

28th November, 2020

**BSE Limited** PJ Towers, Dalal Street, Mumbai 400 001

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bnadra (East) Mumbai - 400 051

Scrip code: 532707

**Trading Symbol: DYNPRO** 

Dear Sir,

Sub: Intimation of Record Date, E-voting and Annual Report for the Financial Year ended 31st March, 2020

The 30th Annual General Meeting of the Company is scheduled to be held on Thursday, the 24th December, 2020 at 4.00 p.m. IST through Video Conferencing / Other Audio Visual Means in accordance with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith Notice of Annual General Meeting (including e-voting instructions) along with Annual Report 2019-20, which is also being sent through electronic mode to the members.

Further, we inform you that the Record date for the purpose of Annual General Meeting and availing of E-voting facility will be Thursday, 17th December, 2020.

You are requested to take the same on your record.

Thanking you,

**For Dynemic Products Limited** 

Varsha Mehta

**Company Secretary & Compliance Officer** 

Encl: as above





**DYNEMIC PRODUCTS LIMITED** 



Bhagwandas K. Patel Managing Director



# Dear Members,

I have great pleasure in sharing with you the highlights of another year of great achievements.

It is my great pleasure that I share with you our signature milestones and highlights for the year ended 31st March 2020. We are heartened to report that Dynemic continued to deliver robust financial numbers and highly commendable margins. Despite the recessionary period in the market and the Covid Pandemic, the Company has continued to deliver, both operationally and financially. It is my indeed belief that we have emerged stronger and in better competitive shape than ever.

For the 12 months ended 31st March 2020, the Company turned in after tax profit of Rs. 2413 Lacs on the back of approximately Rs. 18227 Lacs. These compared with profit after tax and revenue of Rs. 1796 Lacs and Rs. 16661 Lacs, in the preceding 12-month period. The increase in profit after tax was recorded high by 34% if compared with previous year.

Our current growth could be attributed to the core factors:-

- Strict adherence to International Quality Norms.
- Unrelenting passion for service.
- Commitment to delivery schedule.
- Deep concern for the environment.
- Competitive and attractive prices.

Moving in parallel with revenue growth, overall expenses grew by 7% in comparison to last year. Earnings per share stood at Rs. 21.06 compared to Rs. 15.68 in the earlier period. The earning per share grew by Rs. 5.38.

This year the Board of Directors had declared interim dividend in March 2020 of Rs. 1.50 per share. The Board has recommended nil Final Dividend for the year ended March 31, 2020.

As far as year 2020-21 is concerned, Quarter 1 results Net Profit are high by 28% if compared with previous year same period and looking to the overall market situation your Management is expecting to close the financial year on positive note.

Due to Covid Pandemic, Dahej project has delayed but now things are getting normal and we are expecting to start commercials latest by April, 2021.

I would like to take this opportunity to express my gratitude to the Board of Directors, Bankers, Employees, Suppliers and the Shareholders for their unstinted support and the confidence reposed on us.

B1192

Bhagwandas K. Patel Managing Director



# CIN - L24100GJ1990PLC013886

# **CORPORATE INFORMATION**

# **BOARD OF DIRECTORS**

Bhagwandas K. Patel	<ul> <li>Managing Director</li> </ul>
Rameshbhai B. Patel	- Whole Time Director
Dixit B. Patel	- Whole Time Director
Jagdishbhai S. Shah	- Independent Director
Shankarlal B. Mundra	- Independent Director
Rashmi K. Otavani	- Independent Director

# **COMMITTEES OF DIRECTORS**

# **Audit Committee**

Jagdishbhai S. Shah Bhagwandas K. Patel Shankarlal B. Mundra

# **Nomination and Remuneration Committee**

Shankarlal B. Mundra Jagdishbhai S. Shah Rashmi K. Otavani

# **Stakeholders Relationship Committee**

Shankarlal B. Mundra Bhagwandas K. Patel Rashmi K. Otavani

# **Corporate Social Responsibility Committee**

Bhagwandas K. Patel Jagdishbhai S. Shah Rashmi K. Otavani

# **Company Secretary**

Varsha Mehta

# **Chief Financial Officer**

Amisha Patel

# **Registered Office**

B-301, Satyamev Complex-1, Opposite Gujarat High Court, S.G. Road, Sola, Ahmedabad - 380060.

Telephone No.: 079-27663071/76 Fax No.: 079-27662176 Email: cs@dynemic.com Website: www.dynemic.com

# **Plant Location**

Unit-1: 6401, 6402, 6415, 6416, 6400, 6400/1, GIDC Estate, Ankleshwar - 393 002.

Unit-2: 3709/6, 3710/1, 3710/3, GIDC Estate, Ankleshwar - 393 002.

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#### THIRTIETH ANNUAL GENERAL MEETING

DATE: December 24, 2020

DAY : Thursday
TIME : 4.00 P.M.
THRU : VC/ OVAM

NOTE: 1. In compliance with the aforesaid MCA and SEBI Circular, Notice of the AGM along with the Annual Report 2019- 20 is being sent only through electronic mode at the email addresses of members as registered with the

addresses of members as registered with the RTA / Depositories. Physical Copy of Notice and/or Annual Report will not be sent to any member. Member may note that Notice and Annual Report 2019-20 has been uploaded on the website of the Company www.dynemic.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of CDSL (agency for providing the VC and e-Voting

Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Ms. Varsha Mehta, Company Secretary at the email address of the Company cs@dynemic.com at least ten days prior to the date of the Meeting, so that the information required can be made readily available at the Meeting.

facility) i.e. www.evoting.cdsl.com.



# DYNEMIC PRODUCTS LTD.

Registered Office: B-301, Satyamev Complex-1, Opp. Gujarat High Court, S.G. Road, Sola, Ahmedabad - 380 060. Website: www.dynemic.com CIN - L24100GJ1990PLC013886

# Notice

Notice is hereby given that the 30th Annual General Meeting of the Company will be held through Video Conferencing / Other Audio Visual Means on Thursday, 24th December, 2020, at 4.00 p.m. to transact the following business:

# **Ordinary Business:**

- 1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon; and the audited consolidated financial statement of the Company for the financial year ended March 31, 2020 and the Report of the Auditors thereon.
- 2. To confirm the payment of dividend of Rs. 1.50 per Equity Share i.e. 15% on Equity Share for the year ended 31st March, 2020.
- 3. To appoint a Director in place of Shri Rameshbhai B. Patel, (holding DIN No. 00037568), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Rameshbhai B. Patel, (holding DIN No. 00037568), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

# **Special Business:**

4. To ratify payment of remuneration to the Cost Auditors of the Company for FY 2020-21

To Consider and if thought fit to pass the following resolution with or without modification as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the Remuneration payable to M/s Anuj Aggarwal & Co., Cost Accountants Ahmedabad ((having firm registration No. 102409), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2021, amounting to Rs. 85,000 (Rupees Eighty Five Thousand only) (apart from reimbursement of out-of pocket expenses incurred for the purpose of Audit), be and is hereby ratified and confirmed."

**RESOLVED FURTHER THAT** Mr. Bhagwandas K. Patel, Managing Director of the company be and is hereby authorized to file the necessary forms as and when required.

5. To re-appoint Shri Bhagwandas K. Patel (DIN: 00045845) as a Managing Director of the Company for the further period of 5 years w.e.f. September 1, 2020

To Consider and if thought fit to pass the following resolution with or without modification as an Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, and Regulation 17(6)(e) of SEBI Amended Listing Regulations, the relevant provisions of the Articles of Association of the Company and all applicable guidelines as applicable from time to time, Shri Bhagwandas K. Patel (DIN: 00045845) be and is hereby re-appointed as Managing Director of the Company for further period of five years with effect from September 1, 2020 and upon re-appointment as a Managing Director his office shall not be liable to retire by rotation, on the following terms and conditions as set out hereunder:

# Salary:

Gross Salary Rs. 325000/- (Rupees Three Lacs Twenty Five Thousand only) per month (in the scale of Rs. 325000/- to Rs. 1000000/-), Bonus, Encashment of leave and Gratuity as per company's rule.

# Commission:

Commission at the rate of 1.5% to 3% on the sale of products which are not manufactured by the Company, which is exclusively handled by the Managing Director.

Commission @ 2% of the net profit of the Company, as calculated for the whole financial year.

# Period:

From 01.09.2020 to 31.08.2025

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites to the extent specified in Schedule V and other applicable provisions, if any, of the Act, as amended from time to time.

**RESOLVED FURTHER THAT**, pursuant to regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 consent of the Members be and is hereby accorded for



payment of remuneration to Shri Bhagwandas K. Patel (DIN: 00045845), Managing Director, notwithstanding that the annual aggregate remuneration payable to Shri Bhagwandas K. Patel, Managing Director, Shri Dixitbhai B. Patel, Whole Time Director and Shri Rameshbhai B. Patel, Whole Time Director, exceeds 5% of the net profit of the Company as calculated under section 198 of the Companies Act in any year during the tenure of his appointment.

**SITTING FEES:** As long as Shri Bhagwandas K. Patel functions as the Managing Director, he shall not be paid any sitting fees for attending the meetings of the Board of Directors / Committee thereof.

**RESOLVED FURTHER THAT** in the event of the Company not earning any profit / earning inadequate profits during any financial year during the currency of the tenure of Shri Bhagwandas K. Patel, as Managing Director, the remuneration payable shall be as per limit prescribed in Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts and deeds as may be expedient to give effect to this resolution."

6. To re-appoint Shri Rameshbhai B. Patel (DIN: 00037568) as a Wholetime Director of the Company for the further period of 5 years w.e.f. September 1, 2020

To Consider and if thought fit to pass the following resolution with or without modification as an Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, and Regulation 17(6)(e) of SEBI Amended Listing Regulations, the relevant provisions of the Articles of Association and all applicable guidelines as applicable from time to time, approval be and is hereby accorded to the re-appointment of Shri Rameshbhai B. Patel as a Whole Time Director of the Company, for a period of 5 (five) years with effect from September 1, 2020, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or reenactment thereof. Upon re-appointment as a Whole time Director his office shall be liable to retire by rotation and the reappointment as such director shall not be deemed to constitute a break in his office of Whole Time Director."

# Salary:

Gross Salary Rs. 300000/- (Rupees Three Lacs only) per month (in the scale of Rs. 300000/- to Rs. 1000000/-), Bonus, Encashment of leave and Gratuity as per company's rule.

# Period:

From 01.09.2020 to 31.08.2025

RESOLVED FURTHER THAT in the event of the Company not earning any profit / earning inadequate profits during any financial year during the currency of the tenure of Shri Rameshbhai B. Patel, as Whole Time Director, the remuneration payable shall be as per limit prescribed in Schedule V of the Companies Act, 2013.

**SITTING FEES:** As long as Shri Rameshbhai B. Patel functions as the Whole Time Director, they shall not be paid any sitting fees for attending the meetings of the Board of Directors / Committee thereof.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary proper or expedient to give effect to this Resolution."

7. To re-appoint Ms. Rashmi K. Otavani (holding DIN 06976600), as an Independent Director of the Company for a second term of five (5) consecutive years w.e.f. September 25, 2020

To Consider and if thought fit to pass the following resolution with or without modification as an Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Ms. Rashmi K. Otavani (holding DIN 06976600), who was appointed as an Independent Director and who holds office as an Independent Director up to September 24, 2020 and in respect of whom the Company has received a notice in writing, from a Member proposing his candidature for the office of the Independent Director of the Company and Ms. Rashmi K. Otavani has also submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and being eligible for re-appointment and in respect of whom based on her evaluation of performance, the Nomination and Remuneration Committee has recommended her re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of five (5) consecutive years w.e.f. September 25, 2020 to September 24, 2025."



"RESOLVED FURTHER THAT the Bhagwandas K. Patel, Managing Director of the Company be and is hereby severally authorized to do all acts, deeds and things as may be necessary or expedient to give effect to the resolution."

8. To approve Reclassification of Promoter and Promoter Group to Public Category

To Consider and if thought fit to pass the following resolution with or without modification as a Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Regulation 31A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to approval from the BSE Limited, National Stock Exchange of India Limited (herein after referred to as stock exchanges), the Securities and Exchange Board of India and such other Statutory Authorities as may be required and pursuant to other laws and regulations, as may be applicable from time to time (including any statutory modifications or re-enactments thereof for the time being in force), the consent of the members be and is hereby accorded to reclassify the following person(s) (hereinafter individually and jointly referred to as the applicants) from "Promoter and Promoter Group" category to "Public" category:

Name of Shareholder	No. of Equity Shares (Face Value Rs. 10/- each)	Percentage of Shareholding / Voting Rights
Dashrathbhai P. Patel	520400	4.59
Dashrathbhai P. Patel – HUF	26420	0.23
Lilaben Dashrathbhai Patel	104730	0.92
Palak D. Patel	40500	0.36
Total	692050	6.10

RESOLVED FURTHER THAT in supersession of any provision, their special rights, if any, with respect to the Company through formal or informal arrangements including through any shareholders agreements, if any, stand withdrawn/terminated and be null and void, with immediate effect.

RESOLVED FURTHER THAT the above applicants confirmed that all the conditions specified in sub-clause (i) to (vii) of clause (b) of sub-regulation (3) of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with and also confirmed that at all times from the date of such reclassification, shall continue to comply with conditions mentioned Regulation 31A of SEBI (LODR) Regulations, 2015 post reclassification from "Promoter & Promoter Group" to "Public".

RESOLVED FURTHER THAT on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicants, the Company shall effect such reclassification in the Statement of Shareholding pattern from immediate succeeding quarter under Regulation 31 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions.

By Order of the Board

Ahmedabad 5th September, 2020

Varsha R. Mehta Company Secretary Membership No. A24312

# Notes

- 1. In view of the Continuing COVID-19 pandemic, Ministry of Corporate Affairs (MCA) has vide its General Circular numbers 20/2020; 14/2020 and 17/2020 issued on 5th May, 2020, 8th April, 2020 and 13th April, 2020 respectively read with Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI) on 12th May, 2020 (hereinafter collectively referred to as "the Circulars"), allowed companies to hold Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in compliance with provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the Circulars, the AGM of the Company is being held through VC/OAVM. The deemed venue for the AGM shall be the Registered Office of the Company. Central Depository Services (India) Limited ("CDSL") will be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating/joining in the meeting through VC/OAVM is explained hereunder.
- 2. The relevant Explanatory Statement and reasons in respect of proposed special business pursuant to Section 102(1) of the Companies Act, 2013 are annexed hereto.
- 3. As the AGM shall be conducted through VC/OAVM, the facility for appointment of proxies by the members will not be available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
- 4. Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.



- 5. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available on first come first served basis.
- 6. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode.

# 7. Process for those shareholders whose email ids are not registered:

- a) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company's email id <u>cs@dynemic.com</u> or at RTA's email id <u>investor@bigshareonline.com</u>
- b) For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company's email id <a href="mailto:cs@dynemic.com">cs@dynemic.com</a> or at RTA's email id <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>

# c) THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 20th December, 2020 at 9.00 a.m. and ends on 23rd December, 2020 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17th December, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at https://www.cdslindia.com from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Toppartment (Applicable for both demat shareholders as well physical shareholders)	
	<ul> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip / communicated by mail indicated in the PAN field.</li> </ul>	
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.  If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).	

(ix) After entering these details appropriately, click on "SUBMIT" tab.



- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

# PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- 2. For Demat shareholders -, please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA email id.

# INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

- Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system.
   Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- 2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- 3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- 5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@dynemic.com The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@dynemic.com These queries will be replied to by the company suitably by email.
- 6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

# INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM/EGM ARE AS UNDER:-

- 1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for e-voting.
- 2. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility shall be eligible to vote through e-Voting system available during the EGM/AGM.
- 3. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.



# (i) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <u>www.evotingindia.com</u> and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority
  letter etc. together with attested specimen signature of the duly authorized signatory who are authorized
  to vote, to the Scrutinizer and to the Company at the email address viz; cs@dynemic.com, if they have
  voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the
  same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at <a href="www.evotingindia.com">www.evotingindia.com</a>, under help section or write an email to <a href="helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

- (xx) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Thursday, December 17, 2020.
- 7. Mr. Rajesh Shah, Chartered Accountant of M/s Shah Rajesh & Associates, (Membership No. 036232, FRN 109767W), C-113-B, Ganesh Meridian, Opposite Kargil Petrol Pump, Near Gujarat High Court, S.G. Road, Sola, Ahmedabad 380060 has been appointed as the Scrutinizer to scrutinize the e-voting process and voting during AGM, in a fair and transparent manner.

In respect of Shares held in electronic form, to the Beneficial Owners of the Shares as at the close of business hours on December 17, 2020, as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.



# EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND UNDER SECRETRIAL STANDARD ON GENERAL MEETINGS FOR ITEM 4 TO 8

#### ITEM No. 4

The Board of Directors on the recommendation of the Audit Committee, appointed M/s. Anuj Aggarwal & Co., Cost Accountants, Ahmedabad as the Cost Auditors to carry out the audit of cost records of the Company for the financial year 2020-21 and fixed the remuneration of Rs. 85,000 plus GST and out of pocket expenses. As per the provisions of Section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration fixed by the Board of Directors shall be ratified by the members by passing a resolution. Accordingly, consent of the members is being sought for passing an Ordinary Resolution for ratification of remuneration payable to the Cost Auditors to carry out the audit of cost records of the Company for the financial year 2020-21. None of the Directors and Key Managerial Personnel of the Company and and their relatives, are in any way concerned or interested in the said Resolution. The Board recommends passing of the said resolution as an Ordinary Resolution for the approval of members of the Company.

#### ITEM No. 5

As the existing tenure of Shri Bhagwandas K. Patel will be expiring on 31<sup>st</sup> August 2020, Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee in its meeting held on 27.06.2020 has proposed to re-appoint him as a Managing Director of the company for a further period of five years with effect from 01.09.2020, subject to the approval of Members and that of the Central Government, if required on the terms and conditions as set out in the Notice at Item No. 5.

Also in terms of Regulation 17 (6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to Executive Directors who are promoters or member of promoter group, shall be subject to the approval of the shareholders by Special Resolution in General Meeting, if, the aggregate annual remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Act, where there is more than one such director. The approval given by the shareholders shall be valid only till the expiry of the term of such Director.

On re-appointment his office shall not be held to be liable to retire by rotation on the remuneration determined by the Nomination and Remuneration Committee and approved by the Board.

Shri Bhagwandas K. Patel is the Managing Director and is responsible for all the day to day operations of the Company subject to superintendence and control of the Board of Directors. Brief resume and other details of Shri Bhagwandas K. Patel are provided in annexure to the Notice pursuant to the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Bhagwandas K. Patel B.Com and Inter C.A. and a pioneer and founder of the Company. He has around 32 years of rich experience in Sales, Marketing, Operations, Management and Finance in the existing business.

Prior to joining Dynemic he was working with M/s Britco Surgicals as a Administrative & Finance head.

The remuneration proposed to be paid to the Managing Director is comparable with the remuneration being paid for similar assignments in the industry.

The above may be treated as a written memorandum setting out the terms of appointment of Shri Bhagwandas K. Patel as Managing Director under Section 190 of the Act.

The Board of Directors recommended the resolution at Item No. 5 of the Notice for approval of Members by Special Resolution.

Shri Dixitbhai B. Patel, a Whole Time Director of the Company may be considered as concerned and interested as being relative of Shri Bhagwandas K. Patel and Shri Bhagwandas K. Patel may be considered as concerned and interested as the resolution pertains to himself. None of the other Directors, Key Managerial Personnel and relatives thereof are in any way, concerned or interested in the resolution at Item no. 5.

Shri Bhagwandas K. Patel satisfies all the conditions set out in Part-I of Schedule V to the Act and she is also not disqualified from being appointed as Director in terms of Section 164 of the Act.

# ITEM No. 6

As the existing tenure of Shri Rameshbhai B. Patel will be expiring on 31st August, 2020, Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee in its meeting held on 27.06.2020 has proposed to re-appoint him as Whole Time Director, for a further period of five years with effect from 01.09.2020, subject to the approval of Members and that of the Central Government, if required on the terms and conditions as set out hereunder.

Also in terms of Regulation 17 (6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 issued on May 9, 2018 ("Amended Listing Regulations"), the remuneration payable to Executive Directors who are promoters or member of promoter group, shall be subject to the approval of the shareholders by Special Resolution in General Meeting, if, the aggregate annual remuneration payable to such directors exceeds 5% of the net profits of the Company, as calculated under section 198 of the Act, where there is more than one such director. The approval given by the shareholders shall be valid only till the expiry of the term of such Director.

Shri Rameshbhai B. Patel is a Bachelor of Science having rich experience of above 31 years in colour & chemical industry and is one of the promoter of the Company. He is in charge of total production/R&D of Unit I at Ankleshwar. He has been instrumental and a driving force for increasing efficiency of plants, developing new product/expanding product range, selecting technology at Dynemic Products Ltd.



Broad particulars of the terms of re-appointment of Shri Rameshbhai B. Patel are as under :-

- (i) Shri Rameshbhai B. Patel satisfy all the conditions set out in Part-I of Schedule V to the Act for being eligible for the reappointment.
- (ii) The office of Whole Time Director may be terminated by the Company or the concerned Director by giving the other 1 (one) month prior notice in writing.
- (iii) The employment of Whole Time Director may be terminated by the Company without notice or payment in lieu of notice:
  - if the Director is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary or associate company to which he is required to render services; or
  - in the event of any serious repeated or continuing breach or non-observance by the Director of any of the stipulations contained in the terms of employment with the Company; or
  - in the event the Board expresses its loss of confidence in the Director.
- (iv) Upon termination by whatever means of the Whole Time Director's employment :
  - The Director shall immediately tender his resignation from the office as Director of the Company and from such other
    offices held by him in the Company, in any subsidiary and associate company and other entities without claim for
    compensation for loss of office,
  - The Director shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of its subsidiary or associate company.
- (v) The Whole Time Director will perform his duties as such with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and his functions will be under the overall authority of the Managing Director.
- (vi) The Whole Time Director shall adhere to the Company's Code of Business Conduct and Ethics for Directors and Management personnel.

The remuneration proposed to be paid to the Managing Director is comparable with the remuneration being paid for similar assignments in the industry.

Brief resume and other details of Shri Rameshbhai B. Patel are provided in annexure to the Notice pursuant to the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

It is proposed to seek Members' approval for the re-appointment of and remuneration payable to Shri Rameshbhai B. Patel, as Whole Time Director, in terms of the applicable provisions of the Act.

Shri Rameshbhai B. Patel satisfies all the conditions set out in Part-I of Schedule V to the Act and she is also not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Shri Rameshbhai B. Patel as Whole Time Directors under Section 190 of the Act.

Your Directors commend the Resolution at Item No. 6 for your approval.

Except for Shri Rameshbhai B. Patel, none of the other Directors, Key Managerial Personnel and relatives thereof are in any way, concerned or interested in the resolution at Item no. 6.

The Board of Directors recommended the resolution at Item No. 6 of the Notice for approval of Members by Special Resolution.

# ITEM No. 7

Ms. Rashmi K. Otavani (DIN 06976600), was appointed as Independent Director of the Company by the members of the Company in their 25<sup>th</sup> AGM held on 25<sup>th</sup> September, 2015 for a term of 5 consecutive years, effective from September 25, 2015 to September 24, 2020 ("First term"). The current term of their office is due to expire on September 24, 2020.

The Nomination and Remuneration Committee ("NRC") of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Ms. Rashmi K. Otavani as Independent Director for a second term of 5(five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the NRC, considers that, given her background and experience and contributions made by her during her tenure, the continued association of Ms. Rashmi K. Otavani would be immense benefit to the Company and it is desirable to continue to avail her services as Independent Director. Accordingly, it is proposed to re-appoint Ms. Rashmi K. Otavani as Independent Director of the Company, not liable to retire by rotation, for a second term of 5(five) consecutive years on the Board of the Company.

Ms. Rashmi K. Otavani, Independent Director of the Company, has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act and under the Listing Regulations. The Company has also received a Notice in writing from a member proposing his candidature for the office of an Independent Director of the Company under Section 160 of the Companies Act, 2013.



In the opinion of the Board, she fulfill the conditions specified in the Companies Act, 2013 and Listing regulations.

Ms. Rashmi K. Otavani is not disqualified from being appointed as Director in terms of Section 164 of the Act and had given her consent to act as Director.

Ms. Rashmi K. Otavani is the Member in NRC, CSR and SRC Committee of the Company.

Ms. Rashmi K. Otavani does not hold by herself or together with her relatives two percent or more of the total voting power of the Company.

Brief resume and other details of the Ms. Rashmi K. Otavani whose appointment is proposed are provided in the annexure to the Explanatory Statement attached herewith.

Copy of the draft letter for appointment of the above Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Ms. Rashmi K. Otavani is deemed to be interested in the resolution set out at Item no. 7 of the Notice with regard to her appointment.

Save and except above, none of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the above resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members. This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

#### ITEM No. 8

10

The Company had received requests from Mr. Dashrathbhai P. Patel, Promoter of the Company along with Dashrathbhai P. Patel – HUF, Mrs. Lilaben Dashrathbhai Patel and Ms. Palak D. Patel, Persons belonging to Promoter Group for reclassification from 'the Promoter and Promoter Group' category to 'Public' category. The following are the details regarding their respective shareholding in the Company:

Name of Shareholder	No. of Equity Shares (Face Value Rs. 10/- each)	Percentage of Shareholding / Voting Rights
Dashrathbhai P. Patel	520400	4.59
Dashrathbhai P. Patel – HUF	26420	0.23
Lilaben Dashrathbhai Patel	104730	0.92
Palak D. Patel	40500	0.36
Total	692050	6.10

Pursuant to Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with amendments thereto, the Board of Directors of the Company shall analyze the request, place the same before the shareholders in a general meeting for approval and apply for stock exchanges' approval subsequently.

On the basis of the requests received by the Company and pursuant to the provisions of Regulation 31A(3)(b) of the SEBI (LODR) Regulations, 2015, the aforesaid shareholders seeking reclassification have confirmed that –

- i) They, together do not hold more than ten per cent of the total Voting Rights in the Company;
- ii) They do not exercise control over the affairs of the Company directly or indirectly;
- iii) They do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- iv) They do not represent on the Board of Directors (including not having a Nominee Director) of the Company;
- v) They do not act as a Key Managerial Person in the Company;
- vi) They are not 'wilful defaulters' as per the Reserve Bank of India Guidelines;
- vii) They are not fugitive economic offenders.

Further, the aforesaid shareholders have confirmed that subsequent to reclassification, they would continue to comply with the requirements as mentioned in Regulation 31A of SEBI (LODR) Regulations, 2015.

The said requests for reclassification were considered, analyzed and approved by the Board of Directors at its meeting held on September 5, 2020, subject to members' approval, and stock exchanges' approval subsequently.

The Promoter/ Promoter Group shareholding in the Company would be 28.33% after the above reclassification.

Save and except above, none of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the above resolution.

The Board recommends the Resolution set out at Item No. 8 of the Notice for approval by the members.

Relevant details as stipulated under Regulation 26 (4) and 36(3) of SEBI (LODR), 2015 and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, in respect of Directors seeking Appointment / Re-appointment are as under:



# ANNEXURE TO NOTICE Details of Directors seeking Appointment / Re-appointment

Particulars	Shri Bhagwandas K. Patel
Age	66
Qualifications	B. Com and Inter C.A.
Experience (Brief Resume)	Shri Bhagwandas K. Patel aged 66 years is B. Com and Inter C.A. and a pioneer and founder of the Company. He has around 32 years of rich experience in Sales, Marketing, Operations, Management and Finance in the existing business. He was appointed as Managing Director of the Company for a period of 5 years with effect from 01.09.2015 which was approved by shareholders in the 25 <sup>th</sup> Annual General Meeting held on 25.09.2015.Prior to joining Dynemic he was working with M/s Britco Surgicals as a Administrative & Finance head.
Terms and Conditions of Appointment / Re-appointment	As per the resolution at item no. 5 of the Notice convening this Annual General Meeting read with explanatory statement thereto.
Remuneration last drawn (including sitting fee, if any)	Rs. 108.87 Lakhs
Remuneration proposed to be paid	As per resolution at item no. 5
Date of First appointment on the Board	14.06.1990
Shareholding in the Company as on March 31, 2020	1207182
Relationship with other Directors / KMP	Father of Shri Dixit B. Patel, Whole Time Director
Number of meetings of the Board attended during the year	4
Directorships of other Boards as on March 31, 2020	<ul> <li>Cerecon Bio-Sciences Private Limited erstwhile Dynamic Overseas (India)</li> <li>Private Limited – Subsidiary Company</li> </ul>
Membership/Chairmanship of Committees of other Boards as on March 31, 2020	Nil

Particulars	Mr. Rameshbhai B. Patel
Age	57
Qualifications	Bachelor of Science
Experience (Brief Resume)	Shri Rameshbhai B. Patel aged 57 years is Bachelor of Science having rich experience of above 31 years in colour & chemical industry and is one of the promoter of the Company. He is in charge of total production/R&D of Unit I at Ankleshwar. He has been instrumental and a driving force for increasing efficiency of plants, developing new product/expanding product range, selecting technology at Dynemic Products Ltd. He was appointed as Whole Time Director of the Company for a period of 5 years with effect from 01.09.2015 which was approved by the shareholders in the 25th Annual General Meeting held on 25.09.2015.
Terms and Conditions of Appointment / Re-appointment	As per the resolution at item no. 6 of the Notice convening this Annual General Meeting read with explanatory statement thereto.
Remuneration last drawn (including sitting fee, if any)	Rs. 40.72 Lakhs
Remuneration proposed to be paid	As per resolution at item no. 6
Date of First appointment on the Board	14.06.1990



Shareholding in the Company as on March 31, 2020	679993
Relationship with other Directors / KMP	None
Number of meetings of the Board attended during the year	4
Directorships of other Boards as on March 31, 2020	<ul> <li>Cerecon Bio-Sciences Private Limited erstwhile Dynamic Overseas (India)         Private Limited - Subsidiary Company     </li> <li>Ratnamani Bio-Chemicals and Pharmaceuticals Private Limited</li> </ul>
Membership/Chairmanship of Committees of other Boards as on March 31, 2020	Nil

Particulars	Ms. Rashmi K. Otavani
Age	40
Qualifications	B. Com and Company Secretary
Experience (Brief Resume)	Ms. Rashmi K. Otavani aged 40 years is B. Com and Company Secretary as well as a member of Independent Director's databank.  Apart from professional background she holds Directorship in M/s Kintech Renewables Limited. At present she is working as a Company Secretary in LIOLI CERAMICA PRIVATE LIMITED. She was appointed as Director of the Company for a period of 5 years with effect from 25.09.2015 which was approved by shareholders in the 25th Annual General Meeting held on 25.09.2015.
Terms and Conditions of Appointment / Re-appointment	As per the resolution at item no. 7 of the Notice convening this Annual General Meeting read with explanatory statement thereto.
Remuneration last drawn (including sitting fee, if any)	Rs. 0.32 Lakhs
Remuneration proposed to be paid	She shall be paid sitting fee (presently sitting fee is `8,000/- for each meeting) for attending every meeting of the Board and may vary as decided by Board from time to time.
Date of First appointment on the Board	14.02.2015
Shareholding in the Company as on March 31, 2020	Nil
Relationship with other Directors / KMP	None
Number of meetings of the Board attended during the year	4
Directorships of other Boards as on March 31, 2020	M/s Kintech Renewables Limited
Membership/Chairmanship of Committees of other Boards as on March 31, 2020	Member in M/s Kintech Renewables Limited in Audit Committee, NRC and SRC

Ahmedabad 5th September, 2020 By Order of the Board

Varsha R. Mehta Company Secretary Membership No. A24312



# **BOARDS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 30th Annual Report together with the audited Statement of Accounts of the Company for the year ended March 31, 2020.

