
|--------------------------------|----------------|---------------|
| Promoters, Director & relative | 13500 | 09.00 |
| Patel Natvarbhai P. | 10500 | 07.00 |
| Patel Mahendrakumar K. | 37500 | 25.00 |
| Patel Mukeshkumar B. | 10500 | 07.00 |
| Patel Hareshbhai K. | 30000 | 20.00 |
| Patel Girishbhai I. | 10500 | 07.00 |
| Patel Paresh N. | 37500 | 25.00 |
| Patel Bhadreshbhai D. | Nil | Nil |
| Foreign | Nil | Nil |
| Non Promoter Corporate Holding | Nil | Nil |
| Total | 150,000 | 100.00 |

Financial Performance (Audited):

| For the Year ended March, 31 2005 | Rs in lacs |
|---|------------|
| Total Income | 30.81 |
| PAT | (0.40) |
| Share Capital | 15.00 |
| No of outstanding Shares (Nos) | 150,000 |
| Reserves (Excluding Revaluation Reserves) | NIL |
| EPS (Rs) | NIL |
| Book Value Per Share (Rs.) | NIL |

The Company is not a listed Company

Company has not made any public or rights issue in the Preceding three years

The Company has neither become Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under Winding up procedure.

There are no outstanding litigation and defaults against the Company



THERE ARE NO COMPANIES / FIRMS FROM WHICH PROMOTERS HAVE DISASSOCIATED DURING LAST 3 YEARS.

COMMON PURSUITS

There is no other company in the Group, which is engaged in the same business as that of Dynamic Products Limited.

RELATED PARTY TRANSACTION WITHIN THE GROUP

Please refer section V of Financial Statements on page no 91 for related Party Transaction

STATEMENT IN TERMS OF CLAUSE OF 6.10.3.5 OF DIP GUIDELINES

There has been no a sale or purchase between Companies in the Promoter Group, which exceed in value in the aggregate 10% of the total sales or purchase of the issuer Company. The material item of income or expenditure arising out of transaction in the promoters group are disclosed under the Annexure "Related party Disclosure" of the Auditors Report appearing on page 91 of this prospectus.

3. CHANGES IN ACCOUNTING POLICES IN THE LAST 3 YEARS

There has been no changes in the Accounting polices during the last Three years



1. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS (AS PER INDIAN GAAP)

You should read the following discussion of our financial condition and result of operation together with our audited /examined restated statements under Indian GAAP including the Schedules, annexures and notes thereto and the reports thereon, which appear in the Prospectus beginning on page No 84. The Financial information used in this section is derived from our audited financial statements under Indian GAAP, as restated.

Overview of the Business of the Company

We are in the business of manufacturing and trading of Dyes, Intermediates, and food colours to many reputed customer world wide. The products range includes different types of food colours and intermediates. Our manufacturing facilities are based at Ankleshwar, one of the largest Industrial Chemical zone in Asia with all basic infrastructural facilities like most advanced Common Effluent Treatment Palnts etc. We have two primery lines of manufacturing i. e. (i) Dye Intermediates, and (ii) Food Colours. The company is having facilites to manufacture and source the major raw material in house and we are even further planning to go for backward integration by implementing this project to source the major Raw material Ethyle Acetate for our Plant at Unit 1 and to go for forward integration by implementing this project for utilizing these raw materils for further manufacturing of the food colourrs at Unit-2.

Factors affecting result of operation

- General Economic conditions in India and large global markets;
- Changes in demand for food Colours;
- Fluctuations in the rate of exchange between the Rupee and major foreign currencies, such as the U.S dollar;
- Changes in interest rates; and
- Changes in net working capital

These factors and number of future developments may affect our result of operation, fianancial condition and cash flow in future periods. we believe that in addition to the foregoing factors, the future developments which may affect our future result of operation,financial conditions and cash flow include:

- Acceptance of our product offering in the domestic and international market;
- Pricing pressures for both our product and services businesses, due to continued competition from Food colour manufacturing companies.
- Our ability to expand international operations;
- Gain or loss of significant clients;
- New strategic partnership or mergers/acquisitions; and
- Funding of working capital requirements.

Profit & Loss Account as restated

(Rs in lacs)

| Sr. No. | PARTICULARS | As on 31/08/2005 | FOR THE YEAR ENDED ON 31st MARCH | | | | |
|---------|----------------------------|---------------------|----------------------------------|----------------|----------------|----------------|----------------|
| | | | 2005 | 2004 | 2003 | 2002 | 2001 |
| A] | INCOME: | | | | | | |
| | Sales (Net): | | | | | | |
| | Export Sales | 790.11 | 2015.06 | 1816.22 | 1450.60 | 1123.09 | 720.14 |
| | Domestic Sales | 314.36 | 582.23 | 713.86 | 502.44 | 716.95 | 764.23 |
| | Total Sales | 1104.47 | 2597.29 | 2530.08 | 1953.04 | 1840.04 | 1484.37 |
| | Other Income | 26.66 | 95.84 | 140.98 | 48.81 | 27.69 | 144.85 |
| | Increase/Decrease in Stock | 14.56 | 82.82 | -108.71 | 163.70 | 18.88 | 21.00 |
| | Total: A: | 1145.69 | 2775.95 | 2562.35 | 2165.55 | 1886.61 | 1650.22 |

DYNEMIC PRODUCTS LIMITED

| Sr. No. | PARTICULARS | As on 31/08/2005 | FOR THE YEAR ENDED ON 31st MARCH | | | | |
|------------|--|---------------------|----------------------------------|----------------|----------------|----------------|----------------|
| | | | 2005 | 2004 | 2003 | 2002 | 2001 |
| B] | EXPENDITURE: | | | | | | |
| | Manufacturing Expenses | 892.80 | 2063.29 | 2032.77 | 1674.62 | 1485.03 | 1295.85 |
| | Employees' Remuneration | 23.13 | 73.09 | 60.68 | 54.10 | 55.95 | 28.85 |
| | Administrative & Other Exps. | 76.10 | 206.77 | 196.16 | 125.61 | 99.00 | 92.16 |
| | Depreciation | 18.63 | 41.68 | 37.63 | 31.65 | 24.64 | 18.23 |
| | Financial Charges | 15.00 | 32.71 | 34.26 | 32.42 | 17.74 | 16.19 |
| | Misc.Exps. Written off | 0.00 | 1.19 | 0.30 | 0.34 | 0.34 | 0.34 |
| | Total : B : | 1025.67 | 2418.73 | 2361.80 | 1918.74 | 1682.70 | 1451.62 |
| C] | Profit before Tax (A - B) | 120.02 | 357.22 | 200.55 | 246.81 | 203.91 | 198.60 |
| | Provision for Taxation : | | | | | | |
| | Current Tax | 0.00 | 140.00 | 60.00 | 73.00 | 38.00 | 40.50 |
| | Deferred Tax | 0.00 | 12.46 | 15.93 | 18.10 | 0.00 | 0.00 |
| D] | Net Profit after Tax | 120.02 | 204.76 | 124.62 | 155.71 | 165.91 | 158.10 |
| E] | Brought forward Profit from Previous Year | 212.90 | 380.74 | 243.36 | 254.53 | 165.45 | 45.21 |
| F] | Less: Transferred for Deferred tax | 0.00 | 0.00 | 0.00 | 80.31 | 0.00 | 0.00 |
| | Utilise for Bonus issue | 0.00 | 312.84 | 0.00 | 0.00 | 0.00 | 37.86 |
| | Liability For Initial adoption | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| G] | Net Balance (E - F) | 212.90 | 67.90 | 243.36 | 174.22 | 165.45 | 7.35 |
| H] | Profit available for appropriation(D+G) | 332.92 | 272.66 | 367.98 | 329.93 | 331.36 | 165.45 |
| | Less : Appropriations : | | | | | | |
| | Dividend of P.Y.2002-03 written back | 0.00 | 0.00 | -61.54 | 0.00 | 0.00 | 0.00 |
| | Tax on Dividend 2002-03 written back | 0.00 | 0.00 | -7.88 | 0.00 | 0.00 | 0.00 |
| | Transferred to General Res. | 0.00 | 10.24 | 18.10 | 17.15 | 15.30 | 0.00 |
| | Interim Dividend | 0.00 | 43.80 | 34.18 | 0.00 | 0.00 | 0.00 |
| | Tax on Interim Dividend | 0.00 | 5.72 | 4.38 | 0.00 | 0.00 | 0.00 |
| | Proposed Equity Dividend | 0.00 | 0.00 | 0.00 | 61.54 | 61.53 | 0.00 |
| | Tax on Proposed Dividend | 0.00 | 0.00 | 0.00 | 7.88 | 0.00 | 0.00 |
| I] | Bal.Carried forward to Balance Sheet | 332.92 | 212.90 | 380.74 | 243.36 | 254.53 | 165.45 |
| II] | E P S | 1.74 | 2.97 | 3.61 | 4.55 | 4.85 | 4.62 |

COMPARISON OF THE FINANCIALS BETWEEN THE FIVE MONTHS PERIOD ENDED ON 31-8-2005 AND 31-3-2005.

As the two periods are not comparable we have compared per month figures of the above two periods, wherever required.

- SALES:**— The turnover of the Company during first five months ended 31-8-2005 is Rs. 1104.47 lakhs against last full year (2004-05) turnover of Rs. 2597.29 lakhs, net of excise and sales tax. The average monthly sales has been increased to Rs. 220.89 lakhs during the first 5 months against average monthly sales of Rs. 216.44 lakhs. With marginal increase of Rs. 22.27 Lacs for the five months
- COST OF MATERIALS SOLD :** The cost of the materials sold is at 79.78% of sales for the period ended 31-8/2005 (after considering increase / decrease of closing stock of work in progress & finished goods of Rs 14.56 Lacs) where as it worked out to 76.99% of sales during FY 2004-05
- OPERATING EXPENSES:** The operating expense has decreased to Rs 117.87 lacs for period ended 31-8-2005 compared average monthly operating expenses of Rs 133.98 Lacs for five months in FY 2004-05.
- INTEREST AND FINANCIAL EXPENSES:** The interest and financial expenses have increased to Rs 15.00 lacs for period ended 31-8-2005 as compared to average monthly interest and financial expenses of Rs 13.63 Lacs for five months in FY 2004-05 on account of availment of additional working capital facilities .



5. **PROFIT BEFORE TAX:** The profit before tax is at Rs 120.02 Lacs for the period 31-8-2005 while it was at Rs 357.22 Lacs in the year 2004-05. The profit before tax has decreased because of the increase in the manufacturing costs of sales

2) **COMPARISON OF FINANCIALS BETWEEN THE YEAR ENDED 31/3/2005 AND 31/3/2004**

1. **SALES:** The turnover of the Company has increase from Rs 2530.08 Lacs during FY 2003-04 to Rs 2597.29 Lacs during the FY 2004-05. Out of the total income of the Company 77.58% is generated from exports of the goods.

2. **COST OF MATERIALS SOLD:** The cost of the materials sold was Rs 2063.29 Lacs in the FY 2004-05 as compared to Rs 2032.77 Lacs in the FY 2003-04. The cost of material sold has decreased from 83.95% of total turnover after considering the increase / decrease in stocks in FY 2003-04 to 76.99% in the FY 2004-05.

3. **OPERATING EXPENSES:** The operating expense has increased to Rs 321.54 lacs in the FY 2004-05 compared to Rs 294.47 Lacs in FY 2003-04 .The increase in the operating expenses is due to the increase in the staff costs

4. **FINANCIAL CHARGES:** The interest and financial expenses have decreased to Rs 32.71 Lacs in the FY 2004-05 as compared to Rs 34.26 Lacs in the FY 2003-04. The decrease is due to the decrease in the rate of interest on Working Capital Loans

5. **PROFIT BEFORE TAX:** The profit before tax is Rs 357.22 Lacs for the FY 2004-05 while it was at Rs 200.55 Lacs in the year 2003-04. The profit before tax has increased because of the decrease in the manufacturing costs of sales

6. **PROFIT AFTER TAX:** The profit after tax is Rs 204.76 Lacs for the FY 2004-05 while it was at Rs 124.62 Lacs in the year 2003-04.

COMPARISON OF FINANCIALS BETWEEN THE YEAR ENDED 31/3/2004 AND 31/3/2003

1. **SALES:** The turnover of the Company has increase from Rs 1953.04 Lacs during FY 2002-03 to Rs 2350.08 Lacs during the FY 2003-04. Out of the total income of the Company 71.79% is generated from exports of the goods in the FY 2003-04.

2. **COST OF MATERIALS SOLD :** The cost of the materials sold was Rs 2032.77 Lacs in the FY 2003-04 as compared to Rs 1674.62 Lacs in the FY 2002-03. The cost of material sold has increased from 79.11% of total turnover after considering the increase / decrease in stocks in FY 2002-03 to 83.95% in the FY 2003-04

3. **OPERATING EXPENSES:** The operating expense has increased to Rs 294.47 lacs in the FY 2003-04 compared to Rs 211.36 Lacs in FY 2002-03 .The increases in the operating expenses is due to the increase in the selling & administrative costs.

4. **INTEREST AND FINANCIAL EXPENSES:** The interest and financial expenses have increased to Rs 34.26 Lacs in the FY 2003-04 as compared to Rs 32.42 Lacs in the FY 2002-03. The increase is due to the increase in the Working Capital Facilities.

5. **PROFIT BEFORE TAX:** The profit before tax is Rs 200.55 Lacs for the FY 2003-04 while it was at Rs 246.81 Lacs in the year 2002-03. The profit before tax has decreased because of the increase in the manufacturing costs of sales

6. **PROFIT AFTER TAX:** The profit after tax is Rs 124.62 Lacs for the FY 2003-04 while it was at Rs 155.71 Lacs in the year 2002-03

SIGNIFICANTS DEVELOPMENTS SUBSEQUENT TO LAST FIANCIAL YEAR

There has not been any significant development which materially and adversely affects or is likely to affect the trading or profitability of the company, or the value of its assets, or its ability to pay its liability with in the next twelve months, subsequent to the last financial statement as mentioned in the Prospectus.

INFORMATION REGARDING:

1. UNUSUAL OR INFREQUENT TRANSACTIONS

There have been no unusual or infrequent transactions

2. SIGNIFICANT ECONOMIC CHANGES

Any changes in tax, duty in final product may affect the profitability

Except the above. There are no significant economic changes that materially affect or likely to affect the income from existing operations

DYNEMIC PRODUCTS LIMITED

3. KNOWN TRENDS OR UNCERTAINTIES

There are no known trends or uncertainties that have had or are expected to have a material adverse impact on sales, income or revenue from continuing business.

4. FUTURE RELATIONSHIP BETWEEN COSTS & REVENUES

As spelt out in the Prospectus, the Company's cost revenue relationship reflects a direct correlation with each other . The company expects the future relationship between costs and revenue to improve further positively, resulting in an improved bottom line.

