

Dishman Pharmaceuticals and Chemicals Limited

30TH
ANNUAL REPORT
2012 - 2013

 **dishman**
GLOBAL PARTNERSHIP SOLUTIONS



COMPANY INFORMATION

BOARD OF DIRECTORS:

Shri Janmejy R. Vyas (Chairman & Managing Director)
 Mrs. Deohooti J. Vyas (Whole time Director)
 Shri Arpit J. Vyas (Managing 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" 3rd 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 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,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 Middle East (FZE)

JOINT VENTURE COMPANIES:

Schutz Dishman Biotech Ltd.
 Dishman Arabia Ltd.

CONTENTS

| CONTENT | Page No. |
|---|----------|
| Notice of Annual General Meeting | 1 |
| Directors' Report | 5 |
| Management Discussion and Analysis Report | 13 |
| Corporate Governance Report | 18 |
| Auditors' Report | 31 |
| Annexure to the Auditors' Report | 32 |
| Balance Sheet | 34 |
| Statement of Profit and Loss | 35 |
| Cash Flow Statement | 36 |
| Notes forming part of the Financial Statements | 37 |
| Significant Accounting Policies | 51 |
| Additional Information to the Financial Statements | 53 |
| Auditors' Report on Consolidated Financial Statements | 64 |
| Consolidated Balance Sheet | 65 |
| Consolidated Statement of Profit and Loss | 66 |
| Consolidated Cash Flow Statement | 67 |
| Notes forming part of the Consolidated Financial Statements | 68 |
| Additional Information to the Consolidated Financial Statements | 81 |
| Other Significant Accounting Policies | 82 |
| Statement relating to Subsidiary Companies | 88 |
| Important Communication to Shareholders | 89 |
| Attendance Slip and Proxy Form | 91 |

NOTICE

NOTICE is hereby given that the **Thirtieth Annual General Meeting** of the Members of DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED will be held on Tuesday, the 30th July, 2013 at 9.30 a.m. at Hall No. S 3-5, Ground 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 2013, the Statement of Profit & Loss 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. Yagneshkumar B. Desai, 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 the consent of the Company be and is hereby accorded to the appointment of Whole-time Director Mr. Arpit J. Vyas as the Managing Director of the Company with effect from 28th May, 2013 on the existing terms and conditions as approved by the members at their Annual General Meeting held on 31st July, 2009.

“RESOLVED FURTHER 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, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Arpit J. Vyas (Mr. A. J. Vyas) as a Managing Director of the Company for a further period of 5 (five) years with effect from 1st June, 2014 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 1st June, 2014.

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

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 ₹10.00 lacs (Rupees Ten Lacs) per month 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.

FURTHER RESOLVED THAT wherein any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate the remuneration payable to him 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 him as minimum remuneration for that year.

SITTING FEES: Mr. A. J. Vyas shall not be entitled to any sitting fees.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby also authorised to increase or revise the remuneration of Mr. A. J. Vyas subject to maximum remuneration of ₹15.00 lacs (Rupees Fifteen Lacs only) per month, from time to time during the tenure of the 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 in conformity with the provisions of Article No.138 of the Articles of Association of the Company and pursuant to the provisions of Section 309 (4) of the Companies Act, 1956, the authority be and is hereby accorded for the payment of commission to such Non-Executive Director(s) of the Company (Other than the Chairman & Managing Director, Managing Director and/or Whole Time Director) as may be determined by the Board of Directors for each Non-Executive Director, for a further period of five years for each financial year ending on 31st March, 2014 up to and including financial year of the Company ending on 31st March, 2018 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 one per cent of net profits of the Company, subject to maximum of ₹18.00 lacs (Rupees Eighteen Lacs only) in aggregate, 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.”

Regd. Office : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date : 28th May, 2013

By Order of the Board of Directors

(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 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 right spirit, members who holds shares in electronic mode and who have not registered their e_mail 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 prescribe form (refer page No. 89 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. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend upto the (for the financial year) 2004-2005, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

As per the notification issued by Ministry of Corporate Affairs (MCA), details of unclaimed dividend amounts as referred to Sub Section (2) of Section 205 C of the Companies Act, 1956, is available on the Company's website: www.dishmangroup.com.

5. 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.

6. 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.

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 & 6 above, are also annexed hereto. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item Nos. 6 and 7 to be transacted at the meeting is 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 20th day of July, 2013 to Tuesday, the 30th day of July, 2013 (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 3rd August, 2013, to those members whose names appear on the Company's Register of Members on the close of business hours on 19th July, 2013. 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 19th July, 2013.

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.

ANNEXURE TO THE NOTICE

NOTES ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 30TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF LISTING AGGEMENT ENTERED INTO WITH STOCK EXCHANGES.