# FINANCIAL RESULTS

(Amount in Lakhs)

Particulars	Star	Standalone		Consolidated	
	Year ended	Year ended 31st March'19	Year ended	Year ended	
	31st March'20	31St Warch 19	31st March'20	31st March'19	
Revenue from Operations	17583	16082	17583	16088	
Other Operating Income	644	579	644	579	
Total Income from Operations (net)	18227	16661	18227	16667	
Other Income	85	20	91	25	
Total Income	18312	16681	18318	16692	
Profit before Interest, Depreciation & Amortization and Tax Expenses	3709	2992	3714	2995	
Finance Cost	157	117	157	117	
Depreciation & Amortization	341	335	341	335	
Profit Before Tax	3211	2540	3216	2543	
Provision for Current Tax	877	778	878	779	
Provision for Deferred Tax	(79)	(34)	(79)	(34)	
Total Tax	798	744	799	745	
Profit after Tax	2413	1796	2417	1798	
Other Comprehensive Income	(27)	(19)	(27)	(19)	
Total Comprehensive Income / (Expenses)	2386	1777	2390	1779	

IMPACT OF THE COVID-19 ON BUSINESS OF THE COMPANY The operations of the Company were affected due to the lockdown announced by the Government of India to control the spread of Corona virus. The Company's manufacturing operations have been partially functional since 11th May, 2020 with the permissions of the State Government, well with the functioning guidelines issued by Ministry of Home Affaire (MHA). The Company has adhered to the guidelines as specified by the Government of India and complying with all safety measures to safeguard its employees from COVID-19 disease. The Company has formulated policy for work from home for all employees except employees associated with manufacturing activity. Plant operations have been partially functional throughout the lockdown period initially with residual staff, all housed within our premises.

# **DIVIDEND**

Your Company has already paid interim dividend @ 15% on the fully paid up Equity Share Capital of the Company as recommended by the Board of Directors of the Company in its meeting held on 14th February, 2020 for the year 2019-20 resulting into an outflow of 1.69 Crore excluding of tax.

Your Directors wish to conserve resources for future expansion and growth of the Company. Hence, your Directors have decided not to declare any further final dividend for the year under review.

During the year, unclaimed dividend amount of Rs. 1,05,158.00 pertaining to financial year 2011-12 were transferred to Investor Education & Protection Fund (IEPF) established by the Central Government, while Unclaimed Dividend relating to Financial Year 2012-13 amounting Rs. 1,08,360 has been transferred on 30<sup>th</sup> October, 2020.

# **COMPANY'S OPERATIONS**

Information on operational and financial performance, etc. of the Company for the financial year is given in the Management Discussion and Analysis which is set out as Annexure F to the Boards' Report.

# ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information to be disclosed under Section 134 (3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, are set out in Annexure A to this Report.



# **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

As part of its initiatives under "Corporate Social Responsibility" (CSR), the company has contributed funds for All India Social Education Charitable Trust. The contributions in this regard has been made to the registered trust which is undertaking these scheme.

The Annual Report on CSR activities is annexed herewith as: Annexure B.

# PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013. The details of the investments made by company is given in the notes to the financial statements.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Pursuant to requirement of the Companies Act, 2013, Shri Rameshbhai B. Patel shall retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting has been provided in the Notice of the Annual General Meeting, forming part of the Annual Report.

The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation. In accordance with Section 149(7) of the Act, each independent director has given a written declaration to the Company confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Act and SEBI Regulations. The term of office of Ms. Rashmi K. Otavani, will expire on September 24, 2020. The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Ms. Rashmi K. Otavani, as an Independent Director of the Company for a second term of five (5) consecutive years on the expiry of her current term of office. The approval of members for her re-appointment as an Independent Director alongwith rational for such re-appointment is being sought vide Item Nos. 7 in Notice of the Annual Report.

The Board of Directors on recommendation of Nomination and Remuneration Committee has reappointed Shri Bhagwandas K. Patel and Shri Rameshbhai B. Patel as Managing Director and Whole-time Director respectively of your company for a further period of 5 (five) years with effect from 1st September, 2020, subject to approval of shareholders, as their current term of office is upto 31<sup>st</sup> August, 2020. The approval of members for their re-appointments are being sought vide item no. 5 and 6 respectively in Notice of the Annual Report.

# Nomination and Remuneration Policy

Company's Policy on Directors, KMP and other employees as per Section 134(3) of Companies Act, 2013 is given in Corporate Governance Section forming part of Annual Report.

# Meetings

The Board of Directors duly met 4 (Four) times respectively on 25.05.2019, 01.08.2019, 21.10.2019 and 14.02.2020 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.

# **INSURANCE**

All movable and immovable properties as owned by the Company continued to be adequately insured against risks.

# DISCLOSURE UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and also has constituted Internal Complaints Committee (ICC). All employees (permanent, contractual, temporary, trainees) are covered under this policy. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The following is a summary of sexual harassment complaints received and disposed off during the year.

- No. of complaints filed during the financial year NIL
- No. of complaints disposed off during the financial year Not Applicable
- > Number of complaints pending as on end of the financial year NIL

# **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013 it is hereby confirmed that :

- in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2020, the applicable accounting standards had been followed and that there are no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for the year under review;



- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance
  with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and
  detecting fraud and other irregularities;
- the Directors have prepared the accounts for the financial year ended 31st March, 2020 on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

# **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. The Company had also taken members' approval at its Annual General Meeting held on 11<sup>th</sup> September, 2014 for entering into the transactions with Related Parties. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website www.dynemic.com/shareholder-information.php

Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

Disclosure of transactions with promoter / promoter group holding 10% or more shareholding.

(in Lacs)

Name of Promoter	Transaction Type	Amount
Shri Bhagwandas K. Patel	Remuneration	108.87
Number of shares - 1207182 (10.66%)	Dividend	36.22

Transactions with related parties are disclosed in Note No. 38 to the Annual Financial Statements.

#### **Material Changes:**

There have been no material changes and commitments affecting the financial position of the Company since the close of financial year i.e. since 31st March, 2020. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

# **AUDITORS:-**

# (A) STATUTORY AUDITORS:-

M/s Asim Ravindra & Associates, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 25th September, 2017 for a term of five consecutive years. As per the Companies Amendment Bill now ratification by members at AGM for Auditors is omitted.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

# (B) SECRETARIAL AUDITOR:-

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed M/s. Ashok Pathak & Associates, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as "Annexure C" for the financial year ended on 31st March, 2020. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

# (C) COST AUDITOR:-

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Cost Audit records maintained by the Company are required to be audited by a qualified Cost Accountant.

Your Directors have on the recommendation of the Audit Committee, appointed M/s Anuj Aggarwal & Co., Cost Accountants (Firm Registration number 102409) to audit the cost accounts of the Company for the Financial Year 2020-2021. As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification.

A Resolution seeking ratification of remuneration payable to M/s Anuj Aggarwal & Co, Cost Accountants is included in the Notice convening the Annual General Meeting.

# **EXTRACT OF ANNUAL RETURN:**

As required by Section 92(3) of the Companies Act, 2013 and the Rules framed there under, the extract of the Annual Return in Form MGT 9 is annexed herewith as "Annexure D"



#### **RISK MANAGEMENT POLICY:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the company has framed Risk Management Policy. The details of the policy are as updated on website of the company. At present the company has not identified any element of risk which may threaten the existence of the company.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

As per Clause 34(2) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report, is appended to this report.

#### **CORPORATE GOVERNANCE:**

A separate section on Corporate Governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report, as per SEBI Regulations.

#### PARTICULARS OF EMPLOYEES

There was no employee drawing salary in excess of limits described under Section 134 of the Companies Act, 2013 read with Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.

#### **FIXED DEPOSITS**

The Company has not accepted any fixed deposits during the year under report.

#### **CONSOLIDATED FINANCIAL STATEMENT**

The Consolidated Financial Statements of the Company for the Financial Year 2019-20 are prepared in compliance with the applicable provisions of the Act, Accounting Standards and Regulations as prescribed by Securities and Exchange Board of India (SEBI) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the Financial Statements of the Company, the Consolidated Financial Statements along with all relevant documents and the Auditor's Report thereon form part of this Annual Report. The Financial Statements as stated above are also available on the website <a href="https://www.dynemic.com">www.dynemic.com</a> of the Company.

## SUBSIDIARY AND ASSOCIATE COMPANY

A report on the performance and financial position of subsidiary and associate company as per Companies Act, 2013 is provided in Annexure – E.

# INTERNAL FINANCIAL CONTROL SYSTEM AND THIER ADEQUACY:

The details in respect of internal financial control and their adequacy are included in the Management and Discussion & Analysis, which forms part of this report.

# **Vigil Mechanism and Whistle Blower Policy**

The Company has a WHISTLE BLOWER POLICY to deal with instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct, if any. The details of the WHISTLE BLOWER POLICY are posted on the website of the Company. During the year under review, no employee was denied access to the Audit Committee. www.dynemic.com/shareholder-information.php

# GENERAL

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

# **ACKNOWLEDGEMENT**

The Board wishes to express appreciation and place on record its gratitude for the faith reposed in and co-operation extended to the Company by all customers, vendors, investors, bankers, insurance companies, consultants and advisors of the Company. Your Directors place on record their appreciation of the dedicated and sincere services rendered by the employees of the company.

For and on Behalf of the Board of Directors

Ahmedabad 27th June, 2020 Bhagwandas K. Patel Managing Director Dixitbhai B. Patel Director



# DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for FY 2019-20 *(Rs. in Lakhs)	% increase in Remuneration in the FY 2019-20	Ratio of remuneration of each Director / to median remuneration of employees
1	Bhagwandas K. Patel Managing Director	42.12	9%	22.46
2	Rameshbhai B. Patel Whole Time Director	38.87	10%	20.73
3	Dixitbhai B. Patel Whole Time Director	35.62	12%	19.00
4	Varsha R. Mehta Company Secretary and Compliance Officer	8.34	9%	4.45
5	Amisha R. Patel Chief Financial Officer	7.17	11%	3.83

<sup>\*</sup> Excluding Commission and Leave Pay

- i) The median remuneration of employees of the Company during the financial year was 1.87 lakhs
- ii) In the financial year, there was 10% increase in the median remuneration of employees;
- iii) There were 216 permanent employees on the rolls of Company as on March 31, 2020;
- iv) Average percentile increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was 20%.
- v) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- vi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year Not Applicable; and
- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- viii) The disclosure require as per Rule 5(2) Section 197 is not applicable as there were no employees drawing remuneration exceeding the limit.



# ANNEXURE A - TO THE BOARDS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

# A. CONSERVATION OF ENERGY:

# (i) Steps taken for conservation of energy

The Company has adopted several energy conservation measures besides what had been carried out earlier. Periodical testing is being taken for each unit of power supply to verify that the energy consumed is minimized.

- (ii) Steps taken by the Company for utilizing alternate sources of energy N.A.
- (iii) The Capital investment on energy conservation equipments Nil

# B. TECHNOLOGY ABSORPTION:

- (i) Efforts towards technology absorption Continuous endeavor to improve Product Quality & Process Yield.
- (ii) The benefits derived like product improvement, cost reduction, product development or import Substitution The Company is able to market its value added products in Domestic as well as International Market
- (iii) Information regarding imported technology (Imported during last three years) Nil
- (iv) Expenditure incurred on Research and Development Nil

# C. FOREIGN EXCHANGE EARNING AND OUTGO:

(in Lakhs)

	Current Year Rs.	Previous Year Rs.
Foreign Exchange earned	10752	9770
Foreign Exchange used	2271	1991

For and on Behalf of the Board of Directors

Ahmedabad 27th June, 2020 Bhagwandas K. Patel Managing Director

Dixitbhai B. Patel Director



# ANNEXURE B TO BOARD REPORT

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the companys CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR policy is stated herein below:

**CSR Policy** 

(Approved by the Board of Directors on 08.11.2014)

Our aim is to be one of the most respected companies in India delivering superior and everlasting value to all our customers, associates, shareholders, employees and Society at large.

The CSR initiatives focus on holistic development of host communities and create social, environmental and economic value to the society. To pursue these objectives we will continue to spend the required amount as provided in Schedule VII of the Companies Act, 2013

Web Link: www.dynemic.com/shareholder-information.php

2. Composition of CSR committee

Name of The MemberDesignationShri Bhagwandas K. PatelChairmanShri Jagdish ShahMemberMrs. Rashmi K. OtavaniMember

3. Average net profit of the company for last three financial years:

Average net profit: Rs. 24.18 Crores

4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above)

The company is required to spend Rs. 48.36 Lakhs

- 5. Details of CSR spend for the financial year :
  - a) Total amount spent for the financial year: Rs. 51,00,000/-
  - b) Amount unspent if any : Nil

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c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects / Activities	Sector	Locations	Amount spent on the project (Rs. Lakhs)	Amount spent: Direct or through implementing agency* (Rs. Lakhs)
1.	Sardardham	Promotion of Education and Health facility. Promotion of Economic, Social, Rural, Entrepreneur Developments and Community transformation	Ahmedabad	51.00	51.00

<sup>\*</sup> Details of implementing agency : Direct by the Company

The implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company.

B.K. Patel J.S. Shah R.K. Otavani

(Chairman of CSR Committee) (Member of CSR Committee) (Member of CSR Committee)



# FORM NO. MR.3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Dynemic Products Limited
B-301, Satyamev Complex-1
Gandhinagar-Sarkhej Highway Road Court,
Sola, Ahmedahad, 380,060

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Dynemic Products Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

#### We report that.

- a. Maintenance of Secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we follow provide a reasonable basis for our opinion.
- c. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- d. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
- f. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.
  - Based on our verification of the Dynemic Products Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SFRI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time, where applicable;
  - (d) \*The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;



- (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:
- \* No event took place under these regulations during the audit period.
- (vi) The following are other laws specifically applicable to the company:
  - (a) Food Safety and Standards Act, 2006;
  - (b) Indian Boiler Act, 1923
  - (c) Export (Quality Control and Inspection) Act, 1963

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by The Institute of Company Secretaries of India which the company has generally complied with.

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the period under review.

Adequate notices were given to all directors of the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, standards and guidelines.

We further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above.

Place: Ahmedabad Date: 27/06/2020 For, Ashok P. Pathak & Co. Company Secretaries UCN: S1997GJ020700

CS Ashok P. Pathak\*
Proprietor
C P No.: 2662

NOTE: Consequent to the COVID-19 pandemic throughout the world, the nationwide lockdown is being declared by the National Disaster Management Authority (NDMA) under the Disaster Management Act, 2005 (DMA) from 25th March, 2020 to contain the spread of virus. Due to COVID19 pandemic impact, certain compliance related documents were obtained through electronic mode and verified accordingly with the requirements.



# ANNEXURE D TO BOARD REPORT Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

# I. REGISTRATION AND OTHER DETAILS:

i) CIN : L24100GJ1990PLC013886

ii) Registration Date : 14/06/1990

iii) Name of the Company : DYNEMIC PRODUCTS LIMITEDiv) Category / Sub-Category of the Company : Company Limited by Shares

v) Address of the Registered office and : B-301, SATYAMEV COMPLEX-1, OPPOSITE GUJARAT HIGH COURT,

contact details S.G. HIGHWAY, SOLA, AHMEDABAD – 380060.

vi) Whether listed company : YES

vii) Name, Address and Contact details of : Bigshare Services Pvt. Ltd.

Registrar and Transfer Agent 1st Floor, Bharat Tin Works Building,

Opp. Vasant Oasis, Makwana Road, Marol,

Andheri(E), Mumbai - 400 059.

Tel: 91-022-62638200 Fax: 91-22-62638299

# II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr.	Name and Description of main products /	NIC Code 2004 of the Product /	% to total turnover of the		
No.	services	Service	Company		
1	Food Colour	20113	76.67%		
2	Dye Intermediates	20114 & 20119	23.33%		

# III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Cerecon Bio Sciences Private Limited (Erst while Dynamic Overseas (India) Private Limited B-302, Satyamev Complex-1, Opp: Gujarat High Court, S.G. Highway, Ahmedabad.	U24100GJ1999PTC037037	Subsidiary	98.09%	Section 2(87)
2.	Dynemic Holdings Private Limited B-309, Satyamev Complex-1, Opp: Gujarat High Court, S.G. Highway, Ahmedabad.	U65993GJ2007PTC052280	Associate	49.22%	Section 2(6)



# IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

# i) Category-wise Share Holding

Category of Shareholders	No. of Share	s held at the As on 01-	e beginning o 04-2019)	of the year		es held at (As on 31-	the end of th 03-2020)	ne year	% Change during
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	the year
A. Promoters									
a) Individuals/ HUF	4435034	Nil	4435034	39.15	4537332	Nil	4537332	40.05	0.90
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	C
c) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
d) Bodies Corporate	156320	Nil	156320	1.38	156320	Nil	156320	1.38	0
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	C
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0
Sub Total(A)(1)	4591354	Nil	4591354	40.53	4693652	Nil	4693652	41.43	0.90
(2) Foreign									
a) NRI – Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other – Individual	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total(A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	4591354	Nil	4591354	40.53	4693652	Nil	4693652	41.43	0.90
B. Public Shareholding									
a) Mutual Fund/Banks/FI	0	Nil	0	0	0	Nil	0	0	-0.04
b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Venture Capital Fund	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Insurance Cos.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) FIIs/Banks	5500	Nil	5500	0.05	14007	Nil	14007	0.12	0.07
g) Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Others(specify)	74500	Nil	74500	0.66	70000	Nil	70000	0.62	-0.04
Foreign Portfolio Investors	74300	1411	74300	0.00	70000	1411	70000	0.02	0.04
Sub Total (B)(1)	80000	Nil	80000	0.71	84007	Nil	84007	0.74	0.03
B2 Non-Institutions									
a) Bodies Corporate	426418	Nil	426418	3.76	260511	Nil	260511	2.30	-1.46
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	3957489	111311	4068800	35.92	3547926	91611	3639537	32.13	-3.79
ii) Individual shareholders holding	1569295	50000	1619295	14.29	1809595	50000	1859595	16.42	2.13
nominal share capital in excess of Rs.									
2 lakhs									
c) Trusts	3285	Nil	3285	0.03	3285	Nil	3285	0.03	0.00
c-i) Clearing Member	258362	Nil	258362	2.28	182330	Nil	182330	1.61	-0.67
c-ii) NRI (Repat)	210928	Nil	210928	1.86	130919	Nil	130919	1.16	-0.70
c-iii) NRI	0	Nil	0		0	Nil	0	0	-1.69
c-iv)NRI (Non-Repat)	54987	Nil	54987	0.48	49124	Nil	49124	0.43	0.05
d) HUF	0	Nil	0		407004	Nil	407004	3.59	3.59
Any Other (IEPF)	15020	Nil	15020	0.13	18485	Nil	18485	0.16	0.03
Sub-Total (B)(2)	6495784	161311	6657095	58.76	6409179	141611	6550790	57.83	-0.93
(B) Total Public Shareholding (B)= (B)(1)+(B)(2)	6575784	161311	6737095	59.47	6493186	141611	6634797	58.57	-0.90
TOTAL (A)+(B)	11167138	161311	11328449	100	11186838	141611	11328449	100	C
(C) Shares held by Custodians and against which Depository Receipts									
have been issued									
1) Promoter and Promoter Group	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Ni
2) Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Ni
Sub-Total (C)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Ni
GRAND TOTAL (A)+(B)+(C)	11167138	161311	11328449	100	11186838	141611	11328449	100	l c



# (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholdi	ng at the be the year	eginning of	Shareholding	g at the end	of the year	% change in share holding
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/e ncumbere d to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/e ncumbere d to total shares	during the year
1.	BHAGWANDAS KALIDAS PATEL	1207182	10.66	Nil	1207182	10.66	Nil	Nil
2.	DASHRATHBHAI PRAHLADDAS PATEL – HUF	492966	4.35	Nil	401420	3.54	Nil	-0.81
3.	RAMESHKUMAR BHAGWANDAS PATEL	679993	6.00	Nil	679993	6.00	Nil	Nil
4.	MAHENDRA KALIDAS PATEL	28192	0.25	Nil	28192	0.25	Nil	Nil
5.	KANTILAL KALIDAS PATEL	55150	0.49	Nil	55150	0.49	Nil	Nil
6.	JAYANTILAL KALIDAS PATEL	27215	0.24	Nil	27275	0.24	Nil	0.00
7.	KIRTI BHAGWANDAS PATEL	114403	1.01	Nil	115860	1.02	1457	0.01
8.	VIMLA BHAGWANDAS PATEL	146300	1.29	Nil	288300	2.54	Nil	1.25
9.	RAJULABEN JAYANTIBHAI PATEL	26120	0.23	Nil	26180	0.23	Nil	0.00
10.	SOBHANABEN M. PATEL	25530	0.22	Nil	25518	0.22	Nil	0.00
11.	VISHNU BHAGWANDAS PATEL	85406	0.75	Nil	85401	0.75	Nil	0.00
12.	DALSHIBEN B. PATEL	41100	0.36	Nil	41100	0.36	Nil	Nil
13.	LILABEN DASARATHBHAI PATEL	104730	0.92	Nil	104730	0.92	Nil	Nil
14.	DASHARATHBHAI P. PATEL	695400	6.14	Nil	695400	6.14	Nil	Nil
15.	PALAK DASHRATHBHAI PATEL	98000	0.87	Nil	98000	0.87	Nil	Nil
16.	MUKESHKUMAR BHAGWANDAS PATEL	114581	1.01	Nil	114581	1.01	Nil	Nil
17.	CHETNA MUKESHKUMAR PATEL	132000	1.16	Nil	132000	1.16	Nil	Nil
18.	DIXIT BHAGWANBHAI PATEL	160025	1.41	Nil	169225	1.49	Nil	0.08
19.	BHAGWATIBEN K. PATEL	43465	0.38	Nil	43465	0.38	Nil	Nil
20.	KAMINIBEN V. PATEL	49074	0.43	Nil	49074	0.43	Nil	Nil
21.	MITTAL D PATEL	32000	0.28	Nil	32000	0.28	Nil	Nil
22.	HANSABEN RAMESHBHAI PATEL	18202	0.16	Nil	18202	0.16	Nil	Nil
23.	DYNEMIC HOLDINGS PRIVATE LIMITED	156320	1.38	Nil	156320	1.38	Nil	Nil
24.	BHAGWANDAS K. PATEL (HUF)	46500	0.41	Nil	68500	0.60	Nil	0.19
25.	DIXIT BHAGWANDAS PATEL (HUF)	11500	0.10	0	11500	0.10	Nil	Nil
26.	SACHIN RAMESHBHAI PATEL	0	0	Nil	19084	0.17	Nil	0.17
	Total	4591354	40.53	Nil	4693652	41.43	Nil	0.90

# (iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at th year (As on	e beginning of the 01-04-2019)	Cumulative Shareholding during year (01-04-2019 to 31-03-202		
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
At the beginning of the year	4591354	40.53			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc):	#		#		
At the End of the year	4693652	41.43			



# # Details of Purchase / Transfer / Inter-se Transfer

Sr. No.	Name	Shareholdi	ng	Date	Increase/Dec rease in shareholding	Reason	during	Shareholding the year 31-03-2020)
		No. of Shares at the beginning (01- 04-19) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Dashrathbhai P. Patel (HUF)	487966	4.35	13.06.19	5000	Sell	487966	4.31
2	Dashrathbhai P. Patel (HUF)	480966	4.25	14.06.19	7000	Sell	480966	4.25
3	Vimlaben B. Patel	187300	1.65	05.08.19 06.08.19	28000 13000	Purchase	187300	1.65
4	Bhagwandas K. Patel(HUF)	67500	0.60	06.08.19	21000	Purchase	67500	0.60
5	Dashrathbhai P. Patel (HUF)	470466	4.15	23.08.19	10500	Sell	470466	4.15
6	Dashrathbhai P. Patel (HUF)	464555	4.10	26.08.19 27.08.19	1729 4182	Sell	464555	4.10
7	Dashrathbhai P. Patel (HUF)	462920	4.09	28.08.19	1635	Sell	462920	4.09
8	Dashrathbhai P. Patel (HUF)	440920	3.89	04.11.19	22000	Sell	440920	3.89
9	Vimlaben B. Patel	206700	1.82	11.11.19	19400	Purchase	206700	1.82
10	Vimlaben B. Patel	208300	1.84	13.11.19	1600	Purchase	208300	1.84
11	Bhagwandas K. Patel(HUF)	68500	0.60	11.11.19	1000	Purchase	68500	0.60
12	Dashrathbhai P. Patel (HUF)	430920	3.80	15.11.19	10000	Sell	430920	3.80
13	Dashrathbhai P. Patel (HUF)	417920	3.69	18.11.19	13000	Sell	417920	3.69
14	Dashrathbhai P. Patel (HUF)	407920	3.60	19.11.19	10000	Sell	407920	3.60
15	Dashrathbhai P. Patel (HUF)	403420	3.56	25.11.19	4500	Sell	403420	3.56
16	Dixitbhai B. Patel	162525	1.43	29.11.19	2500	Purchase	162525	1.43
17	Dashrathbhai P. Patel (HUF)	401420	3.54	26.02.20	2000	Sell	401420	3.54
18	Vimlaben B. Patel	244271	2.16	12.03.20	35971	Purchase	244271	2.16
19	Vimlaben B. Patel	248300	2.19	13.03.20	4029	Purchase	248300	2.19
20	Dixitbhai B. Patel	165025	1.46	13.03.20	2500	Purchase	165025	1.46
21	Dixitbhai B. Patel	169225	1.49	19.03.20	4200	Purchase	169225	1.49
22	Sachin R. Patel	4530	0.04	19.03.20	1430	Purchase	4530	0.04
23	Vimlaben B. Patel	288300	2.54	19.03.20	40000	Purchase	288300	2.54
24	Sachin R. Patel	19084	0.17	23.03.20	14554	Purchase	19084	0.17
25	Hansaben R. Patel	29544	0.26	27.03.20	11342	Purchase	29544	0.26
26	Kirtibhai B. Patel	115860	1.02	27.03.20	1457	Purchase	115860	1.02



# (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr.	Name	Shareho	olding at the	Date	Increase/De	Reason	Cumulative	Shareholding
No.			ng of the year		crease in			the year
					share-		(01-04-19 to	o 31-03-2020)
		No. of	% of total		holding		No. of	% of total
		Shares	shares of the				Shares	shares of the
			Company					Company
1	Dahyabhai Nathabhai Patel	93353	0.82	14.06.19	83647	Buy	177000	1.56
		177000	1.56	05.07.19	5000	Buy	182000	1.61
		182000	1.61	16.08.19	-1000	Sell	181000	1.60
		181000	1.60	06.09.19	-2000	Sell	179000	1.58
		179000	1.58	20.09.19	-1000	Sell	178000	1.57
		178000 177000	1.57 1.56	26.09.19	-1000 -1000	Sell	177000	1.56
		176000	1.55	06.12.19 20.12.19	-1000	Sell Sell	176000 175998	1.55 1.55
		175998	1.55	03.01.20	-2 -998	Sell	175998	1.54
		175000	1.54	14.02.20	-836	Sell	173000	1.54
		174164	1.54	27.02.20	36	Buy	174164	1.54
2	Shashikant P. Patel	130326	1.15	02.08.19	-85	Sell	130241	1.15
-	Silasilikalit F. Fatel	130320	1.15	09.08.19	-1000	Sell	129241	1.14
		129241	1.14	30.08.19	-7764	Sell	121477	1.07
		121477	1.07	13.09.19	-1998	Sell	119479	1.05
		119479	1.05	20.09.19	-6268	Sell	113211	1.00
		113211	1.00	26.09.19	-1168	Sell	112043	0.99
		112043	0.99	04.10.19	-3496	Sell	108547	0.96
		108547	0.96	25.10.19	-48	Sell	108499	0.96
		108499	0.96	08.11.19	-2822	Sell	105677	0.93
		105677	0.93	06.12.19	-1928	Sell	103749	0.92
		103749	0.92	03.01.20	-1456	Sell	102293	0.90
		102293	0.90	10.01.20	-500	Sell	101793	0.90
3	Sanjay Kanaiyalal Shah	-	-	26.07.19	7759	Buy	7759	0.07
		7759	0.07	02.08.19	5742	Buy	13501	0.12
		13501	0.12	09.08.19	30049	Buy	43550	0.38
		43550	0.38	16.08.19	6634	Buy	50184	0.44
		50184	0.44	23.08.19	7152	Buy	57336	0.51
		57336	0.51	30.08.19	3664	Buy	61000	0.54
		61000	0.54	06.09.19	300	Buy	61300	0.54
		61300	0.54	13.09.19	100	Buy	61400	0.54
		61400	0.54	20.09.19	100	Buy	61500	0.54
		61500	0.54	18.10.19	4500	Buy	66000	0.58
		66000	0.58	25.10.19	7700	Buy	73700	0.65 0.67
		73700 76060	0.65 0.67	01.11.19 08.11.19	2360 1240	Buy	76060 77300	0.68
		77300	0.67	15.11.19	1150	Buy Buy	77300 78450	0.68
		77300 78450	0.69	22.11.19	6600	Виу Виу	85050	0.69
		85050	0.09	29.11.19	4650	Buy	89700	0.79
		89700	0.79	06.12.19	300	Buy	90000	0.79
		90000	0.79	13.12.19	670	Buy	90670	0.80
		90670	0.80	31.12.19	330	Buy	91000	0.80
		91000	0.80	31.01.20	250	Buy	91250	0.81
		91250	0.81	07.02.20	4850	Buy	96100	0.85
		96100	0.85	14.02.20	8077	Buy	104177	0.92
		104177	0.92	21.02.20	1300	Buy	105477	0.93
		105477	0.93	27.02.20	4123	Buy	109600	0.97
		109600	0.97	06.03.20	1100	Buy	110700	0.98
		110700	0.98	20.03.20	4602	Buy	115302	1.02
		115302	1.02	27.03.20	5850	Buy	121152	1.07
		121152	1.07	31.03.20	600	Buy	121752	1.07
4	Jollyben Bharatkumar Jain	138290	1.22	=	-	-	138290	1.22
5	Lincoln P. Coelho	80000	0.71	-	-	-	80000	0.71
6	G V Nagabrahma	94881	0.84	-	-	-	94881	0.84



