

28th
Annual Report
2010-2011

Dishman Pharmaceuticals and Chemicals Limited



 dishman

Global Partnership Solutions



Dishman Pharmaceuticals and Chemicals Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Shri Janmejy R. Vyas (Chairman & Managing Director) Mrs. Deohooti J. Vyas (Whole time Director) Shri Arpit J. Vyas (Whole time Director) Shri Yagneshkumar B. Desai Shri Sanjay S. Majmudar Shri Ashok C. Gandhi
COMPANY SECRETARY AND COMPLIANCE OFFICER	:	Mr. Deepak S. Pandya
AUDITORS	:	Deloitte Haskins & Sells Chartered Accountants, "Heritage" 3 rd Floor Nr. Gujarat Vidhyapith, Off Ashram Road, Ahmedabad-380014
REGISTRAR & TRANSFER AGENT	:	Link Intime India Pvt. Ltd. (Formerly known as Intime Spectrum Registry Ltd.) C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West), Mumbai – 400 078 Tel. No.: 91-22-2596 3838, Fax No.: 91-22-2594 6969, Email: mumbai@linkintime.co.in
REGISTERED OFFICE	:	Bhadr-Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad – 380 009 Tel. No.: 91-79-26443053, 26445807 Fax No.: 91-79-26420198 Email: dishman@dishmangroup.com Website: www.dishmangroup.com
WORKS	:	Phase-IV, 1216/20, G.I.D.C. Estate, Naroda, Ahmedabad – 382 330. (also other Plots in Phase-I and IV) : Survey No. 47, Paiki Sub Plot No. 1, Village - Lodariyal, Taluka - Sanand, District - Ahmedabad-382220 (also various other Plots)
BANKERS	:	State Bank of India Bank of Baroda Corporation Bank Bank of India
SUBSIDIARY COMPANIES	:	Dishman Europe Ltd. Dishman USA Inc. Dishman International Trading (Shanghai) Co. Ltd. Dishman FZE Dishman Switzerland Ltd. Dishman Pharma Solutions AG. Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd. Carbogen Amcis AG. Carbogen Amcis Ltd. (U.K.) Innovative Ozone Service Inc. (IO ₃ S) Dishman Netherlands B.V. Cohecie Fine Chemicals BV. (Formerly known as Dishman Holland B.V.) Dishman Japan Ltd. Carbogen Amcis (India) Ltd. Dishman Australasia Pty. Ltd. Dishman Care Ltd. Dishman LLP Dishman Middle East (FZE)
JOINT VENTURE COMPANIES	:	Schutz Dishman Biotech Ltd. CAD Middle East Pharmaceuticals Industries Dishman Arabia Ltd.

Dishman Pharmaceuticals and Chemicals Limited

**Important Communication to Shareholders
“Green Initiative in the Corporate Governance”**

Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued a circular No.17/2011 on April 21, 2011 stating that the service of document to shareholders by a Company can be made through electronic mode.

Keeping in view the underlying theme and to support this green initiative of Government in the right spirit, members who holds shares in electronic mode and who have not registered their email addresses, so far, are requested to register their email address and changes therein from time to time, with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the below mentioned prescribed form, giving their consent to receive the Notices calling general meetings, audited financial statements, auditors’ report, directors’ report, explanatory statement or any other communication in electronic mode, and register the said form with Link Intime India Private Limited. The said form is also available on the Company’s website www.dishmangroup.com.

Please note that you will be entitled to be furnished, free of cost, with a physical copy of the notice, balance sheet and all other documents required by law to be attached thereto including the profit & loss account and auditors’ report etc., upon receipt of a requisition from you, any time, as a member of the Company.

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.



Email Address Registration Form

(For members who holds shares in Physical Form)

DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

Registered Office: Bhadr-Raj Chambers, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009.

Ledger Folio No. _____

No. of Share(s) held: _____

NAME OF THE SHAREHOLDER/ JOINT HOLDER: _____

EMAIL ADDRESS: 1. _____ 2. _____

CONTACT NO. (R) _____ (M) _____

I hereby give my/our consent to receive the Notices calling general meetings, audited financial statements, auditors’ report, directors’ report, explanatory statement and all other documents required by law to be attached thereto or any other communication in electronic mode at my/our above mentioned email ID.

Signed this _____ day of _____, 2011.

Signature of the shareholder(s)

Note:

- 1) Members are requested to send their duly completed form as above to the Registrar and Transfer Agent (RTA) namely Link Intime India Pvt. Ltd.
- 2) Members are also requested to inform about any change in their email ID immediately to RTA.
- 3) This form is also available on the Company’s website www.dishmangroup.com.

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Dishman Pharmaceuticals and Chemicals Limited

NOTICE

NOTICE is hereby given that the **Twenty Eighth Annual General Meeting** of the Members of DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED will be held on Friday, the 29th day of July, 2011 at 9.30 a.m. at Hall No. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, Profit & Loss Account and Cash Flow Statement for the year ended on that date along with necessary annexures and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Arpit J. Vyas, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ashok C. Gandhi, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 [including any statutory modification(s) or re-enactment thereof, for the time being in force] and relevant Schedules thereto, consent of the Company be and is hereby accorded to the re-appointment of Mrs. Deohooti J. Vyas (Mrs. D. J. Vyas) as a Wholtime Director of the Company for a further period of 5 (five) years with effect from 3rd September, 2011 on the terms and conditions including remuneration as are set out hereunder with liberty to Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration within the parameters of the applicable laws or any amendments thereto.

TENURE : 5 (five) years with effect from 3rd September, 2011.

FUNCTIONS : Mrs. D. J. Vyas shall have substantial powers of management subject to direction, control and superintendence of the Board of Directors.

REMUNERATION : Subject to overall limit on remuneration payable to all Managerial Personnel taken together, as laid down in the Companies Act, 1956, read with Schedule XIII thereto, Mrs. D. J. Vyas shall be paid Rs.10.00 lacs (Rupees Ten Lacs) per month and the above remuneration payable to her may comprise salary, allowances, perquisites etc. as may be determined by the Board of Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro rata basis.

FURTHER RESOLVED THAT wherein a financial year during the currency of her tenure, the Company has no profits or its profits are inadequate the remuneration payable to her shall not exceed the ceiling limit prescribed in Section II of Part II of Schedule XIII to the Companies Act for that year, which will be payable to her as minimum remuneration for that year.

SITTING FEES: Mrs. D. J. Vyas shall not be entitled to any sitting fees.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase or revise the remuneration of Mrs. D. J. Vyas subject to maximum remuneration of Rs.15.00 lacs (Rupees Fifteen Lacs only) per month, from time to time during the tenure of said five years AND THAT the said increase or revision shall also be subject to overall limit on remuneration payable to all the then managerial personnel taken together, as laid down in the Companies Act, 1956, read with Schedule XIII thereto.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to the provisions of Section 314 (1) (b) read with Director's Relatives (Office or Place of Profit) Rules, 2003, as amended and other applicable provisions of the Companies Act, 1956, consent of the shareholders be and is hereby accorded to increase in the remuneration of Ms. Mansi J. Vyas, daughter of Shri Janmejaj R. Vyas, Chairman & Managing Director of the Company who holds an office or place of profit in the Company since 25th July, 2005 as Management Representative (Finance), from a gross monthly remuneration of Rs.45,434/- (Rupees Fourty Five Thousand Four Hundred Thirty Four only) to Rs.2,50,000/- (Rupees Two Lacs Fifty Thousand only) w.e.f. 1st August, 2011.”

By Order of the Board of Directors

Regd. Office : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date: 26th May, 2011

(Deepak S. Pandya)
V.P. (Legal) & Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the commencement of the meeting.
2. Members / Proxies should fill in the Attendance Slip for attending the Meeting and they are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
3. **Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued a circular No.17/2011 on April 21, 2011 stating that the service of documents including Annual Report to shareholders by a Company can be made through electronic mode. Keeping in view the underlying theme and to support this green initiative of Government in the right spirit, members who holds shares in electronic mode and who have not registered their email addresses, so far, are requested to register their email address and changes therein from time to time, with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the prescribed form (refer page No. 3 of this Annual Report), giving their consent to receive the Notices calling general meetings, audited financial statements, auditors' report, directors' report, explanatory statement or any other communication in electronic mode, and register the said form with Link Intime India Private Limited. The said form is also available on the Company's website www.dishmangroup.com.**
4. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.
5. Members are requested to intimate to the Company, queries, if any, on the accounts at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
6. The related explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, setting out all material facts concerning item Nos. 6 & 7 is annexed.
7. The relevant details as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, in respect of Directors seeking appointment / re-appointment as Directors under Item Nos. 3 4 and 6 above, are also annexed hereto.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays and Sundays, between 2.00 p.m. and 4.00 p.m. up to the date of the Annual General Meeting.
9. (a) The Company has already notified closure of Register of Members and Share Transfer Books from **Saturday, the 16th day of July, 2011 to Friday, the 29th day of July, 2011 (both days inclusive)**, for determining the names of Members eligible for dividend on Equity Shares, if declared and approved at the Annual General Meeting.
(b) The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 2nd August, 2011 to those members whose names appear on the Company's Register of Members on the close of business hours on 15th July, 2011. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose. In respect of shares held in physical form by the members, dividend will be paid to them after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 15th July, 2011.
10. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
11. Members are entitled to make nomination in respect of shares held by them. Members desirous of making nominations are requested to send the prescribed **Form 2B** duly filled in and signed by them to the Depository Participants in case the shares are held in electronic form.

Dishman Pharmaceuticals and Chemicals Limited

ANNEXURE TO THE NOTICE

NOTES ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF LISTING AGREEMENT ENTERED INTO WITH STOCK EXCHANGES.

Profile of Directors being Re-appointed under Item Nos.3, 4 & 6 of the above Notice:

Name of the Director	Mrs. DEOHOOTI J. VYAS	Mr. ASHOK C. GANDHI	Mr. ARPIT J. VYAS
Age	59	71	25
Date of Appointment	01/12/1997	30/07/2004	01/06/2009
Qualification	➤ Holds Bachelor Degree in Science	➤ Holds bachelor Degree in Commerce ➤ Holds bachelor degree in Law ➤ He is advocate by Profession.	➤ Holds a Degree in Chemical Engineering
Experience	She has a rich experience in the field of Administration and Human Resource Development. She is associated with the Company since long time. She is instrumental in the strategic decision making HR Policies.	He has a very wide experience as Senior Advocate of more than 40 years. He is a Partner of M/s. C.C. Gandhi & Co., Advocate one of the eminent and reputed firm in Ahmedabad. He is expert in the area of Corporate Laws. He is holding position of trustee in various trusts having benevolent objects. He is also Member and President of various Societies / Committees.	He has completed his education from University of Aston, Birmingham for degree in Chemical Engineering in 2009. He has experience of handling Marketing of various herbal cosmetic products of associate company namely Azafran Innovacion Ltd., since last three years, in which he holds Directorship. He is in-charge of disinfectant division and Naroda Plant of the Company.
Directorship Held in other Companies	➤ Schutz Dishman Biotech Limited ➤ B.R.Laboratories Limited ➤ Bhadr- Raj Holdings Private Limited ➤ Azafran Innovacion Limited ➤ Adiman Technologies Private Limited ➤ Dishman Care Limited	➤ Amol Dicalite Limited ➤ Jayatma Spinners Limited ➤ Aarvee Denim and Exports Limited ➤ Ahmedabad Steel Crafts Limited ➤ Gujarat Ambuja Exports Limited ➤ Mafatlal Industries Limited	➤ Schutz Dishman Biotech Limited ➤ Azafran Innovacion Limited ➤ Dishman Care Limited
Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	NIL	Audit Committee ➤ Aarvee Denim and Exports Limited ➤ Ahmedabad Steel Craft Limited ➤ Gujarat Ambuja Exports Limited ➤ Mafatlal Industries Limited Remuneration Committee ➤ Gujarat Ambuja Exports Limited [Chairman of the Committee] ➤ Amol Dicalite Limited ➤ Aarvee Denim and Exports Limited ➤ Ahmedabad Steel Crafts Limited Shareholders' and Investors' Grievance Committee ➤ Gujarat Ambuja Exports Limited	NIL
Disclosure of Relationship	Mrs. D. J. Vyas is a wife of Mr. Janmejy R. Vyas, Chairman & Managing Director and Mother of Mr. Arpit J. Vyas, Whole-time Director of the Company.	He is not, in any way, concerned / interested /related with any of the other Directors of the Company	Mr. A. J. Vyas is Son of Mr. Janmejy R. Vyas, Chairman & Managing Director and of Mrs. Deohooti J. Vyas, Whole-time Director of the Company.
No. of Shares held in the Company	10964500	150	12359600

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

The following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 26th May, 2011.

Item No. 6

Mrs. Deohooti J. Vyas (Mrs. D. J. Vyas) has been appointed as Wholetime Director of the Company by the Board of Directors of the Company at its meeting held on 23rd May, 2006, for a period of five years w.e.f. 3rd September, 2006 upon the recommendation of Remuneration Committee held on 23rd May, 2006. Her appointment as such was made with the remuneration of Rs.3.00 lacs per month with a power to the Board to increase or revise the remuneration subject to maximum of Rs.5.00 lacs per month during the tenure of said five years. The members in terms of Sections 198, 269, 309 approved her appointment & Remuneration and other applicable provisions of the Companies Act, 1956, at the Annual General Meeting of the Company held on 29th June, 2006. Further, the Board of Directors of the Company at its meeting held on 22nd May, 2008, increased the remuneration payable to her to Rs.5.00 lacs per month upon recommendation of the Remuneration Committee with effect from 1st June, 2008. The appointment of Mrs. D. J. Vyas was made for a period of five years, which expires on 2nd September, 2011.

Mrs. D. J. Vyas holds a bachelor degree in Science. She has very rich experience in the field of Administration and Human Resource development. She is associated with the Company since 1997 and day by day her work and responsibilities has been also increased with the rapid growth of the Company. She is instrumental in the strategic decision making in HR Policy. It is in the interest of the Company to continue to avail her services for the growth and conduction of affairs and business of the Company and take advantage of her wide and rich experience, by re-appointing her as a Wholetime Director of the Company for a further period of five years with effect from 3rd September, 2011.

Taking into consideration the existing remuneration and responsibility of Mrs. D. J. Vyas and improved performance of H.R. and Administration Department under her able guidance & control and based on recommendation of the Remuneration Committee, the Board of Directors of the Company at its meeting held on 26th May, 2011 approved the re-appointment for a further period of 5 years w.e.f. 3rd September, 2011 and increase in her remuneration from existing Rs.5.00 lacs to Rs.10.00 lacs per month with a power to Remuneration Committee and Board to increase or revise her remuneration to maximum remuneration of Rs.15.00 lacs per month, from time to time during the tenure of said five years, subject to approval of the members. There is no other variation in terms of her re-appointment except remuneration.

This may be treated as an abstract of the terms of the draft resolution for the re-appointment of Mrs. D. J. Vyas as Wholetime Director of the Company, pursuant to Section 302 of the Companies Act, 1956.

Her re-appointment as Wholetime Director and payment of remuneration is permissible in accordance with the provisions of Schedule XIII to the Companies Act, 1956 without the approval of Central Government, if her re-appointment is approved by the Members in General Meeting.

Your Directors, therefore, recommend a Special Resolution at item No.6 of the accompanying Notice, for your approval. Mr. J. R. Vyas, Chairman & Managing Director and Mr. A. J. Vyas, Whole-time Director of the Company may be considered as concerned and interested as being relatives of Mrs. D. J. Vyas and Mrs. D. J. Vyas may be considered as concerned and interested as the resolution pertains to herself. None of the other Directors is interested or concerned in the resolution.

Item No. 7

Ms. Mansi J. Vyas, daughter of Shri Janmejy R. Vyas, Chairman & Managing Director of the Company holds an office or place of profit in the Company as Management Representative (Finance) of the Company since 25th July, 2005 on a gross monthly remuneration of Rs.45,434/- (Rupees Forty Five Thousand Four Hundred Thirty Four only). Her appointment as such was approved by the Board of Directors of the Company at its meeting held on 29th July, 2005 and also by the Members of the Company in terms of Section 314 (1)(b) of the Companies Act, 1956, at the Annual General Meeting of the Company held on 26th September, 2005.

Ms. Mansi J. Vyas is a B.Sc.(Hons) International Hospitality and Tourism Management from the University of Surrey, Guildford UK and she has also done her MBA in International Hospitality Management from Ecole hoteliere Lausanne, Switzerland. She has very good strategic skills and has experience in the area of Managerial Finance and Marketing. She is associated with the Company since 2005 and day by day her work and responsibilities has also been increased manifold with the rapid growth of the Company.

Ms. Mansi has, during her association with the Company since last six years, gained considerable and useful experience in multiple activities. Her experience has been successfully utilized for the various expansion projects at Company's Bavla Plant. Although, she has been appointed since 2005, there is no increase in her remuneration since then and in view of her valuable contribution since last six years, it is found advisable to increase her remuneration. Considering this, the Selection & Remuneration Committee has recommended for and the Board of Directors of the Company at its meeting held on 26th May, 2011 approved the increase in her gross monthly remuneration from existing level of Rs.45,434/- to Rs.2,50,000/-, subject to approval of the members. There is no other variation in terms of her appointment except remuneration.

As the gross monthly remuneration proposed to be paid to Ms. Mansi J. Vyas is Rs.2,50,000/-, approval of shareholders by way of a special resolution is required as per the provisions of Section 314 (1) (b) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, as amended. As the gross monthly remuneration proposed to be paid to Ms. Mansi. J. Vyas is not exceeding Rs.2,50,000/-, the approval of the Central Government is not required to be obtained.

The Board recommends the resolution for approval of shareholders.

None of the directors is interested in the resolution except Shri Janmejy R. Vyas, Chairman & Managing Director; Mrs. Deohooti J. Vyas, Whole-time Director and Mr. Arpit J. Vyas, Whole-time Director of the Company, who may be deemed to be interested in the proposed resolution as Ms. Mansi J. Vyas is relative of them.

By Order of the Board of Directors

Regd. Office : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date: 26th May, 2011

(Deepak S. Pandya)
V.P. (Legal) & Company Secretary

DIRECTORS' REPORT

To

The Shareholders of

Dishman Pharmaceuticals and Chemicals Limited

Your Directors have pleasure in presenting their Report along with the Audited Accounts of the Company for the year ended March 31, 2011.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Net Sales	41957.29	35260.88
Profit before Tax & other Adjustments	4855.95	7940.69
Less : Current tax	987.18	1371.32
Add : MAT Credit Entitlement	408.55	1150.75
Less : Deferred Tax Liability	262.80	683.25
Profit After Tax	4014.52	7036.87
Add/(Less): Prior Periods Adjustments (Net)	(2.03)	110.00
Less: Short Provision of Income tax for earlier years	—	39.52
Net Profit	4012.49	7107.35
Balance of profit brought forward	5795.42	7942.27
Amount available for Appropriation	9807.91	15049.62
<u>Appropriations:</u>		
Transfer to Debenture Redemption Reserve	1250.00	625.00
Transfer to General Reserve	5000.00	7500.00
Proposed Dividend	968.37	968.37
Tax on Proposed Dividend	157.09	160.83
Balance Carried to Balance Sheet	2432.45	5795.42

DIVIDEND:

For the financial year 2010-2011, your Directors are pleased to recommend a final dividend of 60% on the paid-up equity share capital of Rs.1613.94 lacs (Rs.1.20/- per equity share of Rs.2/- each) (previous year 60% on the paid-up equity share capital of Rs.1613.94 lacs, i.e. Rs.1.20/- per equity share of Rs.2/- each), which if approved at the forthcoming Annual General Meeting will be paid out of the profits of the Company for the year to all those equity shareholders whose names appear in the Register of Members on the close of business hours as on 15th July, 2011.

PERFORMANCE AND OPERATION REVIEW:

During the year, your Company achieved a turnover of Rs.41957.29 lakhs as against Rs.35260.88 lakhs during the previous year reflecting a growth of 18.99%. Exports constitute Rs.30029.91 lakhs or 71.57% of sales for 2010-11. Other income earned during the year stood at Rs.275.36 lakhs as against Rs.315.28 lakhs in the previous year. Profit before tax decreased by 38.85% (Rs.4855.95 lakhs during the year as against Rs.7940.69 lakhs in the previous year). Profit after tax for the year was Rs.4014.52 lakhs as against Rs.7036.87 lakhs during previous year.

Earning per share for the year works out to Rs.4.97 per share (previous year Rs.8.81).

The consolidated turnover, which includes results of all its wholly owned subsidiaries, proportionate share in the joint ventures (Schutz Dishman Biotech Ltd., CAD Middle East Pharmaceutical Inds., Dishman Arabia Ltd. and Dishman Japan Ltd.) and associate (Bhadra- Raj Holdings Pvt. Ltd.) reported 8.25% growth in sales to Rs.99084.40 lakhs for the current financial year 2010-11 compared to the previous year's sales of Rs.91535.74 lakhs.

Consolidated Profit before tax & other adjustment of the Company stood at Rs.9210.63 lakhs (previous year Rs. 13252.88 lakhs) and profit after tax for the year at Rs.8134.43 lakhs (Previous year Rs.11757.63 lakhs) for the current financial year 2010-11.

The consolidated Earning per share for the year works out to Rs.9.92 per share (previous year Rs.14.55 per share).

Lower sales and profit during the year is mainly due to global recession and inventory rationalization at customers end.

A detailed analysis of the performance of the Company and financial results is given in the Management Discussion and Analysis Report, which forms part of this Report.

Dishman Pharmaceuticals and Chemicals Limited

Vitamin D

During the year, your Company started setting up a new unit to manufacture Vitamin D at Bavla. The unit is expected to be ready for trial production during the second quarter of FY 2011-12.

Disinfectant Division

Your Company has set up a manufacturing unit at Bavla to manufacture Antiseptics and Disinfectants for application in healthcare and related industries. Trial production is expected from the unit by end of June, 2011.

New High-Potency Manufacturing Unit (Unit 9)

Your directors are pleased to inform you that Unit 9 (HYPO facility) has successfully completed all validation procedures for the containment of highly active APIs. Unit 9 has smoothly undergone an in-depth and scientifically rigorous qualification process of our containment equipment, led by an external consultancy with a strong reputation and expertise in industrial hygiene. HYPO facility set up at Bavla completed containment performance validation by VEGA Environment Consultants Ltd. and ready for trial production in the first quarter of 2011-12.

RESEARCH AND DEVELOPMENT:

Research and Development is the foundation upon which Company's strategy of manufacturing and marketing of Bulk Drugs, Intermediates (including contract manufacturing), Fine Chemicals, Quats & Specialty chemicals stands. Your Company offers portfolio of services from process R&D in state-of-the-art laboratories, kilo and pilot plant trials in well equipped kilo labs and pilot plants and scale-up to full scale commercial manufacture in multi purpose production units as well as dedicated facilities for certain products as per customer requirement. By offering technical and manufacturing excellence in multiple locations around the globe, your Company is the global outsourcing partner for the pharmaceutical industry providing innovative development and value for money, long term commercial supply.

Your Company Offers R & D services with a specialization in development process that are truly scalable to commercialization through process research and development. Your Company's R & D process is supported by Analytical Services department which provided support in development of new analytical methods for products developed in the R&D labs. Analytical Development Lab is equipped with all modern equipment for the analysis of raw materials, intermediates and finished products. We continually upgrade the instruments as per the requirements of our customers/products. The Quality Control (QC) supports the analytical requirements starting from initial raw material releases to release of Final API.

Kilo & Pilot facilities for cGMP production of API are an integral part of R&D center to facilitate maximum interaction and ensure seamless process transfer from Laboratory to plant.

At Bavla facility, your Company has created a state-of-the-art R & D center comprising three floors and having total built up area of 4500 Sq. Mtrs. The R&D center houses a technical library, 8 R&D laboratories, a formulation development laboratory, an analytical development department, a kilo lab and a cGMP compliant pilot plant. The technical library has a rich collection of books and periodicals covering various chemistry and related topics. It is staffed by competent persons.

The R&D labs work under full Good Laboratory Practices (GLP). Each R&D lab has a process R&D area and its own analytical section. The R&D labs are equipped with latest equipment for carrying out diverse reactions. We continue to add to our knowledge on various reactions as well as try new technologies. We have now successfully used enzymes at lab scale and also commercial scale for conversions that involve multiple steps if done using conventional chemistry. We have concluded lab runs on irradiation technology for Vitamin D analogues. A small-scale irradiation equipment has been installed for certain niche products.

In the kilo lab, we have small reactors ranging from 30 L to 100 L capacity for small scale reactions. The cGMP pilot plant has a range of equipment which is required for the scale up of reactions developed in the labs.

We now have a separate group of scientists working on generic APIs. This group is involved in developing non-infringing routes to various generic and soon-to-be generic APIs.

In the year 2010-2011, non-infringing process for about 10 APIs of various therapeutic categories have been developed in the labs and successfully validated in the pilot plant. Regulatory filing for these APIs is under progress.

For the year 2011-2012, 10 new target APIs have been identified and work has already started on some of them with the first few being ready for pilot validation by the middle of this year.

In addition to APIs, this year 100 R&D CRAMS projects have been completed at lab and pilot level. Another 80 are in various stages of development.

During the current year, we have worked on about 140 R&D CRAMS projects. We added 5 new customers for whom we completed 9 projects at various scales. Negotiations are underway for repeat manufacturing campaigns for some of them.

QUALITY, HEALTH, SAFETY & ENVIRONMENT (QHSE) & CORPORATE SOCIAL RESPONSIBILITY :

Dishman's commitment towards excellence in Health, Safety and Environment is one of the Company's core values by complying with the laws and regulations first, and then going beyond the mandate to keep our planet safe for future generations. Minimizing the environment impact of our operations assumes utmost priority. The Company is unwavering in its policy of 'safety of persons overrides all production targets', which drives all employees to continuously break new grounds in safety management for the benefit of the people, property, environment and the communities in which Dishman operates. Our comprehensive QHSE policy, as well as dedicated measures by conducting the Risk Assessment, Identification of significant

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environmental aspects, Safety Audits, customer audits, HAZOP study and Environment audits of all manufacturing plants and signatory commitment of Responsible Care. Greatest emphasis is given to safety measures for minimizing accidents and incidents. The year 2010-11 saw significant steps taken in the direction of building a full-proof and robust Safety, Health & Environment system in the organization.

While the main focus of occupational health services is on medical surveillance of employees, they also carry out extensive health education and awareness sessions, health exhibitions and diagnostic camps. All employees, irrespective of the nature of their work or location, undergo regular periodic medical examinations. The medical check up facility also covers the Contractors' employees engaged at the manufacturing sites. State-of-the-art Occupational Health Centres (OHCs) have been established. All employees are subjected to health risk assessments and appropriate measures are taken to prevent medical complications. Dishman celebrated the World Environment Day, Earth Day, Fire day, Safety Day, etc and created environmental awareness among employees and surrounding communities.