5. THE EXTENT TO WHICH MATERIAL INCREASES IN NET SALES OR REVENUE ARE DUE TO INCREASED SALES VOLUME, INTRODUCTION OF NEW PRODUCTS OR SERVICES OR INCREASED SALES PRICES.

Increase in revenues are by and large linked to increase in volumes in business activity carried out by the Company.

6. TOTAL TURNOVER OF THE INDUSTRY

Industry information is not available

7. STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCTS OR BUSINESS SEGMENT

The company has not introduced any publicly announced new products or business segment

8. SEASONALITY OF BUSINESS

The business is not seasonal as the company does not manufacture products that are seasonal in the nature .

9. ANY SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW SUPPLIERS OR CUSTOMERS

The company sources its Raw Materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. The threat from excessive dependence on a single supplier is not significant as the customer base is well diversified .

10. COMPETITIVE CONDITIONS

The company will face the competition from established players like Roha Dyechem Ltd, Vidhi Dyestuffs Mfg. Co. Ltd etc., However these companies have higher Fixed costs vis-à-vis the company and the company has a higher technological image, particularly in Food Colours The company has been in the business of Chemicals for more than 13 years and will be able to leverage its strength in Domestic & International business

SUNDRY DEBTORS

None of the sundry debtors are related to the directors of the Issuer Company.



SECTION VI: LEGAL AND OTHER INFORMATION

1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The company certifies that except as stated herein, there are no:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other

Outstanding Litigation involving Dymnic Products Limited

FILED AGAINST THE COMPANY:

Tax Disputes

| Sr No | Party | Assesment Order Challenged' | Assessing Authority | Date Instituted | Claim Amount |
|-------|-----------------------------------|---|---|-----------------|---|
| 1 | Dymnic Products Limited V/s C I T | Interest on Sales Tax preliminary Expenses, Deduction u/s 80 IB & 80 HHC disallowed A.Y 2001-02 | Assistant Commissioner of Income Tax A.R. I | 26-4-2005 | Rs 1157336=00 (Paid by Dymnic Products Limited) |

Case Dispute:

For the Assessment Year 2001-02 Assistant Commissioner income Tax has disallowed interest on sales tax amounting to Rs 1.06lacs, Preliminary expense amounting to Rs 0.26 lacs, and deduction under section 80 IB amounting to Rs 9.53 lacs and deduction under section 80HHC amounting to Rs 9.42 lacs ..However the Company has deposit the amount and preferred an appeal before Income tax appellate tribunal, Ahmedabad.

FILED BY THE COMPANY:

- **Pertaining to Criminal Laws:**

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Date Instituted | Claim Amount |
|---------|----------------------------|---------------------|--|-----------------|--------------|
| 1 | Tribhovandas & Co | Ahmedabad | Metropolitan Megistrate Court No 22, Ahmedabad | 18-2-2005 | Rs 35790=35 |
| 2 | Tribhovandas & Co | Ahmedabad | Metropolitan Magistrate Court No 22, Ahmedabad | 18-2-2005 | Rs 35853=00 |

Case History:

Case filed against Tribhovandas & Co. on 18-2-2005 u/s 138 of Negotiable Instruments Act for recovery of Rs 35790/35 & Rs 35853/00 gainst dishonour of cheque. At present the case is pending with the Metropolitan Megistrate Court No 22 at Ahmedabad. The accused has been issued a summons by the honorable Assistant Superintendent of the said court.

DYNEMIC PRODUCTS LIMITED

Outstanding Litigations involving Promoters / Directors

Except as stated herein, there are no outstanding litigations, disputes, defaults, non-payment of statutory dues, over dues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Dynamic Products Limited.

Litigation against Subsidiary Companies/Group Companies /Associate Concern

There are no Criminal, securities, statutory or other Litigation against any of the Subsidiary Companies /Group /Associates Companies. There are no outstanding litigation, disputes, penalties including tax liabilities economic offence, criminal/civil prosecution for any offence irrespective of whether specified under any enactment in paragraph (1) of part (1) of schedule XIII of Companies Act 1956 against the Group Companies/Associate Concerns promoted by promoters

The Company further certifies that the promoters , their relatives ,group companies , associate companies are not detained as wilful defaulters by RBI/Government authorities and there are no violation of securities laws committed by the company.

Amounts due to small-scale undertakings

The name of the small scale undertakings to whom the company owes a sum exceeding Rs. 1 lakh which is outstanding more than 30 days as on 31st August 2005 is as follows:

| NAME OF THE CREDITORS | TOTAL | UNIT-1 | UNIT-2 |
|-------------------------------------|--------------|---------------|---------------|
| Akasdeep Equipments Pvt. Ltd. | 162,000.00 | 162,000.00 | 0.00 |
| Amar Ice Industries | 102,060.00 | 0.00 | 102,060.00 |
| Apex Enterprises | 525,800.00 | 525,800.00 | 0.00 |
| Arco Engineers | 135,000.00 | 135,000.00 | 0.00 |
| Balark Chemicals | 326,058.00 | 326,058.00 | 0.00 |
| Chemida Enterprise | 3,187,680.00 | 3,187,680.00 | 0.00 |
| Interseas Fine Chem Pvt Ltd | 452,156.00 | 452,156.00 | 0.00 |
| Jai Enterprises | 482,591.00 | 482,591.00 | 0.00 |
| Jainik Industries | 227,913.00 | 0.00 | 227,913.00 |
| Jalaram Chemicals | 529,008.00 | 529,008.00 | 0.00 |
| Kesvi Marketing | 1,200,754.00 | 1,200,754.00 | 0.00 |
| Minol Acid & Chemicals | 132,792.00 | 0.00 | 132,792.00 |
| Nirmal Exim Pvt. Ltd. | 392,554.50 | 392,554.50 | 0.00 |
| Prahalad Shaya Makkhanlal Prajapati | 125,722.00 | 125,722.00 | 0.00 |
| Sachin Filtech P.Ltd | 305,271.00 | 305,271.00 | 0.00 |
| Sanjay Chemicals (India) Pvt Ltd | 2,845,552.00 | 2,845,552.00 | 0.00 |
| Shree Gayatri Ice Factory | 516,122.00 | 516,122.00 | 0.00 |
| Trade Syndicate | 1,661,543.00 | 1,661,543.00 | 0.00 |
| Vishwakarma Eng. & Ind. | 375,200.00 | 375,200.00 | 0.00 |
| Arihant Traders | 369,675.00 | 369,675.00 | 0.00 |
| Data Lime & Chemical | 297,466.00 | 297,466.00 | 0.00 |
| Gujarat Vidyut Board | 455,507.00 | 455,507.00 | 0.00 |
| Heerasons Chemicals Pvt Ltd. | 835,922.00 | 0.00 | 835,922.00 |
| Interplastica Pvt Ltd. | 131,186.00 | 122,898.00 | 8,288.00 |
| Ivory Industries | 293,760.00 | 293,760.00 | 0.00 |
| Kirit Brothers | 368,000.00 | 284,600.00 | 83,400.00 |
| Korchems | 181,109.00 | 157,799.00 | 23,310.00 |
| R. K. Trading Co. | 1,019,223.00 | 958,023.00 | 61,200.00 |
| Ronak Trade Link Pvt. Ltd. | 268,334.00 | 264,538.00 | 3,796.00 |



| NAME OF THE CREDITORS | TOTAL | UNIT-1 | UNIT-2 |
|------------------------------|----------------------|----------------------|---------------------|
| Sachin Industries | 197,232.00 | 197,232.00 | 0.00 |
| Shah Rajesh & Associates | 386,159.00 | 386,159.00 | 0.00 |
| Shakti Chemicals | 134,229.00 | 134,229.00 | 0.00 |
| Shipco Enterprises | 126,636.00 | 0.00 | 126,636.00 |
| Sputnik Industries | 1,016,350.00 | 1,015,000.00 | 1,350.00 |
| | 21,428,107.50 | 19,821,440.50 | 1,606,667.00 |

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE:

There are no material developments since the last balance sheet date.

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements as disclosed in page no. 84 of this Prospectus, any circumstance that materially or adversely affect or likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months.

DYNEMIC PRODUCTS LIMITED

2. GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS:

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by the company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

1. Letter from Ministry of Commerce & Industry, Government of India with file no. KASEZ/100%EOU/II/16/2005-06, dated 9th June 2005 extending all facilities & privileges admissible under the EOU scheme in respect of EOU I at Ankleshwar.
2. Letter from Ministry of Commerce & Industry, Government of India with file no. KASEZ/100%EOU/II/15/2005-06 dated 10th June 2005 extending all facilities & privileges admissible under the EOU scheme in respect of EOU II at Ankleshwar.
3. [a] Green Card No. KASEZ/17/05-06 dated 20.06.2005 in respect of EOU-I at Ankleshwar issued by Ministry of Commerce & Industry, Government of India.
[b] Green Card No. KASEZ/16/05-06 dated 20.06.2005 in respect of EOU-II at Ankleshwar issued by Ministry of Commerce & Industry, Government of India.
4. Certificate of Approval from BVQI for achievement of ISO 9001:2000 quality standards
5. Certificate of Approval from BVQI for achievement of ISO 14001:2004 quality standards in respect of Unit-1 at Ankleshwar.
6. Certificate of Approval from BVQI for achievement of ISO 14001:1996 quality standards in respect of Unit II at Ankleshwar.
7. Certificate under food safety programme incorporating the principles of HACCP complying with the requirements of HACCP Code: 2003 in respect of Unit I & II at Ankleshwar.
8. Certificate of Importer-Exporter Code with IEC Number as 0895006251 from Ministry of Commerce, Government of India dated 25/10/1995.
9. Permanent Registration Certificate no 04/04/03873/PMT/SSI dated 19/05/1992 issued by District Industries center.
10. Allotment of ESI Code dated 3/2/94 and No. 18926-34SF.
11. Letter of allotment dated 22-Dec-98 of Permanent Account Number AAACD4067D issued by the Income-Tax Department.
12. Letter of allotment of Tax Deduction Account Number AHMD00161A dated 25 June 2001.
13. Registration Certificate No. 2110005798 dated 1/07/2002 under the Gujarat Sales Tax Act, 1969 issued in respect of Dynamic Products Limited.
14. Registration Certificate No. Guj 15C 3031 dated 21-12-91 under Central Sales Tax Act, 1957.
15. Central Excise Registration Certificate No. AAACD4067D XM 001 dated 03.12.2001 in respect of the Ankleshwar Unit-1.
16. Central Excise Registration Certificate No. AAACD4067D XM 002 dated 19-12-2001 in respect of the Ankleshwar Unit-II.
17. Consent Order No. GPCB/BRCH/CCA-12/3694 of the Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 for the discharge of effluent from Unit I at Ankleshwar.
18. Consent Order No. GPCB/BRCH/CCA-775/5360 dated 21 Feb 2005 issued by the Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 to operate the Unit II at Ankleshwar.
19. Consent Order dated GPCB/BRCH/CCA-12/3694 of the Gujarat Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 in respect of the Unit I at Ankleshwar.



20. -Consent Order dated No. GPCB/BRCH/CCA-775/5360 21 Feb 2005 issued by the Gujarat Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 to operate the Unit II at Ankleshwar.
21. Authorisation by the Gujarat Pollution Control Board under the Hazardous Waste (Management and Handling) Rules, 1989 and amended Rules, 2000 to manage specified hazardous wastes vide its letter No. GPCB/BRCH/CCA-12/3694 for Unit I at Ankleshwar.
22. Authorisation by the Gujarat Pollution Control Board under the Hazardous Waste (Management and Handling) Rules, 1989 and amended Rules, 2000 to manage specified hazardous wastes vide its letter dated 25 Feb 2005 for Unit II at Ankleshwar.
23. No objection certificate No. PC/NOC/BRCH-2779 (CCA-12)/17528 dated 9 June 2004 from the Gujarat Pollution Control Board for setting up an industrial plant at Unit I at Ankleshwar for manufacture of certain items.
24. Agreement with Common Effluent treatment Plant, Enviro Technology Ltd., for discharge of permissible effluents of Unit-I at Ankleshwar.
25. Agreement with Common Effluent treatment Plant, Enviro Technology Ltd., for discharge of permissible effluents of Unit-II at Ankleshwar.
26. Site clearance certificate No. PC/NOC/BRCH-17467/36467 dated 31 December 1997 from the Gujarat Pollution Control Board to establish an industrial unit at Plot No. 3709/6, GIDC INDL. ESTATE ANKLESHWAR (i.e. Unit II of the company) for manufacture of certain substances
27. Certificate from the Solid Waste Site, Common Effluent Treatment Plant dated December 27, 2001 certifying that the Unit I at Ankleshwar is a member of the landfill site.
28. Factory Licence No. 096813 dated 21-7-1999 issued by the Chief Factory Inspector, State of Gujarat in respect of the Unit I at Ankleshwar.
29. Factory Licence No. 097145 dated 26-10-1999 issued by the Chief Factory Inspector, State of Gujarat in respect of the Unit II at Ankleshwar.
30. Letter No. GJ/SRT/30828/E-II/3242 dated 1-3-1997 issued by the Regional Provident Fund Commissioner, Gujarat State allotting Registration No. GJ/SRT/30828 under Employees' Provident Funds and Misc. Provisions Act, 1952 to our Company
31. Letter No. H/216/1004 from Gujarat Electricity Board dated 23-3-98 permitting physical release of 300KVA of electricity to the Unit I at Ankleshwar.
32. Letter No. Ank/O&M/GIDC/B/7217 from Gujarat Electricity Board 19th August 2005 permitting physical release of 67 KW of electricity to the Unit II at Ankleshwar.
33. Consent letter from GIDC, Ankleshwar for enhancement in supply of water quantity for Unit I of the Company.
34. Consent letter from GIDC, Ankleshwar for enhancement in supply of water quantity for Unit II of the Company.
35. No objection certificate No. GPCB/BRCH/NOC-3083 (CCA-775)/21062 of Gujarat Pollution Control Board dated 20th July 2005 for environment clearance for Unit II for increasing production.
36. Certificate of incorporation dated 14th June ,1990.

DYNEMIC PRODUCTS LIMITED

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 16th July, 2005 and by a Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Annual General Meeting of the Company held on 16th August, 2005

PROHIBITION BY SEBI

The Company, its directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

ELIGIBILITY OF THE ISSUE

The Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Clause 2.2.1 of SEBI Guidelines 2000. in the following manner

FOR PUBLIC ISSUE

The Company has a pre-issue net worth of at least Rs. 100.00 Lakhs in each of the preceding 3 full years (of 12 months each).