	\"	4.42650	4.26	05.04.40	2222	6 11	4.402.47	4.24
7	Vinod S. Padmanabhan	142650	1.26	05.04.19	-2333	Sell	140317	1.24
		140317	1.24	12.04.19	-13923	Sell	126394	1.12
		126394	1.12	26.04.19	-7516	Sell	118878	1.05
		118878	1.05	03.05.19	-1944	Sell	116934	1.03
		116934	1.03	07.06.19	2093	Buy	119027	1.05
		119027	1.05	21.06.19	-931	Sell	118096	1.04
		118096	1.04	28.06.19	1698	Buy	119794	1.06
		119794	1.06	05.07.19	798	Buy	120592	1.06
		120592	1.06	12.07.19	1000	Buy	121592	1.07
		121592	1.07	19.07.19	600	Buy	122192	1.08
		122192	1.08	26.07.19	1095	Buy	123287	1.09
		123287	1.09	02.08.19	3743	Buy	127030	1.12
		127030	1.12	09.08.19	5514	Buy	132544	1.17
		132544	1.17	16.08.19	3000	Buy	135544	1.20
		135544	1.20	23.08.19	2093	Buy	137637	1.22
		137637	1.22	30.08.19	12975	Buy	150612	1.33
		150612	1.33	06.09.19	2059	Buy	152671	1.35
		152671	1.35	20.09.19	2489	Buy	155160	1.37
		155160	1.37	26.09.19	12357	Buy	167517	1.48
		167517	1.48	30.09.09	1370	Buy	168887	1.49
		168887	1.49	11.10.19	-5000	Sell	163887	1.45
		163887	1.45	01.11.19	-3320	Sell	160567	1.42
		160567	1.42	08.11.19	9577	Buy	170144	1.50
		170144	1.50	15.11.19	4480	Вuy	174624	1.54
							180263	
		174624	1.54	22.11.19	5639	Buy		1.59
		180263	1.59	29.11.19	-29170	Sell	151093	1.33
		151093	1.33	06.12.19	-13656	Sell	137437	1.21
		137437	1.21	20.12.19	-2933	Sell	134504	1.19
		134504	1.19	27.12.19	-4370	Sell	130134	1.15
		130134	1.15	31.12.19	-6808	Sell	123326	1.09
		123326	1.09	03.01.20	2172	Buy	125498	1.11
		125498	1.11	10.01.20	7951	Buy	133449	1.18
		133449	1.18	17.01.20	2503	Buy	135952	1.20
		135952	1.20	24.01.20	-5495	Sell	130457	1.15
		130457	1.15	31.01.20	-175	Sell	130282	1.15
		130282	1.15	07.02.20	3245	Buy	133527	1.18
		133527	1.18	14.02.20	5443	Buy	138970	1.23
		138970	1.23	21.02.20	4477	Buy	143447	1.27
						,		
		143447	1.27	27.02.20	2058	Buy	145505	1.28
		145505	1.28	06.03.20	5000	Buy	150505	1.33
		150505	1.33	13.03.20	1417	Buy	151922	1.34
		151922	1.34	20.03.20	-5765	Sell	146157	1.29
		146157	1.29	27.03.20	888	Buy	147045	1.30
		147045	1.30	31.03.20	-801	Sell	146244	1.29
8	Nirvana Mall Management Company Pvt. Ltd.	100000	0.88	-	-	-	100000	0.88
9	Vasireddy Venugopal	79743	0.70	13.03.20	-10908	Sell	68835	0.61
	, -0-1	68835	0.61	20.03.20	-84	Sell	68751	0.61
10	Motilal Oswal Financial	117696	1.04	05.04.19	74	Buy	117770	1.04
-0	Services Ltd-Collateral	117770	1.04	12.04.19	-168	Sell	117602	1.04
	Account	11770	1.04	26.04.19	-1091	Sell	116511	1.03
	Account	116511	1.03	10.05.19	-15074	Sell	101437	0.90
		101437	0.90	17.05.19	-15074 -8992	Sell	92445	0.90
		92445	0.82	31.05.19	340	Buy	92785	0.82
		92785	0.82	07.06.19	-250	Sell	92535	0.82
		92535	0.82	14.06.19	-83634	Sell	8901	0.08
		8901	0.08	21.06.19	-648	Sell	8253	0.07
		8253	0.07	28.06.19	100	Buy	8353	0.07
		8353	0.07	05.07.19	-5095	Sell	3258	0.03
l		3258	0.03	12.07.19	5	Buy	3263	0.03
l		3263	0.03	19.07.19	527	Buy	3790	0.03
		3790	0.03	26.07.19	-437	Sell	3353	0.03
1		3353	0.03	02.08.19	1350	Buy	4703	0.04
11	Passage To India Master	74500	0.66	19.07.19	-4500	Sell	70000	0.62
	Fund Limited	555	2.00		.500			
	. GG EITHICG			l			l	



# (v) Shareholding of Directors and Key Managerial Personnel :

Sr. No.	Name	Shareholding at the beginning of the year		Date	Increase/De crease in shareholdin	e in	Cumulative Shareholding during the year (01-04-19 to 31-03-2020)	
		No. of Shares	% of total shares of the		g		No. of Shares	% of total shares of the
			Company					Company
1	BHAGWANDAS K. PATEL	1207182	10.66	-	-	-	1207182	10.66
2	RAMESHKUMAR BHAGWANDAS PATEL	679993	6.00	-	-	-	679993	6.00
3	DIXIT BHAGWANBHAI PATEL	160025	1.41	29.11.19	2500	Purchase	169225	1.49
				13.03.20	2500	Purchase		
				19.03.20	4200	Purchase		
4	AMISHA PATEL	500	0.004	-	-	-	500	0.004

# (V) INDEBTNESS (Rs. in Lakhs)

Indebtness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits*	Total Indebtness
Indebtness at the beginning of the financial year	3125	0	0	3125
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	3125	0	0	3125
Change in Indebtness during the financial year				
Addition	6981	0	0	6981
Reduction	0	0	0	0
Net Change Indebtness				
At the end of the financial year	10106	0	0	10106
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	10106	0	0	10106

# VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

.. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs. In Lakhs)

Sr.	Particulars of Remuneration	Name of N	ager	Total	
No.		B.K. Patel	R.B. Patel	D.B. Patel	Amount
1	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43.87	40.72	37.21	121.80
2	Commission	65.00	0	0	65.00
	Total	108.87	40.72	37.21	186.80

# B. Remuneration to other Directors

(Amount in Lakhs)

Sr.	Particulars of	Nam	Total Amount		
No.	Remuneration	Jagdish Shah	Shankarlal Mundra	Rashmi Otavani	
1	Sitting Fees	0.32	0.32	0.32	0.96
	Total	0.32	0.32	0.32	0.96



# C. Remuneration to KMP other than MD/MANAGER/WTD

(Rs. IN Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Pe	Total	
	Particulars of Remuneration	Company Secretary	CFO	Amount
1	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.61	7.17	15.78
	Total	8.61	7.17	15.78

# VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Туре	Section of the	Brief	Details of Penalty /	Authority	Appeal made, if
	Companies Act	Description	Punishment / Compounding	[RD / NCLT	any (give
			fees imposed	/ COURT]	Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C.OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					



# **ANNEXURE E**

[Pursuant to first proviso to sub-section [3] of section 129 read with rule 5 of Companies [Accounts] Rules, 2014] Statement containing salient features of the Financial Statement of Subsidiary / Associate as per Companies Act, 2013

(Rs. in Lakhs)

PART "A" SUBSIDIARY							
Name of the subsidiary	Cerecon Bio Sciences Private Limited (Erstwhile Dynamic						
	Overseas (India) Private Limited						
Reporting period for the subsidiary concerned, if different from the	01.04.2019 to 31.03.2020						
holding company's reporting period							
Reporting currency and Exchange rate as on the last date of the	N.A.						
relevant Financial year in the case of foreign subsidiaries							
Share capital	21.00						
Reserves & surplus	73.52						
Total assets	95.67						
Total Liabilities	95.67						
Investments	0						
Turnover	0						
Profit before taxation	2.33						
Provision for taxation	0.55						
Profit after taxation	1.78						
Proposed Dividend	Nil						
% of shareholding	98.09%						

- 1. Names of subsidiaries which are yet to commence operations N.A.
- 2. Names of subsidiaries which have been liquidated or sold during the year N.A.

(Rs. in Lakhs)

PART "B" ASSOCIATE – Statement pursuant to Section 129(3) of the Companies Act, 2013						
Name of Associate	Dynemic Holdings Private Limited					
Latest audited Balance Sheet Date	31/03/2020					
Shares of Associates held by the Company on the year end						
No.	1010000					
Amount of Investment in Associates (in Rs.)	101.00					
Extend of Holding (%)	49.22%					
Description of how there is significant influence	There is significant influence due to percentage(%) of Share Capital					
Reason why the associate/joint venture is not consolidated	N.A.					
Net worth attributable to shareholding as per latest audited	89.10					
Balance Sheet						
Profit/Loss for the year						
i. Considered in Consolidation	(2.19)					
ii. Not Considered in Consolidation	0					

- 1. Names of associates or joint ventures which are yet to commence operations N.A.
- 2. Names of associates or joint ventures which have been liquidated or sold during the year N.A.

For and on Behalf of the Board of Directors

Ahmedabad Bhagwandas K. Patel Dixitbhai B. Patel 27th June, 2020 Managing Director Director



# ANNEXURE F - MANAGEMENT DISCUSSION AND ANALYSIS REPORT

# **Industry Structure & Development**

Food Colors Market presents promising growth prospects and expected to gain traction over the forecast period 2019-2025. Food colors are dyes or pigments used to enhance the taste and colors to give a precise appearance. The growing need for convenience foods owing to the increasing consumer knowledge about products with an exotic and traditional taste is anticipated to additional uphold the growth of the market in the next few years. The global food colors market is primarily driven by the increasing demand from the bakery & confectionery and the beverages industry.

The food colors market size was valued at \$2.1 billion in 2019, and is estimated to reach \$3.5 billion by 2027, registering a CAGR of 12.4% from 2020 to 2027. Food color is any dye, pigment, or substance that imparts color when it is added to food and beverages. Food colors are available in various forms such as liquids, powder, gels, and paste, which find their application in meat products, beverages, dairy, bakery & confectionary, processed food & vegetables, and oils & fats.

# **Opportunities and Threats**

The global dyes & pigments market is segmented on the basis of region, namely, Asia-Pacific, Europe, North America, Middle East & Africa, and South America. Currently, the Asia-Pacific region is the largest market for dyes & pigments. The increasing population coupled with rising disposable income in the region is expected to drive the increasing demand for dyes & pigments. South America is projected to be the second-fastest growing market from 2016 to 2021.

- Increase in per capita consumption of dyes & pigments in emerging economies
- Increasing demand from end-use industries
- High demand for HPP pigments
- Technological advancements in the market
- Concerns about the effect of Coloring additives especially artificial Color have impacted the market.

#### **Risks and Concerns**

- Volatile raw material prices
- Stringent environmental regulations

Raising awareness regarding the harmful effects of synthetic colors, technological innovations, increasing incomes of individuals and demand for easy-to-cook meals, need for clean label products and enhancing product appeal through colorants are some of the factors driving the market growth. Factors such as health issues caused by synthetic colorants and strict regulations are restraining the market growth.

# **Financial and Operational Performance**

# (a) Net Sales and Other Income

Sales during the year ended 31st March, 2020 were Rs. 17583 Lakhs as against Rs. 16082 Lakhs in the previous year, an increase of Rs. 1501 Lakhs in comparison over the previous year. During the year Operating Income grew appx by 12% from Rs. 579 Lakhs to Rs. 643 Lakhs and other income increased from Rs. 19.78 Lakhs to Rs. 85.32 Lakhs.

# (b) Expenditure

The total expenditure increased from Rs. 14141 Lakhs to Rs. 15101 Lakhs for the year under review showing a increase of Rs. 960 Lakhs over the previous financial year.

# (c) Profit

Profit before tax increased from Rs. 2540 Lakhs to Rs. 3211 Lakhs this year. The Company's net profit after tax is Rs. 2413 Lakhs as compared to previous year Rs. 1796 Lakhs.

# Significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with explanations as under:-

		2019	2020	Change	Change %
1	Current Ratio	2.06	3.46	1.4	67.96
2	Debt Equity Ratio	0.05	0.64	0.59	1180.00
3	Networth	16.61	18.88	2.27	13.67

# Explanations :-

Increase in Current ratio is good because the current assets increased and the current liabilities decreased during the year under review. Increase in Debt equity is due to long term loan of Rs. 80 crores taken for Dahej project. Increase in Return of Networt is a good sign due to cost controls.



#### Segment wise or Product wise performance

The Company is engaged in manufacturing and marketing of Dyes & Intermediates. There is only one reportable segment i.e. "Dyes & Dyes Intermediates". So the segment wise or product wise performance report is not given in the report.

#### Outlook

Food colors are added to food and drinks to create a specific appearance. The global food colors market is primarily driven by the increasing demand from the bakery & confectionary and the beverages industry. The high demand from flavoured drinks, fruit juices and nutritional drinks drives the global food colour market. For commercial adoption, synthetic food colours are in high demand because of the high stability under light, cheap in cost and less microbial contamination. However, natural food colours are expensive in comparison to synthetic ones.

# **Environmental & Hazardous Safety And Quality Assurance**

In pursuit of excellence & meeting the changes that happen time to time & also to fulfill the requirements received from customers, your Company continued to integrate its ISO 9001:2015, ISO:14001:2015, ISO:22000:2005, HACCP and other certification. Your Company is committed to ensuring the highest standards of environment management and strict compliance with regulatory requirements at all times. All the products manufactured by Dynemic meet the regulatory requirement under FSSAI, EU, JECFA, USFDA and also fulfill criteria of Kosher & Halal, & WHO-GMP Certification.

Your company is committed to socio-environmental aspects and go beyond compliance norms of competitive authorities.

# **Internal Control Systems And its Adequacy**

Your Company has a comprehensive system of internal controls to safeguard the Company's assets against loss from unauthorized use and ensure proper authorization of financial transactions. The Company has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis. The Company maintains a system of internal controls designed to provide assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with applicable laws and regulations as applicable in the various jurisdictions in which the Company operates.

#### **Human Resources**

Our employees are our most precious assets and we value their commitment. Relations with the employees at all levels remained cordial during the year. Your Company has 216 permanent employees as on 31st March, 2020.

# **Disclosure of Accounting Treatment**

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards)

(Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The previous year figures have been regrouped/reclassified or restated, so as to make the figures comparable with the figures of current year. The significant Accounting Policies which are consistently applied have been set out in the Notes to the Financial Statements.

# **Cautionary Statement**

Certain statements under "Management Discussion & Analysis" may be forward looking statement within the meaning of applicable securities laws and regulations. The forward looking statements are based on certain assumptions and expectations of future events. Actual results may differ materially from those expressed or implied from the statement since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

For and on Behalf of the Board of Directors

Ahmedabad 27th June, 2020 Bhagwandas K. Patel Managing Director Dixitbhai B. Patel Director



# CORPORATE GOVERNANCE REPORT

The Directors present the Company's report on Corporate Governance which sets out systems and processes of the Company, as prescribed in Regulation 17 to 27 of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and some of the practices followed by the Company on Corporate Governance, for the financial year ended 31st March, 2020.

The Company has complied with all the requirements of the Corporate Governance.

#### 1. Company's Philosophy on Corporate Governance

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholder value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests. The Board conducts periodic review of business plans, monitors performance and compliance to regulatory requirements.

#### 2. Board of Directors

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations as well as the Companies Act, 2013 the required details are given below:

Name Category		No. of Board Meetings Held / Attended		Attendance at the last AGM	Directorships in other Indian Public Companies*	Other Mandatory Committee** membership as at 31 <sup>st</sup> March 2020	
		Held	Attended		as at 31 <sup>st</sup> March 2020	Chairman	Member
Bhagwandas K. Patel DIN: 00045845	MD-Executive (Promoter)	4	4	Yes	NIL	NIL	NIL
Ramesh B. Patel DIN: 00037568	WTD-Executive (Promoter)	4	4	Yes	NIL	NIL	NIL
Dixit B. Patel DIN: 00045883	WTD-Executive (Promoter)	4	4	Yes	NIL	NIL	NIL
Jagdish S. Shah DIN: 00037826	Independent	4	4	Yes	NIL	NIL	NIL
Shankarlal B. Mundra DIN: 00388204	Independent	4	4	Yes	NIL	NIL	NIL
Rashmi K. Otavani DIN : 06976600	Independent	4	4	No	1	NIL	2

<sup>\*</sup> Excludes Directorships in private/foreign companies and companies incorporated under Section 8 of the Companies Act, 2013.

# • MD – Managing Director, WTD – Whole Time Director

Name	Name of the listed entities in which the concerned	Category of Directorship
	Director is a Director	
Rashmi K. Otavani	Kintech Renewables Limited	Independent Director
(Independent)		
DIN: 06976600		

Minimum four Board meetings are held in each year. Apart from the four prescheduled Board meetings, the meetings are also convened by giving appropriate notice to address the specific needs of the Company.

During the Financial Year ended on 31st March, 2020, 4 (Four) meetings of the Board of Directors were held on the following dates:-

25.05.19, 01.08.19, 21.10.19 and 14.02.2020.

The time gap between any two board meetings was not more than 4 months.

# Skills / Expertise / Competencies of the Board of Directors

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board.

- 1. Business operation and management
- 2. Global market awareness
- 3. Government and Government/ industrial policy
- 4. Indian Corporate Laws and Compliance

5. Project Management

6. Quality Management

<sup>\*\*</sup> Represents Membership/Chairmanship of the Audit Committee, Stakeholders Relationship Committee of other Companies.



- 7. **Board and Governance**
- 9. Finance, Accounting, Auditing
- Stakeholder Engagement
- 13. Research and Development
- 15. Human Resources Management and Labour Relations/ Labour Laws
- Strategic planning
- 10. Risk management
- Technical skills
- 14. Safety management
- Market Awareness of the Product (Domestic as well 16. as International)

Business Ethics as well as Corporate Ethics

The current composition of the Board meets the requirements of skills, expertise and competencies as identified above.

8.

Name of Board Members and	Mr. Bhagwandas	Mr. Ramesh	Mr. Dixit	Mr. Jagdish	Mr. Shankarlal	Ms. Rashmi
Designation	K. Patel	B. Patel	B. Patel	S. Shah	B. Mundra	K. Otavani
	MD	WTD	WTD	ID	ID	ID
Business operation and management	٧	٧	٧	٧	٧	٧
Global market awareness	٧	٧	٧	٧	i	1
Government and Government/	٧	٧	٧	٧	٧	-
industrial policy						
Indian Corporate Laws and Compliance	-	-	-	٧	-	٧
Project Management	٧	٧	٧	-	-	1
Quality Management	٧	٧	٧	-	-	-
Board and Governance	٧	٧	٧	٧	٧	٧
Strategic planning	٧	٧	٧	-	i	İ
Finance, Accounting, Auditing	٧	٧	٧	-	٧	i
Risk management	٧	٧	٧	-	-	ı
Stakeholder Engagement	٧	-	ı	-	٧	٧
Technical skills	٧	٧	٧	-	-	-
Research and Development	٧	٧	٧	-	-	ı
Safety management	٧	٧	٧	-	-	-
Human Resources Management and	٧	٧	٧	-	-	-
Labour Relations/ Labour Laws						
Market Awareness of the Product	٧	٧	٧	-	-	-
(Domestic as well as International)						
Business Ethics as well as Corporate	٧	٧	٧	٧	٧	٧
Ethics						

### **Audit Committee**

The Audit Committee comprised of 3 members viz: Shri Jagdish S. Shah, Shri Shankarlal B. Mundra and Shri Bhagwandas K. Patel. Shri Jagdish S. Shah, chairs the meetings of the Committee. The terms of reference of the Audit Committee are as set out in Regulation 18 of the Listing Regulations, Section 177 of the Companies Act and with any other applicable laws.

The terms of reference of the Audit Committee are broadly as under :-

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company; 2.
- 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report a. in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management c.
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions f.
  - Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval; 5.



- 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8. Approval or any subsequent modification of transactions of the company with related parties;
- 9. Scrutiny of inter-corporate loans and investments;
- 10. Valuation of undertakings or assets of the company, wherever it is necessary;
- 11. Evaluation of internal financial controls and risk management systems;
- 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13. Reviewing the adequacy of internal audit function, if any, 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;
- 14. Discussion with internal auditors of any significant findings and follow up there on;
- 15. 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:
- 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17. 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;
- 18. To review the functioning of the Whistle Blower mechanism:
- 19. Approval of appointment of CFO, after accessing the qualifications, experience and background, etc. of the candidate;
- 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 21. Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.

During the financial year 2019-2020, the Committee met four times on 25.05.19, 01.08.19, 21.10.19 and 14.02.2020. All the Committee members were present in all meetings.

Shri Jagdishbhai S. Shah, Chairman of Audit Committee, attended the last Annual General Meeting held on 26th September, 2019.

#### 4. Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprised of 3 members viz: Shri Shankarlal B. Mundra, Ms. Rashmi K. Otavani and Shri Bhagwandas K. Patel. Shri Shankarlal B. Mundra, chairs the meetings of the Committee. The composition of the Stakeholder Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

During the financial year 2019-2020, the Committee met Five times on 19.04.19, 26.04.19, 01.08.19, 21.10.19 and 14.02.2020 at registered office of the Company. All the Committee members attended all the meetings.

During the financial year, 0 complaints were received. As of 31st March, 2020, NIL complaints were pending.

Shri Shankarlal B. Mundra, Chairman of Stakeholders Relationship Committee, attended the last Annual General Meeting held on 26th September, 2019.

# 5. Nomination and Remuneration Committee (NRC)

The role of the Nomination and Remuneration Committee is governed by its Charter and its composition is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

- 1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees:
- 2. Formulation of criteria for evaluation of Independent Directors and the Board;
- 3. Devising a policy on Board diversity;
- 4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- 5. To recommend / review remuneration of the Managing Director(s) and Whole time Director(s) based on their performance and defined assessment criteria.



- 6. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- 7. To perform such other functions as may be necessary or appropriate for the performance of its duties.
- 8. To recommend / review remuneration of the Senior Management to the Board.

The Nomination and remuneration committee has 3 Independent Directors as members viz: Shri Shankarlal B. Mundra, Shri Jagdish S. Shah and Ms. Rashmi K. Otavani.

One meeting was held during the year 2019-2020 on 25.05.2019 and attended by all members. Shri Shankarlal B. Mundra chairs the meetings. The terms of reference of Nomination and Remuneration Committee include review, determination, increase / decrease and approval of remuneration, determination of terms of appointment, Company's policy for specific remuneration packages, etc. for the Executive Directors, Directors and other employees. <a href="www.dynemic.com/shareholder-information.php">www.dynemic.com/shareholder-information.php</a>

Shri Shankarlal B. Mundra, Chairman of Nomination and remuneration Committee, attended the last Annual General Meeting held on 26th September, 2019.

#### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an evaluation of its own performance and the Directors individually. A process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfillment of key responsibilities, effectiveness of meetings etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

#### REMUNERATION POLICY

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the Company successfully;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company does not have any Employee Stock Option Scheme.

### Remuneration of Directors

(i) Independent Directors ('ID') are paid sitting fees for attending the Meetings of the Board as recommended by the NRC and approved by the Board.

### (ii) Managing Director ('MD')/ Executive Directors ('ED')/ Key Managerial Personnel ('KMP')/ rest of the employees

The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence, remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the Sector / Industry / Company's Operations and the Company's capacity to pay, consistent with recognized best practices and aligned to regulatory requirements.

Basic / Fixed Salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits in accordance with terms of employment/contract. In addition to the Basic/ Fixed salary, benefits, perquisites and allowances as mentioned below, the Company provides to its MD, such remuneration by way of Commission calculated with reference to the net profits of the Company in the financial year, as may be determined by the Board, subject to the overall ceilings stipulated under Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on performance as evaluated by the NRC and approved by the Board.

Details of remuneration paid during the financial year 2019-2020 :

# a) Independent Directors

36

(Rs. In Lakhs)

Sr.	Particulars of		Total Amount		
No.	Remuneration	Jagdish Shah	Shankarlal Mundra	Rashmi Otavani	
1	Sitting Fees	0.32	0.32	0.32	0.96
	Total	0.32	0.32	0.32	0.96



## b) Managing Director and Whole Time Director

(Rs. In Lakhs)

Sr.	Particulars of	Name	Name of MD/WTD/Manager		
No.	Remuneration	B.K. Patel	R.B. Patel	D.B. Patel	
1	Gross Salary	39.00	36.00	33.00	108.00
2	Bonus	3.12	2.87	2.62	8.62
3	Leave Pay	1.75	1.85	1.59	5.18
4	Commission	65.00	0	0	65.00
	Total	108.87	40.72	37.21	186.80

The services of the Managing Director and Executive Directors may be terminated by either party, giving the other party a six months' notice or the Company paying six months' salary in lieu thereof. There is no provision for payment of severance fees.

There is no other pecuniary relationship or transaction by the Company with Independent Directors.

In the opinion of the Board, the Independent directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

The Company does not have any scheme for grant of stock option to its Directors or Employees.

#### 7. Corporate Social Responsibility Committee

The composition of the CSR Committee is in alignment with provisions of Section 135 of the Companies Act, 2013.

The Committee comprising of Shri B K Patel as Chairman and Shri Jagdish Shah and Ms Rashmi K. Otavani as other members. The said committee has been entrusted with the responsibility of formulating and recommending to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and ruled made there under, and the amount to be spent on CSR activity. During the year the Committee met twice on 30.04.19 and 14.02.2020 and all the members were present in all the meetings.

For all the Committees of Board Ms. Varsha Mehta acts as Secretary to the meetings.

#### 8. Familiarisation programmes for Board Members

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments were made at the separate meeting of the Independent Directors held during the year. The details of such familiarization programmes for Independent Directors are posted on the website of the Company. <a href="https://www.dynemic.com/shareholder-information.php">www.dynemic.com/shareholder-information.php</a>

# 9. Meetings of Independent Directors

During the year under review, all the Independent Directors met on March 14, 2020, inter alia, to discuss:

- 1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
- 2. Evaluation of the performance of the M.D. of the Company, taking into account the views of the Executive and Independent Directors.
- 3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### 10. General Body Meeting

### a. Annual General Meetings

The date, time and venue of the last three Annual General Meetings and special resolutions passed at the meetings are given below:

Year	Category – Date and Time	Venue	Special Resolutions passed
2018-19	Annual General Meeting 26th September, 2019 at 4.00 p.m.	Prasang Presidency R.C.T.I College Road, Opp. Unique City Homes, Ghatlodia, Ahmedabad – 380 061	Yes
2017-18	Annual General Meeting 21st September, 2018 at 4.00 p.m.  Prasang Presidency R.C.T.I College Road, Opp. Unique City Homes, Ghatlodia, Ahmedabad – 380 061		Yes
2016-17	Annual General Meeting 25th September, 2017 at 4.00 p.m.	Prasang Presidency R.C.T.I College Road, Opp. Unique City Homes, Ghatlodia, Ahmedabad – 380 061	No

During the year under review no resolution(s) were transacted through Postal Ballot.



#### 11. Disclosures:

- i. The Managing Director and the CFO of the Company have certified to the Board that the Financial Results of the Company for the year ended 31<sup>st</sup> March, 2020 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI Listing Regulations.
- ii. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.
- iii. There were no materially significant transactions with promoters, directors or the management, their subsidiaries, associates or relatives that may have potential conflict with the interest of the Company at large. A disclosure of all related party transactions has been presented in the Note No. 38, Notes to the accounts of this Annual Report.
- iv. The Company has adopted accounting treatments which are prescribed by the Indian Accounting Standards.
- v. The quarterly / half yearly financial statements are available on Company's, BSE's and NSE's website and being published in Financial Express and Indian Express.
- vi. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To.

The Members of Dynemic Products Limited B-301, Satyamev Complex-1, Gandhinagar-Sarkhej Highway Road, Opp-New Gujarat High Court, Sola, Ahmedabad-380063

Dynemic Products Ltd (CIN-L24100GJ1990PLC013886) is having it registered office at B-301, Satyamev Complex-1, Gandhinagar-Sarkhej Highway Road, Opp-New Gujarat High Court, Sola, Ahmedabad-380063 (hereinafter referred to as 'the Company'). The equity shares of the Company are listed on BSE Limited (Script Code 532707) and National Stock Exchange of India Limited (Symbol: Dynpro Series: EQ).

- 1. We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the company, produced before us by the Company for the purpose of issuing this Certificate in accordance with sub-regulation (3) of Regulation 34 read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 dtd.09/05/2018 effective from 01/04/2019.
- 2. As on 31st March, 2020 the Board of Directors of the Company comprised of :

Sr.	Name of Director	DIN	DIN	Date of
No.			Status	Appointment
1.	Rameshkumar Bhagwandas Patel	00037568	Approved	14/06/1990
2.	Jagdish Sevantilal Shah	00037826	Approved	07/06/2004
3.	Bhagawandas Kalidas Patel	00045845	Approved	14/06/1990
4.	Dixit Bhagwandas Patel	00045883	Approved	01/01/2008
5.	Shankarlal Baluram Mundra	00388204	Approved	29/09/2005
6.	Rashmi Kamlesh Otavani	06976600	Approved	14/02/2015

- 3. In our opinion and to the best of our information and according to the verifications (including DIN based search on MCA Portal www.mca.gov.in) and examinations of the disclosures / registers under Section 184, 189, 170, 164, 149 of the Companies Act, 2013 ('the Act'), and explanations furnished to us by the company and its officers, we hereby certify as under:
- None of the above named directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI), the Ministry of Corporate Affairs – MCA or any such statutory authority for the Financial Year ending 31st March, 2020.
- 4. It is the responsibility of the Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.
- 5. Ensuring the eligibility of the appointment / continuity of every director on the Board is the responsibility of the management of the company. Our responsibility is to express an opinion on these based on our verification.



- 6. This certificate is neither an assurance as the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.
- 7. This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

Place: Ahmedabad

Date: 27/06/2020

Company Secretaries

UCN: \$1997GJ020700

CS Ashok P. Pathak\* Proprietor C P No.: 2662

Unique Document Identification Number (UDIN) allotted by the Institute of Company Secretaries (ICSI) for this Certificate of Non-Disqualification of Director is A009939B000388713.

- vii. Disclosure of commodity price risks and commodity hedging activities: Not applicable
- ix. Payment to Statutory Auditors During 2019-2020, Rs. 8.40 Lacs was paid by the Company and its subsidiary companies to the Statutory Auditors | entities in network firm / network entity of which the Statutory Auditor are a member.

### 12. Means of communication

- i. The quarterly/half yearly financial statements are announced within 45 days of the end of the quarter and are regularly submitted / published to Stock Exchange in accordance with the SEBI (LODR) Regulations, 2015.
  - The Company published its Notices / Financial Statements in Indian Express and The Financial Express.
- ii. The Company has its official website namely <a href="www.dynemic.com">www.dynemic.com</a> which is providing all the product related and general information about the Company. The Company is regular in submitting all the relevant information with BSE, NSE and updating in website as per Regulation 46 of the SEBI (LODR) Regulations, 2015.
- iii. Management Discussion and Analysis Report, in compliance with the requirements of Regulation 34(2)(e) of the SEBI (LODR) Regulations, 2015, is annexed to the Boards' Report which forms part of the Annual Report being sent to all the members of the Company.
- iv. The Company has not issued any ADR/GDR.
- v. The Company has not engaged into any commodity price risk or foreign exchange risk and hedging activities.
- vi. Company has got its credit rating through CRISIL, and CRISIL has assigned CRISIL BBB/Stable on the long-term and short-term bank facilities.
- vii. The Company does not have any Demat Suspense Account / Unclaimed Suspense Account.
- viii. During the year under review, none of the Independent Directors of the Company had resigned.
- ix. No presentations were made to any institutional investors or analysts during the financial year 2019-20.

#### 13. General Shareholders' Information

i. Date of Book Closure :- N.A.

ii. Financial Calendar 2019-2020 :-

(tentative schedule)

Financial year : 1st April 2020 to 31st March 2021.

Board meetings for approval of quarterly results

Quarter ended on June 30, 2020 : Held on 27<sup>th</sup> July, 2020

Quarter ended on September 30, 2020 : Held on 10<sup>th</sup> November, 2020

Quarter ended on December 31, 2020 : On or before 14<sup>th</sup> February, 2021

Quarter ended on March 31, 2021 : On or before 30<sup>th</sup> May, 2020 (Audited)

Annual General Meeting for the year : In accordance with Section 96 of Companies 2020-21 Act, 2013.

### iii. Listing of equity shares on Stock Exchanges :-

The equity shares of the Company are listed at Bombay Stock Exchange Limited and National Stock Exchange Limited. The Company has paid the annual listing fees for the financial year 2019-20.



Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001

v. Stock code :- BSE : 532707 NSE : DYNPRO

ISIN: INE256H01015

#### v. Dematerializational Information :-

As on  $31^{st}$  March 2020, 98.75 % of the Company's total shares, i.e. 11186838 no. of shares were held in dematerialized form and 1.25 % i.e. 141611 shares were held in physical form.

National Stock Exchange of India Ltd.,

Bandra Kurla Complex, Bandra (E)

Exchange Plaza, C-1, Block G,

Mumbai - 400 051

### vi. Share Transfer System:-

Share transfers, dividend payments and all other investor related activities are attended to and processed at the Office of the Company's Registrar and Share Transfer Agent. For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact any under mentioned Registrar and Share Transfer Agent of the Company.

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective April 1, 2019, transfer of shares in physical form has ceased. Shareholders who are holding shares in physical form are therefore requested to please demat the shares.

The Company has appointed Bigshare Services Pvt. Ltd. as the Share Transfer Agent. For any assistance, request or instruction regarding transfer or transmission of shares, dematerialization of shares, change of address, non-receipt of annual report and any other query relating to the shares of the Company, please write to the following address:

#### Bigshare Services Pvt. Ltd.

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri(E), Mumbai - 400 059.

**Tel:** 91-022-62638200 **Fax:** 91-22-62638299

E-mail: investor@bigshareonline.com

# vii. Share Market Price data :-

The securities of the Company have been listed on BSE & NSE. The stock market price were as under :-

Month	BSE Sensex	Bombay Stock	Exchange Limited	National Stock I	xchange Limited
ivionth	BSE Sensex	Monthly High	Monthly Low	Monthly High	Monthly Low
April'19	39031.55	123.00	105.60	122.85	106.80
May'19	39714.20	124.60	100.10	123.90	99.45
June'19	39394.64	127.00	105.00	127.95	107.00
July'19	37481.12	123.00	104.00	122.85	108.05
August'19	37332.79	129.60	114.00	129.90	110.90
September'19	38667.33	134.90	114.00	135.70	113.05
October'19	40129.05	139.05	115.50	139.85	116.55
November'19	40793.81	155.35	128.00	155.00	127.90
December'19	41253.74	147.95	126.00	147.90	124.55
January'20	40723.49	166.00	144.50	166.80	143.05
February'20	38297.29	179.65	143.95	180.00	144.25
March'20	29468.49	155.00	84.25	158.45	81.00

## viii. Distribution of Shareholding as on 31st March, 2020 (in Rupees)

No. of Equity shares held	No. of share holders	% of shareholders	Share Amount (in Rs.)	% of holding
1 – 5000	8046	83.93	11319080	9.9917
5001 – 10000	697	7.27	5734430	5.0620
10001 – 20000	396	4.13	6072160	5.3601
20001 - 30000	134	1.40	3458890	3.0533
30001 - 40000	51	0.53	1818880	1.6056
40001 - 50000	64	0.67	2996980	2.6455
50001 - 100000	82	0.85	5679560	5.0135
100001 & above	116	1.21	76204510	67.2683
TOTAL			113,284,490	100.0000



Shareholding pattern of the Company as on 31st March, 2020

Category	No. of Shares	% of Shares
A Promoter's Holding		
1 Indian Promoters	4693652	41.43
2 Foreign Promoters		
Sub Total	4693652	41.43
B Public Shareholding		
1 Institutions		
Financial Institution/Banks	14007	0.12
Foreign Portfolio Investors	70000	0.62
2 Central Govt/State Govt /		
President of India	0	0.00
3 Non-Institutions		
Private Corporate Bodies	260511	2.30
Indian Public	5499132	48.54
NRIs / OCBs	180043	1.59
Trust	3285	0.03
Clearing Members	182330	1.61
IEPF	18485	0.16
HUF	407004	3.59
Sub Total	6634797	58.57
GRAND TOTAL	11328449	100.0000

#### ix. Details of Shares held by Independent Directors as on 31st March, 2020

Name of the Independent Director	Shares Held
Mr. Jagdish S. Shah	Nil
Mr. Shankarlal B. Mundra	Nil
Ms. Rashmi K. Otavani	Nil

xi. The Company during the year transferred 3465 number of shares to IEPF of shareholders who has not claimed dividend since 7 years as require under Rule 6(5) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Due Date for transfer of Unclaimed and Unpaid Dividend and shares in respect of which dividend is unpaid or has not been claimed by the shareholders for seven consecutive years or more to the IEPF in respect of dividend declared by erstwhile Dishman Pharmaceuticals and Chemicals Ltd. ("DPCL") and the Company

Dividend for Financial Year	Dividend Declaration Date	Proposed due date for transfer of Unclaimed and Unpaid Dividend	Year wise amount of unpaid/unclaimed dividend lying in
Year	Date	amount and shares to the IEPF	the unpaid account as on 31/03/2020
2013-14	11.09.2014	17.10.2021	124877
2015-16	15.03.2016	20.04.2023	148014.5
2016-17	25.09.2017	31.10.2024	160088
2017-18	21.09.2018	27.10.2025	154971.5
2018-19	26.09.2019	02.10.2026	119365.5

# x. Plant Location

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Unit-1: 6401, 6402, 6415, 6416, 6400, 6400/1 GIDC Estate, Ankleshwar - 393 002.

Unit-2: 3709/6, 3710/1, 3710/3, GIDC Estate, Ankleshwar – 393 002.

2. Information pursuant to Regulation 53(f) of SEBI (LODR) Regulations, 2015:-

Loans and Advances in the nature of loan to subsidiaries and associates :

Name of the Company

Balance as at 31<sup>st</sup> March, 2020

NIL

NIL

NIL



#### xi. Investor Correspondence:-

All enquiries, clarification and correspondence should be addressed to the Company Secretary and Compliance Officer at the registered office of the Company:-

### Ms. Varsha Mehta

**Dynemic Products Limited** 

B-301, Satyamev Complex-1, Opp. Gujarat High Court, S.G. Road, Ahmedabad – 380060.

Tel. Nos.: 079-27663071/76 Fax No.: 079-27662176 Email: cs@dynemic.com

For and on Behalf of the Board of Directors

Ahmedabad Bhagwandas K. Patel Dixitbhai B. Patel 27th June, 2020 Managing Director Director

### **CONFIRMATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as at March 31, 2020.

For and on behalf of the Board of Directors

Ahmedabad 27th June, 2020

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Sd/-Bhagwandas K. Patel Managing Director

#### **ANNEXURE - I**

## LIST OF INVESTMENT IN MUTUAL FUND SHOWING MARKET VALUE AND COST VALUE

Scheme	Units	Cost Price	Hldg. Cost	Mkt. Price	Mkt. Value
India Reit Fund Scheme IV	4.33	1,00,000	4,33,112.00	4.33	4,33,112.00
	(4.33)	(1,00,000)	(4,33,112.00)	(4.33)	(4,33,112.00)
Total Portfolio Value			4,33,112.00 (4,33,112.00)		4,33,112.00 (4,33,112.00)

The figures in the brackets relates to the previous year i.e. 2018-19.



# INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of, Dynemic Products Limited

- 1. This certificate is issued in accordance with the terms of our engagement letter reference no. RKB/6730 dated 25th September 2018.
- 2. We, ASIM RAVINDRA & ASSOCIATES, Chartered Accountants, the Statutory Auditors of DYNEMIC PRODUCTS LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

# Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### **Auditor's Responsibility**

- 4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the books of account and other relevant records and documents maintained by the Company for the
  purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- 6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- 7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

- 8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March 2020.
- 9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For, ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS

FRN. 118775W

Place : Ahmedabad Date : 27/06/2020 [RAVINDRA MEHTA] PARTNER M. No. 043051



# INDEPENDENT AUDITOR'S REPORT

To
The Members of, **Dynemic Products Limited** 

#### Report on the Audit of the standalone Ind AS financial statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of **DYNEMIC PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

# **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfi lled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

### **Key audit matters**

### How our audit addressed the key audit matter

# Revenue from sale of products (As described in Note 2(b) of the standalone Ind AS financial statements)

Revenue is recognized when performance obligations are satisfied by transferring promised goods to customers. Goods are considered transferred when the customer obtains 'control' of the promised goods. Control is the ability to direct the use of and obtain, substantially all the benefits from the goods.

There is a risk of revenue not being recorded in the correct accounting period on account of the inability to establish with certainty, the point of time when control passes.

Principal audit procedures performed include:

- (1) Assessed the appropriateness of the relevant accounting policy.
- (2) Evaluated the design and implementation of internal controls over management's assertion with respect to 'cut – off', to establish that control of promised goods has passed to customers.
- (3) Tested the operating effectiveness of controls over revenue recognition with a focus on those related to the timing of revenue recognition.
- (4) Performed testing on a sample of sales to confirm that 'cut off' has been properly applied, in particular, the sales made before the year end



#### **Key audit matters**

#### How our audit addressed the key audit matter

#### Pending litigations (As described in Note 34 of the standalone Ind AS financial statements)

As of March 31, 2020, the Company has disclosed contingent liabilities of Rs. 53.34 lacs relating to tax and legal claims.

Taxation, arbitration and litigation exposures have been identified as a key audit matter due to the uncertainties and timescales involved for the resolution of these claims.

Accordingly, there is judgement required by management in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed in the standalone Ind AS financial statements.

Following procedures have been performed to address this key audit matter:

- Gained an understanding of the process of identification of claims, litigations, arbitrations and contingent liabilities, and evaluated the design and tested the operating effectiveness of key controls.
- Discussed and analysed material legal cases with the Company's legal department.
- Analysed the responses obtained from the Company's legal advisors who conduct the court cases, tax and administrative proceedings, in which their status and possible expected manner of proceeding were described.
- 4. Evaluated management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of contingent liabilities in the standalone Ind AS financial statements.
- 5. Assessed the adequacy of the disclosures with regard to facts and circumstances of the legal and litigation matters.

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the
  information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors'
  Report, Business Responsibility Report and Corporate Governance, but does not include the standalone financial
  statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any
  form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Responsibilities of Management for the standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

# Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to infl uence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.



As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant defi ciencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- **2.** As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specifi ed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;



- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 34 to the standalone Ind AS financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For, ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN. 118775W

Place: Ahmedabad Date: 27-06-2020 [ RAVINDRA MEHTA ] PARTNER M. No. 043051



#### ANNEXURE A TO

# TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets;
  - (b) Fixed Assets have been physically verified by the management periodically in a phased manner and no material discrepancies have been noticed on physical verification as confirmed by the management;
  - (c) The title deeds of the immovable properties are held in the name of the company.
- (ii) As explained to us , inventories have been physically verified by the management, at reasonable intervals, except for minor items and the inventories lying with outside parties which have been confirmed by them. As explained to us, the material discrepancies, if any noticed have been properly dealt with in the books of accounts by the management.
  - The year end physical verification of the inventory can not be carried out due to the lock down in view of the COVID 19, but the physical verification of inventory at reasonable intervals by the management is done and is dealt with in the books of accounts.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanation given to us, the company has complied with the provisions of Section 185 and 186 of the Companies Act 2013, in respect of the loans, investments, security and guarantees.
- (v) In our opinion and according to the information and explanation given to us, the company has complied with the provisions of Section 73 to 76 or any relevant provisions of the Act and its Rules , and also the directives of Reserve Bank of India with regard to acceptance of deposits.
- (vi) According to the information and explanation given to us, the maintenance of cost records has been specified by the Central Government under sub section (1) of section 148 of the Companies Act 2013, and we have broadly reviewed the accounts and records mainetained by the company as prescribed by the Government for the maintenance of the cost records under section 148 (1) of the Companies Act, and we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however, made detailed examination of the records with a view to determine whether they are accurate and complete. The company has obtained the Cost Audit Report from the Cost Accountants.
- (vii) (a) According to the information and explanation given to us and on the basis of our examination of books of accounts, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insuarance, Sales Tax, Income Tax, Custom Duty, Excise Duty, Wealth tax, Service tax and other statutory dues with the appropriate authorities;
  - (b) According to the information and explanation given to us, the dues of Excise Duty and Income tax, which have not been deposited on account of any dispute and the forum where the dispute is pending are as under:-

Sr. no	Name of the Statute	Nature of Dues	Amount ₹	Period to which matter relates	Forum where dispute is pending
1	Central Excise Act, 1944	Service Tax & Excise Duty	215278	2012-13	Appeal pending with Commissioner (Appeals) Surat-II
2	Income Tax Act 1961	Income Tax	3512712	AY 2017-18	Appeal pending with CIT (Appeals)- Ahmedabad-I

- (viii) According to the information and explanation given to us , the company has not defaulted in repayment of dues to financial institutions and banks.
- (ix) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were taken. No moneys have been raised by way of initial public offer during the year under review.
- (x) According to the information and explanation given to us and to the best of our knowledge and belief , no fraud on or by the company has been noticed or reported by the company during the year.
- (xi) According to the information and explanation given to us and to the best of our knowledge and belief , the managerial remuneration has been paid or provided in accordance with the requisite mandated by the provisions of Section 197 read with Schedule V to the Companies
- (xii) The company is not Nidhi Company and so the clause is not applicable.
- (xiii) According to the information and explanation given to us and to the best of our knowledge and belief, all the transactions with the related parties are in compliance with Section 177 and 188 of Companies Act 2013, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and to the best of our knowledge and belief, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanation given to us and to the best of our knowledge and belief, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanation given to us and to the best of our knowledge and belief, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1943.

For, ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS FRN. 118775W

[ RAVINDRA MEHTA ] PARTNER M. No. 043051

Place: Ahmedabad Date: 27-06-2020

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#### ANNEXURE B TO

# TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 11(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Dynemic Products Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

# MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind As financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN. 118775W

[ RAVINDRA MEHTA ] PARTNER M. No. 043051

Place: Ahmedabad Date: 27-06-2020



STANDALONE BALANCE SHEET AS AT	31ST I	MARCH 2020	(Rs. In Lakhs)
Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
ASSETS:			
NON-CURRENT ASSETS:			
Property, Plant & Equipments	4.1	3574.36	3806.19
Capital Work in Progress	4.2	7110.88	2488.04
Intagible Assets	5	0.19	0.68
Financial Assets:			
Investments	6	135.50	135.50
Loans	10	221.90	189.55
Other Financial Assets	11	146.70	57.62
Other Non Current Assets	13	304.35	304.35
TOTAL NON CURRENT ASSETS		11493.88	6981.92
CURRENT ASSETS:			
Inventories	12	3640.76	2715.60
Financial Assets:-			
Investments	6	0.00	0.00
Trade Receivables	7	3189.53	4163.88
Cash and cash equivalents	8	96.47	16.01
Other Bank Balances	9	2511.62	110.14
Loans	10	17.82	36.44
Other Financial Assets	11	4.59	4.42
OTHER CURRENT ASSETS	13	4031.22	1720.97
TOTAL CURRENT ASSETS		13492.01	8767.46
TOTAL -ASSETS		24985.89	15749.38
EQUITIES AND LAIBILITIES: EQUITY			
Equity Share Capital	14.1	1132.84	1132.84
Other Equity	14.2	11578.85	9602.69
TOTAL EQUITY		12711.69	10735.54
LAIBILITIES			
NON CURRENT LIABILITIES Financial Liabilities			
Borrowings	15	8195.74	11.61
Trade Payables	16	0.00	3.47
Other Financial Liabilities	17	0.31	0.05
Deferred Tax Liabilities(Net)	21	405.31	484.33
TOTAL NON CURRENT LIABILITIES		8601.36	499.46
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	1910.25	3113.72
Trade Payables	16	760.04	499.95
Other Financial Liabilities	17	19.89	97.74
Provisions	18	22.42	17.99
Current Tax Liabilities	19	837.30	757.43
Other Current Liabilities	20	122.93	27.55
TOTAL CURRENT LIABILITIES		3672.83	4514.38
TOTAL LIABILITIES		12274.19	5013.84
TOTAL - EQUITIES AND LIABILITIES		24985.89	15749.38

The accompanying Notes form an integral part of the Standalone Balance Sheet. This is the Standalone Balance Sheet referred to in our report of even date.

For: ASIM RAVINDRA & ASSOCIATES

CHARTERED ACCOUNTANTS.

FRN. 118775W

For and on Behalf of For : DYNEMIC PRODUCTS LIMITED

(B. K. Patel) (D. B. Patel)

Managing Director Director

[RAVINDRA MEHTA]

PARTNER M. No. 043051 (R. B. Patel) Director

Place: Ahmedabad Date: 27/06/2020 (Varsha Mehta) (Amisha Patel) Company Secretary Chief Financial Officer



# STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-3-2020

(Rs. In Lakhs)

Particulars	Note	31/03/2	020	31/03/20	)19
		Rupees	Rupees	Rupees	Rupees
REVENUE FROM OPERATIONS	22		18226.97		16660.98
OTHER INCOME	23		85.32		19.78
TOTAL REVENUE Rs.			18312.29		16680.76
EXPENESES:					
Cost of Materials Consumed	24		9763.77		8449.03
Purchases of Stock-in-Trade	25		933.35		1350.78
Changes in Inventories	26		(752.17)		(336.66)
Employee Benefits Expenses	27		930.38		800.45
Finance Costs	28		157.11		117.24
Depreciation & Amortisations	29		340.64		335.16
Other Exps:-	30				
Other Manufacturing Exps.	30.1	3011.01		2644.13	
Repairs & Maintenance	30.2	224.49		283.30	
Administrative, Selling & Other Exps.	30.3	492.53	3728.03	497.53	3424.96
TOTAL EXPENSES Rs.			15101.10		14140.95
Profit before Taxation			3211.19		2539.81
Income Tax Expense	31				
Current Tax			831.81		753.07
Deferred Tax			(79.02)		(34.19)
Add/ (Less):- Taxation of earlier years (Refunds/Paid)			45.24		25.27
Net Profit for the Year			2413.16		1795.66
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss	36		(21.81)		(14.97)
Remeasurements on Post-employment Defined Benefit Plans					
Income Tax on Above	31		(5.49)		(4.36)
Total Other Comprehensive Income, Net of Tax			(27.30)		(19.33)
Total Comprehensive Income for the Year			2385.87		1776.33
Earnings per Equity Share (Nominal Value Rs. 10/- per Share)	32				
Basic			21.06		15.68
Diluted			21.06		15.68

The accompanying Notes form an integral part of the Standalone Statement of Profit & Loss. This is the Standalone Statement of Profit & Loss referred to in our report of even date.

For : ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA] PARTNER

M. No. 043051

Place: Ahmedabad Date: 27/06/2020 For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED
(B. K. Patel) (D. B. Patel)
Managing Director Director

(R. B. Patel) Director

(Varsha Mehta) Company Secretary (Amisha Patel) Chief Financial Officer



# STANDALONE STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2020

(Rs. In Lakhs)

		Other Equity -Reserves & Surplus- Rfer Note No			
Particulars	Equity Share Capital [Refer Note 14.1	Share Premium Account	General Reserve	Retained Earnings	Total
As at 1st April, 2018	1132.84	1036.80	502.18	6491.91	9163.73
Profit for the Year				1795.66	1795.66
Other Comprehensive Income (Net of Tax) - Remeasurements on Post employment Defined Benefit Plans				(19.33)	(19.33)
Total Comprehensive Income for the Year	1132.84	1036.80	502.18	8268.23	10940.06
Transactions with Owners in their Capacity as Owners:					
Final Dividend on Equity Shares for the Financial Year 2017-18 (Refer Note 41(b))				(169.93)	(169.93)
Dividend Distribution Tax on Above				(34.59)	(34.59)
As at 31st March, 2019	1132.84	1036.80	502.18	8063.71	10735.54
Profit for the Year				2413.16	2413.16
Other Comprehensive Income (Net of Tax) - Remeasurements on Post employment Defined Benefit Plans				(27.30)	(27.30)
Total Comprehensive Income for the Year	1132.84	1036.80	502.18	10449.58	13121.41
Transactions with Owners in their Capacity as Owners:					
Final Dividend on Equity Shares for the Financial Year 2018-19 (Refer Note 41(b))				(169.93)	(169.93)
Interim Dividend on Equity Shares for the Financial Year 2019-20 (Refer Note 41(b))				(169.93)	(169.93)
Dividend Distribution Tax on Above				(69.86)	(69.86)
Transfer from Retained Earnings			-	-	-
As at 31st March, 2020	1132.84	1036.80	502.18	10039.87	12711.69

The accompanying Notes form an integral part of the Standalone Statement of Changes in Equity. This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For : ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA]

**PARTNER** M. No. 043051

Place: Ahmedabad Date: 27/06/2020 For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED
(B. K. Patel)
Managing Director
Director

(R. B. Patel)
Director

(Varsha Mehta) (Amisha Patel)

Company Secretary Chief Financial Officer



# STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31/03/2020

(Rs. In Lakhs)

	Particulars	Year Ended 31/03/2020	Year Ended 31/03/2019
Α.	Cash Flows from Operating Activities		
	Profit before Tax	3211.19	2539.81
	Adjustments for:		
	Depreciation and Amortisation Expense	340.64	335.16
	Finance Costs	157.11	117.24
	Bad Debts/Advances/ Creditors Written Off	11.23	48.24
	Provision for Doubtful Debts	0.00	0.00
	Interest Income Classified as Investing Cash Flows	(72.73)	(8.29)
	(Gain)/Loss on Disposal of Property, Plant and Equipment (Net)	(1.24)	(1.57)
	Foreign Exchange Differences (Net)	(188.06)	(106.61)
	Operating Profit before Changes in Operating assets and Liabilities	3458.13	2923.97
	Changes in Operating Assets and Liabilities		
	Increase/(Decrease) in Trade Payables	260.09	(59.11)
	Increase/(Decrease) in Other Financial Liabilities	(71.73)	(7.75)
	Increase/(Decrease) in Provisions	4.43	0.73
	Increase/(Decrease) in Other Current Liabilities	95.38	(81.93)
	(Increase)/Decrease in Inventories	(925.16)	(19.04)
	(Increase)/Decrease in Trade Receivables	959.65	(965.06)
	(Increase)/Decrease in Loans	(13.73)	(26.08)
	(Increase)/Decrease in Other Financial Assets	12.83	17.44
	(Increase)/Decrease in Other Non-current Assets	0.00	(55.93)
	(Increase)/Decrease in Other Current Assets	(2114.12)	475.75
	Cash Generated from Operations	(1792.37)	(720.98)
	Income Taxes Paid	(991.86)	(872.46)
	NET CASH FROM OPERATING ACTIVITIES	673.91	1330.53
B.	Cash Flows from Investing Activities		
	Payments for Acquisition of Property, Plant and Equipment/Intangible Assets	(4757.16)	(1732.55)
	Proceeds on Disposal of Property, Plant and Equipment	22.07	10.28
	Interest Received	72.73	8.29
	Proceeds from Maturity of Deposits with Banks	4038.83	9.52
	Payments for Placing of Deposits with Banks	(6565.87)	(62.90)
	NET CASH USED IN INVESTING ACTIVITIES	(7189.40)	(1767.36)
C.	Cash Flows from Financing Activities:		
	Dividend Paid	(339.85)	(169.93)
	Dividend Distribution Tax Paid	(69.86)	(34.59)
	Finance Costs Paid	(157.11)	(117.24)
	Proceeds from Long-term Borrowings	8178.17	5.04
	Short-term Borrowings - Receipts/(Payments)	(1203.47)	628.35
	NET CASH USED IN FINANCING ACTIVITIES	6407.88	311.62
D.	Exchange Differences on Translation of Foreign Currency	188.06	106.61
	Cash and Cash Equivalents Net Cash (Outflow)/ Inflow	80.46	(18.60)
	Cash and Cash Equivalents - Opening (Refer Note 8)	16.01	34.61
	Cash and Cash Equivalents - Opening (Refer Note 8)	96.47	16.01

The above Standalone Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'. The accompanying Notes form an integral part of the Standalone Cash Flow Statement This is the Standalone Cash Flow Statement referred to in our report of even date.

For : ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA] PARTNER M. No. 043051

Place : Ahmedabad Date : 27/06/2020 For and on Behalf of For : DYNEMIC PRODUCTS LIMITED

(B. K. Patel) Managing Director (D. B. Patel) Director

(R. B. Patel) Director

(Varsha Mehta) Company Secretary (Amisha Patel) Chief Financial Officer



# 1. Company Background

**Dynemic Products Limited** (the 'Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Company is located at B-301, Satyamev-I, Opp. Gujarat High Court, S G Road, Sola, Ahmedabad-380060, Gujaratl, India. The Company is mainly engaged in the business of manufacturing and selling of Dyes & Dye Intermediates as single operational segment. The standalone Financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on 27th June, 2020.

## 2. Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of the standalone Financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. These standalone financial statements are the separate financial statements of the Company.

### (a) Basis of Preparation

### (i) Compliance with Ind AS

The standalone financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and other provisions of the Act.

### (ii) Basis of Measurement

The standalone Financial statements have been prepared on a historical cost basis, except for the following:

- -Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- -Defined benefit plans plan assets measured at fair value.

## (iii) Current versus Non Current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a) expected to be realised or intended to be sold or consumed in the normal operating cycle,
- b) held primarily for the purpose of trading,
- c) expected to be realised within twelve months after the reporting period, or
- d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in the normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period, or
- d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

## (iv) Rounding of Amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest Rupee in lacs as per the requirement of Schedule III, unless otherwise stated.



### (b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty & exclusive of GST and net of returns, trade discounts, rebates, value added taxes and amounts collected on behalf of third parties. The inter divisional transfer between Unit-1 & Unit-2 are deducted from respective sales & purchases. It has no impact on profit or loss.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

<u>Sale of Products</u>:-Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer as per the terms of contract. Sales is net of inter branch transfers. It has no impact on profit or loss.

<u>Sale of Services:</u>- Revenue from services rendered is recognised as the services are rendered and is booked based on agreements/ arrangements with the concerned parties.

## **Other Operating Revenues**

Export entitlements (arising out of Duty Drawback, Merchandise Export from India and Focus Market Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Company and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. There is no Royalty Income.

(c) Construction Contracts :- There is no Construction contract entered into by the company during the period under consideration.

# (d) Property, Plant and Equipment:-

Freehold/ GIDC Lease hold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

# Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

Estimated useful lives of the assets are taken as per Schedule II of the Companies Act 2013, which is broadly defined as under:-

Buildings - 3 to 60 years

Plant and Equipments - 5 to 40 years

Furniture and Fixtures - 10 years

Vehicles - 8 to 10 years

Office Equipments - 3 to 6 years

Leasehold land is from GIDC and has not been amortised, as the lease cost has been fully paid. The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at



the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Workin-progress'.

## (e) Intangible Assets

Intangible assets (Computer Software) has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

## Computer Software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/system integration services, where applicable.

#### Amortisation Method and Period

Computer software are amortised on a pro-rata basis using the straight-line method over their estimated useful life of 5 years, from the date they are available for use. Amortisation method and useful lives are reviewed periodically at each Financial year end.

### (f) Impairment of Non Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).

### (g) Leases

# As A Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. This is not applicable to GIDC Lease, as there is no periodic payments are made for uses of leased asset, which is GIDC Land.

# (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on approximation average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# (i) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment, if any. Investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount.



# (j) Investments (Other than Investments in Subsidiaries) and Other Financial Assets

#### (i) Classification

The Company classifies its financial assets in the following measurement categories:-

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Though the Company do not have any debt instruments, but for investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

### (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### **Debt Instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### **Amortised Costs**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

# • Fair Value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income'.

# • Fair value through Profit & Loss A/c

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other Income' in the period in which it arises.

# **Equity Instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.



## (iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40(A) details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

# (iv) De-recognition of Financial Assets

A financial asset is de-recognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### (v) Income Recognition

### Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

# Dividend

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

## (vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

### (k) Derivative Instruments- Not applicable as there are no Derivative Instruments.

# (I) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.



### (m) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

# (n) Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (o) Trade Payables

Trade Payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

# (p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## (q) Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

# (r) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

## (s) Foreign Currency Transactions and Translation

# (i) Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (Rs.), which is the Company's functional and presentation currency.

### (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.



Exchange differences arising on reporting of long-term foreign currency monetary items recognised up to 31st March, 2018 (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/liability). All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

# (t) Employee benefits

## (i) Short Term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'Employee Benefits Payable' within 'Other Current Liabilities' in the Balance Sheet.

### (ii) Post Employment Benefits

# Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. These are included in 'Retained Earnings' in the Statement of Changes in Equity.

# **Defined Contribution Plans**

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

# (iii) Other Long term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Provisions' (Current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.



### (u) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

# (v) Provisions and Contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

# (w) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.



# (x) Earnings per Share

### (i) Basic Earnings per Share

Basic earnings per share is calculated by dividing: -

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

### (ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:-

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## (y) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company. Presently Company has been working in single segment- Dyes & Dyes Intermediates.

# (z) Recent Accounting Pronouncements

Standard issued but effective from annual periods beginning on or after 1st April 2019:-

Ind AS 116 Leases:- On 30th March, 2019, Ministry of Corporate Affairs, has notified Ind AS 116 Leases. Ind AS 116 will replace the existing leases standard Ind AS 17, Leases, and related interpretations. No impact on the company.

Ind AS 12, Apendix C Uncertainity over Income Tax Treatments:- On 30th March, 2019, Ministry of Corporate Affairs, has notified Ind AS 12, Apendix C Uncertainity over Income Tax Treatments, which is to be applied while performing the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainity over income tax treatments under Ind As 12. The effective date of Ind AS 12, Apendix C is annual periods begning on or after 1st April 2019. The effect on adoption of Ind AS 12, Apendix C, would be insignificant in the standalone financial statements.

Amendment to Ind AS 12 Income Taxes:- On 30th March, 2019, Ministry of Corporate Affairs, has issued amendments to the guidance in Ind As 12, Income Taxes, in connection with accounting for dividend distribution taxes. The effective date of amendments to Ind AS 12, is annual periods beginn on or after 1st April 2019. The company is evaluation the effect of this amendments on standalone financial statements.

Amendment to Ind AS 19 Employee benefits, plan amendment, curtailment or settlements, On 30th March, 2019, Ministry of Corporate Affairs, has issued amendments to the guidance in Ind As 19, Employee benefits, in connection with accounting for plan amendment, curtailment or settlements. The effective date of amendments to Ind AS 12, is annual periods beginning on or after 1st April 2019. The company does not have any impact on account of this amendment.

There is no new pronouncement of any new Ind AS or any amendment to the existing Ind AS during FY 2019-20, except those referred to the above related to FY 2019-20, pronounced in FY 2018-19.

## 3 Critical Estimates and Judgments

The preparation of standalone Financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these standalone Financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.



This Note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone Financial statements.

### The areas involving critical estimates or judgements are:

## Employee Benefits (Estimation of Defined Benefit Obligation) (Note 2(t) and 36

Post-employment benefits represent obligations that will be settled in future and require assumptions to estimate benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of benefit costs over the employees' approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

# Estimation of Expected Useful Life of Property, Plant and Equipment (Note 2(d) and 4.1)

Management reviews its estimate of useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

## Contingencies (Note 2(v) and 34)

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/ claim, the jurisdiction and the differences in applicable law. The Company consults with legal counsel and other experts on matters related to specific litigations where considered necessary. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

# Valuation of Deferred Tax assets (Note 2(u) and 31)

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for Financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

# Fair Value Measurements (Note 2(j) and 39)

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.