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

| Name of the Director | Mr. YAGNESHKUMAR B. DESAI | Mr. ASHOK C. GANDHI | Mr. ARPIT J. VYAS |
|---|---|---|---|
| Age | 72 | 73 | 27 |
| Date of Appointment | 26/11/2003 | 30/07/2004 | 01/06/2009 |
| Qualification | <ul style="list-style-type: none"> ➤ Bachelor Degree in Economics ➤ Fellow of the Indian Institute of Bankers | <ul style="list-style-type: none"> ➤ Bachelor Degree in Commerce ➤ Bachelor Degree in Law ➤ He is advocate by Profession | <ul style="list-style-type: none"> ➤ Holds a Degree in Chemical Engineering |
| Experience | <p>Has Banking Experience over 38 years.</p> <p>In 1962, he joined State Bank of India [SBI] as a probationary Officer. In his 19 years association with SBI he has served in various capacities like Branch Manager, Superintendent, Foreign Exchange & Manager (International Division).</p> <p>In 1982, he joined Export Import Bank of India (EXIM) as a Deputy General Manager. In his association of 19 years with EXIM, he has served at various positions like General Manager, Executive Director and Managing Director.</p> | <p>Has a very wide and rich experience as a senior Advocate. He is a partner of M/s. C. C. Gandhi & Co., Advocates, one of the eminent and reputed firm in Ahmedabad. His expertise is in the area of Corporate Laws.</p> <p>He is holding the position of trustee in various trusts having benevolent object. He is also a Member and President of various Societies / Committees.</p> | <p>He has completed his Chemical Engineering from University of Aston, Birmingham.</p> <p>He has very good experience in the field of Marketing. He is appointed as an Additional Director and thereafter appointed as Whole-time Director of the Company w.e.f. 1st June, 2009. He is instrumental in the strategic decision making in Marketing Policies and overall operation of Company's Plants. He is in-charge of Disinfectant division and Naroda Plant and also looking after day-to day affairs of the Bavla Plant of the Company.</p> |
| Directorship Held in other Companies | <ul style="list-style-type: none"> ➤ Deutsche Trustee Services (India) Pvt. Ltd. ➤ Kabra Extrusionstechnik Limited | <ul style="list-style-type: none"> ➤ Amol Dicalite Limited ➤ Aarvee Denim and Exports Limited ➤ Ahmedabad Steel Crafts Limited ➤ Gujarat Ambuja Exports Limited ➤ Bloom Dekor Limited ➤ Confederation of Indian Clubs | <ul style="list-style-type: none"> ➤ Schutz Dishman Biotech Limited ➤ Azafran Innovacion Limited ➤ Dishman Care Limited ➤ Leon Hospitality Private Limited ➤ Carbogen Amcis (India) Limited |
| Chairman/Member of the Committees of the Board of the other Companies on which he is a Director | <p>Audit Committee (Member)</p> <ul style="list-style-type: none"> ➤ Deutsche Trustee Services (India) Pvt. Ltd. ➤ Kabra Extrusionstechnik Limited | <p>Audit Committee (Member)</p> <ul style="list-style-type: none"> ➤ Aarvee Denim and Exports Limited ➤ Gujarat Ambuja Exports Limited ➤ Bloom Dekor Limited ➤ Ahmedabad Steel Crafts Limited <p>Shareholders' and Investors' Grievance Committee (Member)</p> <ul style="list-style-type: none"> ➤ Gujarat Ambuja Exports Limited | NIL |
| Disclosure of Relationship | He is not, in any way, concerned / interested /related with any of the other Directors of the Company. | He is not, in any way, concerned/ interested/related with any of the other Directors of the Company. | Mr. Arpit J. Vyas is son of Mr. Janmejay R. Vyas, Chairman and Managing Director and of Mrs. Deohooti J. Vyas, Whole-time Director of the Company. |
| No. of Shares held in the Company | NIL | 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 28th May, 2013.

Item No. 6

Mr. Arpit J. Vyas (Mr. A. J. Vyas) was appointed as a Whole-time Director of the Company by the Board of Directors at its meeting held on 1st June, 2009, on the recommendation of the Remuneration Committee held on the same day, for a period of five years w.e.f. 1st June, 2009 with a remuneration of ₹36.00 lacs (Rupees Thirty Six Lacs only) per annum with a power to the Board to increase or revise the remuneration subject to maximum of ₹10.00 lacs per month during the tenure of said five years. His appointment as such and the remuneration payable to him were approved by the members by passing a special resolution at their Annual General Meeting held on 31st July, 2009. Further, the Board of Directors of the Company at its meeting held on 29th May, 2010, increased the remuneration payable to him to ₹10.00 lacs per month upon recommendation of the Remuneration Committee with effect from 1st June, 2010. The appointment of Mr. A. J. Vyas was made for a period of five years, which expires on 31st May, 2014.