The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years

The Company net tangible assets during the last 3 years are given below. The monetary assets in each of these years are less than 50% of the net tangible assets

In Rs Lakhs

| Particulars | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|----------------------|---------|---------|---------|---------|
| Net Fixed Assets | 766.01 | 764.87 | 641.10 | 585.01 |
| Investments | 4.03 | 4.03 | 3.19 | 2.63 |
| Net Current Assets | 828.29 | 482.54 | 325.76 | 233.59 |
| Net Tangible Assets | 1598.78 | 1251.45 | 970.06 | 821.23 |
| Pre issuer Net worth | 928.19 | 776.30 | 617.09 | 610.77 |
| Profit After Tax | 204.76 | 124.62 | 155.71 | 165.91 |

1. The Company has not changed its name within the last one year.
2. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through Prospectus + firm allotment + promoters' contribution through the Prospectus), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.

DISCLAIMER CLAUSES

DISCLAIMER CLAUSE - SEBI

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS



RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 19TH OCTOBER , 2005 WHICH READS AS FOLLOWS:

- “1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

- a. THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
- c. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER;
- d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER (S) (MERCHANT BANKERS) ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

GENERAL DISCLAIMER

The Company, the Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, www.dynemic.com would be doing so at his/her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and the Company and the Underwriting Agreement to be entered into between the Underwriters and the Company.

The Company and the Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centers or elsewhere.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED, (BSE):

As required, a copy of the Prospectus has been submitted to BSE (the Designated Stock Exchange). The BSE has given vide its letter dated November 21, 2005 granted permission to this Company to use the BSE's name in this prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinized this prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

DYNEMIC PRODUCTS LIMITED

The BSE does not in any manner:

- a) Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- b) Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- c) Take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

GENERAL DISCLAIMER OF THE ISSUER

The Company accepts full responsibility for the accuracy of the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in this Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this proposed public issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Prospectus.

The Promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment / refund, as the case may be, that any information/material has been suppressed/withheld and /or amounts to a misstatement/misrepresentation, the promoters /directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provision of section 63 of the Companies Act, 1956.

The issuer will update the Prospectus and keep the Public informed of any material changes in the document till the listing and trading.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares), permitted Insurance Companies and to non-residents including NRIs and FIIs as defined under the Indian Laws. This prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this prospectus comes is required to inform himself / herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Prospectus.

FILING

A copy of the Prospectus has been filed with the Corporate Finance Department of SEBI at First Floor, Mittal Court, "B" Wing, Nariman Point, Mumbai 400 021.

A copy of the Prospectus, along with the documents required to be filed under 60 of the Companies Act would be delivered for registration to the Registrar of Companies, ROC Bhavan, opp Rupal Park Society, behind Ankur busstop, Naranpura, Ahmedabad-380 013



LISTING

Initial listing applications have been made to Bombay Stock Exchange Ltd for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case, the permission for listing of the equity shares is not granted by the above mentioned Stock Exchange, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of necessary formalities for listing and Commencement of trading at BSE are taken within 7 working days of the finalization of allotment.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue, Bankers to the company; and (b) Lead Manager and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus, with the Registrar of Companies, ROC Bhavan, opp Rupal Park Society, behind Ankur busstop, Naranpura, Ahmedabad-380 013 and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration.

M/s. Shah Rajesh & Associates, Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus.

EXPERT OPINION

The Company has not obtained any expert opinions except opinions regarding the Tax Benefits and the Auditor Report from statutory Auditors of the Company.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* and management fees, brokerage & selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

| Activity | Amount (Rs.in lacs) | % Of the total issue expenses | % Of total issue size |
|---|------------------------|----------------------------------|--------------------------|
| Lead Manager & Registration Fees, Audit Fees & Consultancy | 28.29 | 32.87 | 1.83 |
| Printing and Stationery | 15.06 | 17.50 | 0.97 |
| Brokerage & Selling Commission | 23.21 | 26.97 | 1.50 |
| Advertising & Marketing Expenses | 12.00 | 13.95 | 0.78 |
| Other Expenses (listing Fees, Depository charges etc) | 7.50 | 8.71 | 0.48 |
| Total | 86.06 | 100.00 | 5.56 |

FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the lead manager will be as per the memorandum of understanding executed between the Company and the Lead Manager dated 15th September 2005 a copy of which is available for inspection at the Registered Office of the company.

DYNEMIC PRODUCTS LIMITED

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, M/s. Big Share Services Private Limited will be as per the Memorandum of Understanding between the Company and the Registrar dated 26th July , 2005 copy of which is available for inspection at the registered office.

A dequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

BROKERAGE AND SELLING COMMISSION

Brokerage will be paid by the Company at the rate of 1.50% on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

The Company has not made any Public or Rights issue in the last five years. The details of issue of capital have been outlined in the paragraph on the build up of the share capital under the Capital Structure on page no. 10.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

For details please refer to section 'Capital Structure" page no. 10 of this Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

The Company has not made any public or Rights issue in the last five years.

PARTICULARS IN REDARD TO DYNEMIC PRODUCTS LIMITED AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING SECTION 370(1)(B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

The Company has not made any public issue during the last three years.

The Company does not have any other listed companies under the same management within the meaning section 370(1)(B) of the Companies Act, 1956.

PROMISES vs. PERFORMANCE:

The Company has not made any public or Rights issue since its inception.

LISTED VENTURE OF THE PROMOTERS

The promoter does not have any listed venture and hence information on promises vis a vis performance as far as projection is concerned is not available.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

The Company has no outstanding debentures or bond issue or redeemable preference shares.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

NIL

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES:

The company has appointed the registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.



The Registrar to the issue, namely, Big Share Services Private Limited will handle investors grievances pertaining to the offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-ordinating with the Registrar to the Issue in attending to the grievances to the investor. The company assures that the Board of Directors in respect of the complaints, if any; to be received shall adhere to the following schedules:

| | Nature of complaint | Time Table |
|----|---|--|
| 1. | Non-receipt of refund | Within 7 days of receipt of complaint subject to production of satisfactory evidence |
| 2. | Change of Address Notification | Within 7 days of receipt of information |
| 3. | Any other complaint in relation to Public issue | Within 7 days of receipt of complaint with all relevant details |

The company has appointed Ms Reena K. Desai as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any issue related problems. The Compliance Officer would be available at the Registered Office of the Company.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF:

There have been no changes in auditors of the company during the last three years

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

During October 2000 the Company has made Bonus issue of Equity shares in the ratio of 1 Equity shares for Every 2 Equity shares held as on the record date. The Bonus issue was made through capitalization of general reserve and profit and loss Account the allotment of these equity shares was made on 25th October 2000.

During June 2004 the Company has made Bonus issue of Equity shares in the ratio of 1 Equity shares for Every 1 Equity shares held as on the record date. The Bonus issue was made through capitalization of general reserve and profit and loss Account the allotment of these equity shares was made on 7th June 2004.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

None of the Assets of the Company have been revalued during the last five Years.

DYNEMIC PRODUCTS LIMITED

SECTION VIII: ISSUE INFORMATION

1. TERMS OF THE ISSUE

RANKING OF EQUITY SHARES

The Equity shares being issued shall be subject to the provisions of the Memorandum and Articles of Association of the Company, rank pari passu with the other existing Equity shares of the Company including rights in respect of dividend. The allottee will be entitled to dividend or any other corporate benefits, if any, declared by the company after the date of allotment save and except the lock in provision applicable as per SEBI Guidelines in respect of existing Equity shares as mentioned in the "Notes to Capital Structure" on page no. 10.

MODE AND PAYMENT OF DIVIDEND

The declaration and payment of dividends will be recommended by our Board of Directors and declared by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.

FACE VALUE AND ISSUE PRICE

Each Equity Share being offered is of face value of Rs. 10 and is offered at a price of Rs. 35/- Per Equity Shares which is 3.5 times of the Face value.

Rights of the Equity Shareholders

- Right to receive dividend, if declared.
- Right to attend general meeting and exercise voting rights unless prohibited by law.
- Right to vote either personally or by proxy.
- Right to receive offer for rights shares and the allotted bonus shares.
- Right to receive surplus on liquidation.

Such other rights as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956.

MARKETABLE LOT

In terms of section 68B of the companies Act, the Equity shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity shares of the Company shall be only in dematerialized for all investors

Since trading of the equity shares will be in dematerialized mode, the tradeable lot is one Equity shares. Allocation and allotment of Equity shares through this issue will be done in electronic form in multiple of one-equity shares subject to minimum of 150 shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Act, applicants, may nominate any one person in whom, in the event of the death of the applicants, as the case may be, the equity shares allotted if any, shall vest. A person being a nominee, entitled to the equity shares by reason of death of the original holders (s), shall in accordance with Section 109A of the Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and Transfer Agents of the company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

1. To register himself or herself as holder of Equity Shares or
2. To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.



In case of allotment in dematerialized form; the nominations registered with the respective depository participants of the applicant would prevail.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after closure of the issue on account of cheques having returned unpaid or withdrawal of application, the Company shall forthwith refund the entire subscription amount received. If there is delay beyond 8 days after the company become liable to pay the amount, the Company shall pay interest as per section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for disposal of odd lot of shares arising out of this issue as the tradable lot is ONE.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION/ SPLITTING

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub-heading “Main Provisions of the Articles of the Association of “Dynamic Products Limited” appearing on page no. 131 of this prospectus.

DYNEMIC PRODUCTS LIMITED

2. ISSUE PROCEDURE

AUTHORITY OF THE PRESENT OFFER

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting of the Company held on 16th August 2005 and a resolution passed by the Board of Directors at its meeting held on 16th July, 2005.

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

A. AVAILABILITY OF APPLICATION FORMS AND PROSPECTUS

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Manager to the issue and the Bankers to the issue named herein or from their branches as stated on the reverse of the application form.

B. WHO CAN APPLY?

Applications may be made by:

1. Indian nationals resident in India who are not minor, in single or joint names (not more than three);
2. Hindu Undivided Families through the Karta of the HUF;
3. Companies, Corporate bodies and Societies registered under the applicable law in India and authorized to invest in the shares;
4. Scientific and/or Industrial Research Organizations, which are authorized to invest in shares;
5. Indian Mutual Funds registered with SEBI, Indian Financial Institution, Commercial Banks and Regional Rural Banks, Co-operative Banks may also apply subject to permission from RBI;
6. Indian Financial Institutions and Banks;
7. Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorized under their constitution to hold and invest in equity shares of a Company;
8. Non Resident Indians (NRIs) on a non-repatriation basis.
9. Foreign Institutional Investors.
10. Permanent and Regular employees of the Company.
11. Insurance Companies registered with Insurance Regulatory and Development Authority.
12. Provident Funds with minimum Corpus of Rs 25 Crore.
13. Pension funds with minimum corpus of Rs 25 crore

Application not to be made by:

- Minors
- Foreign Nationals
- Partnership firms or their nominees
- Trusts (except as stated above)
- HUFs (except as stated above)
- NRIs (except as stated above)
- Overseas Corporate Bodies (OCBs)

APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Application may be made by Hindu Undivided Families (HUF) through Karta of the HUF and will be treated at par with individual applications

MINIMUM AND MAXIMUM APPLICATION SIZE

Applications should be for a minimum of 150 Equity Shares and in Multiples of 150 Equity Shares thereafter. A single application can be made only for the number of equity shares that are being offered to each respective category.



OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to the Equity Shares or convertible instruments pending conversion into Equity Shares of any kind.

The Investor can seek allotment only in dematerialised mode. However the Investor shall have the option to hold the Equity Shares in physical form or demat form. After the allotment in the proposed issue allottees may request their respective DP for rematerialisation of shares if they wish to hold the shares in Physical shares.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

The Memorandum Form 2A containing the salient features of the Prospectus together with Application forms and copies of the prospectus may be obtained from the Registered office of the Company, lead Manager to the Issue, Registrar to the Issue, as mentioned on the Application Form.

NRIs/FIIs/Indian Mutual Funds and Indian and Multilateral Development Financial Institutions can obtain the Application Forms From the registered office of the Company.

C. PROCEDURE FOR APPLICATION

Application by Resident Indian Public

1. Application must be:

Made only in the prescribed application form accompanying the memorandum.

Completed in full in Block Letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.

For a minimum of 150 equity shares and in multiples of 150 thereafter.

2. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/ Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks. Applications in the name of minors, foreign nationals, Trusts not registered under the Societies Registration Act, 1860, or any other Trust laws, partnership firms or their nominees, OCBs, NRIs on repatriation basis will be treated as invalid.
3. HUF should specify that the application is being made in the name of the HUF in the application form as "Name of the sole or first applicant: XYZ HUF applying through XYZ, where XYZ is the name of the Karta". Application by HUFs would be considered at par with those from individuals.
4. **Applicants residing at places where no collection centres have been opened may submit / mail their applications at their sole risk along with application money due there unto by Demand Draft to the Registrar to the Issue, Big Share Services Private Limited super-scribing the envelope " Dynamic Products Limited - Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at Mumbai only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant.**
5. **Application by Mutual Funds: A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.**
6. **Subscription by NRIs/FIIs registered with SEBI: As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/ FIIs are governed by the regulations contained in FEMA 20/ 2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No.38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI and all NRI and FII registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allotment.**
7. **All cheques / bank drafts accompanying the application should be crossed " A/c payee only" and made payable to the Bankers to the Issue and lodged at any of their nominated branches and should bear the words " Dynamic Products Limited –Public Issue".**

Applicants should indicate the application numbers on the reverse of the instrument through which the payment is made.

8. **All application forms duly completed together with cash / cheques / demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application form for the amount payable on application at the rate of Rs.35-per equity share, should be lodged with the Bankers to the Issue mentioned in the prescribed application form.**

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9. **Application by NRI on Non repatriation basis can be made using the Form meant for public out of the funds held in Non Resident (Ordinary) Account (NRO) .The relevant bank Certificate must accompany such forms. Such application will be treated on par with the applications made by the public. there is no separate form for NRIs.**

INSTRUCTIONS FOR PAYMENT

1. Payments should be made in cash or cheque or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member or a sub-member of the Bankers' "Clearing House" located at the Centers (indicated in the Application Form) where the Application is accepted. A separate cheque / demand draft should accompany each Application.
2. Money orders, postal orders, outstation cheques or demand drafts, cheques / draft drawn on banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
3. In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.
4. Investors will not have facility of applying through stock invest instrument as RBI has withdrawn the stock invest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

APPLICATION (S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRAR TOTHE ISSUE EXCEPT AS MENTIONED:

Technical Grounds for Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Bank account details are not provided
2. Age is not mentioned
3. Application by Minors
4. PAN or GIR number is not given if the value of the application is for Rs.50, 000/- or more.
5. Multiple applications
6. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
7. Applications accompanied by Stock invests
8. Application by OCBs
9. Applications not duly signed by the sole/joint applicants
10. Application forms do not have the applicant's depository account details.
11. Application not for a minimum of 150 shares or multiples of 150 thereafter.