Notes to Standalone Financial Statements for the year ended 31st March, 2020

4 Property, Plant and Equipment

4.1	Reconciliation of Gross and Net Carrying A	ng Amount of	mount of Each Class of Assets	f Assets					Rs. In Lakhs	
	Particulars	Leasehold		Plant and	Furniture		Office	Other		
		Land	Buildings	Equipments	and Fixtures	Vehicles	Equipments	Assets	Total	
	Year ended 31st March, 2018									
	Gross Carrying Amount									
	Opening Balance	155.13	1516.37	3889.22	85.74	105.26	48.62	00.00	5800.34	
	Additions	1.30	395.57	238.52	1.58	36.90	3.71	0.00	677.58	
	Disposals	00.00	0.00	22.88	00.00	15.47	12.27	0.00	50.62	
	Closing Balance	156.43	1911.94	4104.85	87.33	126.69	40.06	0.00	6427.31	
	Accumulated Depreciation									
	Opening Balance	00.00	480.79	1697.12	78.55	29.23	42.86		2328.56	
	For the Year	00.00	49.91	265.74	1.61	14.36	2.86		334.47	
	On Disposals	00.00	0.00	19.76	00.00	9.88	12.27		41.91	
	Closing Balance	00.00	530.70	1943.10	80.16	33.71	33.45	0.00	2621.12	
	Net Carrying Amount	156.43	1381.24	2161.76	7.17	92.98	6.61	0.00	3806.19	
	Year ended 31st March, 2019									
	Gross Carrying Amount									
	Opening Balance	156.43	1911.94	4104.85	87.33	126.69	40.06	0.00	6427.31	
	Additions	0.08	7.55	113.51	4.03	0.64	8.52		134.32	
	Disposals	00.00	0.00	34.97	00:00	25.08	3.63		63.67	
	Closing Balance	156.52	1919.49	4183.40	91.35	102.25	44.95	0.00	6497.95	
	Accumulated Depreciation									
	Opening Balance	00.00	530.70	1943.10	80.16	33.71	33.45	0.00	2621.12	
	For the Year	00.00	56.42	265.96	1.24	12.82	3.72		340.15	
	On Disposals	00.00	0.00	27.98	00:00	6.17	3.53		37.68	
	Closing Balance	00.00	587.11	2181.08	81.40	40.35	33.64	0.00	2923.59	
	Net Carrying Amount	156.52	1332.37	2002.32	9.95	61.89	11.31	00.00	3574.36	



5

# Notes to Standalone Financial Statements for the year ended 31st March, 2020

4.2	Capital Work-in-Progress	Rs. In Lakhs
	Carrying Amount at the Beginning of the Year	2488.04
	Additions During the Year @	4622.84
	Capitalised During the Year	0.00
	Carrying Amount at the End of the Year	7110.88
	@ Includes costs incurred in the course of construction of an item of Property, Plant and Equipment:	

**Note:** The capital work in progress includes the expenses incurred for the Plant at Unit 3 at Dahej GIDC, regarding the direct purchase of assets for the said plant and the other incidental preoperative expenditures directly related to the implementation of the said plant including the net interest on borrowings for the said plant. The preoperative expenditures will be capitalised in proportion to the value of assets on completion of the Plant and the start of the commercial production.

- **4.3** The Company has taken borrowings from banks which carry charge over certain property, plant and equipment ( Refer Note 42 for details).
- **4.4** Contractual obligations Refer Note 35(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- **4.5** Aggregate amount of depreciation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).
- **4.6** Title deeds of immovable properties set out in Note 4.1 above, where applicable, are in the name of the Company.

Intangible Assets	
Year ended 31st March, 2019	
Gross Carrying Amount	Rs. In Lakhs
Opening Balance	26.47
Additions	0.00
Disposals	0.00
Closing Balance	26.47
Accumulated Depreciation	
Opening Balance	25.11
For the Year	0.68
On Disposals	0.00
Closing Balance	25.79
Net Carrying Amount	0.68
Year ended 31st March, 2020	
Gross Carrying Amount	
Opening Balance	26.47
Additions	0.00
Disposals	0.00
Closing Balance	26.47
Accumulated Depreciation	
Opening Balance	25.79
For the Year	0.49
On Disposals	0.00
Closing Balance	26.28
Net Carrying Amount	0.19

**5.1** The amortisation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).



## 6 Investments

	Face Value	Number	As At 31st March 2020	As At 31st March 2019
Unquoted:			1710111112020	March 2023
Non-current Investments				
Investments in Equity Instruments				
In Subsidiary Companies				
* Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt Ltd)	100	20600	20.60	20.60
In Other Associates Body Corporates				
* Dynemic Holdings Pvt.Ltd.	10	1010000	101.00	101.00
In Other Body Corporates			202.00	202.00
* Enviro Technology Ltd. Shares	10	15000	1.50	1.50
* Bharuch Enviro Infrastructure Ltd.	10	1260	0.13	0.13
* Bharuch Eco-Agua Infra.Ltd	10	78450	7.85	7.85
* Forum (Chandolidia) Aawas Owner's Asso.	100	1	0.00	0.00
(Shares transfrred and sold as the property was sold)		_		
* Ank.Res. &.Analy.Inf.Ltd.	10	1000	0.10	0.10
Investments in Mutual Funds				
IndiaReit Fund Scheme IV			4.33	4.33
			135.50	135.50
Current Investments			0	0

**6.1** Refer Note 39 for information about fair value measurements and Note 40 for credit risk and market risk on investments.

## 7 Trade Receivables

	As At 31st March 2020	As At 31st March 2019
Unsecured Considered Good		
(a) Trade Receivables considered good - Secured;	0.00	0.00
(b) Trade Receivables considered good - Unsecured;	3189.53	4163.88
(c) Trade Receivables which have significant increase in Credit Risk	0.00	0.00
d) Trade Receivables - credit impaired	0.00	0.00
Less: Allowance for Expected Credit Losses	0.00	0.00
	3189.53	4163.88

**7.1** Refer Note 42 for receivables secured against borrowings and Note 40 for information about credit risk and market risk on receivables.

# 8 Cash and Cash Equivalents

	As At 31st March 2020	As At 31st March 2019
Balances with Banks	94.05	14.56
Cheques, Drafts on Hand	0.00	0.00
Cash on Hand (Includes Foreign Currency Rs. 78746(PY 31578))	2.42	1.45
	96.47	16.01

**8.1** There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the current reporting period and prior periods.



# 9 Other Bank Balances

	As At 31st March 2020	As At 31st March 2019
Unpaid Dividend Accounts @	8.15	8.05
Fixed Deposit Accounts (with original maturity of more than three months but less than twelve months) (Lodged with Government Authority/Others)	2500.00	102.10
Accrued Interest on Fixed Deposits	3.46	0.00
	2511.62	110.14

<sup>@</sup> Earmarked for Payment of Unclaimed Dividend

## 10 Loans

	As At 31st	As At 31st	As At 31st	As At 31st
	March 2020	March 2019	March 2020	March 2019
Non-current				
Unsecured, Considered Good :				
Loans to Employees*			4.00	2.08
Security Deposits			217.90	187.47
(a) Loans Receivables considered good - Secured;	0.00	0.00		
(b) Loans Receivables considered good - Unsecured;	221.90	189.55		
(c) Loans Receivables which have significant increase in Credit Risk; and	0.00	0.00		
(d) Loans Receivables - credit impaired	0.00	0.00		
	221.90	189.55	221.90	189.55
Current				
Unsecured, Considered Good:				
Loans to Employees*			3.73	6.02
Security Deposits			14.09	30.43
(a) Loans Receivables considered good - Secured;	0.00	0.00		
(b) Loans Receivables considered good - Unsecured;	17.82	36.44		
(c) Loans Receivables which have significant increase in Credit Risk; and	0.00	0.00		
(d) Loans Receivables - credit impaired	0.00	0.00		
	17.82	36.44	17.82	36.44

# 11 Other Financial Assets

	As At 31st March 2020	As At 31st March 2019
Non-current		
Unsecured, Considered Good :		
Trade & Other Receivables	0.24	22.46
Fixed Deposits with Banks**	120.02	17.93
(with Maturity of more than Twelve Months)		
(Lodged with Government Authority/Others)		
Accrued Interest on Fixed Deposits**	26.44	17.23
	146.70	57.62
Current		
Unsecured, Considered Good :		
Interest Acrued on Electricity Deposits	4.59	4.42
	4.59	4.42

<sup>\*</sup>Financial Assets carried at Fair Value through Profit and Loss

<sup>\*\*</sup>Financial Assets carried at Amortised Cost



## 12 Inventories

	As At 31st March 2020	As At 31st March 2019
- At Lower of Cost and Net Realisable Value		
Raw Materials	973.20	808.55
Packing Material	19.59	11.10
ETP stock	0.03	0.18
Trading Materials	5.64	7.00
Work in progress	392.56	231.59
Finished Goods	2239.64	1641.40
Finished Goods (Captive)	10.10	15.77
	3640.76	2715.60

# 12.1 Refer Note 42 for Information on Inventories Pledged as Security

#### 13 Other Assets

	As At 31st March 2020	As At 31st March 2019
Non-current		
Unsecured, Considered Good :		
Capital Advances	234.63	234.63
Balances with Government Authorities @	59.73	59.73
Prepaid/Advance for Expenses	1.99	1.99
IT Refund Receivables (AY 12-13 & 1314)	7.99	7.99
	304.35	304.35
Current		
Unsecured, Considered Good :		
Export Entitlements Receivable	133.37	151.67
Balances with Government Authorities @	759.87	572.58
Advance to Suppliers/Service Providers (other than capital)	44.93	44.14
Capital Advances	2149.14	220.00
Prepaid/Advance for Expenses	20.92	5.72
Advance Income Tax Paid (Included TDS & TCS)	922.99	726.86
	4031.22	1720.97

<sup>@</sup> Balances with Government Authorities primarily include amounts realisable from the GST and customs authorities of India and the unutilised GST input credits on purchases. These are generally realised within one year or regularly utilised to offset the GST liability on goods manufactured by the Company.

# 14.1 Equity Share Capital

	As At 31st March 2020	As At 31st March 2019
Authorised Share Capital		
[13000000 Equity Share of Rs. 10/- each] @	1300.00	1300.00
Issued, Subscribed and paid up :	1132.84	1132.84
[11328449 Equity Shares of Rs. 10/- each fully paid up @		
	1132.84	1132.84

<sup>@</sup> There were no changes in number of shares during the years ended 31st March, 2020 and 31st March, 2019



- (a) The Company has one class of Equity Shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.
- (b) Details of shareholders holding more than 5% shares

	As At 31st March 2020	As At 31st March 2019
Name of Shareholder	Nos of Shares	Nos of Shares
Bhagwandas Kalidas Patel	1207182 10.66%	1207182 10.66%
Rameshkumar Bhagwandas Patel	679993 6.00%	679993 6.00%
Dashrathbhai P Patel	695400 6.14%	695400 6.14%

#### 14.2 Other Equity

	As At 31st March 2020	As At 31st March 2019
Reserves and Surplus		
Securities Premium Account	1036.80	1036.80
General Reserve [Refer (i) below]	502.18	502.18
Retained Earnings [Refer (ii) below]	10039.87	8063.71
	11578.85	9602.69

		As At 31st March 2020	As At 31st March 2019
(i)	General Reserve - Movement during the year		
` `	Opening Balance	502.18	502.18
	Transfer from Retained Earnings	0.00	0.00
	Closing Balance	502.18	502.18
(ii)	Retained Earnings - Movement during the year		
	Opening Balance	8063.71	6491.91
	Profit for the Year	2413.16	1795.66
	Items of Other Comprehensive Income recognised directly in Retained Earnings		
	Remeasurements on Post-employment Defined Benefit Plans, Net of Tax	(27.30)	(19.33)
	Dividend on Equity Shares for the Financial Year 2018-19 [Refer Note 41(b)]	(169.93)	(169.93)
	Interim Dividend on Equity Shares for the Financial Year 2019-20 [Refer Note 41(b)]	(169.93)	0.00
	Dividend Distribution Tax on Above	(69.86)	(34.59)
	Transfer to General Reserve	0.00	0.00
	Closing Balance	10039.87	8063.71

# Nature and purpose of each Reserve

# **Securities Premium Account**

Securities Premium Account is used to record premium received on issue of shares. This reserve may be utilised in accordance with the provisions of Section 52 of the Act.

#### **General Reserve**

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.



## 15 Borrowings

	As At 31st	As At 31s
Non-current	March 2020	March 2019
Secured		
* ICICI Bank Ltd Car Loans	11.21	28.7
(Secured against the specific cars)	11.21	28.7
Defaults:- NIL		
Terms of Repayment - Three Loans		
Principal Amount- Rs. 20.00 & 15.00 & 20.00 lacs		
Date of start of repayments- 15/01/2017 & 10/05/2017 & 28/09/2018		
Nos of Installments- 36 monthly installments		
Due Date of Last Installment- 15/12/2019 & 10/04/2020 & 01/10/2021		
Rate of Interest- 9.10% p.a. & 8.34% p.a. & 8.68% p.a.		
Less: Current Maturities of Long-term Debt (Refer Note 17)	11.21	17.1
Net Non Current Amount	0.00	11.6
* Citi Bank N.A.— Term Loan FCTL	4195.74	0.0
Defaults:- NIL	4133.74	0.0
Terms of Repayment - 20 Quarterly Intallments after 12 months moratorium		
Principal Amount- USD 56.7452654 lacs equivalent of INR 4000.00 lacs		
Date of start of repayments- 31/03/2021		
Nos of Installments- 20 Quarterly installments		
Due Date of Last Installment- 31/12/2025		
Rate of Interest- 3M USD L + 2.20%		
Less: Current Maturities of Long-term Debt (Refer Note 17)	0.00	0.0
Net Non Current Amount	4195.74	0.0
* HDFC Bank— Term Loan	4000.00	0.0
Defaults:- NIL	4000.00	0.0
Terms of Repayment - 20 Quarterly Intallments after 12 months moratorium		
Principal Amount- INR 4000.00 lacs		
Date of start of repayments- 01/07/2021		
Nos of Installments- 20 Quarterly installments		
Due Date of Last Installment- 17/03/2026		
Rate of Interest- MCLR + 0.95%		
Less: Current Maturities of Long-term Debt (Refer Note 17)	0.00	0.0
Net Non Current Amount	4000.00	0.0
TOTAL NON CURRENT AMOUNT—SECURED	8195.74	11.6
	6195.74	11.0
Unsecured FROM OTHER PARTIES:- UNSECURED		
	0.00	0.0
Fixed Deposits from Share holders	0.00	0.0
TOTAL NON CURRENT AMOUNT—UNSECURED	0.00	0.0
TOTAL NON CURRENT AMOUNT	8195.74	11.6
Current		
Secured		
Loans Repayable on Demand from Banks*		
Bill Discounting Facilities- PCFC	4004 = 5	40.5- 0
* Citi Bank N.A.	1384.76	1367.9
Cash Credit/Export Credit Facilities		
* Citi Bank N.A.	525.49	946.4
* Axis Bank Ltd.	0.00	799.4
Unsecured		
Fixed Deposits from Share holders	0.00	0.0
	1910.25	3113.7



#### \*Secured -

- (a) By a first pari passu charge by way of hypothecation of the Company's entire current assets (for Company's Unit-1 Unit-2 situated at GIDC Ankleshwar), namely, stocks of raw materials, semi-finished and finished goods and articles stores and spares not relating to plant and machinery (consumable stores and spares), Bills receivable and Book debts and all other movable of the Company both present and future but excluding such movables as may be permitted by the said Banks from time to time;
- (b) By pari passu charge of CitiBank N.A.., Axis Bank & HDFC Bank on the Company's immovable & movable fixed assets (for Company's Unit-1 & Unit-2 situated at GIDC, Ankleshwar & Registered Office situated at Ahmedabad) including movable plant and machinery, machinery spares, tools and accessories, electrical and other equipments etc, (save and except the current assets which are already hypothecated/to be hypothecated in favour of the said Banks as and by way of first charge) lying and/or stored and/or situated at the Company's different units, godowns/factories and/or premises or in the possession of any third party or in course of transit or delivery and also all documents of title, negotiable instruments, policies of insurance and other documents and instruments relating thereto subject and/or sub-servient to the first and/or the prior charge holders for securing their respective Term Loans and/or facilities.
- (c) By pari passu charge of CitiBank N.A..& HDFC Bank on the Company's immovable & movable fixed assets (for Company's Unit-3 situated at GIDC, Dahej including movable plant and machinery, machinery spares, tools and accessories, electrical and other equipments etc, (save and except the current assets which are already hypothecated/to be hypothecated in favour of the said Banks as and by way of first charge) lying and/or stored and/or situated at the Company's different units, godowns/factories and/or premises or in the possession of any third party or in course of transit or delivery and also all documents of title, negotiable instruments, policies of insurance and other documents and instruments relating thereto subject and/or sub-servient to the first and/or the prior charge holders for securing their respective Term Loans and/or facilities.
- (d) By personal guarantee of directors Shri Bhagwandas K Patel, Shri Ramesh B Patel, & Shri Dixit B Patel.
- **15.1** Refer Note 42 for details of carrying amount of assets pledged/ hypothecated as security for secured borrowings and Note 40 for information about liquidity risk and market risk on borrowings.

#### 16 Trade Payables

	As At 31st March 2020	As At 31st March 2019
Non-current		
Trade Payables		
Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 33)	0.00	0.00
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	0.00	3.47
	0.00	3.47
Current		
Trade Payables		
Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 33)	434.91	17.03
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	325.13	482.92
	760.04	499.95

16.1 Refer Note 40 for information about liquidity risk and market risk on trade payables.

### 17 Other Financial Liabilities

	As At 31st March 2020	As At 31st March 2019
Non-current		
Other Sundry Creditors Payable for Expenses	0.03	0.03
Security Deposits- Employee Bonds	0.28	0.02
	0.31	0.05
Current		
Current Maturities of Long-term Debt (Refer Note 15)	11.21	17.17
Unpaid Dividends	8.15	8.05
Other Sundry Creditors Payable for Expenses	0.00	72.06
Security Deposits- Employee Bonds	0.53	0.46
	19.89	97.74



### 18 Provisions

	As At 31st March 2020	As At 31st March 2019
Current		
Provisions for Employee Benefits (Refer Note 36)	22.42	17.99
	22.42	17.99

#### 19 Current Tax Liabilities

		As At 31st March 2020	As At 31st March 2019
A.	Tax Expense Recognised in Profit or Loss		
	Curent Tax		
	Current Tax Liabilities	831.81	753.07
В.	Tax on Other Comprehensive Income		
	Current Tax		
	Remeasurements on Post-employment Defined Benefit Plans	5.49	4.36
		837.30	757.43

#### 20 Other Current Liabilities

	As At 31st March 2020	As At 31st March 2019
Dues Payable to Government Authorities @	34.38	26.04
Employee Benefits Payable- Group Gratuity Payable	30.72	(0.42)
Advances from Customers	57.83	1.93
	122.93	27.55

<sup>@</sup> Dues Payable to Government Authorities comprise GST, sales tax, excise duty, withholding taxes, payroll taxes, service tax, value added tax, entry tax and other taxes payable.

## 21 Deferred Tax Liabilities (Net)

Significant Movements Deferred Tax Assets and Liabilities during the year.

Deferred Tax Liabilities	As at 31st March, 2019	Recognised in Profit & Loss	As at 31st March, 2020
Property, Plant and Equipment and Intangible Assets	484.33	(79.02)	405.31
Financial Assets at Fair Value through Profit or			
Loss - Investments			
Total Deferred Tax Liabilities	484.33	(79.02)	405.31
Deferred Tax Liabilities	As at 31st March, 2018	Recognised in Profit & Loss	As at 31st March, 2019
Property, Plant and Equipment and Intangible Assets	518.52	(34.19)	484.33
Financial Assets at Fair Value through Profit or			
Loss - Investments			



## 22 Revenue from Operations

	As At 31st March 2020	As At 31st March 2019
Sale of Products *		
Dyes & Intermediates	4101.94	2988.13
Sythetic Food Colours	12542.09	11872.99
Others	939.40	1221.01
Net Product Sales	17583.43	16082.13
*(The above sales are net of (exclusive of) Inter Branch/ Unit Transfer)		
Other Operating Revenues		
Cash Discount Received	0.00	0.43
Foreign Exchange Gain & Loss- Exports & Imports	188.06	106.61
Export Incentive Income	378.71	379.47
Interest on VAT Refund	0.00	48.50
Misc. Income	2.31	0.18
Quantity Discount	48.74	21.64
Scrap Sale Income	25.72	22.01
Total Other Operating Revenues	643.54	578.84
Total Ravenue from Operations	18226.97	16660.98

### 23 Other Income

	As At 31st March 2020	As At 31st March 2019
Office Rent Income	0.12	0.12
Interest On GEB & ETL Deposit	7.03	6.83
Interest & Capital Gain-India Reit	0.00	1.52
Creditors W/O	3.47	0.46
Interest on FD (Bank)	72.73	8.29
Interest on Staff Loan	0.43	0.65
Dividend Received	0.30	0.34
Profits/Loss on sale/w/o of assets	1.24	1.57
TOTAL	85.32	19.78

## 24 Cost of Materials Consumed

	As At 31st March 2020	As At 31st March 2019
Opening Stock	808.55	1127.83
Add.: Purchase during the year *	9928.41	8129.76
	10736.96	9257.58
Less: Closing Stock	973.20	808.55
	9763.77	8449.03

<sup>\*(</sup>The above purchases are net of ( exclusive of) Inter Branch/ Unit transfers)



## 25 Purchases of Stock-in-trade

	As At 31st March 2020	As At 31st March 2019
Raw Materials Chemical Items	933.35	1350.78
	933.35	1350.78

## 26 Changes in Inventories

	As At 31st March 2020	As At 31st March 2019
OPENING INVENTORIES :		
Finished Goods	1641.40	1274.10
Finished Goods ( Captive)	15.77	5.44
Trading Stocks	7.00	0.00
Work-in-Progress	231.59	279.56
	1895.77	1559.11
CLOSING INVENTORIES:		
Finished Goods	2239.64	1641.40
Trading Stocks	5.64	7.00
Finished Goods ( Captive)	10.10	15.77
Work-in-Progress	392.56	231.59
	2647.94	1895.77
	(752.17)	(336.66)

## 27 Employee Benefit Expenses

	As At 31st March 2020	As At 31st March 2019
Salary & Wages to Employees	509.52	442.02
Salaries & Bonus to Directors	116.62	105.77
Incentive Commission to Other Staff	10.31	9.20
Commission to Managing Director	65.00	51.30
Refer Note No. 27.1		
Contribution to PF	34.68	30.94
Other Salary & Wages Expense	5.01	1.05
Ex Gratia Compensation	22.54	10.10
Leave Salary (Inc. Provisions -unpaid)	24.20	23.36
Gratuity Inurance Premium (See Note 36)	9.33	9.77
Bonus & other expenses	133.18	116.94
	930.38	800.45



## 27.1 Calculation of Managerial Remunerations:-

Pa	rticu	lars	As At 31st March 2020	As At 31st March 2019
A.	Net	t profit available for calculation of commission payable to Managing Director:- (As per Section 198 of The companies Act 2013)		
	1.	Net profit before tax as per Profit & Loss A/c	3211.19	2539.81
		Add:- 1. Loss on sale of Assets	(1.24)	(1.57)
		2. Post Employment Benefits(OCI)	(21.81)	(14.97)
		3. Commission to Managing Director	65.00	51.30
		Net Profit available for calculation of Commission	3253.15	2574.56
	2.	2% Commission payable to Managing Director	65.06	51.49
		Actual Commission paid or payable as per the approval given by AGM dated. 25/09/2015	65.00	51.30
В.	Ove	er all managerial Remuneration paid or payable during the year:-		
	1.	Salaries and other benefits paid	121.80	113.33
	2.	Commission paid to Managing Director	65.00	51.30
	Tota	al Rs.	186.80	164.63
C.	The	e limit as per Section 197 of the Companies Act 2013, which is 11% of the Net profit	350.70	277.56

## 28 Finance Costs

Particulars	As At 31st March 2020	As At 31st March 2019
Interest	115.37	79.83
Other Financial Charges	41.74	37.42
	157.11	117.24

## 29 Depreciation and Amortisation Expense

Particulars	As At 31st	As At 31st
	March 2020	March 2019
Depreciation on Property, Plant and Equipment (Refer Note 4.1)	340.15	334.47
Amortisation of Intangible Assets (Refer Note 5)	0.49	0.68
	340.64	335.16

## 30 Other Expenses

## 30.1 Other Manufacturing Expenses

Particulars	As At 31st	As At 31st
	March 2020	March 2019
PACKING MATERIAL CONSUMED		
Op. Stock	11.10	9.56
Add: Purchases during the year	274.62	288.53
	285.72	298.09
Less : Closing stock	19.59	11.10
Total Rs.	266.12	286.99
E.T.P MATERIAL CONSUMED		
Op. Stock	0.18	0.06
Add: Purchases during the year	18.81	9.64
Less: Closing stock	0.03	0.18
Total Rs.	18.96	9.53



## 30.1 Other Manufacturing Expenses (Contd.)

Particulars	As At 31st	As At 31st
	March 2020	March 2019
POWER & FUEL CONSUMED		
Electric Power & Burning	513.62	408.89
Fuel Purchased & Consumed	39.01	18.64
Gas Consumption Charges	793.87	728.91
	1346.50	1156.44
OTHER MFGS. EXPENSES		
Transportation	107.19	94.70
Conversion/Job Charges.	30.12	33.39
Factory Exp	82.91	89.03
Labour Charges	423.99	385.53
Forwarding & Handling Charges	208.58	213.68
Pallatisation Charges	2.55	5.46
ETP Expense	415.66	294.08
R & D Exps.	1.05	0.34
Safety Exps.	8.76	6.40
Consumable Stores	98.62	68.57
	1379.43	1191.18
	3011.01	2644.13

## 30.2 Repairs and Maintenance Expenses

Particulars	As At 31st March 2020	As At 31st March 2019
Electrical Parts & Maintenance	1.36	2.93
Machinery Parts Repairs & Maintenance	60.81	71.91
Building Repairing	15.09	36.13
Computer Maintenance & Consumables	2.86	2.54
Furniture, Office Repairing & Maintenance	1.80	3.99
Vehicle Repairing	2.28	2.01
Consumable Stores (Plant, MEE & Electricals)	140.29	163.79
	224.49	283.30

## 30.3 Administrative and Other Expenses

Particulars	As At 31st March 2020	As At 31st March 2019
Consultancy, Legal & Professional Fees	20.27	26.84
Exhibition Exp.	31.44	15.78
Donation to Charitable Institutes	57.41	60.18
Insurance Premium	32.15	25.11
Petrol Exps-Directors	2.70	2.64
Sitting Fees to Directors	0.96	1.04
Selling Commission	56.00	48.15
Staff Welfare Exps.	48.78	50.25
Telephone Exps-Others	1.13	1.73



## 30.3 Administrative and Other Expenses (Contd.)

Particulars	As At 31st	As At 31st
	March 2020	March 2019
Travelling & Conveyance	6.61	13.23
Bad Debts	14.70	48.70
Angadia & Courier Exp	12.82	12.67
Audit Fees	8.00	3.00
Cost Audit Fees	0.85	0.93
FDA Approval Fees	64.60	41.50
Lab-Testing Exp	11.58	10.04
Misc Office Exp	2.68	1.67
Rates, Kasar & Quality Difference.	0.10	2.21
Office Electric Bill Exp.	3.15	3.29
Security Exp	19.25	19.13
Stationery & Printing Exp- Incl (Annual Reports)	12.72	12.76
Water Charges	11.93	14.78
Sales Promotion Exps	5.45	6.05
Regi. Certification, Renewal & Filing Fees	15.12	19.04
Loss on Sale of MEIS	2.13	1.22
Other Administrative & Estabishment Exps	50.02	55.59
	492.53	497.53

## 30.4 Corporate Social Responsibility Expenditure:

		As At 31st	As At 31st
		March 2020	March 2019
(a)	Gross amount required to be spent by the Company during the year	48.36	39.16
(b)	Expenditure towards Corporate Social Responsibility Activities comprises donations given to Sardar Dham Visw Patidar Samaj Rs. 51 lacs (PYF All India Social Education Charitable Trust Rs. 40 Lacs)	51.00	40.00

## 30.5 Payments to Auditors comprise -

		As At 31st March 2020	As At 31st March 2019
(i)	Statutory Auditors		
	As Auditor		
	As Audit Fee -Financial Statements	8.00	3.00
	For Service Tax/ GST	1.44	0.54
(ii)	Cost Auditors		
	As Fee	0.93	0.93

## 31 Income Tax Expense

	As At 31st	As At 31st
	March 2020	March 2019
A. Tax Expense recognised in Profit or Loss		
Current Tax		
Current Tax on Profits for the Year	837.30	757.43
Adjustment for Current Tax of Earlier Years	45.24	25.27
	882.54	782.70
Deferred Tax		
Origination and Reversal of Temporary Differences	(79.02)	(34.19)
(Due to effect of Depreciation)		
Income Tax Expense	803.52	748.51



## B. Tax on Other Comprehensive Income

	As At 31st March 2020	As At 31st March 2019
Current Tax		
Remeasurements on Post-employment Defined Benefit Plans	5	4

## 31.1 Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	As At 31st March 2020	As At 31st March 2019
Profit before Income Tax Expense	3211.19	2539.81
Enacted Statutory Income Tax Rate in India applicable to the Company	25.168%	29.120%
Computed Expected Income Tax Expense	808.19	739.59
Adjustments:-		
Amount debited to P & L A/c to the extent disallowable u/s 37	29.11	17.52
Deduction u/s 35 in excess of amount debited to P & L A/c	0.00	0.00
Interest on Taxes	0.00	0.31
Bank FDR Interest- Diff less credited to Profi Loss	0.00	0.00
Adjustment for Current Tax of Earlier Years	45.24	25.27
	882.54	782.70

## 32 Earnings per Equity Share

		As At 31st March 2020	As At 31st March 2019
(0)	Davis	Warch 2020	Warch 2019
(A)	Basic		
	(i) Number of Equity Shares at the Beginning of the Year	113.28	113.28
	(ii) Number of Equity Shares at the End of the Year	113.28	113.28
	(iii) Weighted Average Number of Equity Shares Outstanding during the Year	113.28	113.28
	(iv) Face Value of Each Equity Share (Rs.)	10	10
	(v) Profit after Tax Available for Equity Shareholders Profit for the Year	2386	1776
	<pre>(vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]</pre>	21.06	15.68
(B)	Diluted		
	(i) Dilutive Potential Equity Shares	0	0
	(ii) Diluted Earnings per Equity Share (Rs.) [Same as (A)(vi) above]	21.06	15.68

## 33 Information relating to Micro and Small Enterprises (MSEs)

		As At 31st March 2020	As At 31st March 2019
(i)	Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	0.00	0.00
(ii)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under		
	the MSMED.	0.00	0.00
(iii)	Amount of interest accrued and remaining unpaid at the year end of the accounting year.	0.00	0.00



#### 34 Contingencies -

			As At 31st March 2020	As At 31st March 2019
A)	Claim	s against the Company not acknowledged as debts:		
	Taxes	, duties and other demands (under appeal/dispute)		
	(i)	Rebate claims submited by us rejected by Excise Dept. and the revision appeal is pending with Joint Secretary, Ministry of Finance, New Delhi	16.06	16.06
	(ii)	Cenvat credit taken on invoice of dealer in which RG 23 D entry No. not mentioned, appeal is pending with CESTAT, Ahmedabad	2.15	2.15
	(iii)	Deemed Dividend U/s 2(22)(e) of Income Tax Act 1961, for AY 2013-14, appeal is pendnig with CIT Apeals-I	0.00	18.69
		- The apeal is decided in favour of The company and order is received		
	(iv)	Penalty u/s 270A of Income Tax Act 1961, for AY 2017-18, appeal is pendnig with CIT Apeals-I	35.13	0.00

#### 35 Commitments

	As At 31st March 2020	As At 31st March 2019
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1806.33	2280.71
(b) Guarantees		
Bank Guarantees / Letter of Credits	127.28	127.28

## 36 Employee Benefits :-

## (I) Post Employment Defined Benefits Plans:

(A) Gratuity (Funded) The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the plan, the Gratuity Fund Trusts, administered and managed by the Trustees and funded primarily with Life Insurance Corporation of India (LICI), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Trustees are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. Each year an Asset-Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2(t)(ii) above, based upon which, the Company makes contributions to the Employees' Gratuity Funds.