Mr. A. J. Vyas is a Chemical Engineer. He has completed his Chemical Engineering from University of Aston, Birmingham. He has very good experience in the field of Marketing. He is appointed as an Additional Director and thereafter appointed as Whole-time Director of the Company w.e.f. 1st June, 2009 by the members of the Company at its meeting held on 31st July, 2009. He is instrumental in the strategic decision making in Marketing Policies and overall operation of Company's Plants. He is in-charge of Disinfectant division and Naroda Plant and also looking after day-to day affairs of the Bavla Plant of the Company. Company's marketing division has been strengthened further after appointing him as a Whole-time Director of the Company. Marketing is otherwise his core area and he is capable to perform very well and it would be an added advantage that his academic qualification is also in the area of Chemical Engineering.

Mr. A. J. Vyas, Whole-time Director of the Company, has been appointed as Managing Director of the Company with effect from 28th May, 2013 by the Board of Directors of the Company at its meeting held on 28th May, 2013, on the recommendation of the Remuneration Committee held on the same day and also approved the re-appointment of him as a Managing Director of the Company for a further period of five years w.e.f. 1st June, 2014 as well as for the payment of remuneration to him as stated in the resolution proposed herein, subject to approval of the Members in general meeting.

It is in the interest of the Company to appoint young and dynamic person like Mr. A. J. Vyas as a Managing Director of the Company w.e.f. 28th May, 2013 and since his present term of appointment expires on 31st May, 2014, re-appoint him as a Managing Director of the Company for a further period of five years w.e.f. 1st June, 2014.

Appointment of Mr. A. J. Vyas as Managing Director and payment of remuneration to him as such is permissible in accordance with the provisions of Schedule XIII to the Companies Act, 1956 without the approval of Central Government, if his appointment is approved by the Members in General Meeting.

This may be treated as an abstract of the terms of the draft resolution for the appointment of Mr. A. J. Vyas as Managing Director of the Company, pursuant to Section 302 of the Companies Act, 1956.

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

Item No. 7

Sub-Section (4) of Section 309 of the Companies Act, 1956 provides for payment of remuneration by way of commission to a Director who is neither in whole time employment nor a Managing Director, up to a limit of one per cent of the net profits, if the Company has a Managing or Whole-time Director OR three per cent in case the Company is managed by the Board of Directors having no Whole Time or Managing Director without the approval of the Central Government, if the Company by special resolution authorizes such payment.

As the members are aware that, on 31st July, 2008 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 within a maximum limit of one per cent of the net profits of the Company, subject to maximum of ₹15.00 lacs in aggregate. The said term of five years expired on the completion of financial year 2012-13.

Considering the growth of the Company, Board of Directors of the Company at its meeting held on 28th May, 2013 has approved the payment of remuneration, subject to approval of the Members in general meeting, for a further period of five years, by way of commission to such Non-Executive Director(s) of the Company (Other than the Chairman & Managing Director, Managing Director and Whole Time Director) as the Board may determine keeping in view and after considering the contribution of and valuable services rendered by such Non-Executive Director(s). The total amount of such commission shall be within the maximum limit of one per cent of the net profits of the Company, subject to maximum of ₹18.00 lacs in aggregate to be determined by the Board of Directors of the Company for each Non-Executive Director of the Company for each financial year over a period of five years from the financial year ending on 31st March, 2014 up to and including financial year of the Company ending as on 31st March, 2018. Apart from the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is presently entitled to sitting fees of ₹20,000/- per meeting of the Board/ Committee of the Board attended by them.

The resolution at item No. 7 of the Notice seeks the approval of the members by way of a Special Resolution.

The Board of Directors recommends the resolution at item No.7 of the Notice for approval by the Members.

All the Directors of the Company, save and except Mr. Janmejy R. Vyas, Chairman & Managing Director, Mrs. Deohooti J. Vyas, Whole-time Director and Mr. Arpit J. Vyas, Whole-time Director of the Company, are concerned or interested in this resolution.

Regd. Office : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date : 28th May, 2013

By Order of the Board of Directors

(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, 2013.