Dishman continues to pursue world class operational excellence on Process Safety Management (PSM). Dishman has capabilities and has developed in-house experts in various facets of PSM. Process Hazard Analysis (PHA) at various plants has been initiated to address and reduce process safety risks.

In its pursuit of excellence towards sustainable development and to go beyond compliance, Dishman integrated its ISO:14001 EMS, ISO:9001 QMS and ISO:18001 OSHA management systems. A management framework with defined structures, roles and responsibilities, group standards, audits and training has been further strengthened. Continuing the journey towards world class environmental performance through systems and robust processes, covering various environmental aspects were developed and issued. This was further supported by the development and release of third party audit protocols for the standards. Dishman strongly believes that these actions will be the change agent for reducing the Company's environmental risks and maintaining the "Zero Discharge" for liquid effluent.

Environment impact assessment and risk analysis have been performed for all new and major expansion projects. Dishman continues to give top priority to maintenance and performance improvements of all pollution abatement facilities like effluent treatment plants, air emission control. In these improvement efforts, audits play an important role. Dishman has inculcated a habit to be in harmony with nature and in this context, afforestation, maintenance of green belts, gardens, vermi-compost of waste and its use as manure are routine.

Your Company's efforts are recognized by State Level, National Level and International level Awards from time to time. This year Company has been awarded the most prestigious awards as:

1. State level winner of Safety Award from Gujarat Safety Council in Drugs and pharmaceutical, Food and Dairy sector continuous for the sixth year for Bavla site and Runner award for Fourth year of Naroda site.
2. "Suraksha Purashkar" for Bavla site and "Prashansha Patra" for Naroda site from National Safety Council of India, Mumbai in manufacturing Sector.
3. "Gold Category" Greentech Safety Award 2011 from Greentech Foundation, Delhi.

CORPORATE SOCIAL RESPONSIBILITY:

Dishman has a long and strong tradition of supporting the larger communities that it connects with – from education, health, drinking water.

Our intention is to ensure that we meet the development needs of the local community. The Company is signatory member of Responsible Care. The Company continued extending helping hand towards social and economic development of the villages and the communities located close to its operations and also providing assistance to improving their quality of life. During the year, activities focused on improving the village infrastructure by constructing Road dividers, Health camps at nearby villages, Solar Street Lights, Developing the Circle, school buildings, education support etc. The Company has made investments towards implementation of these development activities in the village area of Bavla, Lodariyal, Modasar and Daran. Simultaneous to these, the Company furthered its community development activities as Blood donation camp, Health camps, etc. The Company also assisted in repairing of village schools at other nearby villages.

SPECIAL ECONOMIC ZONE [SEZ] PROJECT:

During the year Company has been allotted land admeasuring 299151 sq. mtrs. by Dishman Infrastructure Ltd. (DIL) in the SEZ developed by them. An application has been made to the Development Commissioner for their approval for setting up the units in the said Pharma & Fine Chemicals SEZ of DIL. Your Company has decided to do the future expansion in the SEZ. DIL has started the development work at the SEZ site and first phase of development work will be completed by March, 2012.

FOREIGN CURRENCY CONVERTIBLE BONDS [FCCBs]:

As you are aware, in August, 2005, the Company has issued 0.5% Foreign Currency Convertible Bonds (FCCBs / Bonds), due 2010 convertible into equity shares of the Company, for US\$50 million. The said FCCBs have been listed on the Singapore Exchange Securities Trading Ltd. (SGX-ST). Out of US\$ 50.00 million US \$ 47.50 million FCCBs were converted into equity shares of the Company.

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The Company has not received any conversion Notice from the Bondholder for conversion of Bonds into Equity Shares of the Company upto 18th August, 2010. As per the terms of the said FCCBs outstanding FCCBs of US\$ 2.50 million were redeemed on maturity i.e. on 19th August, 2010.

NON CONVERTIBLE DEBENTURES (NCD):

In February, 2010, your Company has issued Secured Redeemable Non Convertible Debenture of Rs.75 crores in form of Separately Transferable Redeemable Principle Parts ("STRPPs") of Rs.10 lacs each fully paid-up on private placement basis and the said NCD has been listed on the Bombay Stock Exchange Ltd. (BSE) in the list of securities of F Group – Debt Instrument w.e.f 13th May, 2010.

In June, 2010, the Company has issued second trench of its Secured Redeemable Non- convertible Debentures (NCD) of Rs.75 crores in the form of Separately Transferable Redeemable Principle Parts ("STRPPs") of Rs.1.00 lac each fully paid-up on private placement basis for augmenting medium to long term resources of the Company, including regular capex and retirement of high cost debt. These NCD will be redeemed at par at the end of 4th & 5th year in the ratio of 50: 50 respectively. The said NCD has been listed on the Bombay Stock Exchange Ltd. (BSE) and BSE has admitted the said NCD to deal on the Exchange in the list of securities of F Group – Debt Instruments w.e.f. 17th September, 2010.

LISTING ARRANGEMENT:

The equity shares of the Company are listed at the National Stock Exchange of India Ltd., Mumbai (NSE) and Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the year 2011-12, as applicable, have been paid before due date to the concerned Stock Exchanges.

The Secured Redeemable Non-Convertible Debentures (NCD) of Rs.150.00 crores issued by the Company in two tranches is also listed at Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the year 2011-12, as applicable, have also been paid before due date to the BSE.

DEPOSITS:

The Company has not accepted any deposits as defined under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, as amended, during the year under review.

DIRECTORS:

Mr Arpit J. Vyas and Mr. Ashok C. Gandhi, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for Re-Appointment.

The terms of appointment of Mrs. Deohooti J. Vyas as Whole-time Director of the Company expires on 2nd September, 2011. The Remuneration Committee and Board of Directors have passed the necessary resolution for re-appointment of Mrs. D. J. Vyas as Whole-time Director for a period of 5 (Five) years w.e.f. 3rd September, 2011 and increase in remuneration payable to her to Rs.10.00 lacs (Rupees Ten Lacs) per month subject to approval of members.

Profiles of these Directors as required under clause 49 of the listing Agreement are given in the Annexure to the Notice dated 26th May, 2011.

INSURANCE:

The Company has made necessary arrangements for adequately insuring its insurable interests.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, the Directors, based on the representations received from the Company's operating management, hereby confirm:

- i. that in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the accounts for the financial year ended 31st March, 2011 have been prepared on a going concern basis.

AUDITORS:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company hold office until the conclusion of the Twenty Eighth Annual General Meeting and are eligible for reappointment. M/s. Deloitte Haskins & Sells have informed the Company that, if appointed, their appointment as Auditors will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Accordingly, the members' approval is being sought for their appointment as the Auditors of the Company and for fixation of their remuneration for the year 2011-2012, at the ensuing Annual General Meeting.

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COST AUDIT:

The Central Government by an order No.52/77/CAB-2010 dated 16th December, 2010 directed the Company to conduct an audit of the cost account of the Company in respect of Bulk Drugs activity, for the year ending 31st March, 2011 and also for every financial year thereafter continuously, until further orders.

M/s. Kiran J. Mehta & Co., Practicing Cost Accountants, Ahmedabad has been appointed by the Board of Directors of the Company with the previous approval of Central Government to conduct the audit of the cost accounts in respect of Bulk Drugs activity of the Company for the financial year 2010-11.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

Information of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in the Annexure-I and forms part of this Report.

PARTICULARS OF EMPLOYEE:

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure-II and forms part of this Report.

SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL STATEMENT:

The Ministry of Corporate Affairs, Government of India vide its order No.47/42/2011 CL III dated 21st January, 2011 issued under section 212(8) of the Companies Act, 1956 has granted an exemption to the Company from attaching the accounts along with the report of the Board of Directors and Auditors as required by section 212(1) of the Companies Act, 1956, of its 17 (seventeen) subsidiary companies namely i) Dishman Europe Limited, ii) Dishman U.S.A. Inc., iii) Dishman International Trading (Shanghai) Co. Ltd., iv) Dishman FZE, v) Dishman Switzerland Ltd., vi) Dishman Pharma Solutions AG., vii) Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd., viii) Carbogen Amcis AG., ix) Carbogen Amcis Limited (Name was changed from "Synprotec DCR Limited" w.e.f. 05/07/2007), x) Dishman Care Limited xi) Innovative Ozone Service Inc. (IO₃S), xii) Dishman Netherlands B.V. (Name was changed from "Pharma Syn. B.V." w.e.f. 08/11/2007), xiii) Cohecie Fine Chemicals B.V. (Name was changed from "Dishman Holland B.V." w.e.f.22/09/2010), xiv) Dishman Japan Ltd., xv) Carbogen Amcis (India) Ltd., xvi) Dishman Australasia Pty. Ltd., and xvii) Dishman LLP, to the balance sheet of the Company for the financial year ended on 31st March, 2011.

The Company will provide the annual accounts of its subsidiary companies and the related detailed information on the specific request made by any investors and the said annual accounts are open for the inspection at the registered office of the Company during office hours on all working days, except Sundays and holidays, between 2.00 p.m. and 4.00 p.m. Particulars relating to the Subsidiary Companies, as per the condition (iii) of the above mentioned order of the Ministry of Corporate Affairs, are attached alongwith the consolidated financial statement.

As required under Clause 32 of Listing Agreement with the stock exchange(s) and in accordance with the requirements of Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, the Company has prepared Consolidated Financial Statements of the Company and its subsidiaries and are included in the Annual Report.

While preparing the consolidated financial statements, Company has consolidated the accounts of three Joint Venture companies namely Schutz Dishman Biotech Ltd. (22.33% holding by the Company), CAD Middle East Pharmaceutical Industries (30% holding by the Company), and Dishman Arabia Ltd. (50% holding by the Company), and one associate Company namely, Bhadra Raj Holdings Pvt. Ltd. (40% holding by the Company), as per the requirements of Accounting Standard 27 (AS-27) and Accounting Standard 23 (AS-23) respectively.

In the month of April, 2010, Company has invested USD 0.7 million into the share capital of its wholly owned subsidiary Company namely Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd., incorporated in China. During the year, The Company has also invested JPY 42.50 million in the share capital of the Japanese subsidiary Company namely Dishman Japan Ltd., in the month of February, 2011.

During the year, the name of Company's stepdown subsidiary Company namely Dishman Holland B.V. has been changed to Cohecie Fine Chemicals B.V. w.e.f. 22/09/2010.

During the year, Company has formed wholly owned subsidiary Company, namely Dishman Middle East (FZE), in Sharjah, U.A.E. and in the month of April, 2011, Company has invested AED 150,000 (Arab Emirates Dirham One Hundred Fifty Thousand) into equity shares of Dishman Middle East (FZE).

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS REPORT:

Your Company follows the principles of effective corporate governance. The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the revised Clause 49 of the Listing Agreement with the Stock Exchanges.

As required by clause 49 of the Listing Agreement, a detail report on Corporate Governance compliance and Management Discussion and Analysis Report forms a part of Annual Report along with the required Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in revised Clause 49 of the Listing Agreement.

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In compliance with one of the Corporate Governance requirements as per the revised Clause 49 of the Listing Agreement, the Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company, who have affirmed compliance thereto.

ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the continued assistance and cooperation received from the Indian and International Financial Institutions, Banks, Government Authorities and Shareholders. Your Directors are also grateful to the customers, suppliers and business associates of your Company for their continued co-operation and support. Your Directors wish to place on record their deep sense of appreciation to all the employees for their commendable teamwork and enthusiastic contribution to the growth of Company's business during the year.

For and on behalf of the Board

Place: Ahmedabad
Date: 26th May, 2011

(Janmejy R. Vyas)
Chairman & Managing Director

ANNEXURES FORMING PART OF DIRECTORS' REPORT

ANNEXURE I - ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

A. CONSERVATION OF ENERGY

- MEASURES TAKEN & ANY KIND OF THE INVESTMENT MADE FOR REDUCTION OF CONSUMPTION OF ENERGY AND CONSEQUENTIAL IMPACT ON COST OF PRODUCTION

The company has taken all the necessary measures from the beginning for energy conservation as part of maintaining the operating cost to the minimum.

- DETAILS OF TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

a) POWER AND FUEL CONSUMPTION	2010-2011	2009-2010
1. ELECTRICITY		
a. Purchased		
Unit [KWH]	20619840	15733500
Total Amount [Rs.]	127243476	100685313
Rate/ Unit [Rs.]	6.17	6.40
b. Own Generation [through D.G. Unit]		
Unit [KWH]	192288	180130
Unit Per ltr. of Diesel oil [KWH]	3.49	3.27
Cost/Unit [Rs.]	10.97	11.48
2. SAW DUST		
Quantity [MT]	13561.78	11682.63
Total Amount [Rs.]	57947142.14	42000153.00
Average rate [Rs./MT]	4272.83	3595.09
3. FUEL [LDO+FO]		
Quantity [Ltrs.]	994436.00	1296288.75
Total amount [Rs.]	33600100.86	25379114.04
Average rate [Rs./ Ltr.]	33.79	19.58
4. OTHERS/INTERNAL GENERATION		
Quantity	—	—
Total cost	—	—
Rate/unit	—	—
b) CONSUMPTION PER UNIT OF PRODUCTION :	Since the Company manufactures several bulk drugs, bulk drug intermediates and speciality chemicals, it is not practical to apportion consumption of utilities per unit of production.	

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B. TECHNOLOGY ABSORPTION

EFFORTS MADE IN TECHNOLOGY ABSORPTION - RESEARCH & DEVELOPMENT (R & D)

➤ SPECIFIC AREAS IN WHICH R&D CARRIED OUT AND BENEFITS DERIVED

The Company has fully equipped R & D facilities with sophisticated instruments and is constantly engaged in developing and updating manufacturing processes of the existing products leading to reduction in process time and cost of production and also in developing new products. .

Based on the R & D activities carried out for the client, if the molecule is commercialized, it can be converted into contract manufacturing during the entire life cycle of the drug.

For the first time, we have used enzymatic conversion in Dishman. We have worked on two different projects for getting the desired product using enzymes in the lab. This technology was scaled up in both the cases successfully to the required scale.

Our new HiPo labs are also now operational. These labs would provide support for the new HiPo manufacturing plant at our Bavla site. In these labs, we have already developed a non-infringing process for one, our first, HiPo generic API. This process is now in the final stages of development and should be ready for scale up by middle of the year.

➤ FUTURE PLAN OF ACTION

Your Company has created a state-of-the-art R & D center and cGMP pilot facility at Bavla plant. The Company has been investing aggressively in its R & D activities to the level of 2.06% of its turnover and continue augmenting R & D capabilities & productivity through technological innovations, use of modern scientific and technological techniques, training and development.

➤ EXPENDITURE ON R & D

(Rs in Lacs)

Capital	109.32
Recurring	753.63
Total	862.95
Total R & D Expenditure as a percentage of Total Turnover	2.06%

➤ TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

In the current year, we have successfully scaled up processes using enzyme catalyzed conversion. These processes were water based reactions which are environment friendly. We are currently building a new Vitamin D manufacturing plant with irradiation technology. The laboratory trials for the same have been completed and we are ready to go into commercial production shortly.

We have also optimized our current processes in order to make them more energy efficient and also reduce the effluent load. We are currently working on various others such options for our existing products as well as new ones.

C. FOREIGN EXCHANGE EARNING AND OUTGO

➤ INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENT OF NEW EXPORT MARKETS FOR PRODUCTS & SERVICES & EXPORT PLANS

The Export of the Company has slightly decreased to Rs.300.30 Crores during the year from Rs.318.11 Crores during the previous year. Your Company is making aggressive efforts to increase export and develop new export markets.

➤ FOREIGN EXCHANGE EARNING AND OUTGO

The particulars have been given under "f" and "g" of note No. C of "Schedule O" of Notes on Accounts.

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ANNEXURE II

Information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

Sr. No.	Name of the Employee	Age (Years)	Designation/ Nature of Duty	Qualification	Experience (Years)	Gross Remuneration received (Rs.)	Date of Joining	Last Employment & Position held
A) Personnel who are in receipt of Remuneration aggregating not less than Rs.60,00,000 per annum and employed throughout the year:								
1.	Mr. V.V.S. Murthy	55	Chief Financial Officer	B.Com., A.C.A.	30	69,73,340	01/03/2007	Dr. Reddy's Lab. Vice President (Finance)
2.	Mr. Arvind A. Joshi	55	President (H.R. & Admn.)	B.Sc., L.L.B., M.S.W.	35	62,69,874	18/10/2007	J. B. Chemicals Ltd. Vice President (H.R.)
3.	Mrs. Dehooti J. Vyas	59	Whole-time Director	B.Sc. (Chemistry)	27	60,00,000	01/12/1997	B. R. Laboratories. Proprietress
4.	Mr. Janmejay R. Vyas	60	Chairman & Managing Director	B.Sc. (Chemistry) B.Sc. (Tech.)	37	2,43,00,000	29/06/1983	Consultant to various Pharmaceutical Co.'s during 1974 to 1983
5.	Mr. Arpit J. Vyas	25	Whole-time Director	Chemical Engineer from University of Aston	4	1,06,00,000	01/06/2009	Has been associated with Azafran Innovacion Ltd., in which he holds Directorship and handling Marketing of various herbal cosmetic products.
b) Personnel who are in receipt of Remuneration aggregating not less than Rs.5,00,000 per month and employed for part of the year :								
6.	Mr. Rajiv A. Desai	49	President (Quality)	B.Sc., M.Sc. (Org. Chemistry) & Ph.D (Science-Chemistry)	22	32,49,887	18/10/2010	Matrix Laboratories Ltd., as Vice President (Corporate Quality Assurance).

Notes:

- The above Gross remuneration includes salary, allowances, company's contribution to provident fund and superannuation.
- In addition to the above remuneration, employees are entitled to gratuity and leave encashment in accordance with the Company's rules.
- The nature of employment in all cases is contractual.
- The above employees mentioned at Sr. No. 2 & 6 do not have any share in the paid-up capital of the Company.
- Mr. V.V.S. Murthy, Mrs. D. J. Vyas, Mr. J. R. Vyas and Mr Arpit J. Vyas mentioned at Sr. No.1, 3, 4, and 5 holds 500, 10964500 (13.59%), 25289843 (31.34%) and 12359600 (15.32%) equity shares of Rs.2/- each in the Company, respectively.
- The above employees are not relatives of any Director of the Company except Mrs. D. J. Vyas, Mr. J. R. Vyas and Mr. Arpit J. Vyas, who are Directors and relatives of each other.

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MANAGEMENT ANALYSIS AND DISCUSSION REPORT

(A) INDUSTRY OVERVIEW :

According to IMS Health Report China, Brazil, Russia, India, Mexico, Turkey and South Korea are the “Pharmaemerging Markets” in the Global Pharmaceutical Market. Since last three years, they were passing through the phase of ongoing changes & new developments and continued to roil the commercial pharmaceutical landscape, when the industry is struggling to find new sources of revenue to fill the gap. After experiencing global changes, now the countries are recovering at different rates shows growing divergence in the pace of pharmaceutical growth among major markets.

CRAMS, after becoming a promising medium for Indian pharma industry, represents India as a global hub for CRAMS. According to IMS Health report, Developed countries are expected to further propel the CRAMS industry to grow at CAGR of nearly 32% by 2013 as India offers global pharma companies both quality and cost advantage.

Dishman has an advantage in CRAMS segment in India because of its non-conflicting business policies, technical capabilities and relationship built with global customers during the last 10 years. The trust and confidence of innovator companies has successfully positioned Dishman as preferred outsourcing partner. The company’s order book is expanding consistently reflecting its capacity and customer confidence.

Infrastructure:

Your company continued its investment in creation of new manufacturing plants in India and china to meet the expected demand of customers in the coming years. During the year the company decided to set up a new facility at Bavla to manufacture Vitamin D3. The company has also decided to convert two production blocks in Shanghai to manufacture class II & III HYPO products. cGMP compliant pilot plant at Bavla which was renovated during the previous year started commercial production in 2010-2011. Your company has completed Disinfectant formulations production facility at Bavla and the trials are expected to commence by the end of first quarter of 2011-12. HYPO facility set up at Bavla completed containment performance validation by VEGA Environmental Consultants Ltd and ready for trial production in the first quarter of 2011-12.

(B) BUSINESS HIGHLIGHTS (Consolidated) :

(Rs. in Crores)

	2010 11	2009 10	Growth (%)
Net sales	990.84	915.36	8%
Other income	40.20	26.93	49%
Total income	1031.08	942.34	9%
EBITDA	202.49	230.76	-12%
Depreciation	68.77	59.41	16%
PBIT	133.72	171.35	-22%
Interest & other Finance charges	41.57	38.77	7%
Profit before tax	92.15	132.58	-30%
Tax expense	10.76	14.95	-28%
Profit after tax	81.39	117.63	-31%

During the year, the turnover has gone up to Rs.990.84 crores compared to Rs.915.36 crores resulting a growth of 8%. CRAMS segment registered a turnover of Rs.654.72 crores compared to Rs.662.94 crores during the previous year. Other segments which include bulk drugs, intermeidates, Quats and speciality chemicals and outsourced/traded goods registered growth of 33% i.e. Rs.336.12 crores during the year against Rs.252.42 crores during the previous year.

CRAMS is our largest business segment which caters to the requirements of multinational pharmaceutical companies internationally. We develop intermediates/APIs based on our customers’ requirements. This business involves significant R&D efforts to develop the products, processes. Our wholly owned subsidiary Carbogen Amcis located in Switzerland is spearheading our R&D efforts. Around 66% of our consolidated turnover is generated from CRAMS segment.

Other segments (which include bulk drugs, intermediates, speciality chemicals and outsourced/trade goods) contributed around 34% of consolidated turnover in 2010-11.

Out of Rs.990.84 crores sales, Carbogen Amcis has accounted for sales of Rs.365.62 crores (previous year Rs.368.47 crores), Vitamin D and speciality chemicals business has accounted for sales of Rs.125.59 crores (previous year Rs.128.36 crores) and Carbogen Amcis Ltd. (UK) accounted for sales of Rs.18.45 crores (previous year Rs.29.04 crores). Remaining sales of Rs.481.18 crores (previous year Rs.389.49 crores) was accounted by DPCL and its trading subsidiaries.

Material costs:

Raw material consumption for the year was Rs.293.49 crores as against Rs.231.78 crores during the previous year. Inventory of raw materials decreased by Rs.2.33 crores during the year.

Work in process and finished goods increased by Rs.11.03 Crores and Rs.18.01 crores respectively.

Above increase of raw materials, work in process and finished goods are mainly due to higher sales and orders from customers.

Manufacturing expenses:

Manufacturing expenses mainly comprises Power & Fuel Rs.34.75 crores, repairs & maintenance Rs.32.24 crores, as against Rs.29.66 crores, Rs.31.00 crores respectively during the previous year. Manufacturing expenses account for 9.58% of sales during the year as against 8.81 % during the previous year. Manufacturing expenses during the year as a percentage of sales are higher due to change in product.

Employee Emoluments:

Employee emoluments (other than managerial remuneration) have increased to Rs.277.08 crores during the year as against Rs.249.43 crores during the previous year. This increase is mainly due to salary increase given to employees and recruitment of employees to run the new facilities created at Bavla.

Administrative, Selling and Other Expenses:

Major components of administrative, selling and other expenses include rent, rates & taxes, legal & professional charges, clearing & forwarding, travelling & conveyance, insurance premium etc. Administrative, selling and other expenses for year amounted to Rs.98.74 crores as against Rs.101.01 crores during the previous year. These expenses accounted for 9.97% sales during the year as against 11.04% during the previous year. Lower administrative and selling expenses are mainly due to cost control measures initiated by the company.

Interest and Finance charges:

Interest and Finance charges during the year have increased to Rs.41.57 crores as against Rs.38.77 crores during the previous year.

Depreciation:

Depreciation charge for the current year came to Rs.68.76 crores as against Rs. 59.42 crores during the previous year. Addition to fixed assets during the year was Rs. 196.17 crores as against Rs.163.79 crores during the previous year.

Change in accounting policy:

From the financial year 2008-09, the company changed its accounting policy pertaining to recognition of exchange rate differences on settlement or restatement of foreign currency monetary assets and liabilities by exercising the option as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. As a result:

The exchange differences arising on restatement or settlement of long-term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset.

In other cases, they have been accumulated in 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long-term asset/ liability but not beyond March 31, 2011 by recognition as an income / expenses in each of such periods.

Accordingly, Rs.0.20 crores has been added to cost of fixed assets, Rs. 14.47 crores has been added by transferring from 'Foreign Currency Monetary Items Translation Difference Account', and Rs. 28.12 crores has been amortized and charged to profit and loss account during the year. No amount was carried to subsequent years.

Provision for Tax:

Rs.10.99 crores (net of MAT entitlement) was provided during the year towards current tax as against Rs.3.46 crores during the previous year. The company has also provided Rs. 0.23 crores towards deferred tax during the year as against Rs.11.49 crores during the previous year.