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Company:

		As At 31st March 2020	As At 31st March 2019
(a)	Reconciliation of Opening and Closing Balances of the Present		
	Value of Defined Benefit Obligations:-		
	Present Value of Obligation at the beginning of the year	129.67	109.01
	Current Service Cost	9.36	8.29
	Past Service Cost	0.00	0.00
	Interest Cost	10.10	8.57
	Remeasurements Losses		
	Actuarial Losses arising from Changes in Financial Assumptions	15.49	0.91
	Actuarial Losses arising from Changes in Experience Adjustments	5.09	13.43
	Benefits Paid	(1.82)	(10.53)
	Present Value of Obligation at the end of the year	167.89	129.67



		As At 31st March 2020	As At 31st March 2019
(b)	Reconciliation of the Opening and Closing Balances of the Fair Value of Plan Assets:		
	Fair Value of Plan Assets at the beginning of the year	130.09	90.18
	Interest Income	10.13	7.09
	Remeasurements Gains		
	Actuarial Losses arising from Changes in Experience Adjustments		
	Return on Plan Assets (excluding amount included in Net Interest Cost)	(1.22)	(0.64)
	Contributions by Employer	0.00	43.99
	Benefits Paid	(1.82)	(10.53)
	Fair Value of Plan Assets at the end of the year	137.18	130.09
(c)	Reconciliation of the Present Value of the defined benefits		
	Obligation and the Fair Value of Plan Assets:		
	Present Value of Obligation at the end of the year	167.89	129.67
	Fair Value of Plan Assets at the end of the year	137.18	130.09
	Liabilities Recognised in the Balance Sheet	30.72	(0.42)
(d)	Actual Return on Plan Assets	8.91	6.45
(e)	Expense recognised in the Other Comprehensive Income:		
	Remeasurements Losses (Net)	(27.30)	(19.33)
(f)	Expense Recognisable in Profit or Loss :		
	Current Service Cost	9.36	8.29
	Net Interest Cost	(0.03)	1.48
	Past Service Cost	0.00	0.00
	Total @	9.33	9.77
(g)	Expense Recognised in Profit or Loss :	9.33	9.77
	@ Recognised under 'Contribution to Provident and Other Funds' in Note 27.		
(h)	Category of Plan Assets:		
	Funded with LICI	100%	100%
	Cash and Cash Equivalents	0.00	0.00
(i)	Maturity profile of Defined Benefits Obligations:		
	Within 1 year	16.36	11.41
	1-2 year	10.17	9.23
	2-5 years	30.50	12.89
	Over 5 years	351.55	325.28
(j)	Principal Actuarial Assumptions:		
	Discount Rate	7.79%	7.86%
	Salary Growth Rate	7.00%	7.00%

Assumptions regarding future mortality experience are based on mortality tables of 'Indian Assured Lives Mortality (2006-2008) published by the Institute of Actuaries of India.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

### (II) Post Employment Defined Contributions Plans:

#### (A) Provident Fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to a government administered fund at specified percentage of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. During the year, an amount of Rs. 34.68 lacs (Previous Year- Rs. 30.94 lacs) has been recognised as expenditure towards above defined contribution plans of the Company.



### (III) Leave Obligations

The Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash (only in case of earned leave) in lieu thereof as per the Company's policy. The Company records a provision for leave obligations in the period in which the employee renders the services that increases this entitlement.

The total provision recorded by the Company towards this obligation was Rs. 22.42 lacs, and Rs. 17.99 lacs as at 31st March, 2020, and 31st March, 2019 respectively. The amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

#### (IV) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually inrease the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

#### 37 Segment Information

A. Description of Segments and Principal Activities

The Company's Managing Director examines the Company's performance on the basis of its business and has identified single reportable segments:—— Dyes & Intermediates

## 38 Related Party Disclosures:

- A] List of parties where control exist
  - (i) Subsidiary Company
    - \* Cerecon Bio Sciences Private Limited (Formarly known as Dynamic Overseas (India) Pvt.Ltd.)
- B] Other related parties with whom transactions have taken place during the year
  - (ii) Associates :-
    - \* Dynemic Holdings Pvt Ltd
  - (iii) Key management personnel :-

Mr. B.K.Patel Managing Director
Mr. Rameshbhai B.Patel Wholetime Director
Mr.Dixit B.Patel Wholetime Director
Mrs. Varsha Mehta Company Secretary
Mrs. Amisha Patel Chief Financial Officer



## C] Transactions with related parties :-

Nature of Transaction	Resection Key Managerial Subsidiary Personnel & their Companies Relatives Rs. Amt.Rs.		Associates Amt.Rs.			
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Investments						
Given during the period	0.00	0.00	0.00	0.00	0.00	0.00
Settled during the period	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.00	0.00	20.60	20.60	101.00	101.00
Other Payments to KMP & Related Parties						
Salaries etc to Directors & Related Parties (KMP)	225.07	202.56	0.00	0.00	0.00	0.00
Sitting Fees to Diretors	0.96	1.04	0.00	0.00	0.00	0.00
Commission to related parties	7.60	7.66	0.00	0.00	0.00	0.00
Amount Expended on be half of	11.68	18.10	0.00	0.00	0.00	0.00
Rent Income	0.00	0.00	0.00	0.00	0.12	0.12
Dividend Paid	0.00	0.00	0.00	0.00	4.69	2.28
Sales	0.00	0.00	0.00	0.00	0.00	0.00

## (iv) Terms and conditions of transactions with related parties.

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders.

The sales to and purchases from related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash/cheque. No provisions are held against receivables from related parties. There are no loans outstanding with related parties.

### 39 Fair Value Measurements

(i) Financial Instruments by Category	Note No.	31st March 2020	31st March 2019
		Carrying Amount/ Fair Value	Carrying Amount/ Fair Value
Financial Assets			
Assets Carried at Fair Value through Profit or Loss			
Investments			
Equity Instruments			
Mutual Funds			
Assets Carried at Amortised Cost			
Investments			
Equity Instruments		131.17	131.17
Mutual Funds		4.33	4.33
Cash and Cash Equivalents		96.47	16.01
Other Bank Balances		2511.62	110.14
Loans		239.72	225.99
Total Financial Assets		2983.30	487.65
Financial Liabilities			
Liabilities Carried at Amortised Cost			
Borrowings (including current		1921.46	3142.50
maturities and interest accrued)			
Trade Payables		760.04	503.42
Other Financial Liabilities		8.99	80.62
Total Financial Liabilities		2690.48	3726.54



#### (ii) Fair Values

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2019.

The following methods and assumptions were used to estimate the fair values:

- (a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds
- (b) The fair value of foreign exchange forward contracts is determined using forward exchange rates at the Balance Sheet date.
- (c) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), investments in commercial papers, trade payables, borrowings (current) and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain loans and long-term borrowings at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.
- (d) The fair value of remaining financial instruments is determined on discounted cash flow analysis using a current lending/discount rate, as considered appropriate.
  - For financial assets carried at fair value, the carrying amounts are equal to their fair values.

#### (iii) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 2: This is the case for unlisted equity securities included in level 2.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2020 and 31st March, 2019.

		31st March 2020		31st March 2019	
		Level 1	Level 2	Level 1	Level 2
1 ' '	Recognised and Measured at Fair Value - Recurring Measurements				
	Financial Assets				
	Investments				
	Mutual Funds - Growth plan		4.33		4.33
	Unquoted Equity Investments		0.00		0.00
(b)	Amortised Cost for which Fair Values are Disclosed				
	Financial Assets				
	Investments				
	Unquoted Equity Investments		131.17		131.17

### Fair Value Measurement using significant unobservable inputs (Level 2)

Fair valuation of unquoted equity investments is based on valuation done by an external valuer using discounted cash flow method. A change in significant unobservable inputs used in such valuation (mainly earnings growth rate and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above

<sup>\*</sup>Amounts are below the rounding-off norm adopted by the Company



#### 40 Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered as per Company's policy to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative intruments. The Company's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit Committee and the Board of Directors. This process provides assurance to the Company's senior management that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### (A) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk from its operating activities (primarily Trade Receivables) and from its investing activities (primarily Deposits with Banks and Investments in Mutual Funds).

#### **Trade Receivables**

Trade receivables are typically unsecured and are derived from revenue earned from customers. Customer credit risk is managed by each business unit subject to the Company's policy and procedures which involve credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit assurance. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience with customers.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of total revenues.

#### Other Financial Assets

Credit risk from balances with banks, term deposits, loans, investments and derivative instruments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Company monitors ratings, credit spreads and financial strength of its counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet as of 31st March, 2020, and 31st March, 2019 is the carrying amounts as disclosed in Note 39 except for the financial guarantees. The Company's maximum exposure to financial guarantees is given in Note 40(B)(ii).

## Financial Assets that are Neither Past Due Nor Impaired

None of the Company's cash equivalents with banks, loans and investments were past due or impaired as at 31st March, 2020, and 31st March, 2019. Of the total trade receivables, Rs. 3189.37 lacs as at 31st March, 2020, and Rs. 4163.88 lacs as at 31st March, 2019 consisted of customer balances that were neither past due nor impaired.

#### Financial Assets that are Past Due but Not Impaired

The Company's credit period for customers generally ranges from 0 - 180 days. The ageing of trade receivables that are past due but not impaired (net of provisions/allowances) is given below:

Period (in days)	31st March 2020	31st March 2019
01-090	3077.83	4107.25
91-180	111.70	56.62
More than 180	111.94	79.09

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.



#### (B) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintains adequate sources of financing.

## (i) Financing Arrangements

The Company had access to the following undrawn borrowing facilities (excluding non-fund based facilities) at the end of the reporting period:

	31st March 2020	31st March 2019
Floating Rate		
Expiring within one year (working capital facilities)	2689.75	1486.28

The working capital facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the above facilities may be drawn at any time within one year.

#### (ii) Maturities of Financial Liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual Maturities of Financial Liabilities	Within	Between	Total
	1 year	1 and 3 year	
31st March, 2020			
Borrowings	1921.46	8195.74	10117.20
Trade Payables	760.04	0.00	760.04
Other Financial Liabilities @	19.89	0.31	20.19
Financial Guarantee Contracts*			
Total	2701.38	8196.05	10897.43
31st March, 2019			
Borrowings	3130.89	11.61	3142.50
Trade Payables	499.95	3.47	503.42
Other Financial Liabilities @	97.74	0.05	97.79
Financial Guarantee Contracts*			
Total	3728.58	15.13	3743.71

#### (C) Market Risk

## (i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currencies (primarily US Dollars and Euro). The Company has obtained foreign currency loans and has foreign currency trade receivables, trade payables and other financial assets/liabilities and is therefore exposed to foreign currency risk.

The Company strives to achieve asset-liability offset of foreign currency exposures and only the net position is hedged where considered necessary. The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure per established risk management policy.

The Company uses forward exchange contracts to hedge the effects of movements in foreign exchange rates on foreign currency denominated assets and liabilities.



### (a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	31st March 2020			31st March 2019		
	USD	EURO	POUND	USD	EURO	POUND
Financial Assets						
Trade Receivables	1678.35	43.79	0.00	2617.67	148.40	12.45
Bank Balance in EEFC Account	0.06			4.25		
Other Financial Assets						
Derivative Assets						
Foreign Exchange Forward Contracts						
Net Exposure to Foreign Currency Risk (Assets)	1678.41	43.79	0.00	2621.92	148.40	12.45
Financial Liabilities						
Borrowings (including Current maturities)	5548.63	31.87	0.00	1311.75	56.14	0.00
Trade Payables	145.32	81.54	0.00	104.11	80.12	0.00
Other Financial Liabilities						
Derivative Assets						
Foreign Exchange Forward Contracts						
Net Exposure to Foreign Currency Risk (Liabilities)	5693.96	113.41	0.00	1415.86	136.26	0.00
Net Exposure to Foreign Currency Risk (Assets -Liabilities)	(4015.55)	(69.63)	0.00	1206.06	12.14	12.45

#### (b) Sensitivity

The sensitivity of profit or loss to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

Impact on Profit before tax

	31st March, 2020	31st March, 2019
USD Sensitivity		
INR/USD -Increase by 7%*	19.08	84.42
INR/USD -Decrease by 7%*	(19.08)	(84.42)
Euro Sensitivity		
INR/EUR-Increase by 7%*	(6.57)	0.85
INR/EUR-Decrease by 7%*	6.57	(0.85)

<sup>\*</sup> Holding all other variables constant

## (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rates relates primarily to the Company's debt interest obligation. Further the Company engages in financing activities at market linked rates, any changes in the interest rate environment may impact future rates of borrowings. To manage this, the Company may enter into interest rate swaps. The management also maintains a portfolio mix of floating and fixed rate debt.

The Company's fixed rate borrowings and investments in term deposits with bank are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

### (a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	31st March 2020	31st March 2019
Variable Rate Borrowings	1910.25	3113.72
Fixed Rate Borrowings	8206.95	28.78
Total Borrowings	10117.20	3142.50



As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	Weighted average interst rate(%)	Balance	% of Total Loans
31st March 2020			
Cash Credit/Packing Credit Facilities	5.95%	1910.25	18.88
31st March 2019			
Cash Credit/Packing Credit Facilities	2.48%	3113.72	99.08

An analysis by maturities is provided in Note 44(B)(ii) above. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

#### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Impact on Profit before tax

	31st March, 2020	31st March, 2019
Interest Rates - Increase by 100 basis points (100 bps) *	19.01	31.00
Interest Rates - Decrease by 100 basis points (100 bps) *	19.20	31.27

<sup>\*</sup> Holding all other variables constant

#### (iii) Securities Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and fixed deposits.

To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

#### (a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in mutual funds held by the Company and classified in the Balance Sheet as fair value through profit or loss

## (iv) Commodity Price Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's sales of dyes and intermediates, including the raw material components for such products. Cost of raw materials forms the largest portion of the Company's cost of sales. Market forces generally determine prices for the goods sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sales of goods.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies.

The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

## 41 Capital Management

## (a) Risk Management

The Company's objectives when managing capital are to

- \* safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- \* maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the net debt to equity ratio. Net debt are long-term and short-term debts as reduced by cash and cash equivalents. The Company is not subject to any externally imposed capital requirements.



The following table summarises the capital of the Company:

	31st March 2020	31st March 2019
Total Borrowings	10117.20	3142.50
Less: Cash and cash equivalents	2608.08	126.15
Net Debt	7509.12	3016.35
Equity	12711.69	10735.54
Total Capital (Equity+ Net Debt)	20220.81	13751.89
Net Debt to Equity ratio	37%	22%

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

## (b) Dividends on Equity Shares

	31st March, 2020	31st March, 2019
Dividend Declared and Paid during the year		
Final dividend for the year ended 31st March, 2019 of Rs. 1.5 (31st March, 2018 – Rs. 1.5l) per fully paid share	169.93	169.93
Dividend Distribution Tax on above	34.59	34.59
Interim dividend for the year ended 31st March, 2020 of Rs. 1.5 (31st March, 2019 – Rs. 1.5l) per fully paid share	169.93	0.00
Dividend Distribution Tax on above	34.59	0.00
Proposed Dividend Not Recognised at the End of the Reporting Period		
In addition to the above dividend, since year end the directors haverecommended the payment of a final dividend of Rs. 0 per fully paid share (31st March, 2019 – Rs. 1.5). This proposed dividend is subject to the approval of shareholders in the		
ensuing annual general meeting.	0.00	169.93
Dividend Distribution Tax on above	0.00	34.93

## 42 Assets Pledged/ Hypothecated as Security

	31st March 2020	31st March 2019
Current		
First Charge		
Financial Assets		
Trade Receivables under Bill Discounting (Refer below)	1384.76	1367.90
Other Trade Receivables	(1384.76)	(1367.90)
Non-financial Assets		
Inventories	3640.76	2715.60
Sub-total Sub-total	3640.76	2715.60
Non-current		
First Charge/Second Charge		
ASSETS UNDER CONSTRUCTION	7110.88	0.00
Leasehold Land	156.52	156.43
Buildings	1332.37	1381.24
Plant and Equipments	2002.32	2161.76
Furniture and Fixtures	9.95	7.17
Office Equipments	11.31	6.61
Vehicles	61.89	92.98
Sub-total Sub-total	10685.24	3806.19
Total	14326.00	6521.79



## Trade Receivables under Bill Discounting

The carrying amount of trade receivables include receivables which are subject to bill discounting arrangement.

Under this arrangement, the Company has discounted the relevant receivables in exchange of cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognise such receivables in their entirety in its balance sheet. The amount payable under the bill discounting arrangement is presented as secured borrowings (Refer Note 15).

The Plant at Unit 1 & 2 at GIDC Ankleshwar has remain closed from 26/03/2020 to 12/04/2020 due to the lock down in view of the COVID 19 pendamic, impact of the lock down cannot be assessed at this stage, however there is no impact on the going concern. The year end physical varification of inventory can not be carried out due to the Lock down, but the periodic physical verification of the inventory provides sufficient safegaurd to adjust any deviation or difference in the inventory which has no major impact, considering the materiality concept. There is no impact on going concern of any of the production facilities.

For: ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA] PARTNER M. No. 043051

Place : Ahmedabad Date : 27/06/2020 For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED
(B. K. Patel) (D. B. Patel)
Managing Director Director

(R. B. Patel) Director

(Varsha Mehta) (Amisha Patel)

Company Secretary Chief Financial Officer



### INDEPENDENT AUDITOR'S REPORT

To
The Members of, **Dynemic Products Limited** 

#### Report on the Audit of the consolidated Ind AS financial statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of DYNEMIC PRODUCTS LIMITED ("the Holding Company"), and it's subsidiary Cerecon Bio Sciences Private Limited (Formerly knpwn as Dynamic Overseas (India) Pvt Ltd) and it's associate Dynemic Holdings Pvt Ltd( collectively reffered to as "The Group"), comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Consolidated Ind AS Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary and associate, referred to in the Other Matters section below, aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its consolidated profit including other comprehensive income, its consolidated cash flows and the consoliadted statement of changes in equity for the year ended on that date.

## **Basis for Opinion**

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfi lled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfi lled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

#### **Key audit matters**

#### How our audit addressed the key audit matter

### Revenue from sale of products (As described in Note 2(b) of the consolidated Ind AS financial statements)

Revenue is recognized when performance obligations are satisfied by transferring promised goods to customers. Goods are considered transferred when the customer obtains 'control' of the promised goods. Control is the ability to direct the use of and obtain, substantially all the benefits from the goods.

There is a risk of revenue not being recorded in the correct accounting period on account of the inability to establish with certainty, the point of time when control passes.

Principal audit procedures performed include:

- (1) Assessed the appropriateness of the relevant accounting policy.
- (2) Evaluated the design and implementation of internal controls over management's assertion with respect to 'cut – off', to establish that control of promised goods has passed to customers.
- (3) Tested the operating effectiveness of controls over revenue recognition with a focus on those related to the timing of revenue recognition.
- (4) Performed testing on a sample of sales to confirm that 'cut - off' has been properly applied, in particular, the sales made before the year end



#### **Key audit matters**

### How our audit addressed the key audit matter

### Pending litigations (As described in Note 34 of the consolidated Ind AS financial statements)

As of March 31, 2020, the Company has disclosed contingent liabilities of Rs. 53.34 lacs relating to tax and legal claims.

Taxation, arbitration and litigation exposures have been identified as a key audit matter due to the uncertainties and timescales involved for the resolution of these claims.

Accordingly, there is judgement required by management in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed in the consolidated Ind AS financial statements.

Following procedures have been performed to address this key audit matter:

- Gained an understanding of the process of identification of claims, litigations, arbitrations and contingent liabilities, and evaluated the design and tested the operating effectiveness of key controls.
- Discussed and analysed material legal cases with the Company's legal department.
- Analysed the responses obtained from the Company's legal advisors who conduct the court cases, tax and administrative proceedings, in which their status and possible expected manner of proceeding were described.
- Evaluated management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of contingent liabilities in the consolidated Ind AS financial statements.
- Assessed the adequacy of the disclosures with regard to facts and circumstances of the legal and litigation matters.

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the
  information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors'
  Report, Business Responsibility Report and Corporate Governance, but does not include the consolidated financial
  statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any
  form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the consolidated Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our



opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to infl uence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and signifi cant audit fi ndings, including any signifi cant defi ciencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

We did not audit the financial statements / consolidated financial statements of subsidiary Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Private Limited), whose financial statements / consolidated financial statements reflect total assets of Rs. 9566931/- as at March 31, 2020, total revenues of Rs. 590635/- and net cash flows of Rs.(419400/-) for the year then ended, as the case may be, on that date and financial statements of associate Dynemic Holdings Private Limited in which the share of net profit of the Group is Rs. 219565/-. These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.



## **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and associate referred to in the Other Matters above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books:
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary and associate, none of the directors of the Group companies and its associate, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these consolidated Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i The consolidated Ind As financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 34 to the consolidated Ind As financial statements.
  - The Group, its subsidiary and its associate entity did not have any material foreseeable losses on long-term contracts The Group did not have derivative contract as at 31st March 2020.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and in case of its subsidiary company and associate company incorporated in India, it is not appliable at present.

For, ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN. 118775W

Place : Ahmedabad Date : 27-06-2020 [RAVINDRA MEHTA]
PARTNER
M. No. 043051



#### ANNEXURE A TO

## TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 11(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Dynemic Products Limited (hereinafter referred to as "the Holding Company") and its subsidiary company and its associate company which are companies incorporated in India, as of that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company, its subsidiary company and its associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Holding Company, its subsidiary and associate's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's, its subsidiary company's, and its associate company's incorporated in India, internal financial controls system over financial reporting. of the Parent and its subsidiary company and associate, which are companies incorporated in India.

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind As financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.



#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company, and its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

### **OTHER MATTERS**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For, ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN. 118775W

Place: Ahmedabad Date: 27-06-2020

[RAVINDRA MEHTA] PARTNER M. No. 043051



## **CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH 2020**

Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
ACCETC .		315t Widi Cii, 2020	515t Walti, 2019
ASSETS : NON-CURRENT ASSETS :			
	4.1	2570 12	2010.05
Property, Plant & Equipments	4.1	3578.13	3810.05
Capital Work in Progress	4.2	7110.88	2488.04
Goodwil	_	29.11	29.11
Intagible Assets	5	0.19	0.68
Investments accounted for using equity method	6	89.11	86.91
Financial Assets:	_		
Investments	6	13.90	13.90
Loans	10	221.90	189.55
Other Financial Assets	11	231.10	136.70
Other Non Current Assets	13	304.35	304.36
TOTAL NON CURRENT ASSETS		11578.66	7059.29
CURRENT ASSETS:			
Inventories	12	3640.76	2715.60
Financial Assets:-			
Investments	6	0.00	0.00
Trade Receivables	7	3189.53	4163.88
Cash and cash equivalents	8	102.34	26.08
Other Bank Balances	9	2511.62	110.14
Loans	10	17.82	36.44
Other Financial Assets	11	4.59	4.42
Other Current Assets	13	4032.85	1722.15
TOTAL CURRENT ASSETS		13499.51	8778.71
TOTAL -ASSETS		25078.17	15838.00
EQUITIES AND LAIBILITIES:			
EQUITY			
Equity Share Capital	14.1	1132.84	1132.84
Other Equity	14.2	11663.27	9683.17
EQUITY ATTRIBUTABLE TO OWNERS		12796.11	10816.01
Non Controlling Interest		6.72	6.68
TOTAL EQUITY		12802.83	10822.70
LAIBILITIES		12002.03	10022.70
NON CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	8195.74	11.61
Trade Payables	16	0.00	3.47
Other Financial Liabilities	17	0.31	0.05
	21	405.89	
Deferred Tax Liabilities(Net) TOTAL NON CURRENT LIABILITIES	21	8601.94	484.93 <b>500.06</b>
CURRENT LIABILITIES		8601.94	500.00
Financial Liabilities			
	4.5	1010 25	2442.72
Borrowings Trade Parables	15	1910.25	3113.72
Trade Payables	16	760.04	499.95
Other Financial Liabilities	17	19.89	97.74
Provisions	18	22.42	17.99
Current Tax Liabilities	19	837.88	758.29
Other Current Liabilities	20	122.93	27.55
TOTAL CURRENT LIABILITIES		3673.40	4515.24
TOTAL LIABILITIES		12275.34	5015.30
TOTAL - EQUITIES AND LIABILITIES		25078.17	15838.00

The accompanying Notes form an integral part of the Consolidated Balance Sheet. This is the Consolidated Balance Sheet referred to in our report of even date.

For: ASIM RAVINDRA & ASSOCIATES

FRN. 118775W

CHARTERED ACCOUNTANTS.

[RAVINDRA MEHTA] PARTNER M. No. 043051

Place: Ahmedabad Date: 27/06/2020

For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED

(D. B. Patel) (B. K. Patel) Managing Director Director

(R. B. Patel) Director

(Varsha Mehta) Company Secretary (Amisha Patel) Chief Financial Officer



## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-3-2020

(Rs. In Lakhs)

Particulars	Particulars Note 31/03/2020		020	31/03/2	019
		Rupees	Rupees	Rupees	Rupees
REVENUE FROM OPERATIONS	22		18226.97		16667.29
OTHER INCOME	23		91.22		24.95
TOTAL REVENUE Rs.			18318.19		16692.24
EXPENESES:					
Cost of Materials Consumed	24		9763.77		8449.03
Purchases of Stock-in-Trade	25		933.35		1355.78
Changes in Inventories	26		(752.17)		(336.66)
Employee Benefits Expenses	27		931.03		801.10
Finance Costs	28		157.19		117.45
Depreciation & Amortisations	29		340.72		335.24
Other Exps:-	30				
Other Manufacturing Exps.	30.1	3011.06		2644.27	
Repairs & Maintenance	30.2	224.49		283.30	
Administrative, Selling & Other Exps.	30.3	495.23	3730.78	499.63	3427.20
TOTAL EXPENSES Rs.			15104.67		14149.13
Profit before share of net profits of					
investment accounted for using equity and Tax			3213.53		2543.11
Share of net profit/(loss) of Associates and joint			3213.33		23 13.11
ventures accounted for using the equity method			2.20		(0.25)
Profit before Tax			3215.72		2542.86
Income Tax Expense	31				
Current Tax			832.39		753.93
Deferred Tax			(79.05)		(34.33)
Add/ (Less):- Taxation of earlier years (Refunds/Paid)			45.24		25.29
Net Profit for the Year			2417.14		1797.97
Other Comprehensive Income					
Items that will not be Reclassified					
to Profit or Loss	36		(21.81)		(14.97)
Remeasurements on Post-employment			` '		, ,
Defined Benefit Plans					
Income Tax on Above	31		(5.49)		(4.36)
Total Other Comprehensive Income, Net of Tax			(27.30)		(19.33)
Total Comprehensive Income for the Year			2389.84		1778.64
Profit attributable to:					
Owners			2417.11		1797.92
Non controlling Interest			0.03		0.05
			2417.14		1797.97
Other Comprehensive Income attributable to:					
Owners			(27.30)		(19.33)
Non controlling Interest			0.00		0.00
<b>C</b>			(27.30)		(19.33)
Total Comprehensive Income attributable to:			` '		
Owners			2389.81		1778.59
Non controlling Interest			0.03		0.05
5			2389.84		1778.64
Earnings per Equity Share					
(Nominal Value Rs. 10/- per Share)	32				
Basic			21.10		15.70
Diluted			21.10		15.70

The accompanying Notes form an integral part of the Consolidated Statement of Profit & Loss. This is the Consolidated Statement of Profit & Loss referred to in our report of even date.

For : ASIM RAVINDRA & ASSOCIATES

CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA] PARTNER

M. No. 043051

Place : Ahmedabad Date : 27/06/2020 For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED
(B. K. Patel) (D. B. Patel)
Managing Director Director

(R. B. Patel) Director

(Varsha Mehta) Company Secretary (Amisha Patel) Chief Financial Officer



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2020

(Rs. In Lakhs)

		Other Equity -Reserves & Surplus- Rfer Note No 14.2			
Particulars	Equity Share Capital [Refer Note 14.1	Share Premium Account	General Reserve	Retained Earnings	Total
As at 31st March, 2018	1133	1037	502	6570	9242
Profit for the Year				1798	1798
Other Comprehensive Income (Net of Tax) -Remeasurements on Post employment					
Defined Benefit Plans				(19)	(19)
Total Comprehensive Income for the Year	1133	1037	502	8349	11021
Final Dividend on Equity Shares for the Financial Year 2017-18 (Refer Note 41(b))				(170)	(170)
Dividend Distribution Tax on Above				(35)	(35)
As at 31st March, 2019	1133	1037	502	8144	10816
Profit for the Year				2417	2417
Other Comprehensive Income (Net of Tax) -Remeasurements on Post employment Defined Benefit Plans				(27)	(27)
Total Comprehensive Income for the Year	1133	1037	502	10534	13206
Final Dividend on Equity Shares for the Financial Year 2018-19 (Refer Note 41(b))				(170)	(170)
Interim Dividend on Equity Shares for the Financial Year 2019-20 (Refer Note 41(b))				(170)	(170)
Dividend Distribution Tax on Above				(70)	(70)
Transfer from Retained Earnings					
As at 31st March, 2020	1133	1037	502	10124	12796

The accompanying Notes form an integral part of the Consolidated Statement of Changes in Equity. This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For : ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA]
PARTNER

M. No. 043051

Place: Ahmedabad Date: 27/06/2020 For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED
(B. K. Patel) (D. B. Patel)
Managing Director Director

(R. B. Patel)
Director

(Varsha Mehta) (Amisha Patel)

Company Secretary Chief Financial Officer



		Year Ended	Year Ended
	Particulars	31/03/2020	31/03/2019
Α.	Cash Flows from Operating Activities		
••	Profit before Tax	3215.72	2542.86
	Adjustments for:		
	Share of net (profit)/loss of Associates	(2.20)	0.25
	Depreciation and Amortisation Expense	340.72	335.24
	Finance Costs	157.19	117.45
	Bad Debts/Advances Written Off	11.23	48.24
	Provision for Doubtful Debts	0.00	0.00
	Interest Income Classified as Investing Cash Flows	(78.63)	(13.46)
	Net Gain on Investments Carried at Fair Value through Profit or Loss	0.00	0.00
	Fair Value Gains on Derivatives Not Designated as Hedges (Unrealised)	0.00	0.00
	Liabilities No Longer Required Written Back	0.00	0.00
	Provision for Doubtful Debts Written Back	0.00	0.00
	Allowance Made/(Reversed) for Expected Credit Losses on Trade Receivables	0.00	0.00
	(Gain)/Loss on Disposal of Property, Plant and Equipment (Net)	(1.24)	(1.57)
	Write Downs of Inventories to Net Realisable Value	0.00	0.00
	Foreign Exchange Differences (Net)	(188.06)	(106.53)
	Operating Profit before Changes in Operating assets and Liabilities	3454.73	2922.48
_	Changes in Operating Assets and Liabilities		
	Increase/(Decrease) in Trade Payables	256.62	(59.57)
	Increase/(Decrease) in Other Financial Liabilities	(71.73)	(7.75)
	Increase/(Decrease) in Provisions	4.43	0.73
	Increase/(Decrease) in Other Current Liabilities	95.38	(81.93)
	(Increase)/Decrease in Inventories	(925.16)	(19.04)
	(Increase)/Decrease in Trade Receivables	963.12	(964.60)
	(Increase)/Decrease in Loans	(13.73)	(26.08)
	(Increase)/Decrease in Other Financial Assets	7.52	12.79
	(Increase)/Decrease in Other Non-current Assets	0.01	(55.93)
	(Increase)/Decrease in Other Current Assets	(2114.25)	475.59
	Cash Generated from Operations	(1797.79)	(725.79)
	Income Taxes Paid	(993.04)	(873.55)
	NET CASH FROM OPERATING ACTIVITIES	663.89	1323.13
В.	Cash Flows from Investing Activities		
	Payments for Acquisition of Property, Plant and Equipment/Intangible Assets	(4757.16)	(1732.55)
	Proceeds on Disposal of Property, Plant and Equipment	22.07	10.28
	Payments for Purchase of Investments	0.00	0.00
	Proceeds from Sale/Redemption of Investments	0.00	0.00
	Interest Received	78.63	13.46
	Proceeds from Maturity of Deposits with Banks	4038.83	9.52
	Payments for Placing of Deposits with Banks	(6565.87)	(62.90)
	NET CASH USED IN INVESTING ACTIVITIES	(7183.49)	(1762.19)
	Cash Flows from Financing Activities:		,
	Dividend Paid	(339.85)	(169.93)
	Dividend Distribution Tax Paid	(69.86)	(34.59)
	Finance Costs Paid	(157.19)	(117.45)
	Proceeds from Long-term Borrowings	8178.17	5.04
	Short-term Borrowings - Receipts/(Payments)	(1203.47)	628.35
	NET CASH USED IN FINANCING ACTIVITIES	6407.80	311.42
_	Exchange Differences on Translation of Foreign Currency	188.06	106.53
D.	Cash and Cash Equivalents	100.00	100.55
	Net Cash (Outflow)/Inflow	76.26	(21.12)
	Cash and Cash Equivalents - Opening (Refer Note 8)	26.08	47.19
	Cosh and Cosh Equivalents Clasing (Defaulted 9)	102.24	26.00

The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'. The accompanying Notes form an integral part of the Consolidated Cash Flow Statement This is the Consolidated Cash Flow Statement referred to in our report of even date.