FINANCIAL RESULTS:

(₹ in Lacs)

| Particulars | 2012-2013 | 2011-2012 |
|--|-----------------|-----------------|
| Net Sales | 48463.61 | 46340.06 |
| <i>Profit before Tax & other Adjustments</i> | 9470.00 | 6751.86 |
| Less : Current tax | 2100.75 | 2096.89 |
| Add : MAT Credit Entitlement | 181.70 | — |
| Less : Deferred Tax Liability | 1233.44 | 171.40 |
| Profit After Tax | 6317.51 | 4483.57 |
| Balance of profit brought forward | 2040.53 | 2432.45 |
| Amount available for Appropriation | 8358.04 | 6916.02 |
| Appropriations: | | |
| Transfer to Debenture Redemption Reserve | 625.00 | 1250.00 |
| Transfer to General Reserve | 800.00 | 2500.00 |
| Proposed Dividend | 968.37 | 968.37 |
| Tax on Proposed Dividend | 157.09 | 157.09 |
| Balance Carried to Balance Sheet | 5807.58 | 2040.56 |

DIVIDEND:

Your Company follows a dividend policy by harmonizing the needs of the Company as well as the shareholders to have return on investment. For the financial year 2012-2013, your Directors are pleased to recommend a final dividend of 60% on the paid-up equity share capital of ₹1613.94 lacs (₹1.20/- per equity share of ₹2/- each) (previous year 60% on the paid-up equity share capital of ₹1613.94 lacs, i.e. ₹1.20/- per equity share of ₹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 19th July, 2013.

PERFORMANCE AND OPERATION REVIEW:

During the year, your Company achieved a turnover of ₹ 48463.61 lacs as against ₹ 46340.06 lacs during the previous year reflecting a growth of 4.58%. Exports constitute ₹43326.17 lacs or 89.40% of sales for 2012-2013. Profit before tax improved by about 40.26% (₹9470.00 lacs during the year as against ₹6751.86 lacs in the previous year). Profit after tax for the year was ₹ 6317.51 lacs as against ₹4483.57 Lacs during previous year.

Earning per share for the year works out to ₹7.83 per share (previous year ₹5.56).

The consolidated turnover, which includes results of all its wholly owned subsidiaries, proportionate share in the joint ventures (Schutz Dishman Biotech Ltd., Dishman Arabia Ltd., and Dishman Japan Ltd.) and associate (Bhadra- Raj Holdings Pvt. Ltd.) reported 13.18% growth in sales to ₹ 127222.17 lacs for the financial year 2012-2013 compared to the previous year's sales of ₹112411.17 lacs.

Consolidated Profit before tax & other adjustment of the Company for the financial year 2012-2013 stood at Rs 14528.42 lacs (previous year ₹8791.19 lacs), increased by 65.26% on account of improved performance of subsidiary companies. Consolidated Profit after tax for the financial year 2012-2013 was ₹ 10029.39 lacs (Previous year ₹5675.85 lacs), an increase of 76.70%.

The consolidated Earning per share for the year work out to ₹12.43 per share (previous year ₹7.03 per share).

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.

OPERATIONS:

During the year under review, most of the key business verticals of the Company and also almost all major subsidiaries of the Company have performed reasonably well.

In respect of "CRAMS" segment of Dishman India, as you are aware, since last two years your Company has modified its focus and is now concentrating on a larger number of midsize contracts rather than concentrating only on a few large MNCs. The idea is to de-risk the business model to the maximum extent and also fill up the available plant capacities so as to effectively improve the capacity utilization of the plants, which will result into an increase in the "Return on Capital Employed". We are happy to inform you that your Company has successfully started getting many new orders in this particular segment and the performance is improving. No doubt the business with the major pharma MNCs continues but as you are all aware this is a fairly long gestation business and in most of the cases the timelines are not under our control. Under this strategy your Company is confident of achieving a steady and sustainable growth in this segment in the coming years.

The state of the art Hi-Potency (Hi-Po unit) – Unit 9 at Bavla has come in operation during the year under review. As you are aware, this is perhaps the only one of its kind facility not only in India but in the entire Asian sub-continent and is capable of handling extremely high potency molecules with a specific focus on the therapeutic segments of oncology, steroids, etc. three or four major Global Pharma majors have already completed safety studies, and regular business has started, with this unit contributing a turnover of around US \$ 4 million during the year under review. For the current year, your Company has already an order book/visibility of around US \$ 10 million for this unit and at its optimum capacity the target is to achieve a top line of around US \$ 25 – 30 million over next 2 to 3 years for which a good visibility exists. Again this is a high margin segment which will also help in improving the bottom line of your Company.