PARTICULARS OF BANK ACCOUNT

All the applicants should mention particulars relating to Savings Account/Current Account number and the name of the bank and branch with whom such account is held in the appropriate place in the application form to enable the Registrar to print the said details in the refund orders after the name of the payee.

Please note that it is mandatory to provide the afore-mentioned details. Applications without these details would be treated as incomplete and applications are liable to be rejected.

Note

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares. For further instructions, please read the Application Form carefully.

2 GENERAL INFORMATION

- (i) **Joint Applications.** An application may be made in single or joint names (not more than three) . In case of a joint application, refund pay order (if any) and dividend / warrants, etc. will be made out in favour of the first applicant. All communications will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the application form.



- (ii) **Multiple Applications.** An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and / or in joint names will be deemed to be multiple applications if the sole and / or first applicant is one and the same.

No separate application for dematerialised and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

- (iii) **Application under Power of Attorney.** In case of applications under a Power of Attorney or by Limited Companies or Bodies Corporate or Societies, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or bye-laws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the Issue at their address, within 10 days from the closure of the Issue, failing which, the Company / Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

The Company, in their absolute discretion, reserves the right to relax the condition of lodging of the Power Of Attorney along with the application form subject to such terms and conditions that the Company/Lead Manager may deem fit.

- (iv) Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by Magistrate or Notary Public or a special Executive Magistrate under his official seal.
- (v) All communications should be addressed to the Registrar to the issue.
- (vi) The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.

- (vii) **Bank Account Details -** Applicants are advised that it is mandatory for them to indicate in the space provided in the application form, details regarding their Savings Account / Current Account Numbers and the name of the branch of the bank to which they want the proceeds of refund to be credited. Applications not containing such details are liable to be rejected.

The Name of the Applicant, Depository Participant Name, Depository Participant's Identification (DPID) Number and the beneficiary number provided by the Depository Participant must be correctly mentioned in the Application form at the appropriate place. The Registrar will obtain the Demographic detail such as Address, Bank Account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the depository participant.

If there is any change in the current demographic details such as Address, Bank a/c details etc. given to the Depository participant, Investor should ensure that the same are updated with Depository participant before applying in the issue to avoid any delay in refund etc.

- (viii) **PAN/GIR Number:** Where an application is for Allotment of equity shares for a total value of Rs. 50,000 or more i.e. the total number of securities applied for multiplied by the Issue price is Rs. 50,000/- or more, the applicant or in the case of applicants in joint names, each of the applicants should mention his permanent account number allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income Tax Circle / Ward / District should be mentioned. In case where neither the Permanent Account Number (PAN) nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.

- (ix) Having regard to provisions of Section 269SS of the Income Tax Act, 1961, the application for subscription to the equity shares for an amount of Rs. 20,000 or more should not be effected in cash and must be offered only by an A/c. payee cheque / bank draft. In case payment is effected in contravention of the provisions, the application is liable to be rejected and application money will be refunded without interest.
- (x) A separate cheque / bank draft must accompany each application form.

Tripartite agreements have been signed between the Company, the registrar and CDSL and NSDL. The ISIN No. allotted to the Company is INE 256H01015

- (xi) Application from any investor, opting for allotments in dematerialised form, without the following details of his or her depository account is liable to be rejected.

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1. An applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
2. The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
3. Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
4. Names in the application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the Depository account of the applicants(s).
5. If incomplete or incorrect details are given under the heading Applicant Depository Account details in the application form it is liable to be rejected.
6. The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her Depository participant.
7. It may be noted that equity shares in electronic form can be traded only on the Stock exchanges having electronic connectivity with NSDL or CDSL. The stock exchange where our equity shares are proposed to be listed is connected to NSDL and CDSL.
8. The trading of equity shares would be in dematerialised form only for all investors.

Investors can contact the compliance officers in case of any pre-issue related problems. In case of post issue related problems such as non-receipt of letter of allotment /share certificate /credit of securities in depositories beneficiary account/refunds orders, etc., Investor may contact Compliances officer or Registrar to the Issue.

Disposal of Application and Application Money

No receipt will be issued for application money. However, the Bankers to the Issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgment slip appended to each application.

The sum received in respect of the issue will be kept in separate bank accounts and Company will not have any access to the funds unless approval of The Stock Exchange, Mumbai, the designated Stock Exchange is obtained for the Basis of Allotment and listing approval from the Stock Exchanges where listing is proposed or exists.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

Impersonation

Attention of the applicants is specifically drawn to the provision of sub section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a) Makes in a fictitious name, an application drawn to the company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot or register any transfer of shares therein to him, or any there persons in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.

INTEREST ON EXCESS APPLICATION MONEY

Payment of interest @ 15 percent per annum on excess application money (after adjusting the amount due on allotment) will be made to the applicants, if refunds are not dispatched within 30 days from the date of the closure of the issue as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter no. F-8/6/SE/79 dated July 21, 1983, as amended vide their letter no. F/14/SE/85 dated September 27, 1985 addressed to the Stock Exchanges, and as further modified by SEBI's circular MD/RCG/33/1819/96 dated May 15, 1996.

BASIS OF ALLOTMENT

In the event of the Issue being oversubscribed, the Allotment will be on a proportionate basis subject to market lots as explained below:

- a. A minimum 50% of the net prospectus to the Indian public will be made available for allotment in favour of those retail individual applicants who have applied for Equity Shares of or for a value not more than Rs. 1,00,000/-. This percentage



may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

The Executive Director / Managing Director of The Stock Exchange, Mumbai along with the Lead Manager and the Registrars to the issue shall be responsible to ensure that the basis of Allotments finalized in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net issue to Indian Public shall be made available to investors including corporate bodies/ institutions and individual applicants who have applied for Equity Shares for a value more than Rs.1, 00,000/-.
- c. The Unsubscribe portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorized according to the number of equity shares applied for.
- e. The total number of equity shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- f. Number of equity shares to be allocated to the successful allocatees will be arrived at on a proportionate basis i.e. total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
- g. In all the applications where the proportionate allotment works out to less than 150 equity shares per applicant, the Allotment shall be made as follows:
 - (i) Each successful applicant shall be allotted a minimum of 150 equity shares, and
 - (ii) The successful applicants out of the total applicants of that category shall be determined by draw of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
 - (iii) The draw of lots (where required) to finalise the Basis of allotment, shall be done in the presence of a public representative on the Governing Body of the BSE. The basis of allotment shall be signed as correct by the Governing Body of The Stock Exchange Mumbai and the public representative (where applicable) in addition to the Lead Manager and the Registrars to the Issue.
- h. Allotment shall be on proportionate basis within the specified categories , rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size which is 150 shares

If the equity shares allocated on a proportionate basis to any category is more than the equity shares allocated to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/Stock Exchanges .As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 100, the issue size may increase by a maximum of 10%of the net offer to the Indian public .

ISSUE OF CERTIFICATES

In terms of Sec 68B of the Companies Act, 1956, the company will not issue any share certificates. Instead, the Company shall give credit to the beneficiary account with Depository participant within 3 working days of finalization of allotment of shares.

ALLOTMENT LETTERS & REFUNDS

In accordance with The Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15 percent per annum on the entire amount if the Allotment of the Equity Shares has not been made within 30 days from the date of closure of the Issue. This interest will be paid from the 31st day from the closure of the issuer until the actual date of Allotment. Alternatively, in case of any delay in the dispatch of refund order's beyond 30 days from the closure of the Offer, interest @ 15 percent per annum, will be paid on the refund amount from the 31st day from the closure of the Offer until the date of dispatch of the refund orders.

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The Company shall ensure dispatch of refund orders of value up to Rs. 1,500 under certificate of posting / Allotment advice and/ or regret letters together with refund orders over Rs. 1,500 by Registered Post only.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of Allotment Letters/ Refund Orders as stated above.

INTEREST IN CASE OF DELAY ON ALLOTMENT& DISPATCH

- a. As far as possible, allotment of securities issued to the public shall be made within 30 days of the closure of this Issue.
- b. The Issuers / Company shall pay interest @ 15 percent per annum for the period of delay beyond 30 days if the Allotment has not been made and / or refunds have not been dispatched to the investors within 30 days from the date of closure of the Issue.

Scope of activities of the Registrars to the issue.

The Registrars to the issue shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this offer.

The trading of equity shares would be in dematerialised form only for all investors.

UNDERTAKING BY THE COMPANY

- (i) That the Complaints received in respect of the issue shall be attended to by the issuer Company expeditiously and satisfactorily
- (ii) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of the basis of allotment .
- (iii) that the issuer company shall apply in advance for the listing of equities on the conversion of debentures/bonds
- (iv) that the funds required for despatch of refund orders /allotment letters/certificates by registered post shall be made available to the Registrar to the issue by the issuer company.
- (v) that the promoters contributions in full, wherever required, shall be brought in advance before the issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- (vi) that the certificates of the securities /refund orders to the non –resident Indians shall be despatched within specified time.
- (vii) that no further issue of securities shall be made till the securities offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that :

- a) all the monies received out of this issue of Equity shares to public shall be transferred to separate bank Account other than the bank account referred to in sub-section (3) of section 73.
- b) Details of all monies utilised out of the issue referred to in subitem(a) shall be disclosed under an appropriate separate head in the Balance sheet of the Company indicating the purpose for which such monies has been utilised and,
- c) Details of all unutilised monies out of the issue of equity shares , if any, referred to in sub item (a) shall be disclosed under an appropriate head in the Balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Board of Directors of the Company further certifies that;

- a) the utilisation of monies received under promoters contributions and reservation shall be disclosed under a appropriate head in the balance sheet of the company indicating the purposes for which such monies have been utilised .
- b) the details of al unutilised monies out the funds received under promoters contribution and reservation shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company undertakes that it shall not access the money raised in the issue till finalisation of basis of allotment or completion of issue formalities.



SECTION IX : DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

1. Table “A” not to apply but Company to be governed by these Articles

The regulations contained in Table “A” in the First Schedule of the Companies Act, 1956, shall not apply to this Company, but the regulations for the Management of the Company and for the observance of the members thereof and their representatives shall subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

INTERPRETATION

2. Interpretation Clause

In the interpretation of these Articles, the following expressions shall have the following meanings unless repugnant to the subject or context :

The Act

- (a) “The Act” means the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.

These Articles

- (b) “These Articles” means Articles of Association for the time being or as altered from time to time by Special Resolution.

Auditors

- (c) “Auditors” means and includes those persons appointed as such for the time being of the Company.

Board or Board of Directors

- (d) “Board” or “Board of Directors” means the Board of Directors of the Company or the Directors of the Company collectively.

Capital

- (e) “Capital” means the share capital for the time being raised or authorised to be raised for the purpose of the Company.

Chairman

- (f) “The Chairman” means the Chairman of the Board of Directors for the time being of the Company.

Charge

- (g) “Charge” includes a mortgage.

The Company or this Company

- (h) “The Company” or “This Company” means the Company above named.

Debenture

- (i) “Debenture” includes debenture-stock, bonds and any other securities of the Company, whether constituting a charge on the assets of the Company or not.

Directors

- (j) “Directors” means the Board of Directors for the time being of the Company or as the case may be, the Directors assembled at a Board or acting under a Circular Resolution under these Articles.

Dividend

- (k) “Dividend” includes bonus

Executor or Administrator

- (l) “Executor” or “Administrator” means a person who has obtained Probate or Letter of Administration, as the case may be from a Court of Competent jurisdiction and shall include holder of a Succession Certificate authorising the holder thereof to negotiate or transfer the share or shares of the deceased member and shall also include the holder of a Certificate granted by the Administrator General under Section 31 of the Administrator Generals Act, 1963.

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Gender

(m) Words importing the masculine gender shall include the feminine gender and vice versa.

In writing and written

(n) "In Writing" and "Written" includes printing, lithography and other modes of representing or reproducing words in a visible form.

Legal Representative

(o) "Legal Representative" means a person who in law represents the estate of a deceased Member.

Sub headings

(p) The sub-headings hereto shall not affect the construction hereof.

Members

(q) "Members" means the duly registered holders, from time to time, of the shares of the Company and includes subscribers to the Memorandum of the Company.

Meeting or General Meeting

(r) "Meeting" or "General Meeting" means meeting of the Members.

Annual General Meeting

(s) "Annual General Meeting" means a General Meeting of the members held in accordance with the provisions of Section 166 of the Act.

Extra-ordinary General Meeting

(t) "Extra-ordinary General Meeting" means an Extra-ordinary General meeting of the members duly called and constituted and any adjourned holding thereof.

Month

(u) "Month" means a calendar month.

Office

(v) "Office" means the Registered Office for the time being of the Company.

Ordinary Resolution

(w) "Ordinary Resolution" shall have the meaning assigned to it by Section 189 of the Act.

(x) "Paid up" includes credited as paid up.

Persons

(y) "Persons" includes corporation.

Proxy

(z) "Proxy" means an instrument whereby any person is authorised to attend a meeting and vote for a member at the General Meeting or a poll.

The Register of Members

(aa) "The Register of Members" means the Register of Members to be kept pursuant to Section 150 of the Act.

The Registrar

(ab) "The Registrar" means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated.

The Company's Regulations

(ac) "The Company's Regulations" means the regulations for the time being for the management of the Company.

Seal

(ad) "Seal" means the Common Seal for the time being of the Company.



Secretary

(ae) "Secretary" means a Company Secretary within the meaning of clause (c) of sub-section (1) of Section 2 of the Company Secretaries Act, 1980 and includes any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a Secretary under the Act and any other ministerial or administrative duties.

Secretary in Whole-time Practice

(af) "Secretary in Whole-time Practice" means a Secretary who shall be deemed to be in practice within the meaning of sub-section (2) of Section 2 of the Company Secretaries Act, 1980 and who is not in full time employment.

Shares

(ag) "Shares" means share in the share capital of the Company and includes stock where a distinction between stocks and shares is expressed or implied.

Special Resolution

(ah) "Special Resolution" shall have the meaning assigned to it by Section 189 of the Act.

The Statutes

(ai) "The Statutes" means the Companies Act, 1956 and every other Act for the time being in force affecting the Company.

Year

(aj) "Financial Year" shall have the meaning assigned thereto by Section 2 (17) of the Act.

Singular number

(ak) Words importing the singular number include where the context admits or requires the plural number and vice versa.

Expression in the Act to bear the same meaning in Articles

(al) Save as aforesaid, any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.

CAPITAL

3. The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

4. Increase of Capital by the Company at how carried into effect

The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of asset of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

5. New Capital same as existing capital

Except in so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

6. Redeemable Preference Shares

Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed in accordance with Section 80A of the Act and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

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7. Provisions to apply on issue of Redeemable Preference Shares

On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect.

- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption.
- (b) No such shares shall be redeemed unless they are fully paid.
- (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account, before the shares are redeemed.
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits, which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
- (e) Subject to the provisions of Sections 80 and 80A of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

8. Reduction of Capital

The Company may (Subject to the provisions of Sections 78, 80 and 100 to 105, both inclusive and other applicable provisions, if any of Act) from time to time by special resolution reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any Power Company would have, if it were omitted.