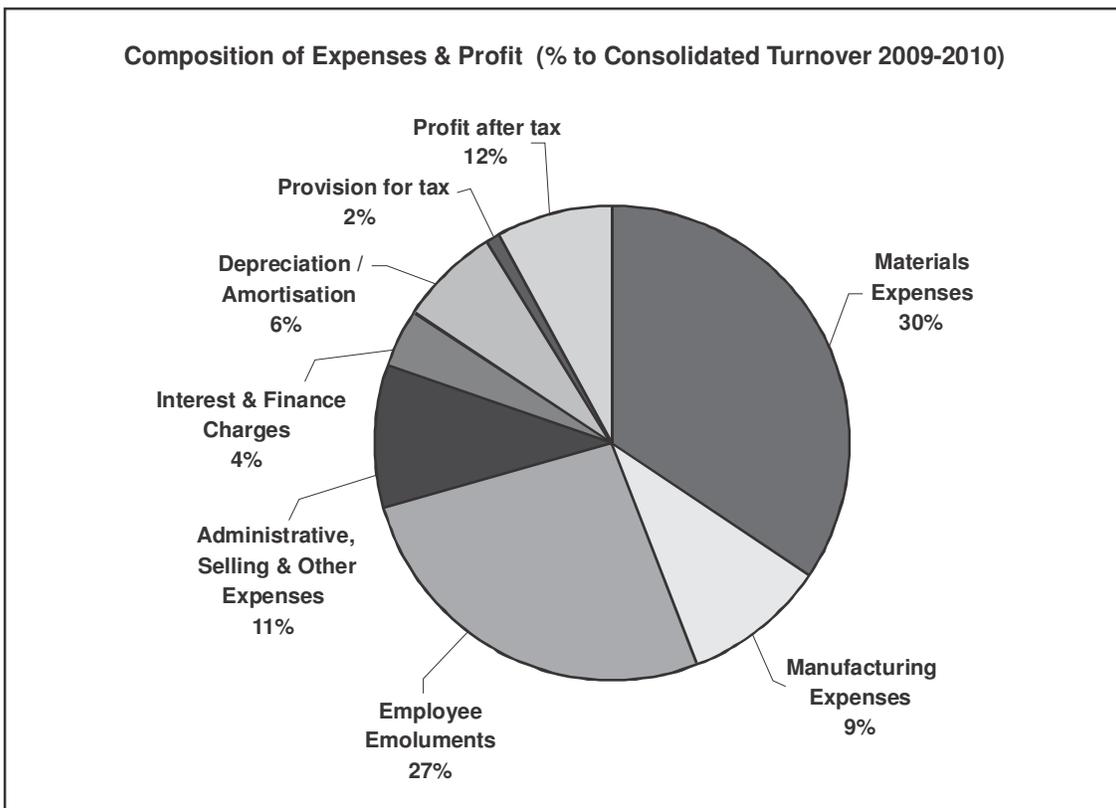
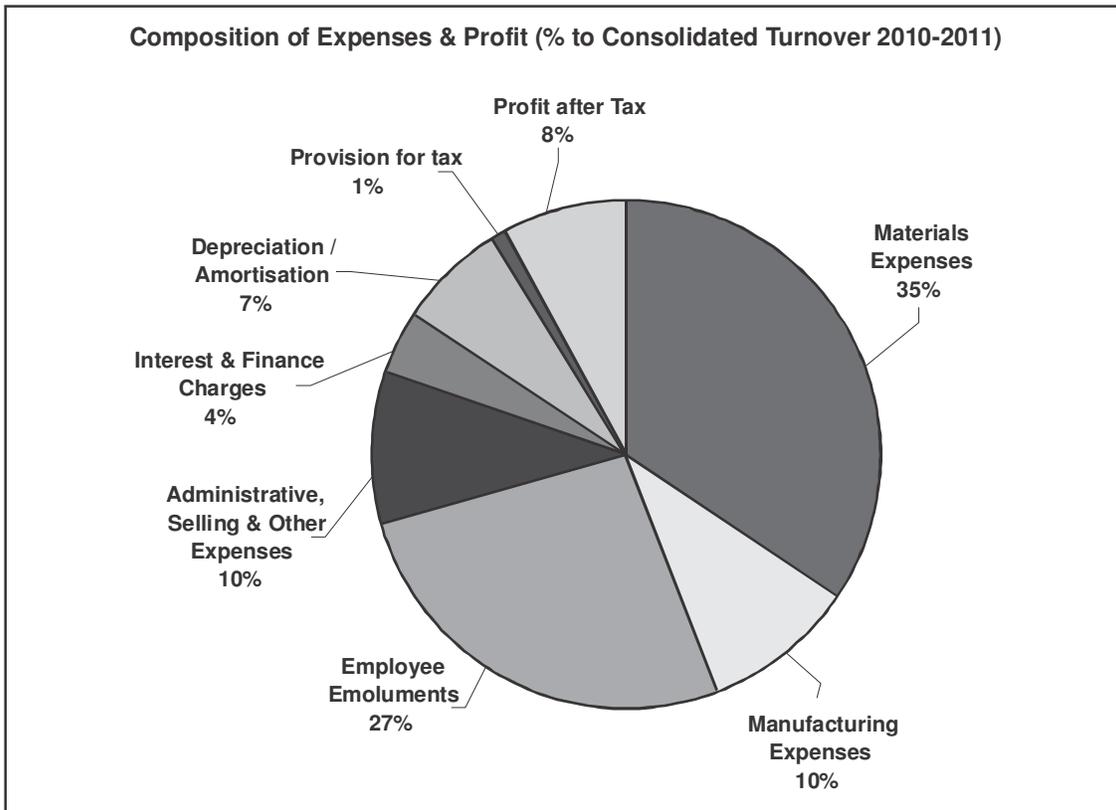
Profit after tax:

Net Profit after tax for the current year was Rs.80.01 crores as against Rs.117.38 crores during the previous year

Earnings per share:

Basic earnings per share for the current year works out to Rs.9.92 as against Rs.11.92 during the previous year.

Dishman Pharmaceuticals and Chemicals Limited



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Financial Condition:

i) Secured loans:

Secured loans stood at Rs.774.51 crores as at 31st March, 2011 as against Rs. 716.87 crores as at 31st March, 2010 mainly due to issue of second trench of non convertible debentures for Rs.75 crores.

ii) Unsecured loans:

Unsecured loans as on 31st March, 2011 were at Rs.94.37 crores as against Rs. 57.07 crores as on 31st March, 2010.

iii) Inventories:

Major items of inventories as of 31st March are as under:

(Rs. in crores)

Particulars	2010-11	2009-10
Raw Materials	114.68	117.01
Work in process	63.29	52.26
Finished goods	88.01	70.00

Increase in work in progress and finished goods are mainly due to higher sales compared to previous year.

iv) Debtors:

Debtors as of 31st March, 2011 amounted to Rs.173.68 crores as against Rs.113.12 crores during the previous year. Debtors amount has gone up due to higher sales in the 4th quarter.

(C) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE :

The business segments of the Company comprise the following :

Segment	Description of the activity
CRAMS	Contract Research and Manufacturing Segment under long term supply agreements
Others	Bulk Drugs, Intermediates, Quats and Specialty Chemicals and outsourced/traded goods

The break-up of Company's total income from the product segments viz. "CRAMS segment" and "Others Segment" for the last three years is as under :

(Rs. in crores)

Product Segment	31/03/2009	31/03/2010	31/03/2011
CRAMS	780.51	648.73	651.85
Others	281.50	286.05	379.19
Total	1062.01	934.78	1031.04

With strong R&D experience and effective relationship developed with MNC Customers, the Company has emerged as a premier contract manufacturing organization (CMO). The CMO business model was envisaged in the year 1997 and there under set up a modern production facility at Bavla, near Ahmedabad, which is now a 100% EOU facility. At present, the Company has eight-multi purpose production units at Bavla. The company has also manufacturing and R&D facilities in Switzerland, UK and Netherlands. The company has set up a green field manufacturing facility at Shanghai Chemical Industrial Park, Shanghai.

Your company has adopted various marketing strategies to continue the growth, including increase in number of clients to reduce the dependency on any single client, increase the number of products range to reduce product risk to enter contract manufacturing through contract research of new molecules etc. and enter the specific market with marketing innovation, technology transfer in the developing markets, where technology is licensed to API manufacturer with a stipulation that the intermediates are to be procured from Dishman on a long term basis.

(D) INTERNAL CONTROL SYSTEMS:

Dishman has a comprehensive system of internal controls with the objective of safeguarding the company's assets, ensuring the transactions are properly recorded and authorized and providing significant assurance at reasonable cost, of the integrity, objectivity and reliability of financial information. Internal control review is done every quarter by independent firm of chartered accountants. The primary objective of review by independent firm is to test the adequacy and effectiveness of internal controls and to suggest improvements. Observations and recommendations are submitted to the management and Audit Committee for their review and follow up action/guidance to operational people.

Dishman Pharmaceuticals and Chemicals Limited

(E) RISK MANAGEMENT:

Global operations and product development for regulated markets poses significant challenges and risks for the organization. Such risks, if not identified and addressed properly in a timely manner could adversely impact accomplishment of the overall objectives of the organization and its sustainability.

An effective risk management framework enhances the organization's ability to proactively address its risks and opportunities by determining a risk mitigation strategy and monitoring its progress on continuous basis.

Our risk management framework is intended to ensure that risks are identified in a timely manner. We have implemented an integrated risk management framework to identify, assess, prioritize, manage/mitigate, monitor and communicate the risks across the company.

Senior management personnel are part of our risk management structure. Plant level committees headed by senior management personnel meet at regular intervals to identify various risks, assess, prioritize the risks. After due deliberations, appropriate strategies are made for managing/mitigating the risks. The company takes the help of independent professional firms to review the risk management structure and implementation of risk management policies. Audit Committee, on a quarterly basis, reviews the adequacy and effectiveness of the risk management strategies, implementation of risk management/mitigation policies. Audit Committee advises the Board on matters of significant concerns for redressal.

(F) OPPORTUNITIES & THREATS:

Most of the innovator companies are facing challenge of depleting research pipeline and losing patent protection for their blockbuster drugs in the next few years. This has opened up opportunities to CRAMS players from low cost destinations like India. Dishman has identified this opportunity very early and started working with innovators with customs synthesis projects and contract manufacturing of APIs.

In view of the huge potential the CRAMS segment offers to Indian companies, many of the big pharmaceutical companies in India started exploring opportunities for a share in CRAMS segment with big investments. This may result in increased competition in the long run. The company believes that it can manufacture various APIs/intermediates and speciality chemicals of best quality at a low cost. Many of innovator companies are outsourcing their products to our company. Recognizing this opportunity, the company continued to take initiatives in reducing its costs by employing lean manufacturing techniques and resource management initiatives.

(G) OUTLOOK :

According to the forecast report released by IMS Health, the value of global Pharmaceutical Market is expected to grow 5-7% in 2011, to US \$ 880 billion, compared with a 4-5 % pace of last year. Main reasons for slow going of global Pharmaceutical industries are sluggish prescription trends, EU Pricing pressure, intensifying generic competition, pipeline failure and losing patent protection by blockbuster drugs etc.

With GDP of between US \$ 2-4 trillion in 2008, Brazil, Russia and India are expected to add US \$ 5-15 billion to the pharmaceuticals market through 2013 (IMS Health Report). In this competitive scenario, the pharmaemerging markets are sustained due to many factors like government initiative for health care, new patient population and increasing use of generic products.

Now, the Indian companies have started to look towards the Merger & Acquisition and in licensing activities to make up for the loss of revenue that will arise due to lose of license of its key products. Cost reduction helps Indian companies dealing in CRO/ CRAMS business to remain in limelight on the global pharma stage. Indian companies through their subsidiaries formed in foreign markets serve the products and technologies to the local users in those markets and make the Indian pharmaceutical market globalize.

(H) INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT:

Employees are the backbone of the organizations. The organization which values and appreciates its human resource always succeed in their goal and receive positive feeling of respect from the market.

Dishman always believe in the concept of human empowerment. It firmly believes that human resource is the most important assets of the organization. It is not shown in the corporate balance sheet, but influences appreciably the growth, progress, profits and the shareholders' values. During the year, your company continued its efforts aimed at improving the HR policies and processes to enhance its performance. The vision and mission of the Company is to create culture and value system and behavioral skills to ensure achievement of its short and long-term objectives.

The company as at year-end, has 1005 employees on its roll and continues to attract excellent talent both from within and outside India to further its business interests. Industrial Relations continue to be cordial.

Cautionary Statement:

Statement made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

CORPORATE GOVERNANCE REPORT

Corporate Governance and practices in accordance with the provisions of the Revised Clause 49 of the Listing Agreement :

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on investor service and protection envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, the government and lenders. The Company is committed to achieving the highest standards of corporate governance. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time. The Company continues to take necessary steps towards achieving this goal.

BOARD OF DIRECTORS

1. Composition

- As on date the company has 6 Directors with a Executive Chairman on its Board. Out of this 6 Directors, 3 [50%] are Executive Directors and 3 [50%] are Non executive & Independent Directors, who are acknowledged as leading professionals in their fields. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
- None of the Directors on the Board is a Member of More than 10 Committee or Chairman of more than 5 committee across all the companies in which he is a Director. Necessary disclosure regarding their Directorship/Membership in other companies has been made by each and every Director.
- Chairmanship /Membership reflects only Audit and Shareholders / Investors Grievances' Committee of other Public companies.
- The Names and categories of the Directors on the Board, their attendance in the Board Meeting and in last Annual General Meeting, Number of other Directorship & Chairmanship/ Membership held by them in other companies during the year 2010-2011 is given below.

Name of the Director	Category	No. of Board Meeting held & attended during 2010-2011		Whether attended Last AGM held on 30 th July, 2010	No. of Directorship in other Companies	No. of Chairmanship/ Membership in other Companies	
		Held	Attended			Chairmanships	Memberships
Mr. Janmejy R. Vyas	Promoter & Executive Director	4	4	Yes	14#	None	None
Mrs. Deohooti J. Vyas	Promoter & Executive Director	4	4	No	6	None	None
Mr. Arpit J. Vyas	Executive Director	4	3	Yes	3	None	None
Mr. Yagneshkumar B. Desai	Non Executive & Independent Director	4	3	Yes	3	1	3
Mr. Sanjay S. Majmudar	Non Executive & Independent Director	4	4	Yes	5	1	1
Mr. Ashok C. Gandhi	Non Executive & Independent Director	4	4	Yes	6	None	4

Including Directorship in 8 Overseas subsidiaries (Direct or Indirect) Companies.

2. Disclosure of Relationship between Directors inter se

Name of Directors	Relationship with other Directors
Mr. Janmejy R. Vyas	Husband of Mrs. Deohooti J. Vyas, Whole-time Director and Father of Mr. Arpit J.Vyas, Wholetime Director, of the Company
Mrs. Deohooti J. Vyas	Wife of Mr. Janmejy R. Vyas, Chairman & Managing Director and Mother of Mr. Arpit J. Vyas, Whole-time Director, of the Company.
Mr. Arpit J. Vyas	Son of Mr. Janmejy R. Vyas, Chairman & Managing Director and Mrs. Deohooti J. Vyas, Whole-time Director, of the Company

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Name of Directors	Relationship with other Directors
Mr. Yagneshkumar B. Desai	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company
Mr. Sanjay S. Majmudar	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company
Mr. Ashok C. Gandhi	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company

3. Number and Date of Board Meetings held

- Four (4) Board Meetings were held during the year 2010-2011. The dates on which the Board meetings were held: 29th May, 2010, 12th August, 2010, 1st November, 2010 and 11th February, 2011. Board of Directors has passed one Circular resolutions on 20th January, 2011.
- As per the requirement of Clause 49 of the Listing Agreement the Company has held one Board meeting in every quarter and the maximum time gap between any two meetings were not more than four months.
- The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated to the Directors in advance before the meetings. Adequate information is circulated as part of the Board papers and is also made available at the Board Meetings to enable the Board to take informed decisions. Where it is not practicable to attach supporting/relevant document(s) to the Agenda, the same are tabled at the meeting and specific reference to this is made in the Agenda.

CEO AND CFO CERTIFICATION

In compliance of the Clause 49 of the Listing Agreement the Managing Director and Chief Financial Officer of the Company give annual Certification on financial reporting and internal Control to the Board. As per the requirement of Clause 41 of the Listing agreement the Managing Director and Chief Financial Officer also give quarterly Certification on financial results while placing the financial results before the Board.

RISK MANAGEMENT POLICY

The Company has formulated a Corporate Policy applicable to its Indian operations and duly approved by the Board of Directors at its meeting held on 24th May, 2005 in compliance with the requirement of the revised Clause 49 of the Listing Agreement with the Stock Exchanges. Audit Committee and Board Members are reviewing and updating the said Policy every quarter.

CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company in compliance with Clause 49(I)(D) of the Listing Agreement. The said Code of Conduct has been posted on the Company's website www.dishmangroup.com.

AUDIT COMMITTEE

1. Composition

The Board of Directors of the Company has constituted an Audit Committee and has been reconstituted from time to time. Presently, the Audit Committee comprises qualified and independent members of the Board, who have expertise knowledge and experience in the field of accounting and financial management and have held or hold senior positions in other reputed organizations. The constitution, composition and functioning of the Audit Committee also meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The present composition of the Audit committee and Meetings attended by them during the financial year 2010-11 ended on 31st March, 2011, is as follow:

Name and Designation	Category	No. of the Meeting during F.Y 2010-2011	
		Held	Attended
Mr. Yagneshkumar B. Desai [Chairman]	Non Executive and Independent Director	4	3
Mr. Sanjay S. Majmudar [Member]	Non Executive and Independent Director	4	4
Mr. Ashok C. Gandhi [Member]	Non Executive and Independent Director	4	4

Dishman Pharmaceuticals and Chemicals Limited

2. Meetings of the Audit Committee

During the financial year four [4] Meetings were held on 29th May, 2010, 12th August, 2010, 1st November, 2010 and 11th February, 2011. The maximum time gap between two meetings was not more than 4 months.

The Statutory Auditors, Internal Auditors of the Company and Finance personnel are invited to attend and participate in the meetings of the Audit Committee. The Committee holds discussions with them on various matters including limited review of results, audit plan for the year, matters relating to compliance with accounting standards, auditors' observations and other related matters.

Mr. Y. B. Desai as, being a Chairman of the Audit Committee, attended the last Annual General Meeting held on 30th July 2010.

3. Terms of reference and Powers of the Audit Committee

Terms of reference of the Audit Committee include approving and implementing the audit procedures, reviewing financial reporting systems, internal control systems and control procedures and ensuring compliance with the regulatory guidelines and also include those specified under the revised Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956.

Powers of the Audit Committee – The audit committee has powers that include the following:

- (a) to investigate any activity of the company within its terms of reference,
- (b) to seek information from any employee,
- (c) to obtain outside legal or other professional advice,
- (d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE:

1. Composition

The Board of Directors has constituted a Shareholders' & Investors' Grievance Committee, which was reconstituted from time to time. The Committee comprises of three Directors and Committee functions under the Chairmanship of an independent Director. The present composition of the Shareholders' & Investors' Grievance Committee and meetings attended by them during the financial year 2010-11 ended on 31st March, 2011, is as follow:

Name and Designation	Category	No. of the Meeting during F.Y 2010-2011	
		Held	Attended
Mr. Sanjay S. Majmudar [Chairman]	Non Executive and Independent Director	4	4
Mr. Janmejy R. Vyas [Member]	Promoter and Executive Director	4	4
Mr. Ashok C. Gandhi [Member]	Non Executive and Independent Director	4	4

2. Meeting of the Shareholders' & Investors' Grievance Committee

During the year 4 [four] meetings were held on 28th May, 2010, 11th August,2010, 30th October,2010 and 10th February,2011.

3. Powers and Role of Committee

- Committee is empowered to collect the relevant information from all departments, which would be useful to satisfy the requirements of the shareholders.
- Give required information to shareholders and solve the problems, complaints, grievances etc. of the shareholders promptly.
- Looks into redressal of shareholders' complaints like delays in transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- Oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

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4. Other Information

- To expedite the process of share transfer, transmission, split, consolidation, rematerialization and dematerialization etc. of securities of the Company, the Board of Directors has delegated the powers of approving the same to the Company's R & T Agent namely **Link Intime India Pvt. Ltd.**, (Formerly known as Intime Spectrum Registry Limited) under the supervision and control of the Company Secretary Mr. Deepak S. Pandya, who is placing a summary statement of transfer/transmission, etc. of securities of the Company at the meetings of the said Committee.
- In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the Code of Conduct for Prevention of Insider Trading and Mr. Deepak S. Pandya has been appointed as the Compliance Officer for complying with the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the requirements under the Listing Agreement.

Name, Designation & Address of Compliance Officer	Mr. Deepak Pandya, V.P. [Legal] & Company Secretary Dishman Pharmaceuticals and Chemicals Limited Bhadr-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380009 Phone No. [079] 26443053, Fax No. [079] 26420198 Email: deepak@dishmangroup.com
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As per the requirement of Clause 47(f) of the Listing Agreement, the Company has designated the below cited Email Id of grievances redressal division/ Compliance officer exclusively for the purpose of registering complaints by investors.

Email ID: grievance@dishmangroup.com

The Company has displayed the above cited Email Id and other relevant details on its website and other materials for creating investors awareness.

Quarter wise summary of investors complaint received and resolved to the satisfaction of the shareholders during the financial year 2010-2011

Quarter Period		Complaint position at the beginning of the Quarter	Complaint received during the Quarter	Complaint resolved during the Quarter	Complaint pending at the end of the Quarter
From	To				
01-04-2010	30-06-2010	NIL	NIL	NIL	NIL
01-07-2010	30-09-2010	NIL	7	7	NIL
01-10-2010	31-12-2010	NIL	3	3	NIL
01-01-2011	31-03-2011	NIL	1	1	NIL
TOTAL			11	11	
Complaint pending at beginning of the year			NIL		
Complaint received during the year			11		
Complaint resolved during the year			11		
Complaint pending at the end of the year			NIL		

5. Disclosure regarding Non receipt /Unclaimed share application money received by the company for allotment of equity shares during Initial Public Offer [IPO] made in 2004 and due for refund [IPO refund order] and Disclosure regarding action required for Non receipt/ unclaimed dividends:

Unclaimed IPO Refund amount transferred to IEPF

As you are aware that, your company came out with an Initial Public Offer (IPO) of 3433500 equity shares of Rs. 10/- each at a price of Rs. 175/- each in the year, 2004. As per the provision of Section 205C of the Companies Act, 1956, any refund amount remained unpaid / unclaimed for a period of seven years, shall be transferred to Investor Education and Protection Fund (IEPF) set up by Central Government. No claim shall lie against the company after transferring the unclaimed / unpaid amount of refund to IEPF.

As seven years are completed on 20th April, 2011, the company has transferred the unclaimed / unpaid refund amount of Rs. 2,45,000/- (Two Lacs Forty Five Thousand) on 4th May, 2011 to IEPF set up by the Central Government after sending several reminder letters to unclaimed IPO Refund Holders.

Dishman Pharmaceuticals and Chemicals Limited

Unclaimed Dividends

In case of non-receipt of Dividends, shareholders are requested to contact the concerned person in writing an application letter at the following mentioned address:

Dividends for the Financial Year	Contact details	Action to be taken
2003-2004	Mr. Deepak S. Pandya V.P. [Legal] & Company Secretary	Application on plain paper
2004-2005		
2005-2006	Dishman Pharmaceuticals and Chemicals Limited Bhadra-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad – 380 009 Contact No.: 079-26443053 / 5807 Fax No. 079-26420198	
2006-2007		
2007-2008		
2008-2009		
2009-2010		

Amount Transferred to IEPF Account

As per the provision of Section 205C of the Companies Act, 1956, the Company is required to transfer the unclaimed Dividends, remaining unclaimed and unpaid for a period of seven years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Due Date for transfer of Unclaimed and Unpaid Dividend to the IEPF by the Company

Dividends for the Financial Year	Dividend payment date	Proposed date for transfer of unclaimed and unpaid dividends to IEPF*
2003-2004	29 th September, 2004	28 th September, 2011
2004-2005	1 st October, 2005	30 th September, 2012
2005-2006	4 th July, 2006	3 rd July, 2013
2006-2007	12 th August, 2007	11 th August, 2014
2007-2008	5 th August, 2008	4 th August, 2015
2008-2009	4 th August, 2009	3 rd August, 2016
2009-2010	3 rd August, 2010	2 nd August, 2017

* Indicative dates, actual dates may vary

Note: No claims will lie against the Company or the IEPF in respect of the said unclaimed amounts when transferred to the IEPF.

Initial Public Offer [IPO] Unclaimed Shares

As you are aware that your Company has come out with an IPO in the year 2004 of 3433500 equity shares of Rs.10/- each at a price of Rs.175/-. As per one of the clause of SEBI Guideline, allotment of Shares made only in dematerialized form, but at the time taking corporate action for the allotment of share through National Security Depository Limited and Central Security Depository Limited for crediting equity shares allotted in the IPO in their Accounts, various technical errors such as Incorrect Demat Account Number, Incorrect order of Name etc. were found. Due to that, the details of Demat Account were not matching with application form filled in and signed by the Applicant.

Initially, after the IPO, 8650 equity shares of Rs.10/- each as allotted to 173 shareholders was not credited in their respective Demat Accounts due to above-mentioned technical errors. However, after various reminders and taking necessary steps by R & T Agent and the company, at present only 250 shares of only one shareholder are stand unclaimed/non credited.

Thus, the status of unclaimed shares as of date is as under :

Particulars	At the beginning of the year	Approached for unclaimed shares during the year	Credit effected during the year	At the end of the year
No. of outstanding Shareholders	1	NIL	NIL	1
No. of outstanding unclaimed shares	250	NIL	NIL	250

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As per clause 5A of the Listing Agreement, Company has opened Separate Demat Suspense Account with the Depository Participant namely Bank of India, Navrangpura, Ahmedabad and transferred the outstanding 250 unclaimed shares to the said Account and rights relating to these shares shall remain frozen till the rightful owner of such shares claim the shares.

REMUNERATION COMMITTEE:

1. Composition

The Board of Directors of the Company has constituted a Remuneration Committee, despite it being a non-mandatory requirement, which has been reconstituted from time to time. Presently the Remuneration Committee comprises following qualified and independent Directors being a member of the Committee.

- Mr. Sanjay S. Majmudar [Chairman]
- Mr. Y. B. Desai [Member]
- Mr. Ashok C. Gandhi [Member]

2. Meeting of the Remuneration Committee

During the year one [1] Remuneration Committee meeting was held on 29th May, 2010, which was attended by Mr. Sanjay S. Majmudar and Mr. Ashok C. Gandhi. Leave of Absence was granted to Mr. Yagneshkumar B. Desai.

3. Role of the Committee

- To determine the policy on specific remuneration packages for Executive/Whole- time Directors including pension rights and any compensation payments.
- Recommends to the Board the remuneration of the Executive Directors in all its forms (i.e. salary, contribution to provident fund, superannuation fund, gratuity, bonus, stock option, compensation for loss of office, other amenities, perquisites etc.).
- Takes into account the financial position of the Company, profitability, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc. and brings out objectivity in determining the remuneration package, while striking a balance between company's interest and that of the shareholders.

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

The Details of remuneration paid to all the Directors during the year :

❖ Executive & Whole-Time Directors

The Remuneration Committee of the Directors is authorized to decide the remuneration of the Whole- time Director, subject to the approval of Members and Central Government, if required. The remuneration structure of the company comprises salary/ remuneration, perquisites & Allowances etc.

The Details of remuneration paid to Managing and Whole-time Directors during the last financial year i.e. from 01/04/2010 to 31/03/2011, are as under :

[Rs. In Lacs]

Name & Designation of the Director	Salary/ Remuneration (p.a.)	Perquisites & Allowances	Performance Linked Bonus/ Commission	Stock Options
Mr. Janmejy R. Vyas Chairman & Managing Director	243.00	Nil	Nil	Nil
Mrs. Deohooti J. Vyas Whole-Time Director	60.00	Nil	Nil	Nil
Mr. Arpit J. Vyas Whole-Time Director	106.00	Nil	Nil	Nil

Note: Mrs. Deohooti J. Vyas has been re-appointed as Whole-Time Director for a further period of five years w.e.f. 3rd September, 2011 and her remuneration has been increased from Rs.5.00 lacs to Rs.10.00 lacs per month w.e.f. 3rd September, 2011 by the Board of Directors at its meeting held on 26th May, 2011 upon the recommendation of Remuneration Committee held on 26th May, 2011, subject to approval of Members of the Company.