Similarly, during the year under review, the Vitamin D3 unit has also commenced operations. As you may be aware, this is a forward integration facility and adds value to the Vitamin D3 business that was acquired by your Company from erstwhile Solvay a few years ago, in the name of its subsidiary company Dishman Netherland Limited which is having its plant in Netherlands producing cholesterol, the key raw material for Vitamin D3. A part of the cholesterol is now being converted into Vitamin D3 resin in the Bavla, India facility of the Company and the said resin is sent back to the Netherlands for its formulation into various end use like value added cattle feed, cosmetics etc. Currently this plant is operating at around 50% capacity utilization and the target is to ramp up its capacity utilization in next couple of years so as to reach the optimum capacity.

As you may be aware, your Company has activated a new vertical viz. Generic API during the year under review. The idea is to take the advantage of several products already developed by the Company in the form of around 25 to 30 potential good generic APIs for which the Company has enough data available to immediately file the DMFs in the regulated market. The focus will be only on the regulated markets where the Company would be in a position to get a better value addition and comfortable profit margin. The fundamental logic is to ensure that the Company effectively increases its capacity utilization of the existing facilities already created and also capitalizes on product portfolio readily available with the Company to take the opportunity available in the generic space in the developed/regulated markets. Your Company has already appointed a separate marketing team for this purpose and has also filed about 5 DMFs in the regulated markets against specific firm orders/arrangement entered into with the pharma companies. Going forward this vertical has the potential of generating an annual turnover of Rs.250 crores over next 3 to 4 years.

As the members may be aware the non-integral subsidiary Company Carbogen Amcis Switzerland has started performing quite satisfactorily during the year under review, thanks to a major business restructuring exercise successfully completed by your Company. This subsidiary has reported a healthy revenue of around Rs.508 crores and EBIDTA in the region of 16% and going forward it is confident of continuing a steady growth in the top line as well as in the margins.

The other marketing subsidiaries viz. Dishman Europe, Dishman USA as well as Dishman Japan have operated quite satisfactorily during the year under review.

In as much as Dishman China is concerned your Company is operating on two parallel strategies. Thus, on one hand a concrete and effective business plan has already been chalked out to ensure that the available capacity is filled up at least to a level where the operations reach a cash break-even position. Simultaneously your Company is also looking for a strategic sell out of the said facility to a global interested party who could either constitute a joint venture for the said subsidiary or who could effectively takeover the said subsidiary, if we are offered a reasonable price.

In as much as the land allotted to your Company in the Pharma and Finechemicals SEZ situated at village Gangad and Kalyangadh, which is approx. 15 kms. distant from Company's Bavla Plant developed by the group company Dishman Infrastructure Limited (DIL) is concerned, your Company has no plans for any Capex at that location in foreseeable future. As the members may be aware, the said group Company DIL is contemplating de-notification/sell out/exit from the SEZ in a viable manner and if that happens your Company will be cancelling the long term lease in respect of the leasehold land in the SEZ allotted to it and will get its amount duly refunded.

RESEARCH AND DEVELOPMENT:

Research is a critical thrust area for the Company because it 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. 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 information scientists. Many of the searches are now done online using latest databases to help our scientists in their research with up to date scientific information.

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 is truly scalable to commercialization through process research and development aimed at commercially viable optimized processes. Your Company's R & D process is supported by Analytical Services department which provide 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 R & D products as well as for method validations. We constantly upgrade the instruments as per the requirements of our customers/products. The QC supports the analytical requirements starting from initial raw material releases to release of Final product. 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.

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. Based on this we have successfully commercialized enzyme technology as well as irradiation technology.

During the year under review, we have seen healthy growth in CRAMS projects where we have successfully completed complex projects in time for customers. Some of these are being scaled up currently and some have been already commercialized. Many of our existing processes have been optimized and now perform better giving us the advantage of better returns.

We have observed that more and more customers now look at Dishman as their preferred partner for regulatory market meaning they now have confidence in Dishman capabilities.

On the generics, R & D has continued optimization of the processes developed in-house making them more efficient and thus profitable. We will continue development of new API processes for commercialization and emerge strongly as a leading generic player in addition to our already existing CRAMS strength.

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

Dishman is committed to ensuring that those working with the Company are safe at work, and that everyone takes responsibility for achieving this. We include Environment, Health and Safety (EHS) and climate change-related considerations in our business decisions and strive to minimize the environmental impact of our operations on the environment. Measuring, appraising and reporting on environmental, health and safety performance is an important part of continuous improvement in our EHS performance.

Dishman's EHS organization sets every year as part of strategic planning long term EHS goals, assess resources required to achieve specific goals, and ensure critical business alignment. Dishman considers feedback from internal and external stakeholders in proposing and establishing its long-term goals in manufacturing operations.

Dishman's products and processes are developed in accordance with strictly defined rules to ensure safety and Health of workers as well as the environment. This is achieved by conducting the Risk Assessment, Identification of significant environmental aspects, Safety Audits, customer audits, HAZOP study and Environment audits. All manufacturing plants follow Responsible Care and audited by Indian Chemical Council.