9. Consolidation division, sub-division and cancellation of Shares

Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution after the conditions of its Memorandum as follows :

- (a) Consolidate and divide all or any of its share capital in to shares of large amount than its existing shares.
- (b) Sub-divide its shares or any of them into shares of smaller amount than fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on such reduce share shall be the same it was in the case of the share from which the reduced share is derived.
- (c) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled.

10. Modification of rights

Whenever the capital, by reason of the issue of the preference shares or otherwise is dividend into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every meeting. This Article is not to derogate from any power the Company would have if this Article was omitted.

The rights conferred upon the holder of the shares (including preference shares if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated dealt with or varied by the creation of issue of further shares ranking pari passu therewith.



SHARES AND CERTIFICATES

11. Restriction on allotment and return of allotment

The Board of Directors shall observe the restrictions to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the returns as to allotment provided for in Sections 75 of the Act.

12. Further issue of shares

- [1] Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then :
- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board if Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- [2] Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the company in General Meeting , or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
- [3] Nothing in sub-clause (c) of (1) hereof shall be deemed :
- (a) To extend the time within which the offer should be accepted ; or
 - (b) To authorise any person to exercise the right of renunciation for a second time on the ground that person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- [4] Nothing in this Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company :
- (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).
- PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
 - (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans.

13. Shares at the Disposal of the Directors

Subject to the provisions of section 81 of the Act and these Articles, the shares (including any shares forming part of any increased capital of the Company) for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such person, in such proportion and on such terms and conditions and

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either at a premium or at par or in (Subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time, as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

14. Application of premium received, on shares

- [1] Where the Company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account, to be called "The Share Premium Account" and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.
- [2] The shares premium account may, notwithstanding anything in clause(1) hereof be applied by the Company :
 - (a) in paying up unissued shares of the Company, to be issued to the members of the Company, as fully paid bonus shares;
 - (b) in writing off the preliminary expenses of the Company;
 - (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

15. Power also to Company in General Meeting to issue shares

In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share Issue, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full powers to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such considerations as may be directed by such General Meeting of the Company and General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

16. Shares at a discount

The Company may issue at a discount shares in the Company of a class already issued, if the following conditions are fulfilled namely :

- [1] The issue of the shares at a discount is authorised by a resolution passed by the Company in General Meeting and sanctioned by the Company Law Board.
- [2] The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the Company Law Board may permit in any special case) at which the shares are to be issued; and
- [3] The shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extend time as the Company Law Board may allow.

17. Instalment of shares to be duly paid

If by the conditions of any allotment of any shares the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives and shall for the purposes of these Articles, be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment of interest and expenses of forfeiture and like and all the other relevant provisions of these Articles shall apply as if such instalments were a call duly made and notified as hereby provided.



18. **The Board may issue shares as fully paid-up**

Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for services rendered to the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid-up shares.

19. **Acceptance of shares**

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these articles and every person who thus or otherwise accepts any shares and whose name is therefore placed on the register shall, for the purpose of this Article, be a member.

20. **Deposit and Call to be a debt payable**

The money, if any, which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

21. **Liability of Members**

Every member or his heirs, executors or administrators to the extent of his assets which come to their hands shall be liable to pay of the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with the Company's requisitions, require or fix for the payment thereof.

22. **Limitation of time for Issue of Certificates.**

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be issued under the seal of the company and shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or reenactment thereof for the time being in force and shall specify the number and distinctive number of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve. Such certificate shall be issued only in pursuance of a resolution passed by the Board including any committee thereof and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee as the Directors shall determine.

In respect of a share or shares held jointly by several person, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

22-A. **Dematerialization of securities.**

Beneficial owner means a persons or persons whose name is recorded as such with a depository.

Depository means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992.

SEBI means Securities and Exchange Board of India.

Security means such security as may be specified by SEBI from time to time.

- (a) Dematerialisation: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialise its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (b) Options for Investors: Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a

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Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate of Securities.

If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

- (c) Securities in Depositories to be in fungible form: All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
- (d) Rights of Depositories & Beneficial Owners:
 - i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - ii. Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
 - iii. Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
 - iv. The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
- (e) Service of Documents: Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (f) Transfer of Securities:
 - i. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
 - ii. In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
- (g) Allotment of Securities dealt with in a Depository: Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.
- (h) Certificate No. Etc. of Securities in Depository: Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.
- (i) Register and Index of Beneficial Owners: The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security holders for the purposes of these Articles.

23. Issue of New Certificate in place of One Defaced, Lost or Destroyed.

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules of regulation or requirements of any stock Exchange or the rules made under the Act or the rules made under Securities contracts (Regulation) Act, 1956 or any other Act or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the company.



24. New certificates to be granted on delivery of the old certificates

New certificates shall not be granted under the provisions of the foregoing Article except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof of destruction or loss and upon such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification.

25. The first named of joint holders deemed sole holder

If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's regulations.

26. Company not bound to recognise any interest in share other than of registered holder

Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them.

Trust not recognised

- [a] Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share in the part of any other person whether or not it shall have express or limited notice thereof. The provisions of Section 153 of the Act, shall apply.
- [b] Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a person of unsound mind or in the name of any firm or partnership.

27. Funds of Company not to be applied in purchase of shares of the Company

No funds of the Company shall, except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless the consequent reduction of capital is effected and sanction in pursuance of Sections 78, 80 and 100 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by mean of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any share in the Company in its holding Company.

UNDERWRITING AND BROKERAGE

28. Commission may be paid

Subject to the provisions of Section 76 of the Act, the Company may at any time pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way and partly in the other.

29. Brokerage

The Company may on any issue of shares or debentures or on deposits pay such brokerage as may be reasonable and lawful.

30. Commission to be included in the Annual Return

Where the Company has paid any sum by way of commission in respect of any shares or debentures or allowed any sums by way of discount in respect of any shares or debentures such statement thereof shall be made in the Annual Return as required by part I of Schedule V to the Act.

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INTEREST OUT OF CAPITAL

31. Interest out of Capital

Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant.

DEBENTURES

32. Debentures with voting rights not to be issued

- [a] The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business, Debenture-stock, bonds or other securities with the right to allotment or conversion into share shall not be issued except with the sanction of the Company in general meeting.
- [b] The Company, shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- [c] Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- [d] Certain charges (whether expression includes mortgages) mentioned Section 125 of the Act, shall be void against the Liquidator or Creditors unless registered as provided in Section 125 of the Act.
- [e] A contract with the Company to take up and pay any debentures of the Company may be enforced by a decree for specific performance.
- [f] Unless the conditions of issue thereof otherwise provide, the Company shall (Subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debenture-stock have completed and delivered the certificate of all debenture-stock allotted or transferred.
- [g] The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of Debenture Trust Deed and inspection thereof.
- [h] The Company shall comply with the provisions of Sections 124 to 145 (inclusive) of the Act as regards registration of charges.

CALLS

33. Directors may make call

Subject to the provisions of Section 91 of the Act the Board of Directors may, from time to time by a Resolution passed at a meeting of a Board (and not by a circular resolution), make such calls as it think fit upon the members in respect of all moneys unpaid on the shares whether on account of the nominal value of the shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine.

34. Notice of calls

Not less than thirty days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

35. When call deemed to have been made

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

36. Directors may extend time

The Board of Directors may from time to time as its discretion, extend the time, fixed for the payment of any call and may extend such time to call on any of members the Board of Directors may deem fairly entitled to such extension, but no member shall be entitled to such extension as of right except as a matter of grace and favour.



37. Amount payable at fixed time or by installments to be treated as calls

If by the terms of issue of any share or otherwise any amount is made payable at any fixed or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

38. When interest on call or installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen per cent per annum as Directors shall fix from the day appointed for the payment thereof upto the time of actual payment but the Directors may waive payment of such interest wholly or in part.

39. Evidence in actions by Company against shareholders

On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the members in respect of whose shares the money is sought to be recovered and entered on the register of member as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, not that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

40. Payment in anticipation of call may carry interest.

The Directors may, if they think fit, subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

41. Company's lien on shares/debentures.

The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures wholly or in part to be exempt from the provisions of this clause.

42. As to enforcing lien by sale

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made :

- [a] Unless a sum in respect of which the lien exists is presently payable or
- [b] Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such members.

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[c] The purchaser shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

43. Application of proceeds of sale

[a] The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable; and

[b] The residue, if any, after adjusting costs and expenses, if any, incurred shall be paid to the person entitled to the shares at the date of the sale (subject to a like for sums not presently payable existed on the shares before the sale.

FORFEITURE OF SHARES

44. If money payable on share not paid notice to be given

If any member fails to pay the whole or any part of any call or any instalment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

45. Sum payable on allotment to be deemed a call

For the purposes of the provisions of these presents relating to forfeiture of shares the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.

46. Form of Notice

The notice shall name a day (not being less than one month from the day of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate not exceeding eighteen per cent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

47. In default of payment shares to be forfeited

If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

48. Notice of forfeiture to a member

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

49. Forfeited share to be the property of the Company and may be sold etc.

Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

50. Member still liable to pay money owing at the time of forfeiture and interest

Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

51. Effect of forfeiture

The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest in and all claims and demand against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.



52. Power to annul forfeiture

The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

53. Declaration of forfeiture

- [a] A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- [b] The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed off.
- [c] The person to whom such share is sold, re-allotted or disposed off shall thereupon be registered as the holder of the share.
- [d] Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, instalments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment.
- [e] Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

54. Provisions of these Articles as to forfeiture to apply in case of non-payment of any sum

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

55. Cancellation of share certificate in respect of forfeited shares

Upon sale, re-allotment or other disposal, under the provisions of these Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

56. Surrender of Shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from any member desirous of surrendering on such terms and conditions as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

57. No transfer to minor etc.

The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind.

58. Instrument of transfer.

The instrument of transfer shall be in writing and all provisions of section 108 of the companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

59. Application for transfer

- [a] An application for registration of a transfer of the shares in the Company may be either by the transferor or the transferee.
- [b] Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

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[c] For the purpose of clause (b) above notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

60. Execution of transfer

The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

61. Transfer by legal representatives

A transfer of share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

62. Register of Members when closed

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of Debenture Holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty five days each year as it may seem expedient to the Board.

63. Directors may refuse to register transfers.

Subject to the provisions of section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Director may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

64. Directors may refuse any application for split or consolidation of Certificate(s)

Subject to the power of the Directors stated in Article 63 and the provisions of this clause, transfer of Shares/Debentures, in whatever lot should not be refused. However, the Company may refuse to split a Share Certificate/Debenture Certificate into several scrips of very small denominations or to consider a proposal for transfer of Shares/Debentures comprised in a Share Certificate/Debenture Certificate to several parties, involving such splitting if on the face of its such splitting/transfer appears to be unreasonable or without a genuine need or a marketable lot.

65. Notice of refusal to be given to transferor and transferee

If the Company refused to register the transfer of any shares or debentures or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was delivered with the Company send notice of refusal to the transferee and the transferor or to the person giving the intimation of the transmission as the case may be giving reasons for such refusal and thereupon the provisions of Section 111 of the Act and statutory modification or re-enactment thereof for the time being in force shall apply.

66. Death of one or more joint holders of shares

In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person.

67. Titles to shares of deceased member

[a] The executors or administrators of a deceased member or holders of a Succession Certificate or the legal representatives in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such members and the Company shall not be bound to recognise such executors or administrators or holders of a



succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register under Article 73 shares standing in the name of a deceased member, as a member.

Notice of application when to be given

[b] Where, in case of partly paid shares and application for registration is made by the Transferor, the Company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.

68. Registration of persons entitled to shares otherwise than by transfer (Transmission clause)

Subject to the provisions of Article 66, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by the transfer in accordance with these Articles, may with the consent of the Board of Directors (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these Articles or of his title, as the Board of Directors shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board of Directors registered as members in respect of such shares. PROVIDED NEVERTHELESS that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares, this clause is herein referred to as "THE TRANSMISSION CLAUSE".

69. Refusal to register nominee

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any share of his nominee as if he were the transferee named in an ordinary transfer presented for registration.

70. Person entitled may receive dividend without being registered as member

A person entitled to a share transmission shall subject to the right of the Directors to retain such dividends or money as is herein after provided be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the share.

71. No fee on transfer or transmission.

No fee shall be charged for registration of transfer, transmission, Probate, Succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

72. Transfer to be presented with evidence of title

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board may, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

73. The Company not liable for discharge of a notice prohibiting registration of a transfer

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit.

SHARE WARRANTS

74. Power to issue share warrants

The Company may issue warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to

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time, require as to the identify of the person signing the application and on receiving the certificates (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time require, issue a share warrant.

75. Deposit of Share warrants

- [a] The bearer of a share warrant may, at any time, deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were interested in the Register of Members as the holder of the share included in the deposit warrant.
- [b] Not more than one person shall be recognised as depositor of the share warrant.
- [c] The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

76. Privileges and disabilities of the holders of share warrant

- [a] Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company or be entitled to receive any notice from the Company.
- [b] The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Member as the Holder of the Shares included in the warrant and he shall be a member of the Company.

77. Issue of new share warrant or coupon

The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

78. Share may be converted into stock

The Company may, by Ordinary Resolution :

- [a] convert any paid up share into stock; and
- [b] reconvert any stock into paid-up shares of any denomination.

79. Transfer of stock

The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might, before the conversion, have been transferred or as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

80. Right of stock holders

The holders of stock shall according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

81. Regulations applicable to stock and share warrant

Such of the regulations of the Company as the applicable to paid up shares shall apply to stock and the words "Share" and "Share-holder" in these regulations shall include "Stock" and "Stock-holder" respectively.

BORROWING POWERS

82. Power of Borrow

Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the



Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

83. The payment or repayment of money borrowed

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of bonds, debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being and the debentures and the debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

84. Term of issue of debenture.

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a special Resolution.

85. Mortgage of uncalled capital

If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security executed.

MEETING OF MEMBERS

86. Statutory Meeting

The Statutory Meeting shall be held in accordance with the provisions of Section 165 of the Act within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business.

87. Annual General Meeting and the persons entitled to attend

[1] The Company shall in each year held, in addition to any other meeting a General Meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any Annual General Meeting, of the Company and that of the next.

PROVIDED THAT if the Registrar shall have for special reason, extended the time within which any Annual General Meeting shall be held such Annual General Meeting may be held within the additional time.

[2] Every Annual General Meeting shall be called for any time during business hours, on a day that is not a public and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.

[3] Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

88. Report Statement and registers to be laid before the Annual General Meeting

At every General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the proxy register with proxies and the Register of Directors, Shareholdings which latter Register shall remain open and accessible during the continuance of the meeting.

89. Extra-ordinary General Meeting

All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings.