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Terms of Appointment of the Managing and Whole-time Directors as per the resolutions passed in Board and General Meetings are as under :

1. Mr. Janmejy R. Vyas, Chairman & Managing Director

Tenure: Five Years w.e.f 1st March, 2010 and appointed as a Chairman of the Company w.e.f. 1st June, 2009 upon sad demises of Shri R. T. Vyas. The period of Mr. J.R. Vyas shall not be liable for determine retire by rotation of the Directors.

Remuneration: Subject to overall limit on remuneration payable to all the managerial personnel taken together, as laid down in the Companies Act, 1956, the remuneration payable to Mr. J. R. Vyas shall be 5% of the net profits of the Company, computed in the manner laid down in section 349 of the Companies Act and may or may not comprise salary, allowances and perquisites as may be determined by the Board of Directors from time to time and agreed to by Mr. J. R. Vyas, provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro-rata basis.

Sitting Fees: Mr. J. R. Vyas shall not be entitled to any sitting fees.

2. Mrs. Dehooti J. Vyas, Whole -Time Director

Tenure: Five Years w.e.f. 3rd September, 2006.

Remuneration: Subject to overall limit to all Managerial Personnel taken together, as laid down in the Companies Act, 1956, read with Schedule XIII thereto, Mrs. Dehooti J. Vyas shall be paid Rs.36.00 lacs (Rupees Thirty Six Lacs only) per annum and the above remuneration payable to her may comprise salary, allowances and perquisites as may be determined by the Board of Directors from time to time provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro - rata basis. The Board of Directors of the Company is authorised to increase or revise the remuneration of Mrs. D. J. Vyas subject to maximum remuneration of Rs.5,00,000/- (Rupees Five Lacs only) per month, from time to time during the tenure of said five years.

Remuneration of Mrs. D.J.Vyas , whole time Director of the company has been increased from Rs.3.00 lacs to Rs.5.00 Lacs per month w.e.f. 1st June, 2008 by the board of Directors at its meeting held on 22nd May, 2008 upon the recommendation of Remuneration Committee on 22/05/2008.

Sitting Fees: Mrs. D. J. Vyas shall not be entitled to any sitting fees.

Note : Upon recommendation of the Remuneration Committee, the Board of Directors of the Company at its meeting held on 26th May, 2011 has re-appointed Mrs. D. J. Vyas as Whole-time Director of the Company for a further period five years w.e.f. 3rd September, 2011 and increase her remuneration to Rs.10.00 lacs per month, subject to approval of members at the General Meeting. For this purpose, a Special Resolution is being proposed in the Notice of this Annual General Meeting.

3. Mr. Arpit J. Vyas, Whole- Time Director

Tenure: Five Years w.e.f. 1st June, 2009.

Remuneration: Subject to overall limit on remuneration payable to all Managerial Personnel taken together, as laid down in the Companies Act, 1956, read with Schedule XIII thereto, Mr. A. J. Vyas shall be paid Rs.36.00 lacs (Rupees Thirty Six Lacs) per annum and the above remuneration payable to him may comprise salary, allowances and perquisites as may be determined by the Board of Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro-rata basis. The Board of Directors of the Company is authorised to increase or revise the remuneration of Mr. A. J. Vyas subject to maximum remuneration of Rs.10,00,000/- (Rupees Ten Lacs only) per month, from time to time during the tenure of said five years.

Sitting Fees: Mr. A. J. Vyas shall not be entitled to any sitting fees.

Dishman Pharmaceuticals and Chemicals Limited

❖ Non-Executive and Independent Directors

Payment of remuneration by way of Commission to Non-Executive Directors of the Company (Other than the Chairman & Managing Director, Managing Director and Whole-time Director) was approved by the Board of Directors at its meeting held on 22nd May, 2008 and also approved by the members of the Company by passing a special resolution at the Annual General Meeting of the Company held on 31st July, 2008 in terms of Section 309(4) of the Companies Act, 1956 and provisions of Article No.138 of the Articles of Association of the Company.

By passing a special resolution as such, Members of the Company given their consent and authorized Board of Directors for payment of commission to Non-Executive Director(s) as may be determined by the Board of Directors for each such Non-Executive Director for each financial year ending on 31st March, 2009 up to and including financial year ending on 31st March, 2013 to be calculated in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 and distributed between such Non-Executive Director(s) and in such a manner as the Board of Directors may from time to time determine within the maximum limit of 1% of net profits of the Company, subject to maximum of Rs.15.00 lacs (Rupees fifteen lacs only) in aggregate, which shall be in addition to the sitting fees being paid by the Company to all the Non-Executive Directors for attending the Board/ Committee Meetings of the Company.

The Board of Directors in its Meeting held on 26th May, 2011 has approved the payment of commission to Non-Executive Directors of the Company (Other than the Chairman & Managing Director, Managing Director and Whole -Time Director) for the financial year ending on 31st March, 2011 based on the contribution of & valuable services rendered by and expertise advice received from the Non-Executive Directors.

The details of said payment of commission to Non-Executive Directors for the financial year ending on 31st March, 2011, as approved by the Board and details of sitting fees paid to Non-Executive/ Independent Directors for attending Board Meetings and Committee Meetings, during the last financial year i.e. from 01/04/2010 to 31/03/2011, are as under:

(Rs. in lacs)

Sr. No.	Name of Director	Commission	Sitting Fees
1.	Mr. Yagneshkumar B. Desai	4.00	1.20
2.	Mr. Sanjay S. Majmudar	7.50	2.60
3.	Mr. Ashok C. Gandhi	3.50	2.60

Note: The Company also reimburses out of pocket expenses to outstation Director(s) for attending meetings in Ahmedabad.

Non-Executive Directors with materially significant related party transactions, pecuniary or business relationship with the Company :

There has been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Non-Executive Directors that may have potential conflict with the interests of the Company at large.

Shareholding of Non-Executive Directors :

Name of Non-Executive Directors	No. of Equity Shares held	Convertible Securities held
Mr. Yagneshkumar B. Desai	Nil	Nil
Mr. Sanjay S. Majmudar	21650	Nil
Mr. Ashok C. Gandhi	150	Nil

The Company has not granted any stock options to its Directors. The Chairman of the Remuneration Committee, Mr. Sanjay S. Majmudar, was present at the last Annual General Meeting of the Company held on 30th July, 2010.

Dishman Pharmaceuticals and Chemicals Limited**GENERAL BODY MEETING:**

Details of Venue, Date and Time of the Last Three Annual General Meetings are as Follows:

Year	Venue	Date	Time
2007-2008	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	31/07/2008	9.30 a.m
2008-2009	Hall No. S 3-5, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015	31/07/2009	9.30 a.m
2009-2010	S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015	30/07/2010	9.30 a.m.

Special Resolution passed at the Last Three AGM

One special resolution (without postal ballot) pertaining to payment of remuneration by way of commission to Non-Executive Director(s) of the Company (Other than the Chairman & Managing Director, Managing Director and Whole-time Director), was passed in the 25th Annual General Meeting held on 31st July, 2008.

One special Resolution (without postal ballot) pertaining to appointment of Mr. Arpit J. Vyas as a Whole - time Director of the Company and payment of remuneration to him was passed in the 26th Annual General Meeting held on 31st July, 2009 .

Ordinary Resolution Passed at the Last Three AGM

One Ordinary Resolution passed in 26th Annual General Meeting for Appointment of Shri Janmejy R. Vyas as a Chairman & Managing Director of the Company for further period of five years w.e.f 1st March, 2010 subject to approval of Central Government.

Postal Ballot Resolution

The Company has not passed any Special Resolution last year through Postal Ballot.

There is no proposal for passing any special or ordinary resolution through Postal Ballot at the next ensuing Annual General Meeting scheduled to be held on 29th July, 2011.

DISCLOSURES:

- There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large in the financial year 2010-11. Related party transactions have been disclosed in the Notes to the Annual Accounts of the Company for the year ended 31st March, 2011.
- There has been no instance of non-compliance by the company on any matter related to capital markets, during the last three years and hence no penalties or strictures have been imposed on the company by Stock Exchange(s) or SEBI or any other statutory authority.
- The Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. So, far as non-mandatory requirements are concerned, at present Company has not adopted the same, however, the Company has constituted a Remuneration Committee, details of which are described at herein above.

MEANS OF COMMUNICATION:

- The Company regularly intimates quarterly unaudited as well as yearly audited financial results to the stock exchanges, immediately after the same are taken on record by the Board. These results are normally published Indian Express (English edition), In Financial Express (Gujarati edition), Economics Times, and in The Hindu Business Line. These are not sent individually to the shareholders.
- The Company's results, annual reports and official news releases are displayed on the company's web-site www.dishmangroup.com. The said company's website also containing basic information about the company includes information about the company's business, financial information, shareholding pattern, compliance with corporate governance, company's director, registrar & transfer agent, contact information of the designated officials of the company who are responsible for assisting and handling investor grievances etc. The Company had meetings with and made presentations to the institutional investors and analysts during the year.

Dishman Pharmaceuticals and Chemicals Limited

- The Management Discussion and Analysis Report forms part of this Annual Report.
- All price sensitive information and announcements are communicated immediately after the Board decisions to the Stock Exchanges, where the Company's shares are listed, for dissemination to the Shareholders.

GENERAL SHAREHOLDER INFORMATION:

28th Annual General Meeting

Date & Time : 29th July, 2011 at 9.30 a.m.

Venue : Hall No. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus,
Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

As required under Clause 49IV(G)(i), particulars of Directors seeking appointment/re-appointment are given in Annexure to the Notice of the Annual General Meeting to be held on 29th July, 2011.

Financial Year/Caleder

Financial Year	1 st April to 31 st March
Financial Calendar	Results for every quarter beginning from April are being declared within 45 days from the end of each quarter as per the revised clause 41 of the listing agreement except result of last quarter i.e. quarter ending on March. The Company generally declares audited results for the whole year within the stipulated time of sixty days from the end of the each financial year, instead of unaudited result for the last quarter.

Date of Book Closure

From **Saturday, the 16th day of July, 2011 to Friday, the 29th day of July, 2011 (both days inclusive)**, for determining the entitlement of the final dividend for the financial year 2010-2011.

Dividend Payment Date - On or after 2nd August, 2011.

Listing on Stock Exchange

The shares of the Company are listed on following two Stock exchange having nationwide trading terminals.

Name of the Stock Exchange	Address
Bombay Stock Exchange Ltd. (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
National Stock Exchange of India Ltd. (NSE)	“Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.

The Secured Redeemable Non-Convertible Debentures (NCD) of Rs. 150.00 crores issued by the Company in two tranches is also listed at Bombay Stock Exchange Ltd., Mumbai (BSE).

Annual listing fees for the year 2011-12, as applicable, have been paid to both the Stock Exchanges.

The Company has also paid Annual custodial fees for the year 2011-12, as applicable, to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code

Bombay Stock Exchange Ltd.	532526
National Stock Exchange of India Ltd.	‘DISHMAN’, ‘EQ’
Demat ISIN Number in NSDL & CDSL for Equity Shares	INE353G01020
ISIN No. of Privately Placed Non Convertible Debenture (NCD) listed at BSE	946679, 946680, 946681, 946682 - NCD @ 10.35% p.a. of face value of Rs.1.00 crore each.
	946835, 946836 – NCD @ 9.65% of face value of Rs.10.00 lacs each.

Debenture Trustee : IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17th R. Kamani Marg, Ballard Estate, Mumbai – 400 001.

Dishman Pharmaceuticals and Chemicals Limited

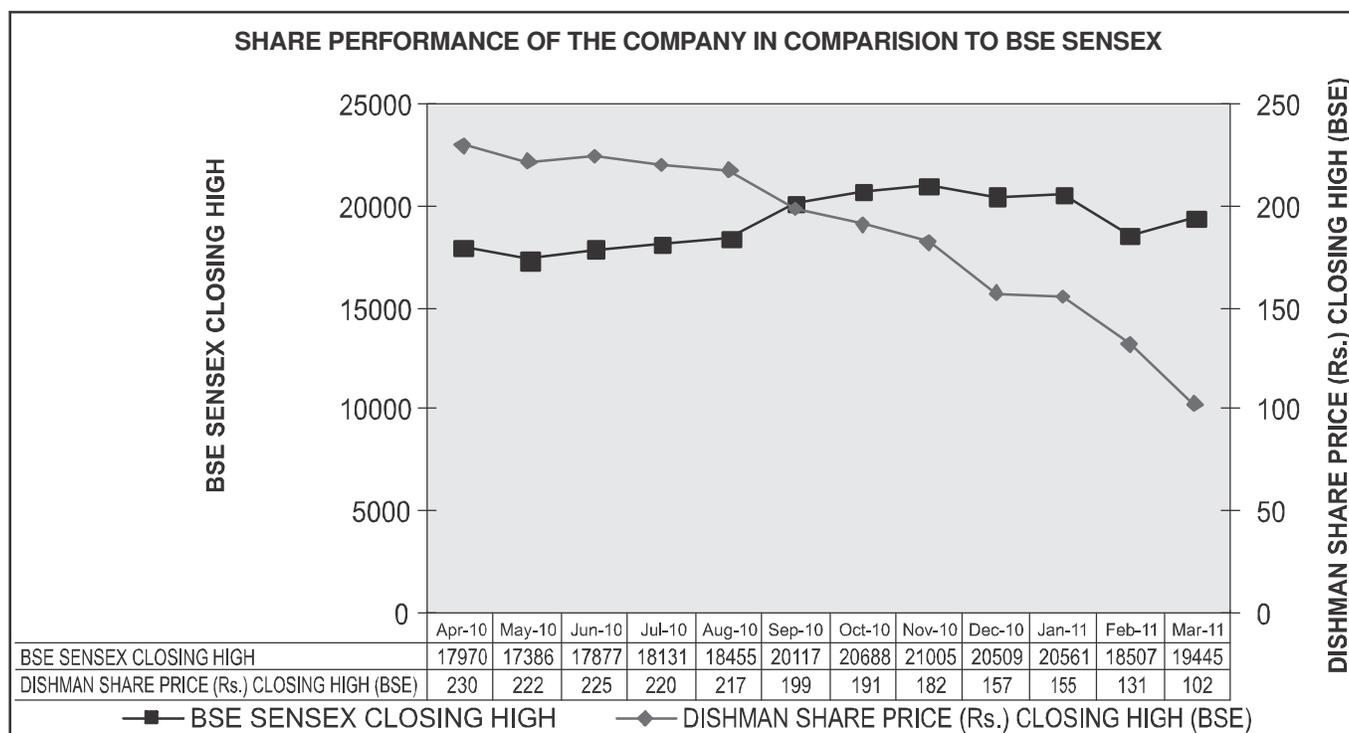
Market Price Data

The table below sets forth, for the periods indicated, the Closing high and low, volume and total volume of trading activity on the BSE and NSE for the shares.

(Price in Rs. per share)

MONTH	NSE			BSE			Total Volume (NSE & BSE)
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume	
APRIL, 2010	229.15	215.80	4425518	230.05	215.60	1345353	5770871
MAY,2010	222.60	203.90	1527736	221.75	204.05	592107	2119843
JUNE,2010	225.75	192.70	1777145	225.00	193.10	691610	2468755
JULY,2010	219.75	207.20	1516830	219.95	206.75	513598	2030428
AUGUST,2010	217.25	189.90	2988714	217.25	190.05	1258612	4247326
SEPTEMBER,2010	198.50	175.05	4072983	198.50	181.05	1444769	5517752
OCTOBER,2010	191.10	176.45	1822792	190.85	176.80	999989	2822781
NOVEMBER,2010	182.30	131.25	2929675	182.45	132.15	640816	3570491
DECEMBER,2010	156.60	128.00	5876474	156.55	128.80	1958788	7835263
JANUARY,2011	154.35	132.60	1163693	154.65	132.50	333316	1497009
FEBRUARY,2011	130.65	88.75	3036373	130.95	89.05	998323	4034696
MARCH,2011	103.45	95.00	3032616	102.10	94.60	945048	3977664

Performance in comparison to BSE Sensex:



Dishman Pharmaceuticals and Chemicals Limited

Distribution Schedule & Share holding Pattern:

Distribution of Shareholding Pattern as on 31st March, 2011

No. of Equity Shares Held	No. of Share Holders	% of Share holders	No. of Equity Shares Held	% of total Holding
1 - 500	22393	92.1410	2593226	3.2140
501 - 1000	1035	4.2590	798365	0.9890
1001 - 2000	452	1.8600	683733	0.8470
2001 - 3000	138	0.5680	347460	0.4310
3001 - 4000	49	0.2020	175426	0.2170
4001 - 5000	52	0.2140	242786	0.3010
5001 - 10000	78	0.3210	563809	0.6990
10001 and Above	106	0.4360	75292331	93.3020
Total	24303	100.0000	80697136	100.0000

Shareholding pattern

Sr No.	Category	As on March 31, 2011		As on March 31, 2010	
		No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
1	Promoters	49388412	61.20	49141469	60.90
2	Mutual Fund & UTI	4737999	5.87	9454360	11.72
3	Bank, Financial Institutions (FI's), Insurance Companies	2104881	2.61	20000	0.02
4	Foreign Institutional Investors (FII's)	6519172	8.08	7266715	9.00
5	Private Bodies Corporate	12121711	15.02	10927218	13.54
6	Indian Public	5035388	6.24	3325575	4.13
7	Any Other				
	a) Non Resident Indian	497165	0.62	293118	0.36
	b) Clearing Members	292408	0.36	268681	0.33
	Total	80697136	100.00	80697136	100.00

Dematerialization of Shares & Liquidity

The Company's shares are in compulsory demat segment and as on 31st March, 2011, 80696740 equity shares of the Company, forming 99.99% of the Company's paid-up equity share capital, is in dematerialized form. The Company's shares are easily traded on both the stock exchanges i.e. BSE and NSE.

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants in the past. However, in August 2005, the Company has issued 0.50% US\$ 50,000,000 Unsecured Foreign Currency Convertible Bonds (FCCBs) due 2010, convertible into Equity Shares of the Company at the option of the Bondholders. During the Company has not received any conversion Notice from the Bondholder for conversion of Bonds into Equity Shares of the Company upto 18th August, 2010. As per the terms of the said FCCBs outstanding FCCBs of US\$ 2.50 million were redeemed on maturity i.e. on 19th August, 2010 and as on date there is no outstanding FCCBs.

Registrar and Share Transfer Agent:

Link Intime India Pvt. Ltd.
 (Formerly known as Intime Spectrum Registry Limited)
Registered Office:
 C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
 Bhandup (West), Mumbai – 400 078
 Tel. No. 91-22-2596 3838, Fax No. : 91-22-2594 6969,
 Email: mumbai@linkintime.co.in

Dishman Pharmaceuticals and Chemicals Limited

Branch Offices:**Ahmedabad**

211, Sudarshan Complex, Near Mithakhali Underbridge,
Navrangpura, Ahmedabad – 380 009
Tel. No.: 079-26465179, Fax No.: 022-26465179
Email: ahmedabad@linkintime.co.in

Bangalore

543/A, 7th Main, 3rd Floor, Hanumanthnagar, Bangalore - 560 019
Telefax:080-26509004, Email: bangalore@linkintime.co.in

Coimbatore

Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road,
Coimbatore-641028,Tel:0422-2314792/2315792
Fax:0422-2314792
Email: coimbatore@linkintime.co.in

Mumbai, Fort

203,Davar House, Next to Central Camera, DN Road, Fort,
Mumbai-400001.
Tel:022-22694127, Fax:022-26465179
Email : vivek.limaye@linkintime.co.in

Kolkata

59C, Chowringhee Road, 3rd Floor, Kolkata-700020
Tel:033-22890539/40,Fax: 033-22890539/40
Email: kolkata@linkintime.co.in

New Delhi

A-40, 2nd Floor, Naraina Industrial Area, Phase-II,
Near Batra Banquet, New Delhi - 110 028
Tel:011-41410592/93/94, Fax: 011-41410591,
Email: delhi@linkintime.co.in

Pune

Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple,
Off. Dhole Patil Road, Pune - 411 001
Tel : 020-26051629, 26050084, Fax: 020-26053503
Email : pune@linkintime.co.in

Vadodara

B Tower, 102 B and 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank,
Nr. Radhekrishna Char Rasta, Akota, Vadodara 390020
Tel: 0265-2356573/2356794, Fax: 0265-2356791
Email: vadodara@linkintime.co.in

Share Transfer System

All the shares related work is being undertaken by our R & T Agent, **Link Intime India Pvt. Ltd.**, Mumbai (Formerly known as Intime Spectrum Registry Limited). To expedite the process of share transfer, transmission, split, consolidation, rematerialisation and dematerialisation etc. of securities of the Company, the Board of Directors has delegated the power of approving the same to the Company's R & T Agent under the supervision and control of the Company Secretary Mr. Deepak S. Pandya, who is placing a summary statement of transfer/transmission, etc. of securities of the Company at the meetings of the Shareholders' & Investors' Grievance Committee.

Shares lodged for transfer at the R & T Agent's address in physical form are normally processed and approved within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Normally, all the requests for dematerialization of shares are processed and the confirmation is given to the Depository within 15 days. The investors/shareholders grievances are also taken-up by our R & T Agent.

The Company has obtained and filed with the Stock Exchange(s), the half yearly certificates from a Company Secretary in practice for due compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement.

Dishman Pharmaceuticals and Chemicals Limited

Plant Location

- Phase - IV, 1216/20, G.I.D.C. Estate, Naroda, Ahmedabad – 382 330. (Also other Plots in Phase-I and IV).
- Survey No. 47, Paiki Sub Plot No. 1, Village - Lodariyal, Taluka- Sanand, District - Ahmedabad.
(Also various other Adjacent Plots).

Address of the Correspondence

Investors Correspondence for transfer / dematerialisation of shares and any other query relating to the shares of the the company	Link Intime India Pvt Ltd [Fomally known as Intime spectrum Registry Limited] C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup [West], Mumbai –400078 Tel. No. 91-22-2596 3838, Fax No.: 91-22-2594 6969, Email: mumbai@linkintime.co.in
Any Query on Payment of Dividend on shares and Annual Report	Secretarial Department Dishman Pharmaceuticals and Chemicals Limited Bhadr-Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad - 380 009. Phone No.: 91-79-26443053, Fax No.: 91-79-26420198 Email: deepak@dishmangroup.com

Reconciliation of Share Capital Audit Report

The Reconciliation of Share Capital Audit Report of the Company prepared in terms of SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002, reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/ paid-up capital of the Company were placed before the Shareholders' & Investors' Grievance Committee and Meeting of Board of Directors every quarter and also submitted to the Stock Exchange(s) every quarter.

Dishman Pharmaceuticals and Chemicals Limited

Auditors' Certificate on Corporate Governance

To,
The Members
Dishman Pharmaceuticals and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Dishman Pharmaceuticals and Chemicals Limited** ('the Company'), for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Ahmedabad, May 26, 2011

Gaurav J. Shah
(Membership No.35701)

Dishman Pharmaceuticals and Chemicals Limited

AUDITORS' REPORT

TO THE MEMBERS OF
DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

1. We have audited the attached balance sheet of **DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED** ("the Company") as at March 31, 2011, the profit and loss account and the cash flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have 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 profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Ahmedabad, 26th May, 2011

Gaurav J. Shah
Partner
(Membership No.35701)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the accounts of **Dishman Pharmaceuticals and Chemicals Limited** for the year ended on March 31, 2011)

1. The nature of the Company's activities and other relevant facts are such that item (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets were physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
3. (a) As informed to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on physical verification of the inventories between the physical stocks and the book records were not material.
4. (a) The Company has granted unsecured loan to a company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of the loan granted was Rs.3800 lacs.
(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interest of the Company.
(c) In respect of the loan given by the Company, the terms of repayment of principal and interest have not been stipulated and hence the question of overdue amount does not arise.
(d) The Company has not taken any unsecured loan from company, firm or party listed in the register maintained under section 301 of the Companies Act, 1956. Hence, the paragraphs 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for sale of goods and services. We have not observed any continuing failure to correct major weaknesses in such internal control system.
6. In respect of contracts or arrangements required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) Particulars of contracts or arrangements have been so entered.
 - (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
7. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company pursuant to the notification of the Central Government for maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 and on the basis of such review, we are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
10. In respect of statutory dues:
 - (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, wealth tax, service tax, custom duty, cess and other material statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2011 for a period of more than six months from the date of becoming payable.