The Company's QHSE policy is being implemented, among others, through (i) Maintaining the "Zero Discharge" of waste water by series of treatment; (ii) Stripper system, Multiple effect evaporator and ATFD for concentrated effluent stream; (iii) Practicing On-site emergency plan by conducting mock-drills; (iv) Replacement of hazardous process / chemical to non-hazardous process for converting to low hazards; (v) Fire detection and protection system available at site; (vi) Conducting intensive QHSE training programs including contract employees; (vii) Participation of employees in Safety committee meetings at all levels and celebrating the National Safety Day, Fire Service Day, World Environment Day and World Earth Day; (viii) Independent safety and environment audits at regular intervals by third party and also in-house; (ix) In-house medical and health facility at site for pre-employment & periodical medical check-up of all employees including contract employees; (x) Blood Donation Camp at site for social cause; (xi) Participation and paper presentation on good practices adopted by Dishman on SHE management in National and International Conferences. (xii) International customers conduct in depth EHS audit and have rated our facility as low risk.

Dishman continues to pursue world class operational excellence on Process Safety Management (PSM). Dishman has established the capabilities within the Company and developed in-house expertise in various facets of PSM. Process Hazard Analysis (PHA) at various plants is being carried out to reduce process safety risks.

In its pursuit of excellence towards sustainable development. Dishman had integrated its ISO:14001 EMS, ISO:9001 QMS and ISO:18001 OSHA management systems. Your Company has also been certified for HACCP and FAMI-Qs for Vitamin D3 plant.

Your Company's efforts are recognized at State Level, National Level and International level. This year, Company has been awarded the prestigious award as under:

- 1) **"Shreshtha Suraksha Purashkar"** for Bavla site from National Safety Council of India, Mumbai in manufacturing Sector.
- 2) Winner of Indian Chemical Council's **ICC Award 2011** for **Excellence in management of Health, Safety & Environment**.
- 3) CPhI India Pharma Awards 2012 for Innovation in Health, Safety & Environment.
- 4) Winner Safety Award for Bavla plant and Runner up Award for Naroda plant from Gujarat Safety Council.

CORPORATE SOCIAL RESPONSIBILITY:

The Company aims to maintain good labour management relations through good labour practices. The Company's Values include selecting, training & developing labour to be creative and empower them to take decisions, so that they respond to all stakeholders with agility, confidence and teamwork.

The Company continued extending help towards social and economic development of the villages and the communities located close to its operations and also providing assistance to improve their quality of life. Company's intention is to ensure that we meet the development needs of the local community. Dishman has a long and strong tradition of supporting the larger communities that it connects with - education, health, drinking water. The Company has made investments towards implementation of various development activities in the areas near Company's Plants.

NON CONVERTIBLE DEBENTURE (NCD):

As you are aware, in February, 2010 your Company has issued Secured Redeemable Non Convertible Debentures of ₹75 crores in the form of Separately Transferable Redeemable Principle Parts ("STRPPs") of ₹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. These NCDs will be redeemed at par at the end of 4th, 5th, 6th & 7th year in ratio of 20:20:30:30, respectively.

In June, 2010, the Company has issued second trench of its Secured Redeemable Non-convertible Debentures (NCD) of ₹75 crores in the form of Separately Transferable Redeemable Principle Parts ("STRPPs") of ₹1 lac each fully paid-up on private placement basis and the said NCDs have been listed on the Bombay Stock Exchange Ltd. (BSE) in the list of securities of F Group – Debt Instruments w.e.f. 17th September, 2010. These NCDs will be redeemed at par at the end of 4th & 5th year in the ratio of 50: 50, respectively.

The Company is paying interest on the said NCDs regularly on the due dates. As per the Circular No.04/2013 dated 11th February, 2013 issued by Ministry of Corporate Affairs, Government of India, Company has created Debenture Redemption Reserve (DRR) for the year ended 31st March, 2013, in respect of NCD – First Trench issued by the Company in February, 2010 and deposited an amount of ₹2.25 crores, by way of Fixed Deposit with Corporation Bank, being 15% of the maturing amount of ₹15.00 crores, which is going to be matured during the Financial Year 2013-14.

LISTING ARRANGEMENT:

The equity shares of the Company are listed on the National Stock Exchange of India Ltd., Mumbai (NSE) and Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the year 2013-14, as applicable, have been paid before due date to the concerned Stock Exchanges.

The Secured Redeemable Non-Convertible Debentures (NCD) of ₹150 crores issued by the Company in two tranches are also listed at Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the year 2013-14, 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. Yagneshkumar B. Desai 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.