90. Requisitionists' Meeting

[1] Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists :

(a) give to the members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

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(b) circulate to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that meeting.

[2] The number of members necessary for a requisition under clause (1) hereof shall be :

- (a) Such number of members as represent not less than one-twentieth of the total voting power of all the members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or
- (b) not less than one hundred members having the rights aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lakh in all.

[3] Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act, for giving him notice of meeting of the Company.

The copy of the resolutions shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner and so far as practicable, at the same time as notice of the meeting and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

[4] The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless :

- (a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company.
 - (i) in the case of requisition, requiring notice of resolution, not less than six weeks before the meeting;
 - (ii) in the case of any other requisition, not less than two weeks before the meeting;
- (b) there is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

[5] The Company shall also not be bound under this Article to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

[6] Notwithstanding anything in these Articles, the business which may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this Article and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission, in giving it, to one or more members.

91. Extra-ordinary General Meeting by Board and by requisition

[a] The Directors may, whenever they think fit, convene an Extra-ordinary General Meeting and they shall on requisition of the members as hereinafter provided, forthwith proceed to convene Extra-ordinary General Meeting of the Company.

[b] When a Director or any two members may call an Extra-ordinary General Meeting

If at any time there are not within India sufficient Directors capable of acting to form a quorum or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a general meeting, any Director or any two or more members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call an Extra-ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

92. Contents of requisition and number of requisitionists required and the conduct of meeting

[1] In case of requisition the following provisions shall have effect :

- (a) The requisition shall set out the matter for the consideration of which the meeting is to be called and shall be signed by the requisitionists and shall be deposited at the registered office of the Company.



- (b) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
 - (c) The number of members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as at that date carries the right of voting in regard to that matter.
 - (d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause is fulfilled.
 - (e) If the Board does not, within twentyone days from the date of the deposit of a valid requisition in regard to any matters, proceeds duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called :
 - (i) by the requisitionists themselves; or
 - (ii) by such of requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub-clause (c) of clause (1) whichever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a special resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.
- [2] A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them :
- (a) shall be called in the same manner, as nearly as possible, as that in which meeting is to be called by the Board; but
 - (b) shall not be held after the expiration of three months from the date of the deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.
- [3] Where two or more persons hold any shares in the Company jointly, a requisition or a notice calling a meeting signed by one or some only of them shall for the purpose of this Article, have the same force and effect as if it has been signed by all of them.
- [4] Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

93. Length of notice of meeting

- [1] A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.
- [2] A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof; if consent is accorded thereto :
- (i) in the case of Annual General Meeting by all the members entitled to vote thereat and
 - (ii) in the case of any other meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution or resolutions and not in respect of the later.

94. Contents and manner of services of notice

- [1] Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- [2] Subject to the provisions of the Act, notice of every General Meeting shall be given :
- (a) to every member of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
 - (b) to the persons entitled to a share in consequence of the death or insolvency of a member, be sending it through the post in a prepaid letter addressed to them by name or by the title of representative of the deceased or assignee of the insolvent or by like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred and
 - (c) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of members of the Company.

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- [3] Any member of a Company entitled to attend and vote at a meeting of Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

PROVIDED THAT unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

95. **Special and Ordinary business and explanatory statement**

- [1] (a) In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with the exception of business relating to :
- (i) the consideration of the Accounts, Balance Sheet and the Reports of the Board of Directors and Auditors.
 - (ii) the declaration of dividend;
 - (iii) the appointment of Directors in the place of those retiring; and
 - (iv) the appointment of and the fixing of the remuneration of the Auditors; and
- (b) In the case of any other meeting, all business shall be deemed special.

- [2] Where any items of business to be transacted at the meeting of Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Directors.

PROVIDED THAT where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of registered office of the Company under sub-section (3) of the Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

PROVIDED THAT where any such item of special business at the meeting of the Company relates to or affects any other company, the extent of shareholding interest in that other company of every Directors of the Company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty per cent of the paid up share capital of that other company.

- [3] Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

96. **Omission to give notice not to invalidate proceedings**

The accidental omission to give such notice as aforesaid to or non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of any such meeting.

97. **Notice of business to be given**

No General Meeting, Annual or Extra-ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

98. **Quorum**

Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is presented in accordance with Section 187A of the Act.

99. **If quorum not present when meeting to be dissolved and when to be adjourned**

If within half an hour from the time appointed for holding a meeting of the Company a quorum is not present, the meeting if called by or upon the requisition of members shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place as the Board may determine. If at the adjourned meeting also a quorum is not present with half an hour from the time appointed for holding the meeting, the member present shall be quorum and may transact the business for which the meeting was called.

100. **Resolutions passed at adjourned meeting**

Where a resolution is passed at an adjourned meeting of the Company, the resolution for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.



101. Chairman of general meeting

The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting or if there be no such Chairman or if any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or shall decline to take the Chair, the Vice-Chairman, if any, shall be entitled to take the chair. If the Vice-Chairman is also not present or is unwilling to take the chair, the Directors present shall elect one of them as Chairman and if no Director be present or if the Directors present decline to take the chair, then the members present shall elect one of the members to be a Chairman. If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on show of hands shall exercise all the powers of the Chairman under the under the said provision. If some other person is elected Chairman as a result of the poll the shall be the Chairman for the rest of the meeting.

102. Business confined to election of Chairman whilst Chair vacant

No business shall be discussed at any general meeting except the election of a Chairman whilst the Chair is vacant.

103. Chairman may adjourn, meeting

- [a] The Chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- [b] No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- [c] When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting.
- [d] Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

104. How question to be decided at meetings

Every question submitted to a general meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles.

105. Chairman's declaration of result of voting on show of hands

A declaration by the Chairman of the meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof, of the number or proportion of votes cast in favour of or against such resolution.

106. Demand of poll

Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand.

107. Time of taking of poll

A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

108. Chairman's casting vote

In the case of equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

109. Appointment of scrutineers

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or

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employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

110. Demand for poll not to prevent transaction of other business

The demand for a poll shall not prevent transaction of other business except on the question of the Chairman and of an adjournment other than the question on which the poll has been demanded.

111. Special notice

Where, by any provision contained in the Act or these Articles, special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

111- A. Passing of resolution by Postal Ballot.

Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:-

- (i) Any business that can be transacted by the Company in General Meeting; and
- (ii) Particularly, resolutions relating to such business as the Central Government, may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard.

VOTES OF MEMBERS

112. Member paying money in advance not to be entitled to vote in respect thereof

A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

113. Restriction on exercise of voting rights of members who have not paid calls

No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

114. Number of votes to which member entitled

Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period proceeding the date on which the vote is taken.

115. Votes of members of unsound mind

A member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll vote by proxy.



116. **Votes of joint members**

If there be joint registered holders of any shares one of such persons may vote at any meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such shares as if he were solely, entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said persons so present who stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the holders shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the register in respect of such shares Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

117. **Representation of body corporate**

[a] A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.

[b] Where the President of India or the Governor of a State is a member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.

118. **Votes in respect of deceased or insolvent members**

Any person entitled under the transmission Article to transfer any share may vote any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the rights to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

119. **Voting in person or by proxy**

Subject to the provisions of these Articles, vote may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

120. **Rights of members to use votes differently**

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

121. **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled or attend and vote is entitled to appoint one or more proxies.

122. **Proxy either for specified meeting or for a period**

An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint a proxy for the purpose of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

123. **No proxy to vote on a show of hands**

No proxy shall be entitled to vote by a show of hands.

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124. Instrument of proxy when to be deposited

The instrument appointing a proxy and the Power of Attorney or Authority (if any) under which it is signed or a notarially certified copy of that power of Attorney or Authority, shall be deposited at the Registered Office of the Company forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

125. Form of proxy

Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form set out in Schedule IX to the Act and signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate be under its seal or be signed by any officer or attorney duly authorised by it.

126. Validity of votes given by proxy notwithstanding revocation of authority

A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any Power of Attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not have been revoked.

127. Time for objection to vote

No objection shall be made to the qualification of any vote to the validity of a vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.

128. Chairman of any meeting to be the judge of validity of any vote

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

129. Custody of instrument

If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

130. Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

131. The first Directors of the Company shall be :

1. SHRI BHAGWANDAS K. PATEL
2. SHRI DASHRATHBHAI P. PATEL
3. SHRI RAMESHBHAI B. PATEL
4. SHRI DEVCHANDBHAI B. PATEL

132. Debenture Directors

Any Trust Deed for securing debenture or debenture-stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture-stocks, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture



Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

133. **Nominee Director**

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited (ICICI) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as ICICI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which ICICI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, Whole-time or non-Whole-time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the committee of which the Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commissions, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment as Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an Officer of the Corporation, the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI. Limit on number of retiring Directors.

Provided also that in the event of the Nominee Director/s being appointed as Whole-time Directors, such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

134. **Limit on number of retiring Directors**

The provisions of Articles 136, 137 and 138 are subject to the provisions of Section 256 of the Act and number of such Directors appointed under Article 137 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

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135. Appointment of Alternate Director

The Board may appoint an Alternate Director recommended for such appointment by the Director (hereinafter in this Article called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. Every such Alternate Director shall, subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meetings of Directors and to attend and vote as a Director and be counted for the purposes of a quorum and generally at such meetings to have and exercise all the powers and duties and authorities of the Original Director. The Alternate Director appointed under this Article shall vacate office as and when the Original Director returns to the State in which the meetings of the Board are ordinarily held if the terms of office of the Original Director is determined before he returns to as aforesaid. Any provision in the Act or in these Articles for automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and the Alternate Director.

136. Directors may fill vacancies

The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

137. Additional Directors

The Directors shall also have power to at any time and from time to time appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only upto the date of the next Annual General Meeting but shall be eligible for election at such meeting.

138. Qualification shares

A Director need not hold any qualification shares.

139. Remuneration of Directors

The remuneration of a Directors for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid such further remuneration as the Company in General Meeting shall, from time to time, determined and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Directors who is neither in the Whole-time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either :

- (i) by way of a monthly, quarterly or annual payment with the approval of the Central Government; or
- (ii) by way of commission if the Company by special resolution authorise such payment.

A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

140. Extra remuneration to Directors for special work

Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing Share Certificates) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.



141. Travelling expenses incurred by Directors on Company's business

The Board of Directors may, subject to the limitations provided by the Act, allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence for the purpose of attending a meeting such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fees for attending such meeting as above specified.

142. Director may act notwithstanding vacancy

The continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles, for a meeting of the Board of Director or Directors may act for the purpose of increasing the number of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

143. Board resolution necessary for certain contracts

[1] except with the consent of the Board of Directors of the Company, a Director of the Company or his relatives, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director, is a member or Director, shall not enter into any contract with the Company.

(a) for the sale, purchase or supply of goods, materials or services; or

(b) for underwriting the subscription of any share in or debentures of the Company.

[2] Nothing contained in clause (a) of sub-clause (1) shall effect :

(i) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or Private Company as aforesaid for cash at prevailing market prices; or

(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or Private Company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, as the Director, relative, firm, partner or Private Company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which or services, the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contracts.

[3] Notwithstanding anything contained in sub-clauses (1) and (2) hereof, a Director, relative, firm, partner or Private Company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.

[4] Every consent of the Board required under this Article, shall be accorded by a resolution passed at a meeting of the Board required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

[5] If consent is not accorded to any contract under this Article, anything done in pursuance of the contract will be voidable at the option of the Board.

144. Disclosure to the Members of Director's interest in contract in appointing Manager, Managing Director or Whole-time Director

When the Company :

[a] enters into a contract for the appointment of a Managing Director or Whole-time Director in which contract any Director of the Company is, whether directly or indirectly, concerned or interested; or

[b] varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provision of Section 302 of the Act shall be complied with.

145. Disqualification of Director

A person shall not be capable of being appointed Director of the Company if:

[a] he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;

[b] he is an undischarged insolvent;

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- [c] he has applied to be adjudged an insolvent and his application is pending;
- [d] he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not been elapsed from the date of expiry of the sentence;
- [e] he has not paid any call in respect of shares of the Company held by him whether alone or jointly with others and six months have elapsed from the last day fixed for the payment of the call; or
- [f] as order disqualifying him for appointment as Director has been passed by a Court in pursuance of Section 203 of the Act and is in force; unless the leave of the Court has been obtained for his appointment in pursuance of that section.

146. Vacation of office by Directors

- [1] The office of a Director shall become vacant if :
 - (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (b) he applies to be adjudged an insolvent; or
 - (c) he is adjudged an insolvent; or
 - (d) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
 - (e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment of the call unless the Central Government, by a Notification in the official Gazette, remove the disqualification incurred by such failure; or
 - (f) absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
 - (g) he (whether by himself or by any person for his benefits or on his account) or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
 - (h) he being in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company fails to disclose the nature of his concern or interest at a meeting of the Board of Directors as required by Section 299 of the Act; or
 - (i) he becomes disqualified by an order of the Court under Section 203 of the Act; or
 - (j) he is removed by an ordinary resolution of the Company before the expiry of his period of office; or
 - (k) if, by notice in writing to the Company, he resigns his office; or
 - (l) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
- [2] Notwithstanding anything contained in sub-clauses (c), (d) and (i) of clause (1) hereof, the disqualification referred to in these clauses shall not take effect:
 - (a) for thirty days from the date of the adjudication, sentence or order;
 - (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off; or
 - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.
- [3] Removal of Directors
 - (a) The Company may, subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles by ordinary resolution remove any Director not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.



- (b) Special Notice as provided by Article hereof or Section 190 of the Act, shall be required of any resolution to remove a Director under the Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding reasonable length) and request their notification to members of the Company, the Company shall, unless the representations are received by it too late for it, to do so (a) in the notice of the resolution given to the members of the Company state the fact of the representations having been made and (b) send a copy of the representations to every member of the Company to whom notice of the meeting is sent (before or after the representations by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting; provided that copies of the representations need not be sent or read out at meeting if on the application either of the Company or of any other person who claims to be aggrieved the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
- [e] A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 136 or Section 262 of the Act, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-clause (3) hereof. A Director so appointed shall hold office until the date upto which his predecessors would have held office if he had not been removed as aforesaid.
- [f] If the vacancy is not filled under sub-clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable of Article 142 or Section 262 of the Act and all the provisions of that Article and section shall apply accordingly.
- [g] A Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.
- [h] Nothing contained in this Article shall be taken :
 - (i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director; or
 - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

147. Disclosure of interest by Director

- [1] Every Director of the Company who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of the Directors in the manner provided in Section 299(2) of the Act.
- [2] (a) In the case of proposed contract or the arrangement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting concerned or interested in the proposed contract or arrangement at the first meeting of the Board held after he be so concerned or interested.
- (b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- [3] (a) For the purpose of clauses (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in which it would otherwise expires.

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- (c) No such general notice and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board or the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- (d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or more of the Directors of the Company together holds or hold not more than two percent of the paid up share capital in the other company.