Dishman Pharmaceuticals and Chemicals Limited

(b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sr. No	Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
1	The Income Tax Act, 1961	Income Tax	1858.73	F.Y. 1999-00, F.Y. 2000-01, F.Y. 2004-05, F.Y. 2006-07	The Commissioner of Income Tax (Appeals)
			957.79	F.Y. 2005-06	Income Tax Appellate Tribunal
2	The Central Excise Act, 1944	Excise duties and service tax	293.46	F.Y. 2003-04, F.Y. 2006-07, F.Y. 2007-08	Central Excise and Service Tax Appellate Tribunal
			45.43	F.Y. 2009-10	The Commissioner (appeals) Central Excise
			58.55	F.Y. 2009-10, F.Y. 2010-11	Assistant Commissioner Central Excise
3	Central Sales Tax Act, 1956	Sales Tax	41.73	F.Y. 2001-02 and F.Y. 2002-03	Joint Commissioner, Commercial Tax
			118.81	F.Y. 2006-07	Gujarat VAT Tribunal
4	Gujarat Sales Tax, Act	Sales Tax	114.95	F.Y. 2001-02 and F.Y. 2002-03	Joint Commissioner, Commercial Tax
			146.97	F.Y. 2006-07	Gujarat VAT Tribunal

11. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or to the debenture holders.
13. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company has given guarantees for loans taken by others from banks and financial institutions. In our opinion and according to the information and explanations given to us, the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
15. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long term investment.
17. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. The Company has issued secured redeemable non convertible debentures of Rs. 750,000,000. The Company has created security in respect of the debentures issued.
19. The Company has not raised any money by way of public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
(Membership No.35701)

Ahmedabad, May 26, 2011

Balance Sheet as at March 31, 2011

	Schedule	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	1,613.94	1,613.94
Reserves and Surplus	B	62,524.00	59,681.87
		64,137.94	61,295.81
Loan Funds			
Secured Loans	C	46,779.84	37,891.59
Unsecured Loans	D	9,387.07	5,514.70
		56,166.91	43,406.29
Deferred Tax Liability (Net)		2,976.66	2,713.77
TOTAL		123,281.51	107,415.87
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	62,463.54	46,417.94
Less: Depreciation / Amortization		13,786.21	11,033.93
Net Block		48,677.33	35,384.01
Capital Work-in-progress		30,361.28	26,764.01
		79,038.61	62,148.02
Investments	F	18,714.04	18,199.21
Foreign Currency Monetary Item Translation Difference Account (Refer Note B.3 of Schedule O)		-	48.60
Current Assets, Loans and Advances	G		
Inventories		12,424.49	9,975.28
Sundry Debtors		13,176.16	7,024.34
Loans and Advances		18,456.92	20,252.00
Cash and Bank Balances		431.35	428.20
Total Currents Assets		44,488.92	37,679.82
Less: Current Liabilities and Provisions	H		
Current Liabilities		17,313.75	9,146.12
Provisions		1,646.31	1,513.66
Total Current Liabilities and Provisions		18,960.06	10,659.78
Net Current Assets		25,528.86	27,020.04
TOTAL		123,281.51	107,415.87
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas Chairman & Managing Director
D J Vyas Wholetime Director
D S Pandya V.P. (Legal) & Company Secretary

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

Ahmedabad
Date: 26th May 2011

Dishman Pharmaceuticals and Chemicals Limited

Profit and Loss Account for the year ended on March 31, 2011

	Schedule	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
INCOME			
Sales and Services		42,806.88	35,765.24
Less: Excise Duty & Sales Tax		849.59	504.36
Net Sales		41,957.29	35,260.88
Other Income	I	275.36	315.28
Increase/(Decrease) in Stock	J	1,780.94	(1,287.47)
		44,013.59	34,288.69
EXPENDITURE			
Materials and Manufacturing Expenses	K	26,801.08	16,259.68
Research & Development Expenses		753.63	506.64
Employee Emoluments	L	4,197.59	3,371.31
Administrative, Selling & Other Expenses	M	2,037.99	2,109.09
Interest and Finance Charges	N	2,566.68	2,037.18
Depreciation / Amortisation		2,802.34	2,065.77
Less : Transferred From Revaluation Reserve		(1.67)	(1.67)
		39,157.64	26,348.00
Profit Before Tax		4,855.95	7,940.69
Provisions			
For Current tax		987.18	1,371.32
MAT Credit Entitlement		(408.55)	(1,150.75)
For Deferred Tax		262.80	683.25
Profit After Tax for the Year		4,014.52	7,036.87
Prior Period Adjustments (Net)		2.03	(110.00)
Short Provision of Income Tax in Earlier Years		–	39.52
Net Profit		4,012.49	7,107.35
Balance Brought Forward		5,795.42	7,942.27
Amount Available for Appropriations		9,807.91	15,049.62
Appropriations			
Transfer to Debenture Redemption Reserve		1,250.00	625.00
Transfer to General Reserve		5,000.00	7,500.00
Proposed Dividend		968.37	968.37
Tax on Proposed Dividend		157.09	160.83
Balance Carried to Balance Sheet		2,432.45	5,795.42
Earnings Per Share of the face value of Rs 2 each			
Basic (Rs.)		4.97	8.81
Diluted (Rs.)		4.97	8.74
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas Chairman & Managing Director
D J Vyas Wholetime Director
D S Pandya V.P. (Legal) & Company Secretary

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

Ahmedabad
Date: 26th May 2011

Cash Flow Statement for the year ended on March 31, 2011

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Profit and Loss Account	4,856.13	7,940.69
Adjustments for :		
Depreciation and Amortisation	2,800.68	2,064.10
Interest Expense	3,997.03	2,942.20
Interest Income	(1,430.34)	(953.62)
Dividend Income	(28.31)	(0.11)
Loss/ (Gain) on sale of Fixed Assets(Net)	29.40	3.75
Loss/ (Gain) on sale of Investments	-	(10.00)
Loss / (Gain) on foreign exchange rate fluctuations	48.60	7.97
	5,417.06	4,054.29
Operating profit before working capital changes	10,273.19	11,994.98
Adjustments for :		
Trade Receivables	(6,151.82)	(1,316.42)
Inventories	(2,449.22)	1,656.42
Loans and Advances	2,491.01	(5,811.60)
Trade Payables and Provisions	8,603.53	6,044.66
	2,493.50	573.06
Cash Generated from Operations	12,766.69	12,568.04
Taxes paid	(975.32)	(1,714.17)
Prior Period Adjustments (Net)	(2.03)	110.00
Net Cash Generated from Operating Activities	11,789.34	10,963.87
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(19,751.17)	(19,711.92)
Sale of Fixed Assets	28.91	22.97
Sale of Investments	-	4.95
Investments in Subsidiaries	(514.83)	(2,556.76)
Share application money in subsidiary/joint venture	(297.13)	(82.39)
Dividend Received	28.31	0.11
Interest Received	1,430.34	953.62
	(19,075.57)	(21,369.42)
Net Cash used in Investing Activities		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Premium paid on redemption of FCCB	(345.04)	-
Proceeds from Long Term Loans (Net)	3,732.98	16,270.40
Proceeds/ (Repayment) from Short Term Loans (Net)	9,037.28	(1,192.57)
Repayment towards Unsecured Loan	(9.61)	(117.33)
Interest Paid	(3,997.03)	(3,314.30)
Dividend Paid	(968.37)	(968.36)
Dividend Tax Paid	(160.83)	(164.57)
	7,289.38	10,513.27
Net Cash Generated from Financing Activities		
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	3.15	107.72
Opening Balance of Cash and Cash Equivalents	428.20	320.48
Closing Balance of Cash and Cash Equivalents	431.35	428.20

Notes:-

- The Company has undrawn borrowing facilities of Rs.1050.01 Lacs (Previous Year Rs.3764.52 Lacs) at the end of the year.
- Cash and cash equivalents include deposits with banks of Rs. 326.99 lacs (Previous Year Rs.242.61 Lacs) of margin money, which amount is not available for immediate use.
- Interest paid is inclusive of, and purchase of fixed assets is exclusive of interest capitalised Rs. 559.91 lacs (Previous year Rs. 372.10 lacs)

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas
D J Vyas
D S Pandya

Chairman & Managing Director
Wholtime Director
V.P. (Legal) & Company Secretary

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2010

Ahmedabad
Date: 26th May 2010

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Schedule A : Share Capital		
Authorised:		
10,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 2 each	2,000.00	2,000.00
Issued, Subscribed and Paid-up:		
8,06,97,136 (P.Y. 8,06,97,136) Equity Shares of Rs.2 each fully paid up	1,613.94	1,613.94
Of the above, 1,01,00,000 equity shares of Rs. 10 each were issued as bonus shares by way of capitalisation of reserves in earlier years.		
	<u>1,613.94</u>	<u>1,613.94</u>
Schedule B : Reserves and Surplus		
Revaluation Reserve		
As per last balance sheet	174.22	175.89
Less : Transferred to Profit & Loss Account (Refer Note No. 3 in Schedule-E)	1.67	1.67
	<u>172.55</u>	<u>174.22</u>
Debenture Redemption Reserve		
As per Last Balance Sheet	625.00	-
Add: Transferred from Profit & Loss Account	1,250.00	625.00
	<u>1,875.00</u>	<u>625.00</u>
Securities Premium		
As per last balance sheet	24,798.43	24,840.61
Less : Premium on redemption of FCCBs	43.23	42.18
	<u>24,755.20</u>	<u>24,798.43</u>
General Reserve		
As per last balance sheet	28,288.80	20,788.80
Add :Transferred from Profit & Loss Account	5,000.00	7,500.00
	<u>33,288.80</u>	<u>28,288.80</u>
Profit and Loss Account		
Balance as per Profit and Loss Account	2,432.45	5,795.42
	<u>62,524.00</u>	<u>59,681.87</u>
Schedule C : Secured Loans		
Non-Convertible Debentures		
	15,000.00	7,500.00
Term Loans from Banks		
Foreign Currency Loans	12,835.98	16,370.05
Rupee Loans	7,966.03	8,848.50
Working Capital Loans from Banks		
Foreign Currency Loans	7,793.27	4,026.27
Rupee Loans	2,991.83	1,054.52
Hire Purchase Loans		
From Banks	140.84	73.64
From Financial Institution	12.53	18.61
Interest Accrued and Due	39.36	-
[Of the above term loans Rs 5800.43 Lacs (Previous Year Rs.5558.21 lacs) are repayable within a period of twelve months]		
	<u>46,779.84</u>	<u>37,891.59</u>

Schedules forming part of the Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Schedule D : Unsecured Loans		
Long Term Loans		
From Banks	1,661.90	-
From Financial Institution	545.47	545.47
Short Term Loans		
From Bank	7,179.42	3,836.83
From Directors	0.28	9.90
Foreign Currency Convertible Bonds (FCCBs)	-	1,122.50
[Of the above long term loans Rs 1471.73 (Previous Year Rs. NIL) are repayable within a period of twelve months]		
	9,387.07	5,514.70

Schedule E : Fixed Assets (At Cost)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April '10	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '11	As at 1st April '10	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '11	As at 31st March '11	As at 31st March '10
Land	549.88	10,471.28	-	11,021.16	-	-	-	-	11,021.16	549.88
Buildings	6,813.38	520.04	-	7,333.42	900.25	231.30	-	1,131.55	6,201.87	5,913.13
Plant & Machinery	29,079.92	3,797.31	-	32,877.23	7,252.44	1,794.31	-	9,046.75	23,830.48	21,827.48
Laboratory Equipments	2,850.13	172.78	-	3,022.91	753.15	174.15	-	927.30	2,095.61	2,096.98
Electrical Installations	3,911.85	431.74	-	4,343.59	583.01	188.34	-	771.35	3,572.24	3,328.84
Furniture & Fixtures	801.06	12.90	-	813.96	295.51	49.97	-	345.48	468.48	505.55
Office Equipments & Computers	794.37	69.25	-	863.62	603.75	33.52	-	637.27	226.35	190.62
Vehicles	874.37	155.02	108.37	921.02	242.59	94.76	50.06	287.29	633.73	631.78
Sub Total (A)	45,674.97	15,630.31	108.37	61,196.91	10,630.71	2,566.35	50.06	13,147.00	48,049.91	35,044.26
Intangible Assets										
Product Development Cost*	480.97	258.50	-	739.47	223.93	137.77	-	361.70	377.77	257.04
Patent, Trademark & Licences	151.35	-	-	151.35	84.25	28.20	-	112.45	38.90	67.10
Software	110.65	265.16	-	375.81	95.04	70.02	-	165.06	210.75	15.61
Sub Total (B)	742.97	523.66	-	1,266.63	403.22	235.99	-	639.21	627.42	339.75
Total (A + B)	46,417.94	16,153.97	108.37	62,463.54	11,033.93	2,802.34	50.06	13,786.21	48,677.33	35,384.01
Capital Work In Progress	26,764.01	7,192.75	3,595.48	30,361.28	-	-	-	-	30,361.28	26,764.01
Total Fixed Assets	73,181.95	23,346.72	3,703.85	92,824.82	11,033.93	2,802.34	50.06	13,786.21	79,038.61	62,148.02
Previous Year	53,169.66	26,349.99	6,337.69	73,181.95	9,013.16	2,065.77	44.99	11,033.93	62,148.02	

*Internally generated

Notes:

- (1) Additions to fixed assets includes/net of:
 - (a) Rs. NIL on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 1.29 lacs)
 - (b) Loss Rs. 62.06 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year gain Rs. 398.79 lacs)
- (2) Capital Work in Progress includes:
 - (a) Rs. 559.91 lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 370.81 lacs)
 - (b) Loss of Rs. 363.36 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year gain Rs. 438.93 lacs)
 - (c) Rs. 10465.71 lacs on account of advance against capital expenditure (Previous year Rs. 10035.70 lacs)
- (3) The gross block of fixed assets includes Rs 250 lacs (Previous year Rs 250 lacs) on account of revaluation of certain fixed assets viz Land, Buildings and Plant & Machinery as on 31st March 1995 on the basis of their replacement value as of that date determined by approved valuers. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 1.67 lacs (Previous year Rs. 1.67 Lacs) and equivalent amount, has been withdrawn from revaluation reserve and credited to the profit and loss account.
- (4) Additions to fixed assets include upfront development charges/lease premium of Rs. 10470.29 lacs paid to Dishman Infrastructure Limited for Lease hold land leased to the Company for 99 years in Dishman Pharma & Fine Chemicals SEZ, near Bavla in the state of Gujarat. The lease of land is subject to the Company's getting letter of approval from the Development Commissioner of SEZ. The Company has applied for the same and the same is awaited.

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Schedule F : Investments (At Cost)		
Long Term		
Quoted		
2100 Equity Shares of Bank Of India Rs. 10 each fully paid up*	0.95	0.95
Unquoted		
Investments in Subsidiaries / Joint Ventures		
159000 Equity shares of Dishman Europe Ltd. of GBP 1/- each fully paid up	105.47	105.47
300000 Equity shares of Dishman USA Inc.of US\$ 1 each. fully paid up	136.20	136.20
Ordinary Shares of Dishman International Trade (Shanghai) Co.Ltd., China (No. of shares not specified)	87.86	87.86
1 Equity Share of Dishman FZE of UAE Dirham 1 Million each fully paid up	125.46	125.46
1030000 Equity Shares of Dishman Switzerland Ltd. of CHF 1 each fully paid up	357.30	357.30
334980 Equity shares of Schutz Dishman Biotech Ltd. of Rs. 10 each fully paid up	33.50	33.50
21900 Equity Shares of CAD Middle East Pharmaceuticals Industries LLC of SAR 1000 each fully paid up	2,481.07	2,481.07
28000000 Equity Shares of Dishman Pharma Solutions AG, Switzerland of CHF 1 each fully paid up	10,507.50	10,507.50
Ordinary Shares of Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd (No. of shares not specified)	4,169.54	3,857.58
100000 Equity Shares of Dishman Australatia Pty Limited of AUD 1 each fully paid up	38.05	38.05
2536 (Previous year 1686) Shares of Dishman Japan Limited of 50000 JPY each fully paid up	506.37	303.50
50000 Equity Shares of Carbogen-Amcis (India) Limited of Rs. 10 each fully paid up	5.00	5.00
1250 Shares of Dishman Arabia Ltd.of SAR 1000/- each fully paid up	147.74	147.74
50000 Equity Shares of Dishman Care Limited of Rs. 10 each fully paid up	5.00	5.00
Others		
6244 Equity Shares of Nutan Nagarik Sahkari Bank Ltd. of Rs. 25 each fully paid up	1.56	1.56
30 Shares of Stuti(Ambawadi) Association of Rs. 100 each fully paid up	0.03	0.03
50 shares of The Sangeeta Plaza iftex office Premises Co-op Society Limited of Rs. 50 each fully paid up	0.03	0.03
130 Equity Shares of B.R.Laboratories Ltd. Rs. 10 each fully paid up	0.01	0.01
4000 Equity Shares of Bhadr-Raj Holdings Private Limited of Rs. 10 each fully paid up	0.40	0.40

Schedules forming part of the Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
50000 Equity Shares of Dishman Infrastructure Limited of Rs. 10 each fully paid up	5.00	5.00
	18,714.04	18,199.21
Aggregate value of		
Quoted Investments	0.95	0.95
Unquoted Investments	18,713.09	18,198.26

*Notes:

- Market Value of quoted investments is Rs. 9.98 lacs (Previous Year Rs. 7.16 lacs).
- Details of Mutual funds purchased and sold/redeemed during the year:

Name of Mutual Fund	No. of Units	Amount (Rs. In lacs)
DSP Black Rock Liquidity Fund - Institutional Plan - Daily Dividend	100,322	1,003.65
Reliance Monthly Interval Fund- Series I - Institutional Dividend Plan	9,997,501	1,000.00
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	20,071,018	2,008.13
L & T Select Income Fund - Flexi Debt Institutional - Dividend	7,500,010	754.89
UTI Liquid Cash plan institutional - Daily Income Option - Reinvestment	171,684	1,750.23
UTI - Floating Rate Fund- Short Term Plan- Institutional Daily Dividend Plan - Re - investment	176,284	1,763.64

Schedule G : Current Assets, Loans and Advances

Inventories

Finished Goods	3,360.52	2,215.58
Work in Process	5,033.57	4,397.58
Raw Materials and Goods in Transit	3,611.00	3,065.08
Packing Materials	38.48	26.27
Stores, Spares & Consumables	380.92	270.77
	12,424.49	9,975.28

Sundry Debtors

(Unsecured and considered good, except stated otherwise)

Outstanding over six months		
Considered good	1,270.29	1,925.87
Considered doubtful	208.41	208.41
Provision for Doubtful Debts	(208.41)	(208.41)
Others	11,905.87	5,098.47
	13,176.16	7,024.34

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Loans and Advances		
(Unsecured and considered good, except stated otherwise)		
Advances recoverable in cash or kind or for value to be received		
Considered Good	13,641.17	16,082.41
Considered Doubtful	184.00	184.00
Provisions for Doubtful Advances	(184.00)	(184.00)
Share Application Money Pending Allotment	923.15	626.03
Balance with Central Excise Authorities	744.13	793.90
Advance Tax & Tax deducted at Source (Net of Provision)	405.62	415.37
MAT Credit Entitlement	2,742.85	2,334.29
	18,456.92	20,252.00
Cash And Bank Balances		
Cash on hand	3.34	3.05
Balances with Scheduled Banks		
In Current Accounts	89.97	177.00
In Margin Money Accounts	327.00	242.60
In Fixed Deposit Accounts	11.04	5.55
	431.35	428.20
Schedule H : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors (Refer note B.12 of Schedule O)		
- Micro, Small and Medium Enterprises	43.45	63.79
- Others	15,357.43	7,442.59
Advances from Customers	841.68	188.81
Statutory and other Liabilities	1,071.20	1,450.93
	17,313.76	9,146.12
Provisions		
Provision for Leave Enchashment	124.43	83.97
Provision for Gratuity	396.42	300.49
Proposed Dividend	968.37	968.37
Tax on Proposed Dividend	157.09	160.83
	1,646.31	1,513.66
	18,960.07	10,659.78

Schedules forming part of the Profit & Loss Accounts

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Schedule I : Other Income		
Dividend Income		
From long term investments	0.15	0.11
From current investments	28.16	-
Foreign Exchange Rate Fluctuation Gain (net)	122.55	168.97
Miscellaneous Income	124.50	86.20
Profit on sale of long term investments	-	10.00
Profit on sale of rights in immovable properties	-	50.00
	275.36	315.28
Schedule J : Increase /(Decrease) In Stock		
Closing Stock		
Finished Goods	3,360.53	2,215.58
Work In Process	5,033.57	4,397.58
	8,394.10	6,613.16
Less : Opening Stock		
Finished Goods	2,215.58	3,044.93
Work In Process	4,397.58	4,855.70
	6,613.16	7,900.63
	1,780.94	(1,287.47)
Schedule K : Materials and Manufacturing Expenses		
Cost of goods traded in	6,583.63	246.97
Raw Materials Consumed	15,422.52	12,280.46
Stores, Spares & Consumables	26.58	82.17
Packing Materials Consumed	357.80	268.61
Material Processing Charges	450.21	391.70
Power, Fuel & Electricity	2,185.36	1,803.25
Repairs and Maintenance		
Plant & Machinery	654.93	329.03
Building	89.23	63.58
Others	110.46	227.68
Laboratory Expenses	183.79	209.59
Factory Expenses	87.96	69.57
Effluent Treatment	478.57	108.97
Other Manufacturing Expenses	170.04	178.10
	26,801.08	16,259.68
Schedule L : Employees Emoluments		
Salaries and Wages	3,663.70	2,736.62
Contributions to Provident and other funds	107.99	91.31
Welfare Expenses	96.40	80.93
Managerial Remuneration	329.50	462.45
	4,197.59	3,371.31

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Profit & Loss Accounts

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Schedule M : Administrative, Selling and Other Expenses		
Rent, Rates & Taxes	53.65	66.57
Legal and Professional Charges	209.88	187.21
Conveyance and Travelling	322.01	282.40
Communication Expenses	49.80	41.90
Stationary and Printing	58.63	33.17
Subscriptions and Memberships	36.47	45.96
Insurance Premium	211.08	229.71
ECGC Premium	13.03	29.12
Loss on sale of fixed asset (Net)	29.40	3.75
Sundry Balances Written Off (Net)	14.35	268.46
Advance Licence Fees	0.36	0.67
Office Electricity Expenses	21.49	19.31
Recruitment Expenses	46.12	10.88
Auditors Remuneration	20.28	13.58
Miscellaneous Expenses	88.23	114.04
Clearing & Forwarding	808.74	468.55
Sales Commission	27.56	24.19
Advertisement and Business Promotion	21.93	8.03
Donation	4.98	261.59
	2,037.99	2,109.09
Schedule N : Interest and Finance Charges		
On Debentures	1,184.36	106.34
On Fixed Loans	1,773.80	1,810.60
On Other Loans	721.83	696.97
Bank charges and other financial cost	317.03	376.89
	3,997.02	2,990.80
Less : Interest Income (Gross of Tax Deducted at Source Rs.104.15 lacs (Previous Year Rs.74.30 lacs))	1,430.34	953.62
	2,566.68	2,037.18

Dishman Pharmaceuticals and Chemicals Limited**Schedule O****Significant Accounting Policies and Notes to Financial Statements****A. Significant Accounting Policies****1. Accounting Convention**

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

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

3. Tangible Fixed Assets

Fixed assets are stated at cost of acquisition / construction except for certain fixed assets which have been stated at revalued amounts, less accumulated depreciation, amortization and impairment loss (if any). Cost comprises of purchase price, import duties and other non-refundable taxes or levies and any directly attributable cost to bring the assets ready for its intended use. Exchange difference, if any, in respect of long term liabilities incurred to acquire fixed assets is adjusted to the carrying cost of fixed assets.

Direct expenses, as well as pro rata identifiable indirect expenses on projects during the year of construction are capitalized.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as "Capital Work in Progress."

4. Intangible Assets

Intangible assets are stated at cost of acquisition / cost incurred less accumulated amortization.

5. Depreciation / Amortization

All tangible fixed assets, except freehold land, leasehold land and capital work in progress, are depreciated on a straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies' Act, 1956.

Leasehold land shall be written off in the year in which the respective lease period expires.

Intangibles Assets including Intellectual Property Rights in the nature of production processes, software and patents are amortized over a period of 5 years starting from the year after the year of incurring expenditure / commercialization. The value of these intangible assets is reviewed at each balance sheet date to assess the probability of continuing future benefits. If there is any indication that the value of such assets is impaired, the resulting impairment loss is recognized in the financial statements.

6. Impairment of Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's each class of the fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

7. Investments

Current investments are carried at the lower of cost and fair value computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made, only if, in the opinion of the management, such a decline is regarded as being other than temporary.

8. Inventories

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost (net of refundable taxes and duties) or net realizable value. The cost of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition.

Work in progress and finished goods are valued at lower of cost or net realizable value. The cost of work in process and finished goods includes cost of conversion and other costs incurred to bring the inventories to their present location and condition.

Cost of inventories is determined on "Weighted Average" basis.

Excise Duty in respect of finished goods lying in factory premises are provided for and included in valuation of inventory in case of non EOU units.

Custom duty is accounted as and when goods are cleared from the bonded warehouse.

Dishman Pharmaceuticals and Chemicals Limited

9. Revenue Recognition

Revenue from domestic sales is accounted on dispatch of products to customers.

Revenue from export sales is recognized on shipment/ air lift of products. Exports sales include exchange rate difference arising on realization of revenue.

Income from Contract Research is recognized under Percentage Completion Method basis as per contractual terms.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

10. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at the year end rates. Non monetary foreign currency items are carried at cost.

Exchange differences arising on settlement or restatement of long term foreign currency monetary items, in so far as they relate to acquisition of depreciable capital assets are adjusted to the carrying cost of such assets and depreciated over the balance life of the assets and in other cases, are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the balance period of such long term asset / liability but not beyond March 31, 2011 by recognition as income or expense in each of such periods. An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on other monetary items denominated in foreign currencies are recognized in the profit and loss account.

11. Redemption Premium on Foreign Currency Convertible Bonds

Premium payable on redemption of Foreign Currency Convertible Bonds outstanding as at the balance sheet date is provided on time basis by adjusting against the Securities Premium Account. Any changes to the premium payable on account of conversion of bonds into equity shares are adjusted in the Share Premium Account.

12. Employee Benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post employment benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.

Other long-term employee benefits are recognized as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, at the discounting rate.

Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

13. Research and Development Costs

Research and development costs incurred for development of products are charged to revenue as incurred, except for development costs relating to the design and testing of new or improved materials, products or processes which are recognized as intangible assets to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of capital nature is added to fixed assets.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events and change in circumstances indicate that the carrying value may not be recoverable.

Expenditure on development of the production process of molecules is treated as capital work in progress and amortized over the period of life of each product once the commercial exploitation of the respective product starts / put to use

14. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying fixed assets are capitalized as part of the cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

Dishman Pharmaceuticals and Chemicals Limited**15. Financial Derivates and Hedging Transactions**

In respect of derivate contracts, premium paid, gains or losses on settlement and provision for losses for cash flow hedges are recognized in the profit and loss account.

16. Provision for Tax

Tax expenses for a year comprise of current tax and deferred tax.

Provision for current tax is determined based on assessable profits of the Company as determined under the Income Tax Act, 1961.

Provision for deferred tax is determined based on the effect of timing difference between the assessable profits under the Income Tax Act and the profits as per the Profit and Loss Account. Deferred tax assets, other than those from carry forward losses and unabsorbed depreciation, are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets arising from carry forward losses and unabsorbed depreciation, are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for when the Company has at present, legal or contractual obligation as a result of past events, only if it is probable that an outflow of resources embodying economic benefits will be required and if the amount involved can be measured reliably.