For: ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

Cash and Cash Equivalents - Closing (Refer Note 8)

FRN. 118775W

M. No. 043051

[RAVINDRA MEHTA] PARTNER

Place : Ahmedabad Date : 27/06/2020

For and on Behalf of For: DYNEMIC PRODUCTS LIMITED

(B. K. Patel)

Managing Director

(D. B. Patel) Director

102.34

26.08

(R. B. Patel) Director

(Varsha Mehta) Company Secretary (Amisha Patel) Chief Financial Officer

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### 1. Group Background

**Dynemic Products Limited** (the 'Parent Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Company is located at B-301, Satyamev-I, Opp. Gujarat High Court, S G Road, Sola, Ahmedabad-380060, Gujaratl, India. The Parent Company and its subsidiary, Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas India Pvt Ltd ) & its associates Dynemic Holdings Pvt Ltd, (collectively referred to as "the Group") is mainly engaged in the business of manufacturing and selling of Dyes & Dye Intermediates as single operational segment, and . The consolidated Financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on 27th June, 2020.

#### 2. Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of the consolidated Financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of Preparation

#### (i) Compliance with Ind AS

The consolidated financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and other provisions of the Act.

#### (ii) Historical Cost Convention

The consolidated Financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit plans plan assets measured at fair value.

## (iii) Current versus Non Current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a) expected to be realised or intended to be sold or consumed in the normal operating cycle,
- b) held primarily for the purpose of trading,
- c) expected to be realised within twelve months after the reporting period, or
- d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in the normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period, or
- d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

## (iv) Rounding of Amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Rupee in lacs as per the requirement of Schedule III, unless otherwise stated.



## (b) Principal of Consolidation:-

The consolidated financial statements relate to Dynemic Products Limited ('the Company') and its subsidiary company, and associate. The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- (ii) The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as "Goodwill "being an assets in the consolidated financial statements.
- (iii) Minority interest in the net assets of consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company and further movements in their share in the equity, subsequent to the dates of investments.
- (iv) Investment in Associate has been accounted under the equity method as per Ind AS 28 Investments in Associates and Joint Ventures.
- (v) The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement, to the extent such change is attributable to the associates' Profit and Loss Statement and through its reserves for the balance based on available information.
- (vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

## (c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty & exclusive of GST and net of returns, trade discounts, rebates, value added taxes and amounts collected on behalf of third parties. The inter divisional transfer between Unit-1 & Unit-2 are deducted from respective sales & purchases. It has no impact on profit or loss.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

<u>Sale of Products</u>:-Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer as per the terms of contract. Sales is net of inter branch transfers. It has no impact on profit or loss.

<u>Sale of Services:</u>- Revenue from services rendered is recognised as the services are rendered and is booked based on agreements/ arrangements with the concerned parties.

## **Other Operating Revenues**

Export entitlements (arising out of Duty Drawback, Merchandise Export from India and Focus Market Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. There is no Royalty Income.

(d) Construction Contracts :- There is no Construction contract entered into by the Group during the period under consideration.

## (e) Property, Plant and Equipment:-

Freehold/ GIDC Lease hold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.



### Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

Estimated useful lives of the assets are taken as per Schedule II of the Companies Act 2013, which is broadly defined as under:-

Buildings - 3 to 60 years

Plant and Equipments - 5 to 40 years

Furniture and Fixtures - 10 years

Vehicles - 8 to 10 years

Office Equipments - 3 to 6 years

Leasehold land is from GIDC and has not been amortised, as the lease cost has been fully paid. The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Workin-progress'.

### (f) Intangible Assets

Intangible assets (Computer Software) has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

## Computer Software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/system integration services, where applicable.

## Amortisation Method and Period

Computer software are amortised on a pro-rata basis using the straight-line method over their estimated useful life of 5 years, from the date they are available for use. Amortisation method and useful lives are reviewed periodically at each Financial year end.

#### (g) Impairment of Non Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).

## (h) Leases

## As A Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. This is not applicable to GIDC Lease, as there is no periodic payments are made for uses of leased asset, which is GIDC Land.



### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on approximation average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (j) Investments and Other Financial Assets

### (i) Classification

The Group classifies its financial assets in the following measurement categories:-

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Though the Group do not have any debt instruments, but for investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

#### (ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

## **Amortised Costs**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

## Fair Value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income'.

## • Fair value through Profit & Loss A/c

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other Income' in the period in which it arises.



### **Equity Instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.

## (iii) Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40(A) details how the Group determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (iv) De-recognition of Financial Assets

A financial asset is de-recognised only when

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### (v) Income Recognition

## Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

#### Dividend

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

## (vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

## (k) Derivative Instruments- Not applicable as there are no Derivative Instruments.

## (I) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.



## (m) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### (n) Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (o) Trade Payables

Trade Payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### (p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (q) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

### (r) Foreign Currency Transactions and Translation

## (i) Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (Rs.), which is the Group's functional and presentation currency.

## (ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year - end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Exchange differences arising on reporting of long-term foreign currency monetary items recognised up to 31<sup>st</sup> March, 2018 (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a



'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/liability). All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### (s) Employee benefits

#### (i) Short Term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'Employee Benefits Payable' within 'Other Current Liabilities' in the Balance Sheet.

### (ii) Post Employment Benefits

#### Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. These are included in 'Retained Earnings' in the Statement of Changes in Equity.

### **Defined Contribution Plans**

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

### (iii) Other Long term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Provisions' (Current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### (t) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.



The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (u) Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

### (v) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

### (w) Earnings per Share

#### (i) Basic Earnings per Share

Basic earnings per share is calculated by dividing: -

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year



### (ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:-

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

#### (x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group. Presently Group has been working in single segment- Dyes & Dyes Intermediates.

### (y) Recent Accounting Pronouncements

Standard issued but effective from annual periods beginning on or after 1st April 2019:-

Ind AS 116 Leases:- On 30th March, 2019, Ministry of Corporate Affairs, has notified Ind AS 116 Leases. Ind AS 116 will replace the existing leases standard Ind AS 17, Leases, and related interpretations. No impact on the company.

Ind AS 12, Apendix C Uncertainity over Income Tax Treatments:- On 30th March, 2019, Ministry of Corporate Affairs, has notified Ind AS 12, Apendix C Uncertainity over Income Tax Treatments, which is to be applied while performing the determination of taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainity over income tax treatments under Ind As 12. The effective date of Ind AS 12, Apendix C is annual periods beginning on or after 1st April 2019. The effect on adoption of Ind AS 12, Apendix C, would be insignificant in the consolidated financial statements.

Amendment to Ind AS 12 Income Taxes:- On 30th March, 2019, Ministry of Corporate Affairs, has issued amendments to the guidance in Ind As 12, Income Taxes, in connection with accounting for dividend distribution taxes. The effective date of amendments to Ind AS 12, is annual periods beginning on or after 1st April 2019. The company is evaluation the effect of this amendments on consolidated financial statements.

Amendment to Ind AS 19 Employee benefits, plan amendment, curtailment or settlements, On 30th March, 2019, Ministry of Corporate Affairs, has issued amendments to the guidance in Ind As 19, Employee benefits, in connection with accounting for plan amendment, curtailment or settlements. The effective date of amendments to Ind AS 12, is annual periods beginning on or after 1st April 2019. The company does not have any impact on account of this amendment.

There is no new pronouncement of any new Ind AS or any amendment to the existing Ind AS during FY 2019-20, except those referred to the above related to FY 2019-20, pronounced in FY 2018-19.

### 3 Critical Estimates and Judgments

The preparation of consolidated Financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated Financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This Note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated Financial statements.



### The areas involving critical estimates or judgements are:

### **Employee Benefits (Estimation of Defined Benefit Obligation)**

Post-employment benefits represent obligations that will be settled in future and require assumptions to estimate benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of benefit costs over the employees' approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

### **Impairment of Trade Receivables**

Impairment of trade receivables is primarily estimated based on prior experience with and the past due status of receivables, based on factors that include ability to pay and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

#### Estimation of Expected Useful Life of Property, Plant and Equipment

Management reviews its estimate of useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

### Contingencies

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/ claim, the jurisdiction and the differences in applicable law. The Group consults with legal counsel and other experts on matters related to specific litigations where considered necessary. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

# Accounting for Construction Contract Under Percentage of Completion—Not applicable as there is no construction contracts, however the policy is as under:-

The percentage of completion method is used to account for construction contracts. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work to be performed. The main uncertainty when assessing contract revenue is related to recoverable amounts from variation orders and claims payments which are recognised when, based on management's judgment, it is probable that they will result in revenue and are reliably measurable. This assessment is adjusted upon management's evaluation of liquidated damages to be imposed by customers typically relating to contractual delivery terms. Cost to complete depends on productivity factors and the cost of inputs, weather conditions, performance of subcontractors, etc. Experience, reduces but does not eliminate the risk that estimates may change significantly.

### Valuation of Deferred Tax assets

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for Financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

### **Fair Value Measurements**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.

### Impairment of Investments in Subsidiaries

Determining whether the investments in subsidiaries are impaired requires an estimate of the value in use of investments. In considering the value in use, the management anticipates the future commodity prices, capacity utilisation of plant, operating margins, discount rates and other factors of the underlying businesses/operations of the subsidiaries.



### **Group Information**

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiary company and its associates as detailed below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

Name of Entity	Place of Business/ Country of	Principal E interest h the group	eld by	Proportion of ownership
	Incorporation	2019-20	2018-19	
1)*Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt Ltd)	l	98.09%	98.09%	Trading of Dyes Intermediates, & other chemicals  Now changed to manufacturing and trading of Medical equipments, bulk drugs, and other Pharmaceutical items and its allied products.
2) Dynemic Holdings Priavte Limited	India	49.22%	49.22%	Investments in shares & securities

### Rs. In Lakhs

Name of Entity	Net Assets Assets min Liabilites	-	Share in Pr Loss A/c	re in Profit & Share in Other Share in Total Comprehensive Income Income				
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Parent  Dynemic Products  Limited	12796.11	10816.01	2417.11	1797.92	(27.30)	(19.33)	2389.81	1778.59
Subsidiary								
1)*Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt Ltd) (Share of Parent) Associates	92.71	90.97	1.75	2.51	0.00	0.00	1.75	2.51
<b>Dynemic Holdings Pvt Ltd</b> (Share of Parent)	89.10	86.91	2.20	(0.25)	0.00	0.00	2.20	(0.25)

**Note:**- The associate Dynemic Holding Pvt Ltd has invested Rs. 72.80 lacs (PYF Rs. 72.80 lacs) in the 156320 nos (PYF 156320 nos) of shares of the company i.e Dynemic Products Ltd, hence, out of the net worth of Rs. 181.03 lacs (PYF Rs. 176.57 lacs) attributable to the shareholding of the company, Rs. 72.80 lacs (PYF Rs. 72.80 lacs) is invested in the shares of the company.



Notes to Consolidated Financial Statements for the year ended 31st March, 2020

4 Property, Plant and Equipment

4 Property, Plant and Equipment

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4.1	Reconciliation of Gross and Net Carrying		Amount of Each Class of Assets	f Assets					Rs. In Lakhs
	Particulars	Leasehold		Plant and	Furniture		Office	Other	
		Land	Buildings	Equipments	and Fixtures	Vehicles	Equipments	Assets	Total
	Year ended 31st March, 2019								
	Gross Carrying Amount								
	Opening Balance	155.13	1522.48	3889.22	85.74	105.26	48.62	0.00	5806.45
	Additions	1.30	395.57	238.52	1.58	36.90	3.71	0.00	677.58
	Disposals	0.00	0.00	22.88	00.00	15.47	12.27	0.00	50.62
	Closing Balance	156.43	1918.05	4104.85	87.33	126.69	40.06	0.00	6433.42
	Accumulated Depreciation								
	Opening Balance	0.00	482.96	1697.12	78.55	29.23	42.86		2330.73
	For the Year	0.00	20.00	265.74	1.61	14.36	2.86		334.56
	On Disposals	0.00	0.00	19.76	00.0	9.88	12.27		41.91
	Closing Balance	0.00	532.95	1943.10	80.16	33.71	33.45	0.00	2623.37
	Net Carrying Amount	156.43	1385.10	2161.76	7.17	92.98	6.61	0.00	3810.05
	Year ended 31st March, 2020								
	Gross Carrying Amount								
	Opening Balance	156.43	1918.05	4104.85	87.33	126.69	40.06	0.00	6433.42
	Additions	0.08	7.55	113.51	4.03	0.64	8.52		134.32
	Disposals	0.00	0.00	34.97	00.0	25.08	3.63		63.67
	Closing Balance	156.52	1925.60	4183.40	91.35	102.25	44.95	0.00	6504.06
	Accumulated Depreciation								
	Opening Balance	0.00	532.95	1943.10	80.16	33.71	33.45	0.00	2623.37
	For the Year	0.00	56.50	265.96	1.24	12.82	3.72		340.24
	On Disposals	0.00	0.00	27.98	00.00	6.17	3.53		37.68
	Closing Balance	00.00	589.45	2181.08	81.40	40.35	33.64	0.00	2925.93
	Net Carrying Amount	156.52	1336.14	2002.32	9:95	61.89	11.31	0.00	3578.13



4.2	Capital Work-in-Progress	Rs. In Lakhs
	Carrying Amount at the Beginning of the Year	2488.04
	Additions During the Year @	4622.84
	Capitalised During the Year	0.00
	Carrying Amount at the End of the Year	7110.88

<sup>@</sup> Includes costs incurred in the course of construction of an item of Property, Plant and Equipment:

**Note:**- The capital work in progress includes the expenses incurred for the Plant at Unit 3 at Dahej GIDC, regarding the direct purchase of assets for the said plant and the other incidental preoperative expenditures directly related to the implementation of the said plant including the net interest on borrowings for the said plant. The preoperative expenditures will be capitalised in proportion to the value of assets on completion of the Plant and the start of the commercial production.

- **4.3** The Company has taken borrowings from banks which carry charge over certain property, plant and equipment (Refer Note 42 for details).
- **4.4** Contractual obligations Refer Note 35(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- **4.5** Aggregate amount of depreciation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).
- **4.6** Title deeds of immovable properties set out in Note 4.1 above, where applicable, are in the name of the Company.

### 5 Intangible Assets

		Computer
	On consolidation	Software
Gross Carrying Amount		
Deemed Cost as at 1st April, 2017 (Refer Note 4.3)	29.11	26.47
Additions	0.00	0.00
Disposals	0.00	0.00
Closing Balance	29.11	26.47
Accumulated Depreciation		
As at 1st April 2017	0.00	25.11
For the Year	0.00	0.68
On Disposals	0.00	0.00
Closing Balance	0.00	25.79
Net Carrying Amount	29.11	0.68
Year ended 31st March, 2019		
Gross Carrying Amount		
Opening Balance	29.11	26.47
Additions	0.00	0.00
Disposals	0.00	0.00
Closing Balance	29.11	26.47
Accumulated Depreciation		
Opening Balance	0.00	25.79
For the Year	0.00	0.49
On Disposals	0.00	0.00
Closing Balance	0.00	26.28
Net Carrying Amount	29.11	0.19

5.1 The amortisation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).



### 6 Investments

	Face Value	Number	As At 31st March 2020	As At 31st March 2019
Unquoted:				
Non-current Investments				
Investments in Equity Instruments				
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD				
In Other Associates Body Corporates				
*Dynemic Holdings Pvt.Ltd.	10	1010000	101.00	101.00
(At Original Cost)				
Add/Less:- Share of Accumulated Profit/Loss			(11.89)	(14.09)
Net Investment in Associate			89.11	86.91
Other Non Current Investments				
Investments in Equity Instruments				
In Other Body Corporates				
* Enviro Technology Ltd. Shares	10	15000	1.50	1.50
* Bharuch Enviro Infrastructure Ltd.	10	1260	0.13	0.13
* Bharuch Eco-Aqua Infra.Ltd	10	78450	7.85	7.85
* Forum (Chandolidia) Aawas Owner's Asso.	100	1	0.00	0.00
* Ank.Res. &.Analy.Inf.Ltd.	10	1000	0.10	0.10
Investments in Mutual Funds				
IndiaReit Fund Scheme IV			4.33	4.33
			13.90	13.90
Current Investments			0.00	0.00
			0.00	0.00

6.1 Refer Note 39 for information about fair value measurements and Note 40 for credit risk and market risk on investments.

### 7 Trade Receivables

	As At 31st March 2020	As At 31st March 2019
Unsecured Considered Good		
(a) Trade Receivables considered good - Secured;	0.00	0.00
(b) Trade Receivables considered good - Unsecured;	3189.53	4163.88
(c) Trade Receivables which have significant increase in Credit Risk	0.00	0.00
d) Trade Receivables - credit impaired	0.00	0.00
Less: Allowance for Expected Credit Losses	0.00	0.00
	3189.53	4163.88

**7.1** Refer Note 42 for receivables secured against borrowings and Note 40 for information about credit risk and market risk on receivables.

### 8 Cash and Cash Equivalents

	As At 31st March 2020	As At 31st March 2019
Balances with Banks	99.25	24.41
Cheques, Drafts on Hand	0.00	0.00
Cash on Hand (Includes Foreign Currency Rs. 31578(PY 53639))	3.09	1.67
	102.34	26.08

8.1 There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the current reporting period and prior periods.



### 9 Other Bank Balances

	As At 31st March 2020	As At 31st March 2019
Unpaid Dividend Accounts @	8.15	8.05
Fixed Deposit Accounts (with original maturity of more than three months but less than twelve months) (Lodged with Government Authority/Others)	2500.00	102.10
Accrued Interest on Fixed Deposits	3.46	0.00
	2511.62	110.14

<sup>@</sup> Earmarked for Payment of Unclaimed Dividend

### 10 Loans

	As At 31st March 2020	As At 31st March 2019	As At 31st March 2020	As At 31st March 2019
Non-current				
Unsecured, Considered Good :				
Loans to Employees*			4.00	2.08
Security Deposits			217.90	187.47
(a) Loans Receivables considered good - Secured;	0.00	0.00		
(b) Loans Receivables considered good - Unsecured;	221.90	189.55		
(c) Loans Receivables which have significant increase in Credit Risk; and	0.00	0.00		
(d) Loans Receivables - credit impaired	0.00	0.00		
	221.90	189.55	221.90	189.55
Current				
Unsecured, Considered Good :				
Loans to Employees*			3.73	6.02
Security Deposits			14.09	30.43
(a) Loans Receivables considered good - Secured;	0.00	0.00		
(b) Loans Receivables considered good - Unsecured;	17.82	36.44		
(c) Loans Receivables which have significant increase in Credit Risk; and	0.00	0.00		
(d) Loans Receivables - credit impaired	0.00	0.00		
	17.82	36.44	17.82	36.44

### 11 Other Financial Assets

	As At 31st March 2020	As At 31st March 2019
Non-current		
Unsecured, Considered Good :		
Trade & Other Receivables	0.24	22.46
Fixed Deposits with Banks**	189.78	87.69
(with Maturity of more than Twelve Months)		
(Lodged with Government Authority/Others)		
Accrued Interest on Fixed Deposits**	41.07	26.55
	231.10	136.70
Current		
Unsecured, Considered Good :		
Interest Acrued on Electricity Deposits	4.59	4.42
	4.59	4.42

<sup>\*</sup>Financial Assets carried at Fair Value through Profit and Loss

<sup>\*\*</sup>Financial Assets carried at Amortised Cost



### 12 Inventories

	As At 31st March 2020	As At 31st March 2019
- At Lower of Cost and Net Realisable Value		
Raw Materials	973.20	808.55
Packing Material	19.59	11.10
ETP stock	0.03	0.18
Trading Materials	5.64	7.00
Work in progress	392.56	231.59
Finished Goods	2239.64	1641.40
Finished Goods (Captive)	10.10	15.77
	3640.76	2715.60

### 12.1 Refer Note 42 for Information on Inventories Pledged as Security

#### 13 Other Assets

	As At 31st March 2020	As At 31st March 2019
Non-current		
Unsecured, Considered Good :		
Capital Advances	234.63	234.63
Balances with Government Authorities @	59.73	59.75
Prepaid/Advance for Expenses	1.99	1.99
IT Refund Receivables (AY 12-13 & 1314)	7.99	7.99
	304.35	304.36
Current		
Unsecured, Considered Good :		
Export Entitlements Receivable	133.37	151.67
Balances with Government Authorities @	760.66	573.24
Advance to Suppliers/Service Providers (other than capital)	44.93	44.14
Capital Advances	2149.14	220.00
Prepaid/Advance for Expenses	20.92	5.72
Advance Income Tax Paid (Included TDS & TCS)	923.83	727.38
	4032.85	1722.15

<sup>@</sup> Balances with Government Authorities primarily include amounts realisable from the GST, and customs authorities of India and the unutilised GST input credits on purchases. These are generally realised within one year or regularly utilised to offset the GST liability on goods manufactured by the Company.

### 14.1 Equity Share Capital

	As At 31st March 2020	As At 31st March 2019
Authorised Share Capital [13000000 Equity Share of Rs. 10/- each] @	1300.00	1300.00
Issued, Subscribed and paid up: [11328449 Equity Shares of Rs. 10/- each fully paid up @	1132.84	1132.84
	1132.84	1132.84

<sup>@</sup> There were no changes in number of shares during the years ended 31st March, 2020 and 31st March, 2019



- (a) The Company has one class of Equity Shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.
- (b) Details of shareholders holding more than 5% shares

	As At 31st March 2020	As At 31st March 2019
Name of Shareholder	Nos of Shares	Nos of Shares
Bhagwandas Kalidas Patel	1207182 10.66%	1207182 10.66%
Rameshkumar Bhagwandas Patel	679993 6.00%	679993 6.00%
Dashrathbhai P Patel	695400 6.14%	695400 6.14%

#### 14.2 Other Equity

	As At 31st March 2020	As At 31st March 2019
Reserves and Surplus		
Securities Premium Account	1036.80	1036.80
General Reserve [Refer (i) below]	502.18	502.18
Retained Earnings [Refer (ii) below]	10124.29	8144.19
	11663.27	9683.17

		As At 31st March 2020	As At 31st March 2019
(i)	General Reserve - Movement during the year		
	Opening Balance	502.18	502.18
	Transfer from Retained Earnings	0.00	0.00
	Closing Balance	502.18	502.18
(ii)	Retained Earnings - Movement during the year		
	Opening Balance	8144.19	6570.12
	Profit for the Year	2417.11	1797.92
	Items of Other Comprehensive Income recognised directly in Retained Earnings	0.00	0.00
	Remeasurements on Post-employment Defined Benefit Plans, Net of Tax	(27.30)	(19.33)
	Dividend on Equity Shares for the Financial Year 2018-19 [Refer Note 41(b)]	(169.93)	(169.93)
	Interim Dividend on Equity Shares for the Financial Year 2019-20 [Refer Note 41(b)]	(169.93)	0.00
	Dividend Distribution Tax on Above	(69.86)	(34.59)
	Transfer to General Reserve	0.00	0.00
	Closing Balance	10124.29	8144.19

### Nature and purpose of each Reserve

#### **Securities Premium Account**

Securities Premium Account is used to record premium received on issue of shares. This reserve may be utilised in accordance with the provisions of Section 52 of the Act.

#### **General Reserve**

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.



### 15 Borrowings

	As At 31st March 2020	As At 31s March 201
Non-current		
Secured		
* ICICI Bank Ltd Car Loans	11.21	28.7
(Secured against the specific cars)		
Defaults:- NIL		
Terms of Repayment - Three Loans		
Principal Amount- Rs. 2000000/- & 1500000 & 2000000		
Date of start of repayments- 15/01/2017 & 10/05/2017 & 28/09/2018		
Nos of Installments- 36 monthly installments		
Due Date of Last Installment- 15/12/2019 & 10/04/2020 & 01/10/2021		
Rate of Interest- 9.10% p.a. & 8.34% p.a. & 8.68% p.a.		
Less: Current Maturities of Long-term Debt (Refer Note 17)	11.21	17.1
Net Non Current Amount	0.00	11.6
* Citi Bank N.A. — Term Loan FCTL	4195.74	0.0
Defaults:- NIL		
Terms of Repayment - 20 Quarterly Intallments after 12 months moratorium		
Principal Amount- USD 5674526.54 equivalent of INR 40,00,00,000/-		
Date of start of repayments- 31/03/2021		
Nos of Installments- 20 Quarterly installments		
Due Date of Last Installment- 31/12/2025		
Rate of Interest- 3M USD L + 2.20%		
Less: Current Maturities of Long-term Debt (Refer Note 17)	0.00	0.0
Net Non Current Amount	4195.74	0.0
* HDFC Bank— Term Loan	4000.00	0.0
Defaults:- NIL		
Terms of Repayment - 20 Quarterly Intallments after 12 months moratorium		
Principal Amount- INR 40,00,00,000/-		
Date of start of repayments- 01/07/2021		
Nos of Installments- 20 Quarterly installments		
Due Date of Last Installment- 17/03/2026		
Rate of Interest- MCLR + 0.95%		
Less: Current Maturities of Long-term Debt (Refer Note 17)	0.00	0.0
Net Non Current Amount	4000.00	0.0
TOTAL NON CURRENT AMOUNT—SECURED	8195.74	11.6
FROM OTHER PARTIES:- UNSECURED		
Fixed Deposits from Share holders	0.00	0.0
	0.00	0.0
	8195.74	11.6
Current		
Secured		
Loans Repayable on Demand from Banks*		
Bill Discounting Facilities- PCFC		
* Citi Bank N.A.	1384.76	1367.9
Cash Credit/Export Credit Facilities		
* Citi Bank N.A.	525.49	946.4
* Axis Bank Ltd.	0.00	799.4
Unsecured		
Fixed Deposits from Share holders	0.00	0.0
	1910.25	3113.7



#### \*Secured -

- (a) By a first pari passu charge by way of hypothecation of the Company's entire current assets (for Company's Unit-1 Unit-2 situated at GIDC Ankleshwar), namely, stocks of raw materials, semi-finished and finished goods and articles stores and spares not relating to plant and machinery (consumable stores and spares), Bills receivable and Book debts and all other movable of the Company both present and future but excluding such movables as may be permitted by the said Banks from time to time;
- (b) By pari passu charge of CitiBank N.A.., Axis Bank & HDFC Bank on the Company's immovable & movable fixed assets (for Company's Unit-1 & Unit-2 situated at GIDC, Ankleshwar & Registered Office situated at Ahmedabad) including movable plant and machinery, machinery spares, tools and accessories, electrical and other equipments etc, (save and except the current assets which are already hypothecated/to be hypothecated in favour of the said Banks as and by way of first charge) lying and/or stored and/or situated at the Company's different units, godowns/factories and/or premises or in the possession of any third party or in course of transit or delivery and also all documents of title, negotiable instruments, policies of insurance and other documents and instruments relating thereto subject and/or sub-servient to the first and/or the prior charge holders for securing their respective Term Loans and/or facilities.
- (c) By pari passu charge of CitiBank N.A..& HDFC Bank on the Company's immovable & movable fixed assets (for Company's Unit-3 situated at GIDC, Dahej including movable plant and machinery, machinery spares, tools and accessories, electrical and other equipments etc, (save and except the current assets which are already hypothecated/to be hypothecated in favour of the said Banks as and by way of first charge) lying and/or stored and/or situated at the Company's different units, godowns/factories and/or premises or in the possession of any third party or in course of transit or delivery and also all documents of title, negotiable instruments, policies of insurance and other documents and instruments relating thereto subject and/or sub-servient to the first and/or the prior charge holders for securing their respective Term Loans and/or facilities.
- (d) By personal guarantee of directors Shri Bhagwandas K Patel, Shri Ramesh B Patel, & Shri Dixit B Patel.
- **15.1** Refer Note 42 for details of carrying amount of assets pledged/ hypothecated as security for secured borrowings and Note 40 for information about liquidity risk and market risk on borrowings.

#### 16 Trade Payables

	As At 31st March 2020	As At 31st March 2019
Non-current		
Trade Payables		
Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 33)	0.00	0.00
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	0.00	3.47
	0.00	3.47
Current		
Trade Payables		
Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 33)	434.91	17.03
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	325.13	482.92
	760.04	499.95

16.1 Refer Note 40 for information about liquidity risk and market risk on trade payables.

### 17 Other Financial Liabilities

	As At 31st March 2020	As At 31st March 2019
Non-current		
Other Sundry Creditors Payable for Expenses	0.03	0.03
Security Deposits- Employee Bonds	0.28	0.02
	0.31	0.05
Current		
Current Maturities of Long-term Debt (Refer Note 15)	11.21	17.17
Unpaid Dividends	8.15	8.05
Other Sundry Creditors Payable for Expenses	0.00	72.06
Security Deposits- Employee Bonds	0.53	0.46
	19.89	97.74



### 18 Provisions

	As At 31st March 2020	As At 31st March 2019
Current		
Provisions for Employee Benefits (Refer Note 36)	22.42	17.99
	22.42	17.99

#### 19 Current Tax Liabilities

		As At 31st March 2020	As At 31st March 2019
A.	Tax Expense Recognised in Profit or Loss		
	Curent Tax		
	Current Tax Liabilities	832.39	753.93
В.	Tax on Other Comprehensive Income		
	Current Tax		
	Remeasurements on Post-employment Defined Benefit Plans	5.49	4.36
		837.88	758.29

#### 20 Other Current Liabilities

	As At 31st March 2020	As At 31st March 2019
Dues Payable to Government Authorities @	34.38	26.04
Employee Benefits Payable- Group Gratuity Payable	30.72	(0.42)
Advances from Customers	57.83	1.93
	122.93	27.55

<sup>@</sup> Dues Payable to Government Authorities comprise GST, sales tax, excise duty, withholding taxes, payroll taxes, service tax, value added tax, entry tax and other taxes payable.