ROTATION AND APPOINTMENT OF DIRECTORS

148. Directors may be Directors of the Companies promoted by the Company

If a Director of the Company is appointed a Director of any company promoted by the Company or in which it may become interested as a vendor, shareholder or otherwise, such Director shall not be accountable for any benefits received as Director or Shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

149. Rotation of Directors

Not less than two thirds of the total number of Directors shall (a) be persons whose period of the office is liable to termination by retirement of Directors by rotation and (b) Directors be appointed by the Company in General Meeting.

150. Retirement of Directors

Subject to the provisions of Section 256 of the Act and Articles 135, 136 to 143 at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, subject to Article 159 Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles, a "Retiring Director" means a Director retiring by rotation.

151. Ascertainment of Directors retiring by rotation and filling of vacancies

Subject to Section 288(5) of the Act, the Directors to retire by rotation under Article 150 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between those who became Directors on the same day, those who are to retire shall in default of and subject to any agreement amongst themselves, be determined by lot.

152. Eligibility for re-election

A retiring Director shall be eligible for re-election and shall act as a Director through out and till the conclusion of the meeting at which he retires.

153. Company to fill vacancies

Subject to Sections, 258, 259 and 284 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.

154. Provision in default of appointment

- [a] If the place of retiring Directors is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- [b] If at the adjourned meeting also, the place of the retiring Director is not filled up and the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless;
 - (i) at that meeting or the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost.
 - (ii) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed.
 - (iii) he is not qualified or is disqualified for appointment.
 - (iv) a resolution whether special or ordinary is required for his appointment or re-appointment by virtue of any provisions of the Act; or
 - (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.



155. Company may increase or reduce the number of Directors or remove any Director

Subject to the provisions of Sections, 252, 255 and 259 of the Act, the Company may, by ordinary resolution from time to time, increase or reduce the number of Directors and may alter qualifications.

156. Appointment of Directors to be voted individually

- [a] No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- [b] A resolution moved in contravention of clause (a) hereof shall be void, whether or not objection was taken at the time of it being, so moved, provided where a resolution so moved is passed, no provisions for the automatic re-appointment of retiring Directors in default of another appointment as therein before provided shall apply.
- [c] For the purpose of this Article, a motion for approving a person's appointment or for nominating a person for appointment, shall be treated as a motion for his appointment.

157. Notice of Candidature for office of Director except in certain cases

- [1] No person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless he or some other member intending to propose him has at least fourteen days before the meeting left at the office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him a Director for that office as the case may be along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as a Director.
- [2] The Company shall inform its members of the candidature of the person for the office of Director or the intention of a member to propose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the registered office of the Company is located of which one is published in the English language and the other in the regional language of that place.
- [3] Every person (other than a Director retiring by rotation or otherwise or person who has left at the office of the Company a notice under Section 257 of the Act, signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.
- [4] A person other than :
 - [a] a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or
 - [b] an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 252 of the Act appointed as a Director, re-appointed as an Additional or Alternate Director immediately on the expiry of his term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

158. Disclosure by Directors of their holdings of shares and debentures of the Company

Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section. Any such notice shall be given in writing and if it is not given at a meeting of the Board, the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board next after it is given.

MANAGING DIRECTOR, WHOLE-TIME DIRECTOR

159. Board may appoint Managing Director or Managing Directors or Whole-time Directors

Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

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160. What provisions they will be subject to

Subject to the provisions of the Act and these Articles, the Managing Director or Whole-time Director shall not while he continues to hold that office, be subject to retirement by rotation under Article 150 but he shall be subject to the same provisions as to the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be Managing Director or Whole-time Director if he chooses to hold office of Director for any cause provided that if at any time the number of Directors (including Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such of the Managing Director or Whole-time Director or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the Article 150 to the extent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

161. Remuneration of Managing or Whole-time Director(s)

The remuneration of the Managing Director or Whole-time Director shall (subject to Section 309 and other applicable provisions of the Act, including Schedule XIII of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission on profits of the Company or by participation in such profits or by any other mode not expressly prohibited by the Act.

162. Powers and duties of Managing and/or Whole-time Director(s)

Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) or Whole-time Director(s) appointed under Article 159 with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors with such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such periods and upon such conditions and subject to the such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Director in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers.

PROCEEDINGS OF THE BOARD OF DIRECTORS

163. Meeting of the Directors

The Directors may meet together as a Board for the despatch of business from time to time unless the Central Government by virtue of the proviso to Section 285 of the Act otherwise directs, shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit. The provision of this Article shall not be deemed to have been contravened merely by reason of the fact that the meeting of the Board which had been called in compliance with the terms of this Article could not be held for want of a quorum.

164. Notice of meeting

[1] Notice of every meeting of the Board of Directors shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director. At least seven days notice in writing shall be given to Directors specifying the time and place of the meeting.

When meeting to be convened

2] A Director may at any time and the Secretary upon the request of a Director made at any time shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director.

165. Quorum

[a] Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher. PROVIDED THAT where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength, the number of the remaining Directors (that is to say, the number of remaining who are not interested) present at the meeting being not less than two shall be the quorum during such time.

[b] For the purpose of clause (a)

(i) 'Total strength', means total strength of the Board of Directors of the Company determined in pursuance of the Act, after deducting therefrom number of the Directors, if any, whose places may be vacant at the time; and



- (ii) "Interested Directors" means any Director whose presence cannot by reason of any provisions in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

166. Procedure when meeting adjourn for want of quorum

If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned till the day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place, unless otherwise adjourned to a specific date, time and place.

167. Chairman

The Directors from among their number may elect a Chairman of the Board of Directors. If at any meeting the Chairman is not present at the time appointed for holding the same, the Directors present shall choose one of their numbers to be the Chairman of such meeting.

168. Questions at Board Meeting how decided

Subject to the provisions of Sections 316, 372(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes and in case of any equality of votes, the Chairman shall have a second or casting vote.

169. Powers of Board Meeting

A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board of Directors generally.

170. Director may appoint committee

The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of the Act and of these Articles, delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee of the Board in conformity with such regulations and in fulfilment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.

171. Meeting of the Committee to be governed

The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article. Quorum for the Committee meetings shall be two.

172. Circular resolution

- [a] A resolution passed by circular without a meeting of the Board or a Committee of the Board appointed under Article 170 shall subject to the provisions of sub-clause (b) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of the Directors or of a Committee duly called and held.
- [b] A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, if the resolution has been circulated in draft together with necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual addresses in India or to such other addresses outside India specified by any such Directors or members of the Committee and has been approved by such of the Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

173. Acts of Board or Committee valid notwithstanding defect in appointment

All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid or that they or any of them were disqualified or had vacated-office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided nothing contained here shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

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POWERS OF THE BOARD

174. General powers of Management vested in Directors

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company and do all such acts and things as are not by the Act or any other Act or by the Memorandum or by the Articles of Company required to be exercised by the Company in General Meeting. Subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;

- [a] sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
- [b] remit or give time for the payment of any debt due by a Director.
- [c] invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- [d] borrow moneys, where moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; or
- [e] contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately proceeding, whichever is greater, provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body :
 - (i) Provided that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other funds in any financial year under clause (e).
 - (ii) Provided further that the expression "temporary loans" in clause (d) above shall mean loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangements, the discounting of bills and the issue of other short term of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

175. Certain powers to be exercised by the Board only at meetings

- [1] Without derogating from the powers vested in the Board of Directors under the Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at the meeting of the Board;
 - (a) the power to make calls on shareholders in respect of moneys unpaid on their shares,
 - (b) the power to issue debentures,
 - (c) the power to borrow moneys otherwise than on debentures,
 - (d) the power to invest the funds of the Company; and
 - (e) the power to make loans.Provided that the Board may, by resolution passed at a meeting, delegate to any committee of Directors, may the Managing Director or any other principal officer of the Company, the powers specified in sub-clauses (c), (d) and (e) to the extent specified below.
- [2] Every resolution delegating the power referred to in sub-clause (1) (c) shall specify the total amount outstanding at any one time, upto which moneys may be borrowed by the delegate.
- [3] Every resolution delegating the power referred to in sub-clause (1) (d) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.



- [4] Every resolution delegating the power referred to in sub-clause (1) (e) shall specify the total amount upto which loans may be made by the delegate, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

176. **Certain powers of the Board**

Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceding Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power :

- [1] To pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company.
- [2] To pay and charge to the Capital Account of the Company any commission or interest, lawfully payable thereout under the provisions of Sections 76 and 208 of the Act.
- [3] Subject to Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit in any such purchase or other acquisition, accept such title as the Director may believe or may be advised to be reasonably satisfactory.
- [4] At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- [5] To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- [6] To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- [7] To appoint any person to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- [8] To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the Company and also to compound and allow time for payment on satisfaction of any debts due and of and of any claim or demands by or against the Company and to refer any difference to arbitration and observe the terms of any awards made therein either according to Indian Law or according to foreign law and either in India or abroad and observe and perform or challenge any award made therein.
- [9] To act on behalf of the Company in all matters relating to bankruptcy, insolvency, winding up and liquidation of companies.
- [10] To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.
- [11] Subject to the provisions of Sections 291 (1), 295, 370 and 372 and other applicable provisions of the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time vary or realise such investment. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- [12] To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon.
- [13] To open bank accounts and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipt, acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.

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- [14] To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and do give to any Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as a part of working expenses of the Company.
- [15] To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time, subscribing or contributing to provident and other associations, institutions and by providing or subscribing or contributing towards places of instructions and recreation, hospitals, dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provisions of Section 293(1) (e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or the public and general utility or otherwise.
- [16] Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or the depreciation fund or to an insurance fund or as reserve fund or sinking fund or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debentures or debenture-stock or for special dividends or for equalising dividends for repairing, improving, extending and maintaining any part of the property of the Company and such other purposes (including the purposes referred to in the preceeding clause) as the Board may, in their absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than share of this Company) as they may think fit and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof or upon which the capital moneys of the Company might rightly be applied or expended and to divide the General Reserve or Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve fund to another Reserve Fund and/or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund in the business of the Company or in purchase or repayment of redeemable preference shares, debentures or debenture-stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- [17] To appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to acquire security in such instances and to such amounts as they may think fit and also from time to time provide for the management and transactions of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- [18] From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such Local Boards or managers or agencies and to fix their remuneration.
- [19] Subject to Section 292 of the Act, from time to time and at any time, to delegate to any persons so appoint any of the powers, authorities and discretions for the time being vested in the Board, other than their powers to make calls or to make loans or borrow moneys and to authorise the members for the time being of such Local Board or any of them to fill up any vacancies therein and to act on such terms subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and may annul or vary any such delegation.
- [20] At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointments may (if the Board thinks fit be made in favour of the members of any Local Board established as aforesaid or in favour of any company or the shareholders, Directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board



and any such Power of Attorney may contain such powers for the protection of convenience of persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegated attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

- [21] Subject to Sections, 294, 297, 300 and other applicable provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and thing in the name and on behalf of the Company as they may consider expedient.
- [22] From time to time make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
- [23] To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorised to carry on in any part of India.
- [24] To purchase, take on lease for any term or terms of years or otherwise acquire any factories or any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonable satisfactory.
- [25] To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the Company, either separately or co-jointly, also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- [26] To purchase or otherwise acquire or obtain licence for the use of and to sell, exchange or grant licence for the use of any trade mark, patent, invention or technical know-how.
- [27] To sell from time to time any articles, materials, machinery, plants, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and bye-products.
- [28] From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company or by erecting new or additional building and to expend such sum of money for the purpose aforesaid or any them as may be thought necessary or expedient.
- [29] To undertake on behalf of the Company any payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions and otherwise to acquire the free hold simple of all or any of the hands of the Company for the time being held under lease or for an estate less than free hold estate.
- [30] To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
- [31] To let, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act and of the other Articles. any property of the Company, either absolutely to conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment of satisfaction for the same in cash or otherwise as it thinks fit.

MINUTES

177. Minutes to be made

- [1] The Company shall cause minutes of all proceedings of General Meetings and of all proceedings of every meeting of the Board of Directors or of every committee thereof within thirty days of the conclusion of every such meeting concerned by making entries thereof in books kept for that purpose with their pages consecutively numbered.
- [2] Each page of every such books shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed.
 - (a) in the case of minutes of proceedings of a meeting of Board or of a committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (b) in the case of minutes of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman, within that period by a Director duly authorised by the Board for the purpose.

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- [3] In no case minutes of proceedings of a meeting shall be attached to any such book as aforesaid by passing or otherwise.
- [4] The minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
- [5] All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- [6] In case of a meeting of the Board of Directors or a committee of the Board the minutes shall contain :
 - (a) the names of the Directors present at the meeting;
 - (b) in the case of each resolution passed at meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- [7] Nothing contained in clauses (1) to (6) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting :
 - (a) is or could reasonably be regarded as defamatory of any person;
 - (b) is irrelevant or immaterial to the proceeding; or
 - (c) is detrimental to the interest of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

178. Minutes to be evidence of the proceedings

The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or of every committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

179. Presumptions

Where the minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

180. Secretary

The Directors may from time to time appoint and at their discretion, remove any individual (hereinafter called 'The Secretary') to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Secretary's Qualification) Rules, 1975.

THE SEAL

181. The Seal, its custody and use

- [a] The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being, under such regulations as the Board may prescribe.
- [b] The Seal shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of at least two Directors of the Company or at least one Director and Secretary or any other person duly authorised by the Board, both of whom shall sign every instrument to which the seal is affixed. Provided further that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and their statutory modifications for the time being in force.

DIVIDEND

182. Division of profits

- [a] Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.



[b] No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

183. The Company in General Meeting may declare dividends

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividend in General Meeting.

184. Dividend out of profits only

No dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.

185. Interim Dividend

The Board of Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.

186. Debts may be deducted

[a] The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Company may retain dividends

[b] The Board of Directors may retain the dividend payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member or shall duly transfer the same.

187. Capital paid up in advance at interest not to earn dividend

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

188. Dividends in proportion to amount paid up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any shares is issued on terms, providing that it shall rank for dividends as from a particular date, such share shall rank for dividend accordingly.

189. No member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend to any member, all such sums of money so due from him to the Company.

190. Effect of Transfer of shares

A transfer of shares shall not pass the right to any dividend declared therein before the registration of the transfer.

191. Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of shares.

192. Dividend how remitted

The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holders or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

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193. Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of share in the manner herein provided.

194. Reserves

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

195. Dividend to be paid within forty two days

The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled to the payment of dividend, within forty-two days from the date of the declaration unless :

- [a] When the dividend could not be paid by reason of the operation of any law.
- [b] Where a shareholder has given directions regarding the payment of the dividend and those directions can not be complied with.
- [c] Where there is a dispute regarding the right to receive the dividend.
- [d] Where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or
- [e] Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

196. Unpaid or unclaimed dividend

Where the company has declare dividend but which has not been paid or claimed within thirty days from the date of declaration, to any shareholder entitled to the payment of the dividend, the company shall within seven days from the date of expiry of the said period of thirty days transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty days to a special account opened by the company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account of _____ Company Limited"

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund established under subsection (1) of section 205C of the companies Act, 1956.