Contingent liabilities being a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more future events not wholly in the control of the Company, are not recognized in the accounts. The nature of such liabilities and an estimate of its financial effect are disclosed in the Notes to Financial Statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

B. Notes to the financial statements

1. Contingent Liabilities to the extent not provided for:
 - a. Guarantees given by Bank on behalf of the Company Rs 121.66 Lacs (Previous Year Rs. 148.52 Lacs)
 - b. Letters of Credit in favor of suppliers Rs 2362.91 Lacs (Previous Year Rs 908.87 Lacs)
 - c. Outstanding guarantees furnished to the bank in respect of wholly owned subsidiaries and a joint venture company Rs. 24867.89 Lacs (Previous Year Rs. 35115.35 Lacs)
 - d. Claims against the Company not acknowledged Rs. 3.12 Lacs (Previous Year Rs. 4.56 Lacs)
 - e. Disputed central excise duty (including service tax) liability is Rs. 435.03 Lacs (Previous Year Rs. 329.27 Lacs)
 - f. Disputed income tax liability Rs. 4007.05 Lacs (Previous Year Rs. 2292.52 Lacs) for various assessment years for which appeals are pending with Appellate authorities, out of the said amount company has paid Rs. 642.26 Lacs (Previous Year Rs. 422.26 Lacs) under protest.
 - g. Disputed sales tax and central sales tax liability Rs. 447.41 Lacs (Previous Year Rs. 181.62 Lacs), out of the said amount company has paid Rs. 24.93 Lacs under protest.
 - h. Bills discounted with banks Rs. 3398.57 Lacs (Previous Year Rs. 4516.46 Lacs.)
2. Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of Advances) Rs. 2409.18 Lacs (Previous Year Rs. 4282.56 Lacs)
3. From the financial year 2008-09, the company changed its accounting policy pertaining to recognition of exchange rate differences on settlement or restatement of foreign currency monetary assets and liabilities by exercising the option as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. As a result:
 - a. The exchange differences arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset.
 - b. In other cases, they have been accumulated in 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/ liability but not beyond March 31, 2011 by recognition as an income and expenses in each of such periods.

Accordingly, Rs. 20.38 lacs have been added in the cost of fixed assets, Rs. 41.03 lacs has been added in 'Foreign Currency Monetary Items Translation Difference Account', and Rs. 89.63 lacs has been amortized and charged to profit and loss account during the year.

The amount remaining to be amortized in subsequent periods as at the balance sheet is Rs. NIL Lacs.

Dishman Pharmaceuticals and Chemicals Limited

4. Secured Loans

Secured Redeemable Non-Convertible Debentures -First Trench of Rs. 7500.00 lacs issued in February,2010, are secured by, first pari-passu charge on the fixed assets of the Company located at Bavla. The debentures carry interest rate of 10.35% p.a. and are redeemable @ 20% each in the 4th and 5th year and 30% each in the 6th and 7th year from the date of allotment.

Secured Redeemable Non-Convertible Debentures-Second Trench issued in June 2010, are secured by, first pari-passu charge on the fixed assets of the Company located at Bavla. The debentures carry interest rate of 9.65% p.a. and are redeemable @ 50% each in the 4th and 5th year from the date of allotment.

Secured Foreign Currency Term Loan from Bank of India (amount outstanding as at March 31, 2011 Rs. 2020.47 lacs), is secured by first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the Company and further secured by pledge of the shares of the Company held / to be held in wholly owned subsidiary in China, namely Dishman Pharmaceuticals & Chemicals (Shanghai) Co.Ltd.

Secured Foreign Currency Term Loan from Development Bank of Singapore (amount outstanding as at March 31, 2011 Rs. 4125.50 lacs), is secured by first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the Company.

Secured Foreign Currency Term Loan from International Finance Corporation (amount outstanding as at March 31, 2011 Rs. 6690.00 lacs), is secured by first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the Company.

Secured Term Loan from Industrial Development Bank of India Limited (IDBI) (amount outstanding as at March 31, 2011 Rs. 1400.00 lacs) is secured by first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the Company.

Secured Term Loan from Indusind Bank Limited (amount outstanding as at March 31, 2011 Rs. 3566.03 lacs) is secured by first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the Company.

Secured Term Loan from Bank of Maharashtra (amount outstanding as at March 31, 2011 Rs. 1500.00 lacs) is secured by first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the Company.

Secured Term Loan from Standard Chartered Bank (amount outstanding as at March 31, 2011 Rs. 1500.00 lacs) is secured by first charge on the movable fixed assets of the Naroda EOU plant of Company located at Plot No. 1216/24 to 27 and 1216/11, Pharse IV, GIDC Estate, Naroda , Ahmedabad.

Working Capital Loans are secured against hypothecation of inventories, collateral security of book debts, first charge on fixed assets of the Company situated at Naroda, except EOU Unit and second charge on fixed assets of the Company situated at Bavla.

Hire Purchase Finances are secured by hypothecation of respective assets.

5. Unsecured loans from banks are personally guaranteed by one of the promoter directors.

Unsecured loans include loans from Life Insurance Corporation of India availed on the Keyman insurance policies of the key personnel of the entity.

6. The Company has pledged its 1 (One) equity share of Dishman FZE with ABN AMRO Bank N.V. as security against loan availed by its subsidiary company, Dishman FZE

The Company has pledged its 28,000,000 (Twenty Eight Millions) equity share of Dishman Pharma Solutions AG, Switzerland with Cooperative Centrale Raifeisen- Boerenleenbank BA (trading as Rabobank International), Singapore as security against loan availed by its subsidiary company, Dishman Pharma Solutions,AG

7. Deferred Income Tax

Major components of deferred tax liability are as follows:

Particulars	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)
Deferred Tax Liability		
Depreciation	4,319.17	4,046.62
Deferred Tax Assets		
Disallowance under section 43B of the Income Tax Act, 1961	1,342.51	1,332.85
Provision for deferred tax asset /(liability) (Net)	(2,976.66)	(2,713.77)

Dishman Pharmaceuticals and Chemicals Limited
8. Details of debts due from companies under the same management:

Name of the Company	2010-11		2009-10	
	Balance as at March 31, 2011 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)	Balance as at March 31, 2010 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)
Carbogen Amis AG	-	255.26	-	374.78
Dishman Europe Limited	4,694.95	6,469.35	5,628.12	6,112.46
Dishman Australasia Pty Limited	91.75	107.39	50.02	60.85
Dishman International Trade (Shanghai) Co. Ltd.	6.44	39.57	2.63	151.93
Dishman USA	473.05	665.14	538.18	711.28
Dishman Japan Ltd.	130.16	682.23	100.86	389.28
Cad Middle East Pharmaceutical Industries	4.67	327.46	327.46	416.15
Dishman Pharma. & Chem. (Shanghai) Co. Ltd.	479.41	479.41	-	-
Total	5,880.43		6,647.27	

Details of loans and advances due from companies under the same management:

Name of the Company	2010-11		2009-10	
	Balance as at March 31, 2011 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)	Balance as at March 31, 2010 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)
Dishman Infrastructure Limited	3,800.00	3,800.00	3,800.00	4,804.47
Dishman Europe Limited	441.98	441.98	424.62	540.07
Dishman Australasia Pty Limited	230.35	230.35	205.70	205.70
Dishman Pharmaceuticals and Chemicals (Shanghai) Co. Limited	3,345.00	3,367.50	3,367.50	3,933.58
Dishman Care Ltd.	50.20	50.20	50.20	50.20
Dishman Pharma Solution	1,228.23	5,020.60	-	-
Total	9,095.76		7,848.02	

9. The Company has the following Joint Ventures as at March 31, 2011 and its proportionate share in the Assets, Liabilities, Income and Expenditure in the Joint Venture companies is as under:

Name of the Joint Venture Company (including country of incorporation)	% of holding (Rs. in lacs)	Assets (Rs. in lacs)	Liabilities (Rs. in lacs)	Contingent Liabilities (Rs. in lacs)	Capital Commitments (Rs. in lacs)	Income (Rs. in lacs)	Expenditures (Rs. in lacs)
As at March 31, 2011						For the year ended March 31, 2011	
Schutz Dishman Bio-tech Ltd. (India)	22.33	445.07	284.62	276.95	-	269.76	319.17
CAD Middle East Pharmaceutical Industries (Saudi Arabia)	30	3,307.93	663.32	-	-	-	-
Dishman Japan Limited (Japan)	85	620.40	360.84	-	-	1,518.34	1,621.49
Dishman Arabia Ltd. (Saudi Arabia)	50	530.00	8.17	-	-	-	-

Dishman Pharmaceuticals and Chemicals Limited

10. Disclosures as per Clause 32 of the Listing Agreements with the stock exchanges

(a) Loans and advances in the nature of loans to subsidiaries and entities in which directors are interested.

Name of the Company	Relationship	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)	Maximum balance outstanding during the year (Rs. in lacs)
Dishman Europe Limited	Subsidiary	441.98	424.62	441.98
Dishman Australasia Pty Limited	Subsidiary	230.35	205.70	230.35
Dishman Pharma. & Chem. (Shanghai) Co. Ltd.	Subsidiary	3,345.00	3,367.50	3,367.50
Dishman Infrastructure Limited*	Entity in which director is interested	3,800.00	3,800.00	3,800.00
Dishman Pharma Solution	Subsidiary	1,228.23	-	5,020.60

Loans and advances shown above fall under the category of Loans and Advances in nature of loans which are repayable on demand.

*At the time of loan given to DIL, it was Wholly Owned Subsidiary of the company.

(b) None of the loanees have made investments in shares of the Company.

11. Prior period adjustment includes:

Particulars	2010-11 (Rs. In lacs)	2009-10 (Rs. In lacs)
Machinery Repairs	0.26	1.54
Other Repairs	2.05	1.12
Raw Material Purchase-Import	-	6.71
Freight Inward	0.02	2.08
Profit on sale of property rights	-	(124.20)
Telephone, Telex & courier Expenses	-	1.11
Foreign Traveling Expenses	-	1.22
Traveling Expenses	(1.74)	-
Other Expenses	1.44	0.38
Total	2.03	(110.00)

12. There are no dues to Micro and small Enterprises as at 31st March, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

Dishman Pharmaceuticals and Chemicals Limited
13. Employee Benefits

The present value of gratuity and leave encashment obligations is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Details of post retirement benefits are as follows:

1. Defined Benefit Plans

- i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit & Loss Account.
- ii) The Defined Benefit Plan comprises of Gratuity and Leave Encashment. Gratuity is a benefit to an employee based on 15 days last drawn basic salary including dearness allowance(if any) for each completed year of continuous service with part thereof in excess of six months. The plan is funded.
- iii) Leave Encashment benefit is a benefit to an employee based on 15 days last drawn basic salary including dearness allowance(if any) for each completed year of continuous service with part thereof in excess of six months.

I. Expenses recognized during the year

Particulars	Gratuity (Rs in lacs)	Leave Encashment (Rs. in lacs)
Current service cost	54.02	31.95
Interest Cost	25.18	7.03
Expected return on plan assets	(0.08)	-
Net actuarial losses (gains)	32.58	12.54
Total	111.70	51.52

II. Reconciliation of opening and closing balances of defined benefit obligation

Particulars	Gratuity (Rs in lacs)	Leave Encashment (Rs. in lacs)
Defined benefit obligation at beginning of the year	300.49	83.97
Service cost	54.02	31.94
Interest cost	25.18	7.03
Actuarial losses (gains)	32.53	12.54
Benefits paid	(16.34)	(11.24)
Defined benefit obligation at end of the year	395.89	124.24

III. Reconciliation of Opening and Closing balances of fair value of plan assets

Particulars	Gratuity (Rs in lacs)
Fair value of plan assets at beginning of the year	1.24
Expected return on plan assets	0.08
Actuarial gains and (losses)	(0.04)
Contributions by employer	15.60
Benefits paid	(16.34)
Fair value of plan assets at year end	0.54

Dishman Pharmaceuticals and Chemicals Limited

IV. Reconciliation of the present value of defined benefit obligation and fair value of planned assets:

	Gratuity 2010-11	Leave Encashment 2010-11
Present value of defined benefit obligations at the end of the year	395.89	124.24
Fair value of plan assets at the end of the year	0.54	-
Net assets / (liability) at the end of year	(395.35)	(124.24)

V. Investment details

Particulars	% invested as at 31 st March, 2011
High quality corporate bonds	100%

VI. Actuarial Assumptions

Particulars	Gratuity	Leave Encashment
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.38%	8.38%
Expected Return on plan assets (per annum)	9%	-
Rate of escalation in salary (per annum)	6%	6%
Withdrawal rates	3% at younger age reducing to 1% at older age	3% at younger age reducing to 1% at older age
Retirement age	58 years	58 years

- The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- Expected Rate of Return of Plan Assets: This is based on the expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of obligations.
- Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

VII. Experience History

	Gratuity			Leave Encashment		
	31st March 2011 (Rs.)	31st March 2010 (Rs.)	31st March 2009 (Rs.)	31st March 2011 (Rs.)	31st March 2010 (Rs.)	31st March 2009 (Rs.)
Present value of defined benefit obligations at the end of the year	395.89	300.49	248.35	124.24	83.96	60.17
Fair value of plan assets at the end of the year	0.54	1.24	0.55	-	-	-
Net assets / (liability) at the end of year	(395.35)	(299.25)	(247.80)	(124.24)	(83.96)	(60.17)

2. Defined Contribution Plans

Contribution of Defined Contribution Plan, recognized as expense for the year as under:

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Employer's Contribution to Provident Fund	89.35	69.10
Employers' Contribution to Superannuation Fund	48.11	27.47

Dishman Pharmaceuticals and Chemicals Limited

14. Disclosures in respect of Assets acquired under Hire Purchase Arrangements

The total of minimum hire installments payable at the Balance sheet date are as under

Particulars	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)
For a period not later than 1 year	59.67	55.98
For a period later than 1 year but not later than 5 years.	79.75	36.27
For a period later than 5 years	-	-

Hire charges recognized in the profit and loss account Rs 8.13 Lacs (Previous Year Rs. 8.03 Lacs)

15. Balances of receivables, payables and loans and advances parties are subject to their confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.

16. The profit and loss account includes:

a) Auditors' Remuneration :

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Audit fees	12.10	12.10
Tax Audit Fees	1.10	1.10
Certification fees	1.96	0.38
In other Capacity	5.00	-
Out of Pocket Exp.	0.12	0.23
Total	20.28	13.81

b) Directors' Remuneration :

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Salaries and Commissions	424.00	499.95
Total	424.00	499.95

c) Managerial Remuneration

Computation of Net Profit in accordance with section 198 and 309(5) of the Companies Act, 1956:

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Profit before other adjustment & tax as per Profit & Loss Account	4,817.03	7,940.69
Add Managerial Remuneration	344.50	462.45
Loss on sale of asset	29.40	3.75
Depreciation as per books	2,814.64	2,064.10
Directors' sitting fees	-	7.40
Total	3,203.54	2,537.70
Less: Depreciation as per Section 350 of Companies' Act, 1956	2,814.64	2,064.10
Profit on sale of assets / rights	-	50.00
Total	2,814.64	2,114.10
Net Profit as per Sections 198 and 309(5)	5,104.40	8,364.29

Entitlement of maximum remuneration to Managing Director @ 5% of the Net Profit as per Sections 198 and 309(5) of the Companies Act, 1956 is Rs. 243.07 lacs, as against which managerial remuneration provided for in the current year is Rs. 243.00 lacs.

Dishman Pharmaceuticals and Chemicals Limited

17. Details of Capital and Revenue research and development expenditure in respect of Research & Development Facilities / division of the Company, as approved by the Department of Scientific & Industrial Research are as under:

Revenue Expenditure

Particulars	2010-11 (Rs.in lacs)	2009-10 (Rs.in lacs)
Personnel costs	514.18	354.62
Chemicals and Consumables	192.38	97.74
Books & Periodicals	16.04	41.32
Other R & D Expenses	31.03	12.96
Total	753.63	506.64

Capital Expenditure

(Rs. in lacs)

Particulars	As at 1 st April, 2010	Addition during the year	As at 31 st March, 2011
Buildings	1,387.10	10.62	1,397.72
Plant & Machinery	1,309.06	20.99	1,330.05
Laboratory Equipments	1,266.34	72.56	1,338.90
Electrical Equipments	189.47	3.64	193.11
Furniture & Fixtures	151.15	0.06	151.21
Office Equipments & Computers	18.13	1.46	19.59
Total	4,321.26	109.32	4,430.58

18. Earnings Per Share (EPS)

Particulars		2010-11	2009-10
Basic			
Profit attributable to equity shareholders	Rs in lacs	4,012.49	7,107.35
Nominal Value of equity share	Rs.	2	2
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,697,136
Basic EPS	Rs.	4.97	8.81
Diluted			
Profit attributable to equity shareholders	Rs. in lacs	4,012.49	7,107.35
Add: Interest payable on outstanding Foreign Currency Convertible Bonds	Rs. in lacs	Nil	4.44
Profit after tax for Diluted EPS	Rs. in lacs	4,012.49	7,111.79
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,697,136
Add: Adjustment for option relating to Foreign Currency Convertible Bonds	Nos.	Nil	6,35,914
Weighted average number of ordinary equity shares for Diluted EPS	Nos.	80,697,136	81,333,050
Diluted EPS	Rs.	4.97	8.74

Dishman Pharmaceuticals and Chemicals Limited
19. Related Party Disclosures
a) Related parties and their relationships

Name of the related party	Relationship
Dishman USA Inc.	Wholly Owned Subsidiary (Controlled)
Dishman Europe Limited	Wholly Owned Subsidiary (Controlled)
Dishman International Trading (Shanghai) Co.Limited	Wholly Owned Subsidiary (Controlled)
Dishman FZE	Wholly Owned Subsidiary (Controlled)
Dishman Switzerland Limited	Wholly Owned Subsidiary (Controlled)
Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited	Wholly Owned Subsidiary (Controlled)
Dishman Pharma Solution AG	Wholly Owned Subsidiary (Controlled)
Dishman Australasia Pty Limited	Wholly Owned Subsidiary (Controlled)
Carbogen Amcis (India) Limited	Wholly Owned Subsidiary (Controlled)
Dishman Care Limited	Wholly Owned Subsidiary (Controlled)
Carbogen Amcis Limited	Wholly Owned Subsidiary (Step down) (Controlled)
Cohecie Fine Chemicals BV.	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman Netherlands B.V.	Wholly Owned Subsidiary (Step down) (Controlled)
Carbogen Amcis AG	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman U.K LLP	Wholly Owned Subsidiary (Step down) (Controlled)
Innovative Ozone Service Inc	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman Japan Limited	Subsidiary (Controlled)
Bhadra-Raj Holdings Private Limited	Associate Concern
Dishaman Arabia Limited	Joint Venture
CAD Middle East Pharmaceutical Industries	Joint Venture
Schutz Dishman Bio-tech Limited	Joint Venture
Mr. Janmejy R.Vyas	Key Management Personnel
Mrs. Deohooti J.Vyas	Key Management Personnel
Mr. Arpit J.Vyas	Key Management Personnel
Ms. Aditi J Vyas	Relative of Key Management Personnel
Ms . Mansi J Vyas	Relative of Key Management Personnel
Mr. J.R.Vyas HUF	Key Management Personnel is Karta
B.R. Laboratories Limited	Equity Controlled By Key Management Personnel
Dishman Infrastructure Limited	Equity Controlled By Key Management Personnel

Dishman Pharmaceuticals and Chemicals Limited

b) Transactions with related parties

(figures in brackets represent previous year data)

Particulars	Subsidiaries (Rs. in lacs)	Associates/ Joint Ventures (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Entity Controlled by Key Management Personnel (Rs. in lacs)	Total (Rs. in lacs)
Purchase of goods	- (-)	10.69 (0.86)	- (-)	0.26 (0.90)	10.95 (1.76)
Purchase of Capital Assets	- (2,130.00)	- (-)	- (-)	10,470.29 (-)	10,470.29 (2,130.00)
Sale of goods/ Export Services	24,957.68 (21,787.73)	1,256.01 (1,174.70)	- (-)	1.53 (0.13)	26,215.22 (22,962.43)
Interest income	355.58 (242.36)	- (-)	- (-)	662.78 (449.10)	1,018.36 (691.46)
Reimbursements / Expenses Received	- (51.42)	- (-)	- (-)	- (-)	- (51.42)
Reimbursements / Expenses Given	207.77 (960.73)	- (-)	- (-)	- (-)	207.77 (960.73)
Investments	311.96 (1,644.80)	202.87 (921.96)	- (-)	- (-)	514.83 (2,566.76)
Share Application Money given	- (-)	- (152.67)	- (-)	- (-)	- (152.67)
Loans granted	6,272.93 (2,724.48)	- (-)	- (-)	- (7.00)	6,272.93 (2,731.48)
Loans taken	- (-)	- (-)	300.00 (9.00)	- (-)	300.00 (9.00)
Advance Received against sale	- (-)	- (159.19)	- (-)	- (-)	- (159.19)
Capital Advances	- (-)	- (-)	- (-)	3,247.67 (2,390.45)	3,247.67 (2,390.45)
Dividends paid	- (-)	7.20 (7.20)	582.08 (580.89)	- (-)	589.28 (588.09)
Remuneration	- (-)	- (-)	409.00 (489.95)	- (-)	409.00 (489.95)
Rent Paid	- (-)	- (-)	11.02 (9.07)	- (-)	11.02 (9.07)
Guarantees given	23,065.92 (34,625.83)	1,801.97 (489.52)	- (-)	- (-)	24,867.89 (35,115.35)
Outstanding balance (Dr)	11,277.22 (10,367.83)	374.73 (327.46)	- (-)	3,925.00 (8,649.40)	15,576.95 (19,344.69)
Outstanding balance (Cr)	3,310.14 (2,876.78)	- (-)	0.28 (9.89)	1,776.21 (-)	5,086.63 (2,886.67)

Dishman Pharmaceuticals and Chemicals Limited
c) Disclosure in respect of material transactions with related parties

Particulars	Name of the related party	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Purchase of goods	Schutz Dishman Bio-tech Ltd.	10.47	0.86
	B.R.laboratories Pvt Ltd	0.26	0.90
Purchase of Capital Assets	Carbogen Amcis AG	-	2,130.00
	Dishman infrastructure Ltd	10,470.29	-
Sale of goods/Export Services	Dishman Europe Ltd	22,314.69	19,247.35
	Carbogen Amcis AG	331.80	490.92
	Dishman USA Inc.	2,108.36	1,767.00
	Dishman Japan Ltd	1,184.11	675.29
	CAD Middle East Pharmaceuticals Industries	-	416.15
Reimbursements of Expenses Given	Dishman Europe Ltd	61.16	157.85
	Carbogen Amcis AG	146.61	779.77
Reimbursements of Expenses received	Dishman Care Ltd.	-	50.20
Interest income	Dishman Europe Ltd	19.51	21.13
	D P C (Shanghai) Co.Ltd	246.71	221.23
	Dishman infrastructure Ltd	662.78	449.10
Investments	D P C (Shanghai) Co.Ltd	311.96	1,639.80
	Dishman Japan Ltd	202.87	70.28
	CAD Middle East Pharmaceuticals Industries	-	851.68
	Dishman Care Ltd.	-	5.00
Share application money given	Dishman Japan Ltd	-	152.67
Loans and advances granted	D P C (Shanghai) Co.Ltd	-	2,645.44
	Dishman Australasia Pty Ltd.	-	79.04
	Dishman Pharma Solution AG	6,272.93	-
Loans and advances taken	Mr. Janmejy R. Vyas	205.00	9.00
	Mr. Arpit J. Vyas	80.00	-
	Mrs. Deohooti J. Vyas	15.00	-
Advance received against sale	Dishman Japan Ltd.	-	159.19
Capital Advances	Dishman Infrastructure Ltd	3,247.67	2,390.45
Dividends paid	Bhadra-Raj Holdings P.Ltd.	7.20	7.20
	Mr. Janmejy R. Vyas	300.51	300.51
	Mrs. Deohooti J. Vyas	131.57	131.57
	Mr. Arpit J. Vyas	148.32	147.79
Remuneration	Mr. Janmejy R. Vyas	243.00	396.27
	Mr. Rajnikant T. Vyas	-	3.68
	Mrs. Deohooti J. Vyas	60.00	60.00
	Mr. Arpit J. Vyas	106.00	30.00
Guarantees given	Dishman Pharma Solutia AG	11,706.10	18,962.81
	Dishman Europe Ltd	2,632.81	2,214.39
	Schutz Dishman Bio-tech Ltd.	-	489.52
	Dishman FZE	2,137.41	2,558.18
	D P C (Shanghai) Co.Ltd	2,682.81	2,052.00
	Carbogen Amcis AG	-	3,834.00
	Dishman Netherlands B. V.	3,906.79	5,004.45
	CAD Middle East Pharmaceuticals Industries	1,801.97	-

Dishman Pharmaceuticals and Chemicals Limited

20. Segmental Reporting

The Company is in the business of manufacturing and marketing of

- A Contract Research & Contract Manufacturing (CRAMS).
- B. Bulk Drugs, Intermediates, Quats, Specialty Chemicals & Traded Goods.

Segment revenue of the above business segment includes sales export incentive and income from Research and Development activity.

Segment revenue in geographical segment considered for disclosure is as follows:

- A Domestic Sales
- B. Export Sales

The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amount allocated on a reasonable basis by management

(figures in brackets represent previous year numbers)

Particulars	CRAMS	Bulk Drugs, Quats, Speciality Chemicals & Traded Goods	Total of Reportable Segments
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Sales	24,100.04 (25,701.86)	17,857.25 (9,559.03)	41,957.29 (35,260.89)
Other income	70.39 (123.16)	204.97 (142.11)	275.36 (265.28)
Segment revenue	25,620.85 (24,686.68)	18,392.74 (9,552.01)	44,013.59 (34,238.69)
Segment results	6,583.80 (8,130.39)	838.83 (1,797.48)	7,422.63 (9,927.87)
Segment assets	64,103.20 (58,889.02)	25,156.46 (13,261.17)	89,259.66 (72,150.19)
Segment liabilities	14,073.31 (7,283.98)	3,240.45 (1,862.17)	17,313.76 (9,146.15)

Reconciliation of reportable segments with financial statements

(figures in brackets represent previous year numbers)

Particulars	Total of Reportable Segments	Unallocated/ Others	As per Financial Statements
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Revenues	44,013.59 (34,238.69)	- (50.00)	44,013.59 (34,288.69)
Results	7,422.63 (9,927.87)	- 2,566.68 (-1,987.18)	4,855.95 (7,940.69)
Assets	89,259.66 (72,150.19)	52,981.91 (50,387.87)	142,241.57 (1,22,538.06)
Liabilities	17,313.76 (9,146.15)	4,622.97 (8,689.85)	21,936.73 (17,836.00)

Dishman Pharmaceuticals and Chemicals Limited

Particulars	Domestic (Rs. in lacs)	Export (Rs. in lacs)	Total (Rs. in lacs)
Revenue	13,983.67 (2,428.14)	30,029.92 (31,810.55)	44,013.59 (34,238.69)
Total Assets	1,42,241.57 (1,22,538.06)	- (-)	1,42,241.57 (1,22,538.06)

21. Financial and derivative instruments

Derivative contracts entered into by the Company and outstanding as at March 31, 2011.