Mr. Arpit J. Vyas, Whole-time Director of the Company, has been appointed as Managing Director of the Company with effect from 28th May, 2013 by the Board of Directors of the Company at its meeting held on 28th May, 2013, on the recommendation of the Remuneration Committee held on the same day and also approved his re-appointment as a Managing Director of the Company for a further period of five years w.e.f. 1st June, 2014, subject to approval of the Members in general meeting.

Profiles of these Directors as required under clause 49 of the listing Agreement are given in the Annexure to the Notice dated 28th May, 2013.

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, 2013, 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, 2013 have been prepared on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company hold office until the conclusion of the Thirtieth 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 2013-14, at the ensuing Annual General Meeting.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

COST AUDIT:

M/s. Kiran J. Mehta & Co., Cost Accountants, having been appointed by the Central Government has conducted the audit of the cost accounts in respect of Bulk Drugs and Organic Chemicals products of the Company for the financial year 2011-12 and submitted their report to the Central Government on 27th December, 2012. For filing the Cost Audit Report in XBRL format for the financial year 2011-12, the Ministry of Corporate Affairs has extended the time limit for filing the same with Central Government, upto 28th February, 2013.

The Central Government has also approved the appointment of M/s. Kiran J. Mehta & Co., Practicing Cost Accountants, Ahmedabad as Cost Auditors for conducting cost audit of Bulk Drugs and Organic Chemicals products of the Company for the financial year 2012-13.

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 EMPLOYEES:

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:

In accordance with the General Circular No.2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Accounts and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is attached along with the consolidated financial statement in compliance with the said circular. The Company will provide the annual accounts of its subsidiary companies and the related detailed information on the specific request made by any Shareholders 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.

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 two Joint Venture companies namely Schutz Dishman Biotech Ltd.(22.33% 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.

As the members are aware, the Company has established a joint venture company namely Dishman Arabia Ltd. (50% holding by Company) in Saudi Arabia. Subsequently, due to non-availability of required infrastructure and other related issues, the JV could not take off and decided for voluntary liquidation of the said JV. A Liquidator was appointed to sell of the assets of the Company. The main assets of the Company consisted of the piece of land, which was acquired to establish the production facility. During the year, liquidator has sold JV's land and Company will be receiving ₹1.50 crores (approx.) towards sale proceeds.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS REPORT:

Your Company follows the principles of effective corporate governance and committed to maintain high standard of corporate governance by adhering to the corporate governance requirements set out by SEBI. The Company has complied with all the mandatory provisions of Corporate Governance as prescribed in the Clause 49 of the Listing Agreement with the Stock Exchanges.

As required by clause 49 of the Listing Agreement, a detailed 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.

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 co-operation received from the Indian and International Financial Institutions, Banks, Government Authorities, Shareholders and other stakeholders. 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 : 28th May, 2013

(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 & 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.

Your Company has become a trading and self clearing member of Power Exchange of India Limited (PXIL) from 2nd April, 2012 and appointed Gensol Consultant Pvt. Ltd. to do daily power trading bid on behalf of the Company. The Power Trading initiative taken by your Company helped in energy conservation and minimize the cost of production.

During the year, due to power trading initiative taken at Company's Bavla Plant, the Electricity cost has been reduced by around ₹ 3.00 crores without any further capital investment. However, due to increase in rate of CNG and other energy generation components, overall cost of energy consumption has been increased compared to the previous year.

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

| a) POWER AND FUEL CONSUMPTION | 2012-2013 | 2011-2012 |
|--|---|--------------|
| 1. ELECTRICITY | | |
| a. Purchased | | |
| Unit [KWH] | 30420522.00 | 26227140.00 |
| Total Amount [₹] | 183677468.00 | 172457607.00 |
| Rate/ Unit [₹] | 6.03 | 6.57 |
| b. Own Generation [through D.G. Unit] | | |
| Unit [KWH] | 147896.00 | 261856.00 |
| Unit Per ltr. of Diesel oil [KWH] | 2.88 | 2.98 |
| Cost/Unit [₹] | 18.23 | 14.55 |
| 2. DOC | | |
| Quantity [MT] | 14155.42 | 10355.63 |
| Total Amount [₹] | 83354349.57 | 54589723.97 |
| Average rate [₹/MT] | 5888.51 | 5271.50 |
| 3. FUEL [LDO+FO+HSD] | | |
| Quantity (Ltrs.) | 76000.00 | 807740.00 |
| Total amount (₹) | 3994200.00 | 29862564.79 |
| Average rate (₹/ Ltr.) | 52.55 | 36.97 |
| 4. CNG GAS | | |
| Quantity (Kg.) | 610930.00 | 568280.00 |
| Total cost (₹) | 27822205.00 | 20486816.00 |
| Rate/kg. | 45.54 | 36.05 |
| b) CONSUMPTION PER UNIT OF PRODUCTION | : Since the Company manufactures several bulk drugs, bulk drug intermediates and specialty chemicals, it is not practical to apportion consumption of utilities per unit of production. | |

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.