No unclaimed or unpaid dividend shall be forfeited by the Board.

197. Set off of calls against dividend

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

198. Dividend in cash

No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing duly paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

199. Dividend, right shares and bonus shares to be held in abeyance

Where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding any this contained in any other provisions of the Act :

- [a] Transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the Company is authorised by the registered holder of such share in writing to pay such dividend to the transferee specified in such instrument of transfer; and
- [b] Keep in abeyance in relation to such shares any offer of right shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (8) of Section 205.



CAPITALISATION

200. Capitalisation

- [1] The Company in General Meeting may, upon the recommendation of the Board, resolve :
 - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- [2] The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards-
 - (i) paying up any amount for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full unissued shares of the Company to be allocated and distributed, credited as fully paid up to and amongst members in the proportions aforesaid; or
 - (iii) partly in the way specified in such clause (i) and partly in that specified in sub-clause (ii).
- [3] A share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- [4] The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

201. Fractional certificates

- [1] Whenever such a resolution as aforesaid shall have been passed, the Board shall
 - (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares and
 - (b) generally do all acts and things required to give effect thereto.
- [2] The Board shall have full power :
 - (a) to make such provision, by the issue of fractional cash certificate or by payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions, also
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf, by the application thereof of either respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing shares.
- [3] Any agreement made under such authority shall be effective and binding on all such members.
- [4] That for the purpose of giving effect to any resolution, under the preceeding paragraph of this Article, the Directors may give such directions as may be necessary and settle any question or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

ACCOUNTS

202. Books to be kept

The Company shall keep at its registered office proper books of account as would give a true and fair view of the state of affairs of the Company or its transaction with respect to :

- [a] all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
- [b] all sales and purchases of goods by the Company;
- [c] the assets and liabilities of the Company; and
- [d] if so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of cost as may be prescribed by that Government.

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

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203. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the provisions of clause (1) if proper books of account relating to the transactions effected at the branch are kept at that office and proper summarised returns, made upto date at intervals of not more than three months, are sent by the branch office to the Company at its registered office or the place referred to in clause 202. The books of account and other books and papers shall be open to inspection by any Director during business hours.

204. Inspection by members

- [a] The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and works of the Company or any of them shall be open to the inspection of members not being Directors.
- [b] No member (not being a Director) shall have any right of inspecting any account books or documents of the Company except as allowed by law or authorised by the Board.

205. Statements of Accounts to be furnished to General Meeting

The Board of Directors shall from time to time in accordance with Sections 210, 211, 212, 216 and 217 of the Act, cause to be prepared and laid before each Annual General Meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act.

206. Right of member to copies of Balance Sheet and Auditors' Report

A copy of every balance sheet (including the profit and loss account, the Auditors' Report and every other document required by law to be annexed or attached as the case may be, to the balance sheet) which is to be laid before a Company in general meeting shall not, less than twenty-one days before the date of the meeting, be sent to every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him and to all persons other than such members or trustees, being persons so entitled. Provided that it will not be required to send a copy of the documents aforesaid :

- [i] to a member or holder of debentures, of the Company, who is not entitled to have notices of general meetings of the Company sent to him and of whose address the Company is unaware;
- [ii] to more than one of the joint holders of any shares or debentures none of whom is entitled to have such notices sent to him;
- [iii] in the case of joint holders of any shares or debentures, some of whom are and some of whom are not entitled to have such notices sent to them, to those who are not so entitled;
- [iv] in the case of a Company whose shares are listed on a recognised stock exchange, if the copies of the documents aforesaid are made available for inspection at its registered office during working hours for a period of twenty one days before the date of the meeting and a statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid, as the Company may deem fit, is sent to every member of the Company and to every trustee for the holders of any debentures issued by the Company not less than twenty one days before the date of the meeting.

AUDIT

207. Accounts to be audited

Once at least in every year the accounts of the Company shall be examined, balance and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors.

208. Appointment of Auditors

- [1] Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Sections 224 to 229 and 231 of the Act.
- [2] The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from conclusion of that meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment give intimation thereof to the Auditor so appointed unless he is a retiring Auditor.
- [3] At any Annual General Meeting a Retiring Auditor, by whatsoever authority appointed, shall be re-appointed unless;
 - (a) he is not qualified for re-appointment;



- (b) he has given to the Company notice in writing of his unwillingness to be re-appointed;
- (c) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or
- (d) where notice has been given of an intended resolution to appoint some person or persons in the place of Retiring Auditor and by reason of the death, incapacity or disqualification of that person or of all those persons as the case may be, the resolution cannot be proceeded with.

- [4] Where at Annual General Meeting, no Auditors are appointed or re-appointed the Central Government may appoint a person to fill the vacancy.
- [5] The Company shall within seven days of the Central Government's power under sub-clause (4) becoming exercisable give notice of that fact to that Government.
- [6] The Directors may fill any casual vacancy in the office of Auditors, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.
- [7] A person, other than a Retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company, not less than fourteen days before the meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to Retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that Retiring Auditor shall not be re-appointed.

209. Account when audited and approved to be conclusive except as to errors discovered within 3 months

Every account when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the account shall be corrected and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

210. To whom documents must be served or given

Document or notice of every meeting shall be served or given on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member and (c) the Auditor or Auditors for the time being of the Company. PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulating in the neighbourhood of the office of the Company under Article 99, a statement of material facts referred to in Article 100 need not be annexed to the notice, as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

211. Members bound by documents or notices served on or given to previous holder

Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share be bounded by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derived his title to such share.

212. Service of documents

A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.

213. Authentication of documents and proceedings

Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director or the Secretary or other authorised officer of the Company and need not be under the Common Seal of the Company.

REGISTER AND DOCUMENTS

214. Registers and documents to be maintained by the Company

The Company shall keep and maintain Registers, Books and Documents required by the Act or these Articles, including the following :

- [a] Register of Investments made by the Company but not held in its own name as required by Section 49(7) of the Act.

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- [b] Register of Mortgages and Charges as required by Section 143 of the Act and copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- [c] Register and Index of Members and Debenture holder as required by Sections 150, 151 and 152 of the Act.
- [d] Foreign Register, if so thought fit, as required by Section 157 of the Act.
- [e] Register of Contracts with Companies and Firms in which Directors are interested as required by Section 301 of the Act.
- [f] Register of Directors and Secretary as required by Section 303 of the Act.
- [g] Register as to holdings by Directors of shares and/or debentures in the Company as required by Section 307 of the Act.
- [h] Register of Investments made by the Company in Shares and Debentures of the bodies corporate in the same group as required by Section 372(2) of the Act.
- [i] Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
- [j] Register of loans, guarantees or securities given to other companies under the same management as required by Section 370 of the Act.
- [k] Register of renewed and duplicate certificates and required under Rule 7(2) of the Companies Issue of Share Certificates Rules, 1960.

215. Inspection of Registers

The Registers mentioned in clauses (f) and (i) of the foregoing Article and the minutes of all proceedings of general meetings shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any member of the Company in the same manner, to the same extent and on payment of the same fees as in case of the Register of Members of the Company provided for in clause (c) thereof Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf as determined by the Company in General Meeting.

WINDING UP

216. Distribution of Assets

If the Company shall be wound up and the assets available for distributing among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of winding up, on the shares held by them respectively and if in the winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

217. Distribution in specie or kind

- [a] If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidator, with the like sanction, shall think fit.
- [b] If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except were unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- [c] In case any shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.



218. Right of shareholders in case of sale

A special resolution sanctioning a sale to any other company duly passed pursuant to Section 494 of the Act may, subject to the provisions of the act, in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed against the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential right conferred by the said sanction.

219. Directors and others right to indemnity

Subject to the provisions of Section 201 of the Act, every Director or officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such, if any, as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Officer or Auditor or other Officer of the Company in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

220. Director, Officer not responsible for acts of others

Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for confirmity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgement, omission, default or oversight on his part or for any other loss, damage or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happens through his own dishonesty.

SECRECY CLAUSE

221. Secrecy Clause

Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matter thereto and shall, by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of provisions in these presents contained.

222. No member to enter the premises of the Company without permission

No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

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SECTION X : OTHER INFORMATION

1. MATERIAL CONTRACT & DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to below not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to below, all of which have been attached to the copy of the Prospectus and which have been delivered to the Registrar of Companies, ROC Bhavan, Opp. Rupal Park Society, behind Ankur Bus Stop, Naranpura, Ahmedabad 380013, may be inspected at the Registered Office of the Company between 11.00 a.m. and 3.00 p.m. on any working day from the date of the Prospectus until the date of closing of subscription list.

A. Material Contracts

1. Memorandum of Understanding between the company and Lead Manager, Centrum Capital Limited, dated 15/09/2005
2. Memorandum of Understanding dated 26/07/2005, between the Company and the Registrar, Big Share Services Private Limited.
3. Copy of tripartite agreement entered into between CDSL, the Company and the Registrar, Big share Services Private Limited dated 25th November, 2005
4. Copy of tripartite agreement entered into between NSDL, the Company and the Registrar, Big Share Service Private Limited dated 6th December, 2005. .
5. Resolutions Passed at the EGM of the Company held on 1st May 2003 for appointment and affixing the remuneration of Mr. Dixit B Patel, Whole time Director of the company.
6. Resolutions Passed at the AGM of the Company held on 16th August 2005 for reappointment and affixing the remuneration. of Mr. Bhagwandas K. Patel, Managing Director, Mr. Dashtrathbhai P. Patel, Mr. Ramesbhai B. Patel, and Mr. Shashikant P. Patel, Whole time directors of the company.
7. Letter of appointment dated 4th October 2005, for appointment of Mrs. Swati S. Soparakar, Advocates as Legal Advisor to the issue.
8. Copies of Agreements of Existing properties owned by the Company including the property in the name of employees representing the company as mentioned in the Prospectus
9. Copies of Lease Agreements as mentioned in the Prospectus.

B. Material Documents

1. Memorandum of Association and Articles of Association of the Dynamic Products Limited as amended from time to time.
2. Certificate of Incorporation dated 14th June 1990 and the fresh Certificate of Incorporation for change of name from Dynamic Products Pvt. Ltd. to Dynamic Product Limited vide dated 28th January 1993.
3. Copies of all Insurance policies
4. Copies of all Government Approvals and licenses as mentioned in the Prospectus.
5. Letters from Bombay Stock Exchange Limited (BSE) dated November,21 2005 granting the 'in principle' approval to the listing of shares.
6. Report of Auditors dated 21-09.2005 as mentioned in Prospectus under the heading Financial Information.and amended certificate dated 29-11.05 and 05.12.2005.
7. Letter dated 21.09.2005 given by Shah Rajesh & Associates regarding possible tax benefits available to Dynamic Products Limited and its current shareholders under the Current tax laws presently in force in India
8. Certificate dated 10.10.2005, 29.11.2005 from Shah Rajesh Shah & Associates, Chartered Accountant regarding Deployment of Funds.
9. Certificate dated 10.10.2005 from Shah Rajesh and Associates regarding Compliance of Corporate Governance by the Company as per clause 49 of the Listing Agreement and certificate dated 06.12.2005.



10. Consent letters from the Directors of the Company, Lead Manager to the Issue, Bankers to the Issue, Bankers to the Company, Auditors, Solicitors, Registrar to the Issuer, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus.
11. Power of Attorney(s) executed by the Directors for signing and making correction in the Prospectus on their behalf.
12. Copies of Annual Reports for the last five accounting periods, i.e., FYs 2000-2001, 2001-2002, 2002-2003 and 2003-2004 and 2004-05 of the Company.
13. Copies of Annual Reports of Group/Associate companies as mentioned in the Prospectus.
14. Due diligence certificate dated 19th October, 2005 issued by Lead Manager to the Issue, Centrum Capital Limited.
15. SEBI observation letter No.CFD/DIL/ISSUES/EB/54453/2005 dated November, 23rd 2005.
16. Certified true copy of the resolution passed at the Annual General Meeting under section 81(1A) dated 16th August 2005 and a Certified True copy of Board resolution passed at the Board Meeting dated 16th July 2005 for the Public issue.
17. Agreement dated 03/11/2000 with Saffron Dyestuff Industries, Partnership Firm for takeover of the same.
18. Copies of Quotation received from M/s M K Construction & Company for construction of storage area, boiler area, tank and godown.as mentioned in Prospectus.
19. Copies of Quotation received for all Plant and Machinery and other Equipments for which order has not been placed as mentioned in Prospectus.
20. Consent letter dated 3rd October 2005 from Shah Rajesh & Associates for inclusion of his report on Accounts and a statement on tax benefits in the form and in the context in which they appear in the Prospectus.
21. Copy of the letter dated 15th October, 2005 from Mrs. Swati S. Soparakar, Advocates as legal Advisor to the issue for vetting and approval of Prospectus.
22. No objection certificate received From Citibank N.A., for the existing facilities.
23. Resolution dated 1st October, 2005 for borrowing powers.
24. Copy of the Board resolution dated 1st April 2005 for appointment of Company Secretary.
25. Copy of the Board Resolution dated 25th July 2005, for constitution of Shareholders and Investor Grievances Committee.
26. Copies of quotation from Project Management Consultants for construction of building for primary and lake colours and for construction of building for Research and Development Laboratory dated 18/08/2005.
27. Sanction letters from Citibank N.A for existing facilities of Term loan and Working capital dated 16/12/2004.
28. Certificate of Incorporation of Dynemic Products Limited dated 14th June,1990.
29. Sanction letters from Citibank N.A for existing facilities of Term loan and Working capital dated October 25, 2005.

Any of the Contracts or documents mentioned in the prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliances of applicable laws.

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DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We the Directors of Dynamic Products Limited and the Issuer(s), declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company certify that all disclosures made in the prospectus are true and correct.

Signed by all the Directors

For **Dynamic Products Limited**,

Sd/-

Mr. Bhagwandas K. Patel

Sd/-

Mr. Dasharathbhai P. Patel

Sd/-

Mr. Rameshbhai B. Patel

Sd/-

Mr. Shashikant P. Patel

Sd/-

Mr. Dixit B. Patel

Sd/-

Mr. Jagdishbhai S. Shah

Sd/-

Mr. Hitendra H. Sheth

Sd/-

Mr. Harish K. shah

Sd/-

Mr. Vishnubhai G. Patel

Sd/-

Mr. Shankarlal B. Mundra

Sd/-

Mr. Dhruvesh K. Patel
(Chief Financial Officer)

Place : Ahmedabad

Date : 27th December, 2005