(a) For hedging currency and interest related risks

Particulars	As at March 31, 2011 (Rs. In lacs)	As at March 31, 2010 (Rs. In lacs)
Interest Swap	4,125.50	4,490.00
Forward Contracts	1,673.21	-
Total	5,798.71	4,490.00

(b) All derivative and financial instruments acquired by the Company are for hedging purposes only.

(c) The year end foreign currency exposures that have not been hedged by any derivative instrument or otherwise are as under

Particulars	Foreign Currency (in Millions)	Indian Currency (Equivalent Rs. in Lacs)
Amounts receivable in foreign currency	CHF 0.17	7,923.61
	EUR 0.45	
	GBP 0.0025	
	USD 16.24	
	AUD 0.68	
Amounts payable in foreign currency	EUR 3.20	22,511.04
	GBP 0.03	
	CHF 6.97	
	USD 38.30	
	JPY 0.49	

22. The Ministry of Corporate Affairs, Government of India, vide its order No.47/42/2011-CL-III dated 21st January, 2011 issued under section 212(8) of the companies Act, 1956 has exempted the company from attaching the Balance Sheet and Profit and Loss Accounts of the subsidiaries under section 212(1) of the companies Act, 1956. As per the order, key details of the subsidiaries are attached along with the consolidated financial statement.

23. Donation includes of Rs NIL Lacs given to Political Party (Previous Year Rs. 200 Lacs) .

24. Previous year figures have been regrouped / rearranged wherever necessary.

Dishman Pharmaceuticals and Chemicals Limited

C. Additional information pursuant to the provisions of Clause 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

The Ministry of Corporate Affairs, Government of India, vide its Order No.46/47/2011-CL- III dated 17th January, 2011 issued under Section 211(4) of the Companies Act, 1956 has exempted the Company from disclosures of quantitative details in the Profit and Loss Account under paras 3(i)(a), 3(ii)(a)(1) & (2) of Part II, Schedule VI to the Companies Act, 1956.

(a) Particulars in respect of goods manufactured, licensed and installed capacities

Capacity	Unit	2010-11	2009-10
Licensed Capacity	MT	NIL	NIL
Installed Capacity	MT	NIL	NIL
Manufactured**	MT	3,185.18	2,566.23

** Manufactured quantity, as mentioned above does not include recovered solvent.

(b) Stock of finished goods and sales

Particulars	2010-11		2009-10	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Opening stock	187.01	2,215.58	263.86	3,044.93
Sales	3,208.32	32,207.96	2,643.30	31,461.58
Closing stock	164.02	3,360.00	187.01	2,215.58

(c) Trading Purchase and Sales

Particulars	2010-11		2009-10	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Opening stock	NIL	NIL	NIL	NIL
Purchases	2,12,620.00	6,583.63	38,580.00	246.97
Sales	2,12,620.00	7,946.03	38,580.00	310.25
Closing stock	NIL	NIL	NIL	NIL

(d) Consumption Raw Materials, Stores and Spares

Particulars	2010-11		2009-10	
	Rs. in lacs	%	Rs. in lacs	%
Raw Materials including packing material				
Imported	3,513.85	22.27	7,093.39	56.53
Indigenous	12,266.48	77.33	5,455.68	43.47
Total	15,780.33	100.00	12,549.07	100.00
Stores and Spares				
Imported	-	-	-	-
Indigenous	26.58	100.00	82.17	100.00
Total	26.58	100.00	82.17	100.00

Dishman Pharmaceuticals and Chemicals Limited

(e) CIF Value of Import

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Raw Materials	11,626.85	5,178.59
Capital Goods And services	1,291.31	5,040.54
Total	12,918.16	10,219.13

(f) Earnings in foreign currency

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Export of Goods on FOB	27,722.68	29,551.63
Contract Research Service	1803.29	1,431.24
Total	29,525.97	30,982.87

(g) Expenditure in foreign currency

Particulars	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Subscription Membership Fees	30.36	61.97
Sales Commission	12.34	15.64
Foreign Traveling	19.58	6.27
Bank interest & Charges	48.90	40.88
Consulting & Professional Charges	-	5.67
Interest on Foreign Currency Loans	842.65	827.15
Insurances & Legal Expenses	17.63	21.92
Other Expenses	7.36	9.56
Total	978.82	989.06

Signatures to Schedules A to O

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

For and on behalf of the Board

J R Vyas Chairman & Managing Director
D J Vyas Wholetime Director
D S Pandya V.P. (Legal) & Company Secretary

Ahmedabad
Date: 26th May 2011

Dishman Pharmaceuticals and Chemicals Limited

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**1 Registration Details**

Registration No.	L24230GJ1983PLC006329
State code No.	04
Balance Sheet Date	31-Mar-11

2 Capital raised during the year (Rs. In '000)

Public issue	NIL
Right issue	NIL
Bonus issue	NIL
Conversion from FCCB	NIL
Private issue	NIL

3 Position of Mobilisation and Deployment of Fund (Rs.in '000)

Total Liabilities	12,328,151
Total Assets	12,328,151

Sources of Funds:

Paid up Capital	1,61,394
Reserves and Surplus	6,252,400
Secured Loans	4,677,984
Unsecured Loans	938,707

Application of Fund:

Net Fixed assets	7,903,862
Investments	1,871,404
Foreign Currency Monetary Item Translation Difference Account	-
Net current assets	2,552,886

4 Performance of Company (Rs.in' 000)

Turnover/Other Income	4,401,359
Total Expenditure	3,915,764
Profit/(loss) Before other Adjustment & Tax	485,595
Profit/(loss) After Tax	401,249
Earnings per share (Rs.)	4.97
Dividend Rate	60%

5 Generic Name of Three Principal Products/Services of the Company

Product Description	Item Code No. (ITC Code)
Bulk Drugs	292390.00
Phase Transfer Catalysts	294200.29
Fine Chemicals	292390.00

For and on Behalf of the Board

J R Vyas	Chairman & Managing Director
D J Vyas	Wholetime Director
D S Pandya	V.P. (Legal) & Company Secretary

PLACE : Ahmedabad
DATE : 26th May, 2011

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF Dishman Pharmaceuticals and Chemicals Limited

1. We have audited the attached Consolidated Balance Sheet of **Dishman Pharmaceuticals and Chemicals Limited** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a) We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs.95,977.39 lacs, as at March 31, 2011, total revenues of Rs. 60,929.33 lacs and net cash outflows amounting to Rs. 292.36 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.
 - b) We have relied upon the unaudited financial statements of a subsidiary company, whose financial statements reflect total assets of Rs.153.01 lacs, as at March 31, 2011, total revenues of Rs. 30.10 lacs and net cash outflows amounting to Rs. 5.41 lacs for the year ended on that date as considered in Consolidated Financial Statements. This unaudited financial statements have been furnished to us and our report in so far as it relates to the amounts included in respect of the subsidiary is solely based on these financial statements certified by the management.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Attention is invited to Note no. 4 of Schedule "O" regarding accounting policy followed by the Group for accounting of foreign currency exchange differences on settlement or restatement of foreign currency long term monetary liabilities as per the option granted by the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, Government of India. Had the effect been given to only the company which is registered under the Companies Act, 1956 as required by the aforesaid notification, the balance of general reserve would have been higher by Rs. 4,373.24 lacs, accumulated balance of profit and loss account would have been lower by Rs. 4,309.27 lacs and the consolidated profit for the year would have been lower by Rs. 1,392.48 lacs.
6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, the aforesaid subsidiaries, joint ventures and associates, and based on the other financial information of the Components and accounts furnished by the management as explained in Para 3 (b) above and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Gaurav J. Shah
Partner
(Membership No.35701)

Ahmedabad, 26th May, 2011

Dishman Pharmaceuticals and Chemicals Limited

Consolidated Balance Sheet as at March 31, 2011

	Schedule	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	1,613.94	1,613.94
Share Application Money		155.20	755.96
Reserves and Surplus	B	86,146.53	76,056.21
		87,915.67	78,426.11
Loan Funds			
Secured Loans	C	77,451.25	71,687.25
Unsecured Loans	D	9,436.95	5,707.00
		86,888.20	77,394.25
Deferred Tax Liability			
Foreign Currency Monetary Item Translation Difference Account (See Note B 4 of Schedule O)		3,511.27	3,416.31
		-	1,264.44
TOTAL		178,315.14	160,501.11
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	133,222.94	108,336.59
Less: Depreciation and Amortization		32,785.04	24,809.27
Net Block		100,437.90	83,527.32
Capital Work-in-progress		41,160.26	35,743.19
		141,598.16	119,270.51
Investments	F	141.23	142.11
Goodwill on Consolidation		765.86	766.82
Deferred Tax Assets		284.83	252.53
Current Assets, Loans and Advances			
Inventories	G	27,021.76	24,234.54
Sundry Debtors		17,368.19	11,312.09
Loans and Advances		16,797.94	18,708.89
Cash and Bank Balances		4,250.56	4,545.18
Total Current Assets		65,438.45	58,800.70
Less: Current Liabilities and Provisions			
Current Liabilities	H	27,028.06	16,173.04
Provisions		2,885.33	2,558.52
Total Current Liabilities and Provisions		29,913.39	18,731.56
Net Current Assets		35,525.06	40,069.14
TOTAL		178,315.14	160,501.11
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas Chairman & Managing Director
D J Vyas Wholetime Director
D S Pandya V.P. (Legal) & Company Secretary

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

Ahmedabad
Date: 26th May 2011

Consolidated Profit and Loss Account for the year ended on March 31, 2011

	Schedule	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
INCOME			
Sales and Services		99,943.19	92,050.78
Less: Excise Duty & Sales Tax		858.79	515.04
Net Sales		99,084.40	91,535.74
Other Income	I	4,019.71	2,778.51
Increase/(Decrease) in Stock	J	2,903.74	(700.99)
		106,007.85	93,613.26
EXPENDITURE			
Materials and Manufacturing Expenses	K	47,852.04	35,035.44
Employee Emoluments	L	28,037.34	25,405.80
Administrative, Selling & Other Expenses	M	9,874.19	10,100.81
Interest and Finance Charges	N	4,157.35	3,876.73
Depreciation and Amortisation		6,898.18	6,035.38
Less : Transferred From Revaluation Reserve		(21.87)	(93.78)
		96,797.22	80,360.38
Profit Before Tax		9,210.63	13,252.88
Provisions			
For Current tax		1,507.67	1,500.40
MAT Credit Entitlement		(408.55)	(1,154.60)
For Deferred Tax		(22.92)	1,149.45
Profit After Tax for the Year		8,134.43	11,757.63
Prior Period Adjustments (Net)		(137.35)	171.68
Short provision of Income Tax in earlier years		-	(196.72)
Share of Income in Associate		4.13	4.91
Net Profit		8,001.21	11,737.50
Balance Brought Forward		24,924.45	22,442.81
Amount Available for Appropriations		32,925.66	34,180.31
Appropriations			
Transfer to General Reserve		5,003.70	7,501.66
Transfer to Debenture Redemption Reserve		1,250.00	625.00
Proposed Dividend		968.37	968.37
Tax on Proposed Dividend		157.09	160.83
Balance Carried to Balance Sheet		25,546.50	24,924.45
Earnings Per Share of the face value of Rs 2 each			
Basic (Rs.)		9.92	14.55
Diluted (Rs.)		9.92	14.44
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas Chairman & Managing Director
D J Vyas Wholetime Director
D S Pandya V.P. (Legal) & Company Secretary

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

Ahmedabad
Date: 26th May 2011

Dishman Pharmaceuticals and Chemicals Limited

Consolidated Cash Flow Statement for the year ended on March 31, 2011

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Profit and Loss Account	9,210.63	13,252.88
Adjustments for :		
Depreciation and Amortisation	6,876.31	5,941.60
Loss / (Gain) on foreign exchange fluctuations	(3,477.32)	4,327.27
Interest Expense	5,513.66	4,802.63
Interest Income	(1,356.31)	(925.90)
Dividend Income	(28.31)	(0.11)
Sundry Balance Written Off (Net)	(122.06)	(2.62)
Loss/ (Gain) on sale of Investments	-	(10.00)
Loss on sale of Fixed Assets (Net)	25.63	82.43
Provision for doubtful debts and advances	-	1.67
	7,431.60	14,216.98
Operating profit before working capital changes	16,642.23	27,469.85
Adjustments for :		
Trade Receivables	(6,056.10)	3,626.10
Inventories	(2,787.22)	6,161.86
Loans and Advances	2,790.67	(4,500.59)
Trade Payables and Provisions	11,180.32	(626.15)
	5,127.67	4,661.22
Cash Generated From Operations	21,769.90	32,131.07
Taxes paid	(1,358.90)	(1,740.98)
Prior Period Adjustments (Net)	137.35	(171.68)
Net Cash From Operating Activities	20,548.35	30,218.41
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(24,331.96)	(30,583.59)
Sale of Fixed Assets	33.11	165.20
Share of Income from Associates	4.13	4.59
Share Application Money Pending Allotment	(478.28)	(3.65)
Dividend Received	28.31	0.11
Interest Received	1,356.31	925.90
	(23,388.38)	(29,491.45)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money	-	580.72
Premium paid on redemption of FCCB	(345.04)	-
Proceeds from Long Term Loans	6,303.41	4,541.79
Inter-Corporate Deposits Repaid	(18.12)	(161.55)
Proceeds from Short Term Loans (Net)	3,208.66	646.55
Interest Paid	(5,474.30)	(5,172.11)
Dividend Paid	(968.37)	(968.37)
Dividend Tax Paid	(160.83)	(164.57)
	2,545.41	(697.54)
Net Cash Generated from Financing Activities	2,545.41	(697.54)
Net changes in Cash & Cash Equivalents (A+B+C)	(294.62)	29.43
Cash and Cash Equivalents at the beginning of the year	4,545.18	4,515.75
Cash and Cash Equivalents at the end of the year	4,250.56	4,545.18

- Notes:-**
- The Company had undrawn borrowing facilities of Rs. 3,021.89 lacs (Previous Year Rs. 3,764.52 lacs) at the end of the year.
 - Cash and Cash Equivalents include deposits with banks of Rs. 327.71 lacs (Previous Year Rs. 243.26 lacs) of margin money, which amount is not available for immediate use.
 - Interest paid is inclusive of, and purchase of fixed assets is exclusive of interest capitalised Rs. 559.91 lacs (Previous Year Rs. 372.10 lacs).

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas
D J Vyas
D S Pandya

Chairman & Managing Director
Wholetime Director
V.P. (Legal) & Company Secretary

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

Ahmedabad
Date: 26th May 2011

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Schedule A : Share Capital		
Authorised:		
10,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 2 each	2,000.00	2,000.00
Issued, Subscribed and Paid-up:		
80,697,136 (P.Y. 80,697,136) Equity Shares of Rs.2 each fully paid up	1,613.94	1,613.94
Of the above, 1,01,00,000 equity shares of Rs. 10 each have been issued as bonus shares by way of capitalisation of reserves in earlier years.		
	1,613.94	1,613.94
Schedule B : Reserves and Surplus		
Revaluation Reserve		
As per last balance sheet	576.16	669.94
Less : Written off Against Depreciation (Refer Note 3 in Schedule-E)	21.87	93.78
	554.29	576.16
Debenture Redemption Reserve		
As per Last Balance Sheet	625.00	-
Add:- Transferred from Profit & Loss account	1,250.00	625.00
	1,875.00	625.00
Currency Fluctuation Reserve		
As per Last Balance Sheet	1,359.92	4,426.01
Add:- Addition During the Year	3,279.67	(3,066.09)
	4,639.59	1,359.92
Securities Premium		
As per last balance sheet	24,798.43	24,840.61
Less: Premium on redemption of FCCBs	43.23	42.18
	24,755.20	24,798.43
General Reserve		
As per last balance sheet	23,772.25	16,270.59
Add : Transferred from Profit & Loss Account	5,003.70	7,501.66
	28,775.95	23,772.25
Profit and Loss Account		
Balance as per Profit and Loss Account	25,546.50	24,924.45
	86,146.53	76,056.21
Schedule C : Secured Loans		
Non Convertible Debentures		
	15,000.00	7,500.00
Term Loans		
Foreign Currency Loans	33,082.47	44,947.49
Rupee Loans	7,966.03	8,848.50
Working Capital Loans		
Foreign Currency Loans	18,119.35	9,134.49
Rupee Loans	3,090.67	1,164.52
Hire Purchase Loans		
From Banks	140.84	73.64
From Financial Institution	12.53	18.61
Interest Accrued and Due	39.36	-
[Of the above term loans Rs. 19,587.19 Lacs (Previous Year Rs.16,793.62 lacs) are repayable within a period of twelve months]		
	77,451.25	71,687.25

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Schedule D : Unsecured Loans		
Long Term Loans		
From Banks	1,661.90	-
From Financial Institution	545.47	545.47
Short Term Loans		
From Bank	7,179.42	3,970.76
From Directors	0.28	9.90
From Others	49.87	58.37
Foreign Currency Convertible Bonds (FCCBs)		
Of the above long term loans Rs 1,471.43 Lacs (Previous Year Rs. Nil lacs) are repayable within a period of twelve months	-	1,122.50
	9,436.95	5,707.00

Schedule E : Fixed Assets (At Cost)

	GROSS BLOCK						DEPRECIATION						NET BLOCK		
	As at 1st April '10	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '11	Foreign Exchange Translation	As at 31st March '11	As at 1st April '10	Additions during the year during the year	Deletions/ Adjustments	As at 31st March '11	Foreign Exchange Translation	As at 31st March '11	As at 31st March '11	As at 31st March '10	
Land	2,779.45	10,471.65	-	13,251.09	17.80	13,268.90	-	-	-	-	-	-	13,268.90	2,779.45	
Buildings	16,850.25	1,219.68	-	18,069.93	1,131.93	19,201.87	2,283.04	938.67	-	3,221.71	151.01	3,372.72	15,829.14	14,567.21	
Plant & Machinery	54,674.53	4,129.35	12.57	58,791.31	1,768.14	60,559.46	14,167.43	4,084.47	12.32	18,239.58	868.29	19,107.87	41,451.59	40,507.10	
Laboratory Equipments	5,181.80	1,375.37	2.15	6,555.03	281.82	6,836.85	2,751.41	391.43	2.15	3,140.69	259.42	3,400.12	3,436.73	2,430.39	
Electrical Installations	3,975.28	431.74	-	4,407.02	(41.96)	4,365.07	592.13	189.36	-	781.49	-	781.49	3,583.58	3,383.15	
Furniture & Fixtures	1,147.73	21.56	1.00	1,168.29	58.20	1,226.49	429.14	83.71	0.98	511.86	35.78	547.64	678.85	718.59	
Office Equipments & Computers	2,495.81	78.64	59.47	2,514.99	(2.51)	2,512.48	1,451.61	308.32	59.30	1,700.63	151.69	1,852.32	660.16	1,044.20	
Vehicles	975.82	167.17	108.37	1,034.61	7.31	1,041.92	285.82	103.75	50.06	339.51	3.25	342.75	699.17	690.00	
Goodwill	15,134.43	-	-	15,134.43	2,008.48	17,142.91	222.53	-	-	222.53	9.59	232.12	16,910.78	14,911.90	
Intangible Assets	5,121.49	1,722.21	-	6,843.70	223.30	7,066.99	2,626.16	798.47	-	3,424.63	(276.63)	3,148.00	3,918.99	2,495.33	
Total	108,336.59	19,617.38	183.55	127,770.41	5,452.52	133,222.94	24,809.27	6,898.18	124.81	31,582.63	1,202.40	32,785.04	100,437.90	83,527.32	
Capital Work In Progress	35,743.19	8,735.48	3,595.48	40,883.19	277.06	41,160.26	-	-	-	-	-	-	41,160.26	35,743.19	
Total Fixed Assets	144,079.78	28,352.86	3,779.03	168,653.61	5,729.59	174,383.19	24,809.27	6,898.18	124.81	31,582.63	1,202.40	32,785.04	141,598.16	119,270.51	
Previous Year	118,782.07	37,339.75	8,337.64	147,784.18	(3,704.40)	144,079.78	19,527.33	6,035.38	163.85	25,398.86	(589.59)	24,809.27	119,270.51		

Notes:

- (1) Additions to fixed assets includes:
 - (a) Rs. Nil lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 1.29 lacs)
 - (b) Loss of Rs. 62.06 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year gain Rs. 398.79 lacs)
- (2) Capital Work in Progress includes:
 - (a) Rs. 559.91 lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 370.81 lacs)
 - (b) Loss of Rs. 363.36 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year gain Rs. 438.93 lacs)
 - (c) Rs. 10,465.71 lacs on account of advance against capital expenditure (Previous year Rs. 10,035.70 lacs)
- (3) The gross block of fixed assets includes Rs 841.66 lacs (Previous year Rs 841.66 lacs) on account of revaluation of certain fixed assets viz Land, Buildings and Plant & Machinery as on 31st March 1995 and on 9th May 2006, on the basis of their replacement value as of that date determined by approved valuers. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 21.87 lacs (Previous year Rs. 93.78 Lacs) and equivalent amount, has been withdrawn from revaluation reserve and credited to the profit and loss account.
- (4) Foreign Exchange Translation represents foreign exchange difference arising due to translation of certain foreign subsidiaries's fixed assets at closing rate.
- (5) Additions to fixed assets include upfront development charges / lease premium of Rs. 10,470.29 lacs paid to Dishman Infrastructure Limited for lease hold land to the Company for 99 years in Dishman Pharma & Fine Chemicals SEZ near Bavla in the state of Gujarat. The lease of land is subject to the Company's getting letter of approval from the Development Commissioner of SEZ. The Company has applied for the same and the same is awaited.

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Schedule F : Investments (At Cost)		
A. Long Term		
Quoted		
2100 Equity Shares of Bank Of India Rs. 10 each fully paid up	0.95	0.95
Unquoted		
Others		
Investment in Bhadr-Raj Holdings Private Limited	134.10	129.97
50,000 Equity Shares of Dishman Infrastructure Limited of Rs. 10 each	4.56	4.56
6244 Equity Shares of Nutan Nagarik Sahakari Bank Ltd. of Rs. 25 each fully paid up	1.56	1.56
30 Shares of Stuti(Ambawadi) Association of Rs. 100 each fully paid up	0.03	0.03
50 shares of The Sangeeta Plaza iftex office Premises Co-op Society Limited of Rs. 50 each fully paid up	0.03	0.03
130 Equity Shares of B.R.Laboratories Pvt. Ltd. Rs. 10 each fully paid up	0.01	0.01
50,000 Equity Shares of Dishman Care Limited of Rs.10 each fully paid up	-	5.00
	141.23	142.11
Aggregate value of Quoted Investments	0.95	0.95
Unquoted Investments	140.28	141.16
Notes:		
Market Value of quoted investments is Rs. 9.98 Lacs (Previous Year Rs.7.16 lacs).		
Schedule G		
Current Assets, Loans and Advances		
Inventories		
Finished Goods	8,800.91	7,000.13
Work in Process	6,329.10	5,226.14
Raw Materials and Goods in Transit	11,467.77	11,700.56
Packing Materials	39.99	32.30
Stores, Spares & Consumables	383.99	275.41
	27,021.76	24,234.54

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '11 (Rs. in lacs)	As at 31st March '10 (Rs. in lacs)
Sundry Debtors		
(Unsecured and considered good, except stated otherwise)		
Considered good	17,368.19	11,312.09
Considered doubtful	318.13	474.42
Provision for Doubtful Debts	(318.13)	(474.42)
	17,368.19	11,312.09
Cash And Bank Balances		
Cash on hand	38.83	7.77
Bank Balances		
In Current Accounts	3,648.22	3,198.35
In Margin Money Accounts	327.71	243.26
In Fixed Deposit Accounts	235.80	1,095.80
	4,250.56	4,545.18
Loans and Advances		
(Unsecured and considered good, except stated otherwise)		
Advances recoverable in cash or kind or for value to be received		
Considered Good	12,140.98	14,392.05
Considered Doubtful	184.00	184.00
Provisions for Doubtful Advances	(184.00)	(184.00)
Share Application Money Pending Allotment	774.08	295.80
Balance with Central Excise Authorities	754.48	802.70
Advance Tax & Tax deducted at Source	385.55	876.94
MAT Credit Entitlement	2,742.85	2,341.40
	16,797.94	18,708.89
Schedule H : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors	17,398.25	7,958.77
Advances from Customers	2,118.52	2,242.01
Other Liabilities	7,511.29	5,972.26
	27,028.06	16,173.04
Provisions		
Provision for Leave Enchashment	1,164.13	1,027.44
Provision for Gratuity	595.74	401.88
Proposed Dividend	968.37	968.37
Tax on Proposed Dividend	157.09	160.83
	2,885.33	2,558.52
	29,913.39	18,731.56

Schedules forming part of the Consolidated Profit & Loss Account

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Schedule I : Other Income		
Dividend Income from long term investments	0.15	0.11
Dividend Income from current investments	28.16	-
Foreign Exchange Rate Fluctuation Gain	3,627.99	2,560.12
Miscellaneous Income	241.35	155.66
Profit on sale of long term investments	-	10.00
Sundry Balances Written Off (Net)	122.06	2.62
Profit on sale of rights in immovable properties	-	50.00
	4,019.71	2,778.51
Schedule J : Increase /(Decrease) In Stock		
Closing Stock		
Finished Goods	8,800.91	7,000.13
Work In Process	6,329.10	5,226.14
	15,130.01	12,226.27
Less : Opening Stock		
Finished Goods	7,000.13	6,704.47
Work In Process	5,226.14	6,222.79
	12,226.27	12,927.26
	2,903.74	(700.99)
Schedule K : Materials and Manufacturing Expenses		
Cost of goods traded in	9,012.05	3,796.36
Raw Materials Consumed	29,348.81	23,177.78
Stores, Spares & Consumables	57.96	121.74
Packing Materials Consumed	364.74	275.74
Material Processing Charges	450.21	391.70
Power, Fuel & Electricity	3,475.13	2,966.46
Repairs and Maintenance		
Plant & Machinery	3,015.54	2,767.90
Building	89.38	89.70
Others	118.87	242.24
Laboratory, Reaserch & Development Expenses	320.97	364.19
Factory Expenses	198.83	178.79
Other Manufacturing Expenses	1,399.53	662.84
	47,852.04	35,035.44
Schedule L : Employees Emoluments		
Salaries and Wages	23,663.72	21,230.07
Contributions to Provident and other funds	3,259.72	3,088.75
Welfare Expenses	784.40	624.53
Managerial Remuneration	329.50	462.45
	28,037.34	25,405.80

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Profit & Loss Account

	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Schedule M : Administrative, Selling and Other Expenses		
Rent, Rates & Taxes	2,873.74	3,080.93
Legal and Professional Charges	1,427.15	1,264.79
Conveyance and Travelling	967.93	1,111.34
Communication Expenses	331.88	361.15
Stationary and Printing	174.82	159.78
Subscriptions and Memberships	138.22	151.53
Insurance Premium	746.51	854.97
ECGC Premium	13.77	29.79
Provision for Doubtful Debts & Advances	-	1.67
Advance Licence Fees	161.35	154.85
Office Electricity Expenses	21.24	42.25
Recruitment Expenses	218.07	63.42
Auditors Remuneration	150.50	181.96
Loss on Sale of Fixed Asset (Net)	25.63	82.43
Miscellaneous Expenses	512.92	553.06
Clearing & Forwarding	1,085.71	805.80
Sales Commission	622.20	514.11
Advertisement and Business Promotion	396.96	425.39
Donation	5.60	261.59
	9,874.19	10,100.81
Schedule N : Interest and Finance Charges		
On Debentures	1,184.36	106.34
On Fixed Loans	2,931.82	3,138.24
Others	1,397.47	1,558.05
	5,513.66	4,802.63
Less : Interest Income (Gross of Tax Deducted at Source Rs. 104.26 lacs [Previous Year Rs.74.30 lacs])	1,356.31	925.90
	4,157.35	3,876.73

Dishman Pharmaceuticals and Chemicals Limited**Schedule O****Significant Accounting Policies and Notes to Consolidated Financial Statements****A. Significant Accounting Policies****1. Principles of Consolidation**

The Consolidated Financials Statements relate to Dishman Pharmaceutical and Chemicals Limited (“the Company”) and its various subsidiary companies, an associate and joint ventures as stated in B(1) below. The consolidated financial statements have been prepared on the following basis:

- a) In respect of the subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra- group balances and unrealized profit/losses on intra-group transactions as per Accounting Standard- AS 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- b) Investments in associates have been accounted under equity method as per Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- c) Investments in joint ventures have been accounted under proportionate consolidation method as per Accounting Standard 27 – Financial reporting of Interests in Joint ventures issued by the Institute of Chartered Accountants of India.
- d) The difference between the costs of investment in the subsidiary companies, over the net assets at the time of acquisition of shares in the subsidiary companies is recognized in the financial statements as goodwill or capital reserve as the case may be.
- e) The Company classifies its foreign operations considering the way in which they are financed and operate in relation to the Company. Consequently, translation of the financial statements of such non integral foreign operations is effected as under:-
 - a) Income and expenses are translated at the average exchange rates prevailing during the year.
 - b) All assets and liabilities, both monetary and non-monetary, are translated at the exchange rate prevalent at the date of the balance sheet.
 - c) The resulting net exchange differences are recognized as foreign currency translation reserve as part of Reserves and Surplus.