### 21 Deferred Tax Liabilities (Net)

Significant Movements Deferred Tax Assets and Liabilities during the year.

Deferred Tax Liabilities	As at 31st March, 2019	Recognised in Profit & Loss	
Property, Plant and Equipment and Intangible Assets	484.93	(79.05)	405.89
Financial Assets at Fair Value through Profit or			
Loss - Investments			
Total Deferred Tax Liabilities	484.93	(79.05)	405.89
Deferred Tax Liabilities	As at 31st March, 2018	Recognised in Profit & Loss	
Deferred Tax Liabilities  Property, Plant and Equipment and Intangible Assets		•	
	31st March, 2018	Profit & Loss	31st March, 2019
Property, Plant and Equipment and Intangible Assets	31st March, 2018	Profit & Loss	31st March, 2019



### 22 Revenue from Operations

	As At 31st March 2020	As At 31st March 2019
Sale of Products *		
Dyes & Intermediates	4101.94	2994.43
Sythetic Food Colours	12542.09	11872.99
Others	939.40	1221.01
Net Product Sales	17583.43	16088.44
*(The above sales are net of (exclusive of) Inter Branch/ Unit Transfer)		
Other Operating Revenues		
Cash Discount Received	0.00	0.43
Foreign Exchange Gain & Loss- Exports & Imports	188.06	106.53
Export Incentive Income	378.71	379.56
Interest on VAT Refund	0.00	48.50
Misc. Income	2.31	0.18
Quantity Discount	48.74	21.64
Scrap Sale Income	25.72	22.01
Total Other Operating Revenues	643.54	578.85
Total Ravenue from Operations	18226.97	16667.29

### 23 Other Income

	As At 31st March 2020	As At 31st March 2019
Office Rent Income	0.12	0.12
Interest On GEB & ETL Deposit	7.03	6.83
Interest& Capital Gain-India Reit	0.00	1.52
Creditors W/O- Kasar	3.47	0.46
Interest on FD (Bank)	78.63	13.46
Interest on Staff Loan	0.43	0.65
Dividend Received	0.30	0.34
Profits/Loss on sale/w/o of assets	1.24	1.57
TOTAL	91.22	24.95

### 24 Cost of Materials Consumed

	As At 31st	As At 31st
	March 2020	March 2019
Opening Stock	808.55	1127.83
Add.: Purchase during the year *	9928.41	8129.76
	10736.96	9257.58
Less : Closing Stock	973.20	808.55
	9763.77	8449.03

<sup>\*(</sup>The above purchases are net of ( exclusive of) Inter Branch/ Unit transfers)



### 25 Purchases of Stock-in-trade

	As At 31st March 2020	As At 31st March 2019
Raw Materials Chemical Items	933.35	1355.78
	933.35	1355.78

### 26 Changes in Inventories

	As At 31st March 2020	As At 31st March 2019
OPENING INVENTORIES:	IVIAIGII 2020	Waren 2023
Finished Goods	1641.40	1274.10
Finished Goods ( Captive)	15.77	5.44
Trading Stocks	7.00	0.00
Work-in-Progress	231.59	279.56
	1895.77	1559.11
CLOSING INVENTORIES:		
Finished Goods	2239.64	1641.40
Trading Stocks	5.64	7.00
Finished Goods ( Captive)	10.10	15.77
Work-in-Progress	392.56	231.59
	2647.94	1895.77
	(752.17)	(336.66)

### 27 Employee Benefit Expenses

	As At 31st March 2020	As At 31st March 2019
Salary & Wages to Employees	509.52	442.02
Salaries & Bonus to Directors	116.62	105.77
Incentive Commission to Other Staff	10.31	9.20
Commission to Managing Director	65.00	51.30
Refer Note No. 27.1		
Contribution to PF	34.68	30.94
Other Salary & Wages Expense	5.61	1.65
Ex Gratia Compensation	22.54	10.10
Leave Salary (Inc. Provisions -unpaid)	24.20	23.36
Gratuity Inurance Premium ( See Note 36)	9.33	9.77
Bonus & other expenses	133.23	116.99
	931.03	801.10



### 27.1 Calculation of Managerial Remunerations:-

Partic	ulars	As At 31st March 2020	As At 31st March 2019
A. Ne	t profit available for calculation of commission payable to Managing Director:-		
	(As per Section 198 of The companies Act 2013)		
1.	Net profit before tax as per Profit & Loss A/c	3213.53	2543.11
	Add:- 1. Loss on sale of Assets	0.00	0.00
	2. Commission to Managing Director	65.00	51.30
	Net Profit available for calculation of Commission	3278.53	2594.41
2.	2% Commission payable to Managing Director	65.57	51.89
	Actual Commission paid or payable as per the approval given	65.00	51.30
	by AGM dated 25/09/2015		
B. Ov	er all managerial Remuneration paid or payable during the year:-		
1.	Salaries and other benefits paid	121.80	113.33
2.	Commission paid to Managing Director	65.00	51.30
Tot	tal Rs.	186.80	164.63
C. Th	e limit as per Section 197 of the Companies Act 2013, which is 11% of the Net profit	353.49	279.74

### 28 Finance Costs

Particulars	As At 31st	As At 31st
	March 2020	March 2019
Interest	115.37	79.83
Forex Gain Loss on FCTL	0.00	0.00
Other Financial Charges	41.82	37.62
	157.19	117.45

### 29 Depreciation and Amortisation Expense

Particulars	As At 31st	As At 31st
	March 2020	March 2019
Depreciation on Property, Plant and Equipment (Refer Note 4.1)	340.24	334.56
Amortisation of Intangible Assets (Refer Note 5)	0.49	0.68
	340.72	335.24

### 30 Other Expenses

### 30.1 Other Manufacturing Expenses

Particulars	As At 31st	As At 31st
	March 2020	March 2019
PACKING MATERIAL CONSUMED		
Op. Stock	11.10	9.56
Add: Purchases during the year	274.62	288.53
	285.72	298.09
Less: Closing stock	19.59	11.10
Total Rs.	266.12	286.99
E.T.P MATERIAL CONSUMED		
Op. Stock	0.18	0.06
Add: Purchases during the year	18.81	9.64
	18.99	9.70
Less: Closing stock	0.03	0.18
Total Rs.	18.96	9.53



### 30.1 Other Manufacturing Expenses (Contd.)

Particulars	As At 31st	As At 31st
	March 2020	March 2019
POWER & FUEL CONSUMED		
Electric Power & Burning	513.62	408.89
Fuel Purchased & Consumed	39.01	18.64
Gas Consumption Charges	793.87	728.91
	1346.50	1156.44
OTHER MFGS. EXPENSES		
Transportation	107.19	94.70
Conversion/Job Charges.	30.12	33.39
Factory Exp	82.91	89.03
Labour Charges	423.99	385.53
Forwarding & Handling Charges	208.63	213.82
Pallatisation Charges	2.55	5.46
ETP Expense	415.66	294.08
R & D Exps.	1.05	0.34
Safety Exps.	8.76	6.40
Consumable Stores	98.62	68.57
	1379.48	1191.32
	3011.06	2644.27

### 30.2 Repairs and Maintenance Expenses

Particulars	As At 31st March 2020	As At 31st March 2019
Electrical Parts & Maintenance	1.36	2.93
Machinery Parts Repairs & Maintenance	60.81	71.91
Building Repairing	15.09	36.13
Computer Maintenance & Consumables	2.86	2.54
Furniture, Office Repairing & Maintenance	1.80	3.99
Vehicle Repairing	2.28	2.01
Consumable Stores (Plant, MEE & Electricals)	140.29	163.79
	224.49	283.30

### 30.3 Administrative and Other Expenses

Particulars	As At 31st March 2020	As At 31st March 2019
Consultancy, Legal & Professional Fees	20.86	27.17
Exhibition Exp.	31.44	15.78
Donation to Charitable Institutes	57.41	60.18
Insurance Premium	32.17	25.30
Petrol Exps-Directors	2.70	2.64
Sitting Fees to Directors	0.96	1.04
Selling Commission	56.19	48.15
Staff Welfare Exps.	48.78	50.25
Telephone Exps-Others	1.13	1.73



### 30.3 Administrative and Other Expenses (Contd.)

Particulars	As At 31st March 2020	As At 31st March 2019
Travelling & Conveyance	6.61	13.23
Bad Debts	14.70	48.70
Angadia & Courier Exp	12.82	12.67
Audit Fees	8.40	3.40
Cost Audit Fees	0.85	0.93
FDA Approval Fees	64.60	41.50
Lab-Testing Exp	11.58	10.04
Misc Office Exp	2.68	1.67
Rates & Quality Difference.	0.10	2.21
Office Electric Bill Exp.	3.15	3.29
Security Exp	19.25	19.13
Stationery & Printing Exp- Incl ( Annual Reports)	12.72	12.76
Water Charges	11.93	14.78
Sales Promotion Exps	5.45	6.05
Regi. Certification, Renewal & Filing Fees	15.16	19.06
Loss on Sale of MEIS	2.13	1.22
Other Administrative & Estabishment Exps	51.49	56.74
	495.23	499.63

### 30.4 Corporate Social Responsibility Expenditure:

		As At 31st	As At 31st
		March 2020	March 2019
(a)	Gross amount required to be spent by the Company during the year	48.36	39.16
(b)	Expenditure towards Corporate Social Responsibility Activities comprises donations given to Sardar Dham Visw Patidar Samaj Rs. 51 lacs (PYF All India Social Education Charitable Trust Rs. 40 Lacs)	51.00	40.00

### 30.5 Payments to Auditors comprise -

		As At 31st March 2020	As At 31st March 2019
(i)	Statutory Auditors		
	As Auditor		
	As Audit Fee -Financial Statements	8.40	3.40
	For Service Tax/ GST	1.51	0.61
(ii)	Cost Auditors		
	As Fee	0.93	0.93

### 31 Income Tax Expense

	As At 31st	As At 31st
	March 2020	March 2019
A. Tax Expense recognised in Profit or Loss		
Current Tax		
Current Tax on Profits for the Year	837.88	758.29
Adjustment for Current Tax of Earlier Years	45.24	25.29
	883.12	783.58
Deferred Tax		
Origination and Reversal of Temporary Differences	(79.05)	(34.33)
Income Tax Expense	804.07	749.25



### B. Tax on Other Comprehensive Income

	As At 31st March 2020	As At 31st March 2019
Current Tax		
Remeasurements on Post-employment Defined Benefit Plans	5	4

### 31.1 Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	As At 31st March 2020	As At 31st March 2019
Profit before Income Tax Expense	3213.53	2543.11
Enacted Statutory Income Tax Rate in India applicable to the Company	25.168%	29.120%
Computed Expected Income Tax Expense	808.77	740.45
Adjustments:-		
Amount debited to P & L A/c to the extent disallowable u/s 37	29.11	17.50
Deduction u/s 35 in excess of amount debited to P & L A/c	0.00	0.00
Interest on Taxes	0.00	0.33
Bank FDR Interest- Diff less credited to Profi Loss	0.00	0.00
Adjustment for Current Tax of Earlier Years	45.24	25.29
	883.12	783.58

### 32 Earnings per Equity Share

		As At 31st March 2020	As At 31st March 2019
(A)	Basic		
	(i) Number of Equity Shares at the Beginning of the Year	113.28	113.28
	(ii) Number of Equity Shares at the End of the Year	113.28	113.28
	(iii) Weighted Average Number of Equity Shares Outstanding during the Year	113.28	113.28
	(iv) Face Value of Each Equity Share (Rs.)	10	10
	(v) Profit after Tax Available for Equity Shareholders Profit for the Year	2389.84	1778.64
	<pre>(vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]</pre>	21.10	15.70
(B)	Diluted		
	(i) Dilutive Potential Equity Shares	0	0
	(ii) Diluted Earnings per Equity Share (Rs.) [Same as (A)(vi) above]	21.10	15.70

### 33 Information relating to Micro and Small Enterprises (MSEs)

		As At 31st March 2020	As At 31st March 2019
(i)	Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	0.00	0.00
(ii)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under		
	the MSMED.	0.00	0.00
(iii)	Amount of interest accrued and remaining unpaid at the year end of the accounting year.	0.00	0.00



#### 34 Contingencies -

			As At 31st March 2020	As At 31st March 2019
A)	Claim	ns against the Company not acknowledged as debts:		
	Taxes	s, duties and other demands (under appeal/dispute)		
	(i)	Rebate claims submited by us rejected by Excise Dept. and the revision appeal is pending with Joint Secretary, Ministry of Finance, New Delhi	16.06	16.06
	(ii)	Cenvat credit taken on invoice of dealer in which RG 23 D entry No. not mentioned, appeal is pending with CESTAT, Ahmedabad	2.15	2.15
	(iii)	Deemed Dividend U/s 2(22)(e) of Income Tax Act 1961, for AY 2013-14, appeal is pendnig with CIT Apeals-I	0.00	18.69
		- The apeal is decided in favour of The company and order is received		
	(iv)	Penalty u/s 270A of Income Tax Act 1961, for AY 2017-18, appeal is pendnig with CIT Apeals-I	35.13	0.00

#### 35 Commitments

	As At 31st March 2020	As At 31st March 2019
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1806.33	2280.71
(b) Guarantees		
Bank Guarantees / Letter of Credits	127.28	127.28

### 36 Employee Benefits :-

### (I) Post Employment Defined Benefits Plans:

#### (A) Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the plan, the Gratuity Fund Trusts, administered and managed by the Trustees and funded primarily with Life Insurance Corporation of India (LICI), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Trustees are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. Each year an Asset-Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2(s)(ii) above, based upon which, the Company makes contributions to the Employees' Gratuity Funds.

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Company:

	As At 31st March 2020	As At 31st March 2019
a) Reconciliation of Opening and Closing Balances of the Present		
Value of Defined Benefit Obligations:-		
Present Value of Obligation at the beginning of the year	129.67	109.01
Current Service Cost	9.36	8.29
Past Service Cost	0.00	0.00
Interest Cost	10.10	8.57
Remeasurements Losses		
Actuarial Losses arising from Changes in Financial Assumptions	15.49	0.91
Actuarial Losses arising from Changes in Experience Adjustments	5.09	13.43
Benefits Paid	(1.82)	(10.53)
Present Value of Obligation at the end of the year	167.89	129.67



		As At 31st March 2020	As At 31st March 2019
(b)	Reconciliation of the Opening and Closing Balances of the Fair Value of Plan Assets:		
	Fair Value of Plan Assets at the beginning of the year	130.09	90.18
	Interest Income	10.13	7.09
	Remeasurements Gains		
	Actuarial Losses arising from Changes in Experience Adjustments		
	Return on Plan Assets (excluding amount included in Net Interest Cost)	(1.22)	(0.64)
	Contributions by Employer	0.00	43.99
	Benefits Paid	(1.82)	(10.53)
	Fair Value of Plan Assets at the end of the year	137.18	130.09
(c)	Reconciliation of the Present Value of the defined benefits		
	Obligation and the Fair Value of Plan Assets:		
	Present Value of Obligation at the end of the year	167.89	129.67
	Fair Value of Plan Assets at the end of the year	137.18	130.09
	Liabilities Recognised in the Balance Sheet	30.72	(0.42)
(d)	Actual Return on Plan Assets	8.91	6.45
(e)	Expense recognised in the Other Comprehensive Income:		
	Remeasurements Losses (Net)	(27.30)	(19.33)
(f)	Expense Recognisable in Profit or Loss :		
	Current Service Cost	9.36	8.29
	Net Interest Cost	(0.03)	1.48
	Past Service Cost	0.00	0.00
	Total @	9.33	9.77
(g)	Expense Recognised in Profit or Loss :	9.33	9.77
	@ Recognised under 'Contribution to Provident and Other Funds' in Note 27.		
(h)	Category of Plan Assets:		
	Funded with LICI	100%	100%
	Cash and Cash Equivalents	0.00	0.00
(i)	Maturity profile of Defined Benefits Obligations:		
	Within 1 year	16.36	11.41
	1-2 year	10.17	9.23
	2-5 years	30.50	12.89
	Over 5 years	351.55	325.28
(j)	Principal Actuarial Assumptions:		
	Discount Rate	7.79%	7.86%
	Salary Growth Rate	7.00%	7.00%

Assumptions regarding future mortality experience are based on mortality tables of 'Indian Assured Lives Mortality (2006-2008) published by the Institute of Actuaries of India.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

### (II) Post Employment Defined Contributions Plans:

#### (A) Provident Fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to a government administered fund at specified percentage of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. During the year, an amount of Rs. 3467936 (Previous Year- Rs. 3094197) has been recognised as expenditure towards above defined contribution plans of the Company.



#### (III) Leave Obligations

The Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash (only in case of earned leave) in lieu thereof as per the Company's policy. The Company records a provision for leave obligations in the period in which the employee renders the services that increases this entitlement.

The total provision recorded by the Company towards this obligation was Rs. 22.42 lacs, and Rs. 17.99 lacs as at 31st March, 2020, and 31st March, 2019 respectively. The amount of the provision is presented as current, current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

### (IV) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually inrease the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

### 37 Segment Information

A. Description of Segments and Principal Activities

The Company's Managing Director examines the Company's performance on the basis of its business and has identified single reportable segments:- Dyes & Intermediates

### 38 Related Party Disclosures:

- A] List of parties where control exist
  - (i) Subsidiary Company
    - \* Cerecon Bio Sciences Private Limited ( Formarly known as Dynamic Overseas (India) Pvt.Ltd.)
- B] Other related parties with whom transactions have taken place during the year
  - (ii) Associates :-
    - \* Dynemic Holdings Pvt Ltd
  - (iii) Key management personnel :-

Mr. B.K.Patel Managing Director
Mr. Rameshbhai B.Patel Wholetime Director
Mr. Dixit B.Patel Wholetime Director
Mrs. Varsha Mehta Company Secretary
Mrs. Amisha Patel Chief Financial Officer



### C] Transactions with related parties :-

Nature of Transaction	Personn	nagerial el & their ves Rs.	Subsidiary Companies Amt.Rs.		Associates Amt.Rs.	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Investments						
Given during the period	0.00	0.00	0.00	0.00	0.00	0.00
Settled during the period	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.00	0.00	20.60	20.60	101.00	101.00
Other Payments to KMP & Related Parties						
Salaries etc to Directors & Related Parties (KMP)	225.07	202.56	0.00	0.00	0.00	0.00
Sitting Fees to Diretors	0.96	1.04	0.00	0.00	0.00	0.00
Commission to related parties	7.60	7.66	0.00	0.00	0.00	0.00
Amount Expended on be half of	11.68	18.10	0.00	0.00	0.00	0.00
Rent Income	0.00	0.00	0.00	0.00	0.12	0.12
Dividend Paid	0.00	0.00	0.00	0.00	4.69	2.28
Sales	0.00	0.00	0.00	0.00	0.00	0.00

### (iv) Terms and conditions of transactions with related parties

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders.

The sales to and purchases from related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash/cheque. No provisions are held against receivables from related parties. There are no loans outstanding with related parties.

### 39 Fair Value Measurements

(i) Financial Instruments by Category	Note No.	31st March 2020	31st March 2019
		Carrying Amount/ Fair Value	Carrying Amount/ Fair Value
Financial Assets			
Assets Carried at Fair Value through Profit or Loss			
Investments			
Equity Instruments			
Mutual Funds			
Assets Carried at Amortised Cost			
Investments			
Equity Instruments		9.57	9.57
Mutual Funds		4.33	4.33
Cash and Cash Equivalents		102.34	26.08
Other Bank Balances		2511.62	110.14
Loans		239.72	225.99
Total Financial Assets		2867.58	376.11
Financial Liabilities			
Liabilities Carried at Amortised Cost			
Borrowings (including current		1921.46	3142.50
maturities and interest accrued)			
Trade Payables		760.04	503.42
Other Financial Liabilities		8.99	80.62
Total Financial Liabilities		2690.48	3726.54



### (ii) Fair Values

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2019

The following methods and assumptions were used to estimate the fair values:

- (a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.
- (b) The fair value of foreign exchange forward contracts is determined using forward exchange rates at the Balance Sheet date.
- (c) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), investments in commercial papers, trade payables, borrowings (current) and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain loans and long-term borrowings at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.
- (d) The fair value of remaining financial instruments is determined on discounted cash flow analysis using a current lending/discount rate, as considered appropriate.
  - For financial assets carried at fair value, the carrying amounts are equal to their fair values.

### (iii) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 2: This is the case for unlisted equity securities included in level 2.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2020 and 31st March, 2019.

		31st N	31st March 2020		1arch 2019
		Level 1	Level 2	Level 1	Level 2
(a)	Recognised and Measured at Fair Value - Recurring Measurements				
	Financial Assets				
	Investments				
	Mutual Funds - Growth plan		4.33		4.33
	Unquoted Equity Investments		0.00		0.00
(b)	Amortised Cost for which Fair Values are Disclosed				
	Financial Assets				
	Investments				
	Unquoted Equity Investments		9.57		9.57

### Fair Value Measurement using significant unobservable inputs (Level 2)

Fair valuation of unquoted equity investments is based on valuation done by an external valuer using discounted cash flow method. A change in significant unobservable inputs used in such valuation (mainly earnings growth rate and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above.

<sup>\*</sup>Amounts are below the rounding-off norm adopted by the Company



#### 40 Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered as per Company's policy to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative intruments The Company's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit Committee and the Board of Directors. This process provides assurance to the Company's senior management that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

#### (A) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk from its operating activities (primarily Trade Receivables) and from its investing activities (primarily Deposits with Banks and Investments in Mutual Funds).

#### **Trade Receivables**

Trade receivables are typically unsecured and are derived from revenue earned from customers. Customer credit risk is managed by each business unit subject to the Company's policy and procedures which involve credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit assurance. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience with customers.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of total revenues.

#### **Other Financial Assets**

Credit risk from balances with banks, term deposits, loans, investments and derivative instruments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Company monitors ratings, credit spreads and financial strength of its counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet as of 31st March, 2020, and 31st March, 2019 is the carrying amounts as disclosed in Note 39 except for the financial guarantees. The Company's maximum exposure to financial guarantees is given in Note 40(B)(ii).

#### Financial Assets that are Neither Past Due Nor Impaired

None of the Company's cash equivalents with banks, loans and investments were past due or impaired as at 31st March, 2020, and 31st March, 2019. Of the total trade receivables, Rs. 3189.37 lacs as at 31st March, 2020, and Rs. 4163.88 lacs as at 31st March, 2019 consisted of customer balances that were neither past due nor impaired.

#### Financial Assets that are Past Due but Not Impaired

The Company's credit period for customers generally ranges from 0 - 180 days. The ageing of trade receivables that are past due but not impaired (net of provisions/allowances) is given below:

Period (in days)	31st March 2020	31st March 2019
01-090	3077.83	4107.25
91-180	111.70	56.62
More than 180	111.94	79.09

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.



#### (B) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintains adequate sources of financing.

### (i) Financing Arrangements

The Company had access to the following undrawn borrowing facilities (excluding non-fund based facilities) at the end of the reporting period:

	31st March 2020	31st March 2019
Floating Rate		
Expiring within one year (working capital facilities)	2689.75	1486.28

The working capital facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the above facilities may be drawn at any time within one year.

#### (ii) Maturities of Financial Liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual Maturities of Financial Liabilities	Within	Between	Total
	1 year	1 and 3 year	
31st March, 2020			
Borrowings	1921.46	8195.74	10117.20
Trade Payables	760.04	0.00	760.04
Other Financial Liabilities @	19.89	0.31	20.19
Financial Guarantee Contracts*			
Total	2701.38	8196.05	10897.43
31st March, 2019			
Borrowings	3130.89	11.61	3142.50
Trade Payables	499.95	3.47	503.42
Other Financial Liabilities @	97.74	0.05	97.79
Financial Guarantee Contracts*			
Total	3728.58	15.13	3743.71

#### (C) Market Risk

### (i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currencies (primarily US Dollars and Euro). The Company has obtained foreign currency loans and has foreign currency trade receivables, trade payables and other financial assets/liabilities and is therefore exposed to foreign currency risk.

The Company strives to achieve asset-liability offset of foreign currency exposures and only the net position is hedged where considered necessary. The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure per established risk management policy.

The Company uses forward exchange contracts to hedge the effects of movements in foreign exchange rates on foreign currency denominated assets and liabilities.



### (a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	31st March 2020		31st March		2019	
	USD	EURO	POUND	USD	EURO	POUND
Financial Assets						
Trade Receivables	1678.35	43.79	0.00	2617.67	148.40	12.45
Bank Balance in EEFC Account	0.06			4.25		
Other Financial Assets						
Derivative Assets						
Foreign Exchange Forward Contracts						
Net Exposure to Foreign Currency Risk (Assets)	1678.41	43.79	0.00	2621.92	148.40	12.45
Financial Liabilities						
Borrowings (including Current maturities)	5548.63	31.87	0.00	1311.75	56.14	0.00
Trade Payables	145.32	81.54	0.00	104.11	80.12	0.00
Other Financial Liabilities						
Derivative Assets						
Foreign Exchange Forward Contracts						
Net Exposure to Foreign Currency Risk (Liabilities)	5693.96	113.41	0.00	1415.86	136.26	0.00
Net Exposure to Foreign Currency Risk (Assets -Liabilities)	(4015.55)	(69.63)	0.00	1206.06	12.14	12.45

#### (b) Sensitivity

The sensitivity of profit or loss to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

Impact on Profit before tax

	31st March, 2020	31st March, 2019
USD Sensitivity		
INR/USD -Increase by 7%*	19.08	84.42
INR/USD -Decrease by 7%*	(19.08)	(84.42)
Euro Sensitivity		
INR/EUR-Increase by 7%*	(6.57)	0.85
INR/EUR-Decrease by 7%*	6.57	(0.85)

<sup>\*</sup> Holding all other variables constant

### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rates relates primarily to the Company's debt interest obligation. Further the Company engages in financing activities at market linked rates, any changes in the interest rate environment may impact future rates of borrowings. To manage this, the Company may enter into interest rate swaps. The management also maintains a portfolio mix of floating and fixed rate debt.

The Company's fixed rate borrowings and investments in term deposits with bank are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

### (a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	31st March 2020	31st March 2019
Variable Rate Borrowings	1910.25	3113.72
Fixed Rate Borrowings	8206.95	28.78
Total Borrowings	10117.20	3142.50



As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	Weighted average interst rate(%)	Balance	% of Total Loans
31st March 2020			
Cash Credit/Packing Credit Facilities	5.95%	1910.25	18.88
31st March 2019			
Cash Credit/Packing Credit Facilities	2.48%	3113.72	99.08

An analysis by maturities is provided in Note 44(B)(ii) above. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

#### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Impact on Profit before tax

	31st March, 2020	31st March, 2019
Interest Rates - Increase by 100 basis points (100 bps) *	19.01	31.00
Interest Rates - Decrease by 100 basis points (100 bps) *	19.20	31.27

<sup>\*</sup> Holding all other variables constant

#### (iii) Securities Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and fixed deposits.

To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

### (a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in mutual funds held by the Company and classified in the Balance Sheet as fair value through profit or loss

### (iv) Commodity Price Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's sales of dyes and intermediates, including the raw material components for such products. Cost of raw materials forms the largest portion of the Company's cost of sales. Market forces generally determine prices for the goods sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sales of goods. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

#### 41 Capital Management

### (a) Risk Management

The Company's objectives when managing capital are to

- \* safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- \* maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the net debt to equity ratio. Net debt are long-term and short-term debts as reduced by cash and cash equivalents. The Company is not subject to any externally imposed capital requirements.



The following table summarises the capital of the Company:

	31st March 2020	31st March 2019
Total Borrowings	10117.20	3142.50
Less: Cash and cash equivalents	2613.95	136.22
Net Debt	7503.25	3006.28
Equity	12796.11	10816.01
Total Capital (Equity+ Net Debt)	20299.36	13822.30
Net Debt to Equity ratio	37%	22%

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2020 and 31st March, 2019.

### (b) Dividends on Equity Shares

	31st March, 2020	31st March, 2019
Dividend Declared and Paid during the year		
Final dividend for the year ended 31st March, 2019 of Rs. 1.5 (31st March, 2018 – Rs. 1.5l) per fully paid share	169.93	169.93
Dividend Distribution Tax on above	34.59	34.59
Interim dividend for the year ended 31st March, 2020 of Rs. 1.5 (31st March, 2019 – Rs. 1.5l) per fully paid share	169.93	0.00
Dividend Distribution Tax on above	34.59	0.00
Proposed Dividend Not Recognised at the End of the Reporting Period		
In addition to the above dividend, since year end the directors haverecommended the payment of a final dividend of Rs. 0 per fully paid share (31st March, 2019 – Rs. 1.5). This proposed dividend is subject to the approval of shareholders in the		
ensuing annual general meeting.	0.00	169.93
Dividend Distribution Tax on above	0.00	34.93

### 42 Assets Pledged/ Hypothecated as Security

	31st March 2020	31st March 2019
Current		
First Charge		
Financial Assets		
Trade Receivables under Bill Discounting (Refer below)	1384.76	1367.90
Other Trade Receivables	(1384.76)	(1367.90)
Non-financial Assets		
Inventories	3640.76	2715.60
Sub-total Sub-total	3640.76	2715.60
Non-current		
First Charge/Second Charge		
ASSETS UNDER CONSTRUCTION	7110.88	0.00
Leasehold Land	156.52	156.43
Buildings	1332.37	1381.24
Plant and Equipments	2002.32	2161.76
Furniture and Fixtures	9.95	7.17
Office Equipments	11.31	6.61
Vehicles	61.89	92.98
Sub-total Sub-total	10685.24	3806.19
Total	14326.00	6521.79



### Trade Receivables under Bill Discounting

The carrying amount of trade receivables include receivables which are subject to bill discounting arrangement. Under this arrangement, the Company has discounted the relevant receivables in exchange of cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognise such receivables in their entirety in its balance sheet. The amount payable under the bill discounting arrangement is presented as secured borrowings (Refer Note 15).

The Plant at Unit 1 & 2 at GIDC Ankleshwar has remain closed from 26/03/2020 to 12/04/2020 due to the lock down in view of the COVID 19 pendamic, impact of the lock down cannot be assessed at this stage, however there is no impact on the going concern. The year end physical varification of inventory can not be carried out due to the Lock down, but the periodic physical verification of the inventory provides sufficient safegaurd to adjust any deviation or difference in the inventory which has no major impact, considering the materiality concept. There is no impact on going concern of any of the production facilities.

For: ASIM RAVINDRA & ASSOCIATES CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA] PARTNER M. No. 043051

Place: Ahmedabad Date: 27/06/2020 For and on Behalf of

For: DYNEMIC PRODUCTS LIMITED
(B. K. Patel) (D. B. Patel)
Managing Director Director

(R. B. Patel) Director

(Varsha Mehta) (Amisha Patel)

Company Secretary Chief Financial Officer

# What is the "Green Economy"?

GG For the purposes of the Green Economy Initiative, UNEP has developed a working definition of a green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which islow carbon, resource efficient and socially inclusive.

Practically speaking, a green economy is one whose growth in income and employment is driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services. These investments need to be catalyzed and supported by targeted public expenditure, policy reforms and regulation changes. This development path should maintain, enhance and, where necessary, rebuild natural capital as a critical economic asset and source of public benefits, especially for poor people whose livelihoods and security depend strongly on nature.







# **DYNEMIC PRODUCTS LIMITED**

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