In case of other subsidiaries, which are integral in nature to the company’s operations, the translation of financial statements is effected as under:

- a) Income and expenses are translated at the average exchange rates prevailing during the year.
- b) Monetary items at the year end are restated at the year end rates. Non-monetary foreign currency items are carried at cost.
- c) The resulting net exchange differences are recognized in the profit and loss account.
- f) 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.
- g) The financial statements of the subsidiary companies, associates and joint ventures used in consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2011, except for certain subsidiaries and a joint venture company (as indicated by # in Note 1 and Note 3 of Part B below) for which financial statements as on reporting date are not available. These have been consolidated based on the last available financial statements, which are till December 31, 2010.

2. Other Significant Accounting Policies

These are set out under “Significant Accounting Policies” as given in the unconsolidated financial statements of the Company.

Dishman Pharmaceuticals and Chemicals Limited

B. Notes to Consolidated Financial Statements

1. The subsidiaries considered in the consolidated financial statement as at 31st March 2011 are:

Name of the Subsidiary Company	Country of Incorporation	%of holding either directly or through subsidiaries
Dishman Europe Limited	UK	100%
Dishman USA. Inc.	USA	100%
Dishman FZE	UAE	100%
Dishman International Trading (Shanghai) Co. Limited #	China	100%
Dishman Pharma Solutia AG	Switzerland	100%
Dishman Pharmaceuticals and Chemicals (Shanghai) Company Limited #	China	100%
Dishman Switzerland Limited	Switzerland	100%
Dishman Netherlands B.V ###	Holland	100 %
Carbogen Amcis Limited *	UK	100%
Carbogen Amcis AG ^	Switzerland	100%
Cohecie Fine Chemicals BV. (Formerly known as Dishman Holland BV) @	Holland	100%
Dishman Australasia Pty Limited	Australia	100%
Dishman UK LLP!	UK	100%
Innovative Ozone Services Inc **	Switzerland	100%
Carbogen Amcis (India) Limited	India	100%
Dishman Care Limited	India	100%
* Through Dishman Europe Limited ! Though Dishman FZE and Dishman Pharma Solutia AG ^ Through Dishman Pharma Solutia AG @ Through Dishman Netherlands B.V ** Through Dishman Europe Limited and Dishman Switzerland Limited ### Through Dishman FZE		

2. The associate company considered in the consolidated financial statements is:

Name of the Associate	Country of incorporation	% of holding
Bhadr-Raj Holdings Pvt. Limited	India	40%

3. The joint venture companies considered in the consolidated financial statements are:

Name of the Joint Venture Companies	Country of incorporation	% of holding
Schutz Dishman Biotech Limited	India	22.33%
Dishman Arabia Limited#	Saudi Arabia	50%
CAD Middle East Pharmaceuticals Industries LLC#	Saudi Arabia	30%
Dishman Japan Limited	Japan	85%

Dishman Pharmaceuticals and Chemicals Limited

4. From the financial year 2008-09, the company changed its accounting policy pertaining to recognition of exchange rate differences on settlement or restatement of foreign currency monetary assets and liabilities by exercising the option as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. As a result:
- The exchange differences arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset.
 - In other cases, they have been accumulated in 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/ liability but not beyond March 31, 2011 by recognition as an income and expenses in each of such periods.

Accordingly, Rs. 20.38 lac has been added to (Previous year Rs. 837.72 lacs being reduced to) cost of fixed assets, Rs. 1,547.04 lacs has been added to (Previous year Rs. 1,606.15 lacs being accumulated in) 'Foreign Currency Monetary Items Translation Difference Account', and Rs. 2,811.96 lacs has been amortized and credited (Previous year Rs. 1,297.59 lacs being credited) to the profit and loss account during the year.

Had the effect been given to only the Company which is registered under the Companies Act, 1956 as required by the aforesaid notification, the balance of general reserve would have been higher by Rs. 4,373.24 lacs, accumulated balance of profit and loss account would have been lower by Rs. 4,309.27 lacs and the consolidated profit for the year would have been lower by Rs. 1,392.48 lacs.

5. Contingent Liabilities

- Guarantees given by Bank on behalf of Company Rs 10,364.70 Lacs (Previous Year Rs. 787.97 Lacs)
 - Letter of Credit in favor of suppliers Rs 2,362.91 Lacs (Previous Year Rs 908.87 Lacs)
 - Outstanding guarantee furnished to the bank in respect of Joint Venture Company Rs. Nil Lacs (Previous Year Rs. 380.21 Lacs)
 - Claims against the Company not acknowledged Rs. 3.12 Lacs (Previous Year Rs. 4.56 Lacs)
 - Disputed central excise duty (including service tax) liability is Rs. 435.03 Lacs (Previous Year Rs. 329.27 Lacs)
 - Disputed income tax liability Rs. 4,007.05 Lacs (Previous Year Rs. 2,292.52 Lacs) for various assessment years for which appeals are pending with Appellate authorities, out of the said amount company has paid Rs.672.26 Lacs (Previous Year Rs. 422.26 lacs) under protest.
 - Disputed sales tax and central sales tax liability Rs 447.41 Lacs (Previous Year Rs. 181.62 Lacs), out of the said amount company has paid Rs.24.93 Lacs under protest.
 - Bills discounted with banks Rs. 6,031.38 Lacs (Previous Year Rs. 6730.85 Lacs.)
6. Estimated amount of contracts remaining to be executed on Capital Accounts not provided for (Net of Advances) Rs. 2,428.55 Lacs (Previous Year Rs 4,838.47 Lacs).

7. Deferred Income Tax

Major components of deferred tax liability are as follows:

Particulars	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)
Deferred Tax Liability		
Provision for Stock	73.58	64.29
Provision for Work in Progress	608.81	596.10
Asset Retirement Obligations	363.58	288.36
Depreciation	4,606.40	4,351.62
Total Deferred Liability (A)	5,625.40	5,300.37
Deferred Tax Asset		
Disallowances under Tax Rules	1,343.36	1,332.75
On Employee Benefits Liability	461.94	290.71
Carry forward Losses	620.62	513.13
Total Deferred Tax Asset (B)	2,425.92	2,136.59
Net Deferred Tax (Liability)/ Asset (B-A)	(3,226.45)	(3,163.78)

The net deferred tax liability of Rs. 3,226.45 lacs (Previous year Rs. 3,163.78 lacs) has been presented in the balance sheet as follows:

Deferred tax assets	284.83	252.53
Deferred tax liabilities	(3,511.27)	(3,416.31)
Deferred tax liability (Net)	(3,226.45)	(3,163.78)

Dishman Pharmaceuticals and Chemicals Limited

8. Disclosure in respect of payments of lease rent for operating leases:

The total of minimum lease rentals payable at the Balance sheet date are as under

Particulars	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)
For a period not later than 1 year	2,668.21	2,430.46
For a period later than 1 year but not later than 5 years.	13,344.11	12,036.20
For a period later than 5 years	4,731.23	6,720.79

Lease rental charge recognized in the profit and loss account Rs. 2,459.27 Lacs (P.Y. Rs. 2,554.80 Lacs)

9. Disclosure in respect of Assets acquired under Hire Purchase Arrangement

The total of minimum Hire installments payable at the Balance sheet date are as under

	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)
For a period not later than 1 year	59.67	55.98
For a period later than 1 year but not later than 5 years.	79.75	36.27
For a period later than 5 years	-	-

Hire charges recognized in the profit and loss account Rs 8.13 Lacs (Previous Year 8.03 Lacs)

10. Balance of receivables, payables, and loans and advances parties are subject to confirmation. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.

11. Earnings Per Share (EPS)

Particulars		2010-11	2009-10
Basic EPS			
Profit attributable to equity shareholders	Rs in lacs	8,001.21	11,737.50
Nominal Value of equity share	Rs.	2	2
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,697,136
Basic EPS	Rs.	9.92	14.55
Diluted EPS			
Profit attributable to equity shareholders	Rs. in lacs	8,001.21	11,737.50
Add: Interest payable on outstanding Foreign Currency Convertible Bonds	Rs. in lacs	-	4.44
Profit after tax for Diluted EPS	Rs. in lacs	8,001.21	11,741.94
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,697,136
Add: Adjustment for option relating to Foreign Currency Convertible Bonds	Nos.	-	635,914
Weighed average number of ordinary equity shares for Diluted EPS	Nos.	80,697,136	8,13,33,050
Diluted EPS	Rs.	9.92	14.44

Dishman Pharmaceuticals and Chemicals Limited
12. Related Party Disclosure
a) Related parties and their relationship

Name of the related party	Relationship
Bhadra-Raj Holdings Pvt. Limited	Associate Concern
B.R. Laboratories Ltd	Entity Controlled By Key Management Personnel
Dishman Infrastructure Limited	Entity Controlled By Key Management Personnel
CAD Middle East Pharmaceutical Industries	Joint Venture Company
Schutz Dishman Bio-tech Ltd.	Joint Venture Company
Dishman Arabia Ltd.	Joint Venture Company
Dishman Care Limited	Wholly Owned Subsidiary (Controlled)
Dishman Japan Limited	Joint Venture Company
Mr. Janmejy R.Vyas	Key Management Personnel
Ms. Aditi J Vyas	Key Management Personnel
Mr. Arpit J Vyas	Relative of Key Management Personnel
Mrs. Deohooti J.Vyas	Relative of Key Management Personnel
Ms. Mansi J Vyas	Relative of Key Management Personnel
Mr. J.R.Vyas HUF	Key Management Personnel is Karta

b) Transactions with related parties

(figures in brackets represent previous year data)

Particulars	Subsidiaries (Rs. in lacs)	Associates/ Joint Ventures (Rs. in lacs)	Entity Controlled by Key Management Personnel (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Total (Rs. in lacs)
Purchase of goods	-	-	0.26	-	0.26
	(-)	(0.67)	(0.90)	(-)	(1.57)
Sale of goods/Services	-	-	1.53	-	1.53
	(-)	(457.27)	(0.13)	(-)	(457.40)
Contribution in common expenses received	-	-	-	-	-
	(50.20)	(-)	(-)	(-)	(50.20)
Purchase of Capital Assets	-	-	10,470.29	-	10,470.29
	(-)	(-)	(-)	(-)	(-)
Loans granted	-	-	-	-	-
	(-)	(-)	(7.00)	(-)	(7.00)
Capital Advances	-	-	3,247.67	-	3,247.67
	(-)	(-)	(2,390.45)	(-)	(2,390.45)
Loans taken	-	-	-	300.00	300.00
	(-)	(-)	(-)	(9.00)	(9.00)
Dividends paid	-	7.20	-	582.08	589.28
	(-)	(7.20)	(-)	(580.89)	(588.09)
Investment	-	-	-	-	-
	(5.00)	(606.72)	(-)	(-)	(611.72)
Advance against Sales	-	-	-	-	-
	(-)	(23.88)	(-)	(-)	(23.88)

Dishman Pharmaceuticals and Chemicals Limited

(figures in brackets represent previous year data)

Particulars	Subsidiaries (Rs. in lacs)	Associates/ Joint Ventures (Rs. in lacs)	Entity Controlled by Key Management Personnel (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Total (Rs. in lacs)
Remuneration	- (-)	- (-)	- (-)	409.00 (489.95)	409.00 (489.95)
Guarantees Given	- (-)	- (380.21)	- (-)	- (-)	- (380.21)
Rent Paid	- (-)	- (-)	- (-)	11.02 (9.07)	11.02 (9.07)
Interest Income	- (-)	- (-)	662.78 (449.10)	- (-)	662.78 (449.10)
Share Application Money	- -	- (22.90)	- -	- -	- (22.90)
Outstanding balance (Dr)	- (50.20)	- (244.35)	3,925.00 (8,649.40)	- (-)	3,925.00 (8,943.95)
Outstanding balance (Cr)	- (-)	- (-)	1,776.21 (-)	0.28 (9.89)	1,776.49 (9.89)

c) Disclosure in respect of material transactions with related parties

Particulars	Name of the related party	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Purchase of goods	B.R.laboratories Pvt Ltd	0.26	0.90
	Schutz Dishman Bio-tech Ltd.	-	0.19
Capital Purchase	Dishman Infrastructure Ltd.	10,470.29	-
Loans granted	B.R.laboratories Pvt Ltd	-	7.00
Loans taken	Mr. Janmejy R.Vyas	205.00	9.00
	Mr. Arpit Vyas	80.00	-
	Ms. DeoHooti J Vyas	15.00	-
Advance against sale of Goods	Dishman Japan Ltd.	-	23.88
Interest Income	Dishman Infrastructure Limited	662.78	449.10
Capital Advance	Dishman Infrastructure Limited	3,247.67	2,390.45
Dividends paid	Mr. Janmejy R.Vyas	300.51	300.51
	Mrs. Deohooti J.Vyas	131.57	131.57
	Mr. Arpit J Vyas	148.32	147.89

Dishman Pharmaceuticals and Chemicals Limited

Particulars	Name of the related party	2010-11 (Rs. in lacs)	2009-10 (Rs. in lacs)
Remuneration	Mr. Janmejy R.Vyas	243.00	396.27
	Mr. Rajnikant T.Vyas	-	3.68
	Mrs. Deohooti J.Vyas	60.00	60.00
	Mr Arpit J Vyas	106.00	30.00
Guarantees given	Schutz Dishman Bio-tech Ltd.	-	380.21

13. Segmental Reporting

1. The Company is in the business of manufacturing and marketing of
 - A. Contract Research & Contract Manufacturing (CRAMS).
 - B. Bulk Drugs, Intermediates, Quats, Specialty Chemicals & Traded Goods.
2. Segment revenue of the above business segment includes sales export incentive and income from Research and Development activity.
3. Segment revenue in geographical segment considered for disclosure is as follows:
 - a) Domestic Sales
 - b) Export Sales

The Segment revenue, results, assets, and liabilities include the respective amounts identifiable to each of the segment and amount allocated on a reasonable basis by management

(figures in brackets represent previous year numbers)

Particulars	CRAMS (Rs. in lacs)	Bulk Drugs, Quats, Speciality Chemicals & Traded Goods (Rs. in lacs)	Total of Reportable Segments (Rs. in lacs)
Sales	65,472.17 (66,293.81)	33,612.23 (25,241.93)	99,084.40 (91,535.74)
Other income	3,562.03 (1,974.31)	457.68 (669.15)	4,019.71 (2,643.46)
Segment revenue	65,184.68 (64,873.32)	37,919.42 (28,604.89)	1,03,104.11 (93,478.21)
Segment results	10,632.29 (13,443.99)	2,739.82 (3,635.74)	13,372.11 (17,079.73)
Segment assets	1,05,113.15 (96,562.51)	44,567.86 (27,601.03)	1,49,681.01 (1,24,163.54)
Segment liabilities	18,265.88 (9,865.52)	8,740.76 (2,632.70)	27,006.64 (12,498.21)

Dishman Pharmaceuticals and Chemicals Limited

Reconciliation of Reportable Segment with financial statements

Particulars	Total of Reportable Segments (Rs. in lacs)	Unallocated/ Others (Rs. in lacs)	As per Financial Statements (Rs. in lacs)
Revenues	1,03,104.11 (93,478.21)	- (50.00)	1,03,104.11 (93,528.21)
Results	13,372.11 (17,079.73)	-4,161.49 (-3,826.85)	9,210.63 (13,252.88)
Assets	1,49,681.01 (1,24,163.54)	58,547.52 (55,069.12)	2,08,228.53 (1,79,232.66)
Liabilities	27,006.64 (12,498.21)	6,418.02 (10,914.10)	33,424.66 (23,412.32)

Particulars	Domestic (Rs. in lacs)	Export (Rs. in lacs)	Total (Rs. in lacs)
Revenue	11,947.67 (2,268.65)	91,156.43 (91,259.57)	1,03,104.10 (93,528.21)
Total Assets	1,12,530.09 (1,22,520.36)	95,698.44 (56,712.30)	2,08,228.53 (1,79,232.66)

14. Previous year figures have been regrouped / rearranged wherever necessary.

Signatures to Schedule A to O

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date: 26th May 2011

For and on behalf of the Board

J R Vyas Chairman & Managing Director
D J Vyas Wholetime Director
D S Pandya V.P. (Legal) & Company Secretary

Ahmedabad
Date: 26th May 2011

Statement of Subsidiary Companies pursuant to approval under Section 212 (8) of the Companies Act, 1956 granted by Ministry of Corporate Affairs, New Delhi, as per their approval order No. 47/42/2011-CL-III dated 21st January 2011.

Sr. No.	Name of the Subsidiary	Dishman Europe Limited (DEL)	Dishman USA Inc. (DUS)	Dishman Pharma Solutions AG (DPSL)	Carbogen Amcis AG (CA AG)	Dishman Switzerland Ltd.	Dishman UK LLP	Dishman FZE	Dishman International Trading (Shanghai) Co. Ltd.	Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited	Carbogen Amcis Limited (UK)	Dishman Care Limited	Cohecie Fine Chemicals BV.	Dishman Netherlands B.V. (DNBV)	Innovative Ozone Services Inc. (IO3S)	Dishman Australasia (Pty) Limited	Dishman Japan Limited	Carbogen Amcis (India) Limited	
	Currency of presentation	British Pound	US Dollar	CHF	CHF	CHF	US Dollar	UAE Dirhams	CNY	CNY	British Pound	Rupees	Euro	Euro	CHF	AU \$	JPY	Rupees	
1	Share Capital																		
	In Foreign Currency	159,000	300,000	28,000,000	1,450,000	1,030,000	5,000	1,000,000	1,654,414	66,029,057	1	500,000	18,000	4,361,234	190,000	100,000	149,600,000	500,000	
	In Indian Rupees	11,365,320	13,380,000	1,358,840,000	70,368,500	49,985,900	223,000	12,210,000	11,332,739	452,299,040	71	500,000	1,136,520	275,368,315	9,220,700	4,607,000	80,784,000	500,000	
2	Reserve																		
	In Foreign Currency	2,230,595	689,100	33,333,119	51,813,771	619,923	(11,664)	20,917,904	2,885,509	-	197,351	(17,109)	1,590	2,883,434	(2,178,336)	(466,407)	(95,068,531)	(250,852)	
	In Indian Rupees	159,442,913	30,733,839	1,617,656,258	2,514,522,290	30,084,880	(520,209)	255,407,611	19,765,738	-	14,106,662	(17,109)	100,393	182,060,025	(105,714,666)	(21,487,370)	(51,337,007)	(250,852)	
3	Total Assets																		
	In Foreign Currency	10,052,886	2,292,286	91,566,058	92,441,565	1,468,714	1,328	15,565,412	6,716,388	165,554,339	3,685,203	5,508,226	19,590	20,937,999	408,764	332,742	133,659,128	254,663	
	In Indian Rupees	718,580,317	102,235,949	4,443,700,788	4,486,189,162	71,276,693	59,229	190,053,684	46,007,261	1,134,047,220	263,418,289	5,508,226	1,236,913	1,322,025,274	19,837,339	15,329,441	72,175,929	254,663	
4	Total Liabilities																		
	In Foreign Currency	7,663,292	1,303,186	30,232,939	39,177,795	(181,209)	7,992	(6,352,492)	2,176,465	99,525,282	3,487,851	5,025,335	-	13,693,331	2,397,101	699,149	79,127,659	5,515	
	In Indian Rupees	547,772,083	58,122,110	1,467,204,530	1,901,298,372	(8,794,087)	356,437	(77,563,927)	14,908,784	681,748,180	249,311,556	5,025,335	-	864,596,934	116,331,305	32,209,811	42,728,936	5,515	
5	Investments																		
	In Foreign Currency	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	In Indian Rupees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
6	Turnover																		
	In Foreign Currency	37,843,567	6,506,554	342,000	81,032,921	-	-	15,411,092	14,437,534	-	2,600,799	-	-	18,874,085	345,563	341,422	306,148,749	-	
	In Indian Rupees	2,705,058,169	290,192,308	16,597,260	3,932,527,648	-	-	188,169,436	98,897,111	-	185,905,142	-	-	1,191,709,738	16,770,169	15,729,312	165,320,324	-	
7	Profit Before Tax																		
	In Foreign Currency	1,363,968	217,694	11,756,056	(1,130,812)	10,433	(5,370)	6,582,744	820,977	-	(198,342)	(17,109)	-	323,702	328,790	18,333	(22,980,071)	(1,178)	
	In Indian Rupees	97,496,433	9,709,131	570,521,394	(54,878,288)	506,294	(239,502)	80,375,300	5,623,695	-	(14,177,490)	(17,109)	-	20,438,547	15,956,199	844,601	(12,409,238)	(1,178)	
8	Provision for Tax																		
	In Foreign Currency	379,435	80,104	48,561	123,839	1,126	-	-	149,697	-	(213,027)	-	-	66,379	137	-	(8,586,530)	-	
	In Indian Rupees	27,122,014	3,572,638	2,356,685	6,009,907	54,645	-	-	1,025,427	-	(15,227,170)	-	-	4,191,170	6,666	-	(4,636,726)	-	
9	Profit After Tax																		
	In Foreign Currency	984,533	137,590	11,707,495	(1,254,651)	9,307	(5,370)	6,582,744	671,280	-	14,685	(17,109)	-	257,323	328,653	18,333	(14,393,541)	(1,178)	
	In Indian Rupees	70,374,419	6,136,493	568,164,709	(60,888,195)	451,649	(239,502)	80,375,300	4,598,268	-	1,049,680	(17,109)	-	16,247,377	15,949,533	844,601	(7,772,512)	(1,178)	
10	Proposed Dividend																		
	In Foreign Currency	Nil	Nil	Nil	8,000,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	In Indian Rupees	Nil	Nil	Nil	388,240,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

Note:-

The Foreign Currency Figures (including Capital) have been converted into Indian Rupees using the exchange rates prevailing as on 31.03.2011.

Conversion Rate	British Pound	US Dollar	CHF	CHF	CHF	US Dollar	Dhiram	CNY	CNY	British Pound	Rupees	Euro	Euro	CHF	AUS \$	Japanese Yen	Rupees
Foreign Currency into INR as on 31.03.2011	71.48	44.60	48.53	48.53	48.53	44.60	12.21	6.85	6.85	71.48	1.00	63.14	63.14	48.53	46.07	0.54	1.00

Place : Ahmedabad
Date : 26th May 2011

J. R. Vyas
Chairman & Managing Director

D. J. Vyas
Whole-Time Director

D. S. Pandya
V.P. (Legal) & Company Secretary

Dishman Pharmaceuticals and Chemicals Limited

DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

Registered Office: Bhadr-Raj Chambers, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009.

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional Slip on request.

* Client ID No. _____ * DP ID No. _____ Ledger Folio No. _____

NAME AND ADDRESS OF THE SHAREHOLDER: _____

No. of Share(s) held: _____

I hereby record my presence at the 28th ANNUAL GENERAL MEETING of the company held on Friday, the 29th day of July, 2011 at 9.30 a.m. at Hall No. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

Registered Office: Bhadr-Raj Chambers, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009.

FORM OF PROXY

I/We _____ of _____ in the District of _____ being a member/members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Twenty-Eighth Annual General Meeting of the Members of the Company to be held on Friday, the 29th day of July, 2011 at 9.30 a.m. at Hall No. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 and at any adjournment thereof.

Signed this _____ day of _____, 2011

*Client ID No. _____ *DP ID No. _____

Ledger Folio No. _____ No. of share(s) held _____

Signature _____

1 Rupee Revenue Stamp

* Applicable for investors holding shares in electronic form.

Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A proxy need not be a member of the Company.
3. The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.



Vitamin D3 Unit at Bavla



Dishman Pharmaceuticals and Chemicals Limited

Bhadr-Raj Chambers, Swastik Cross Road

Navrangpura, Ahmedabad - 380 009

Gujarat, INDIA

Tel: 91(79) 26443053

Fax: 91(79)26420198

www.dishmangroup.com