➤ 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 2.90% 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

(₹ in Lacs)

| | |
|---|----------------|
| Capital | 15.51 |
| Recurring | 1391.64 |
| Total | 1407.15 |
| Total R & D Expenditure as a percentage of Total Turnover | 2.90% |

➤ TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Exports of the Company have increased to ₹433.26 Crores during the year from ₹405.14 Crores during the previous year reflecting a growth of 7%, which constitute 90% of the total net sales of the Company during financial year 2012-13. The Company is exporting mainly to USA, UK, Germany, Netherland and Japan. Your Company is making sustained efforts to increase exports and develop new export markets.

➤ FOREIGN EXCHANGE EARNING AND OUTGO

The particulars have been given under Note nos. "26.09" and "26.07" of Notes Forming Part of the Financial Statements.

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 through out the year: | | | | | | | | |
| 1. | Mrs. Deohooti J. Vyas | 61 | Whole-time Director | B.Sc. (Chemistry) | 29 | 1,20,00,000 | 01/12/1997 | B. R. Laboratories, Proprietress |
| 2. | Mr. Janmejay R. Vyas | 62 | Chairman & Managing Director | B.Sc. (Chemistry) B.Sc. (Tech.) | 39 | 5,09,00,000 | 29/06/1983 | Consultant to various Pharmaceutical Co.'s during 1974 to 1983 |
| 3. | Mr. Arpit J. Vyas | 27 | Whole-time Director | Chemical Engineer from University of Aston | 6 | 1,20,00,000 | 01/06/2009 | Has been associated with Azafran Innovacion Ltd., in which he holds Directorship and handling Marketing division of the Company. |
| 4. | Mr. Rajiv A. Desai | 51 | President (Quality) | B.Sc., M.Sc. (Org. Chemistry) & Ph.D (Science- Chemistry) | 24 | 82,50,000 | 18/10/2010 | Matrix Laboratories Ltd., as Vice President (Corporate Quality Assurance). |
| 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 : | | | | | | | | |
| 5. | Mr. V.V.S. Murthy# | 57 | Chief Financial Officer | B.Com, A.C.A. | 32 | 1,39,482 | 01/03/2007 | Dr. Reddy's Lab Vice President (Finance) |

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. Nos. 4 & 5 do not have any share in the paid-up capital of the Company.
 - Mrs. D. J. Vyas, Mr. J. R. Vyas and Mr Arpit J. Vyas mentioned at Sr. No. 1, 2, and 3 holds 10964500 (13.59%), 25421750 (31.50%) and 12359600 (15.32%) equity shares of ₹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.
- # Mr. V. V. S. Murthy has resigned w.e.f. 7th April, 2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) INDUSTRY OVERVIEW :

In the view of IMS Health Report, Annual global spending on medicines will reach nearly \$1.2 trillion by 2016, as the pharmaemerging markets, biologics and generics contribute more to spending. The spending on medicines in the pharmaemerging markets will increase by \$150-165Bn, driven by rising incomes and macroeconomic expansion and increase access to medicines supported through a range of government policies and programs. Rising incomes, combined with continued low costs for medicines will drive significant increase in affordability of basic medicines. Government supported or funded programs will continue to increase access to medicines, limit patients' exposure to cost and encourage greater use of medicines.

According to IMS forecast report Annual global spending growth will increase from \$30Bn in 2012 to \$70Bn in 2016, driven by volume growth in pharmaemerging markets and higher spending by developed nations. The pharmaemerging countries will double their spending on pharmaceuticals over the next five years, as annual growth is forecast to increase from \$24Bn in 2012 to \$35-45Bn in 2016. The reason for growth in pharmaemerging market is primarily due to increased access to medicines as infrastructure and health system evolve. On the contrary, the developed markets are expected to grow slowly due to patent expiries and the sustained impact of the global economic crisis felt in this countries since 2008. Increased generic spending in developed markets in the next five years will be driven by generic competition due to patent expiries, with some additional increase due to expanded generic use for off patent molecules.

In this competitive scenario, Dishman has an advantage in CRAMS segment in India because of its non-conflicting business policies, technical capabilities and relationship built with various customers during the last 12 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.

(B) BUSINESS HIGHLIGHTS (Consolidated) :

| | 2012-2013 | 2011-2012 | Growth % |
|----------------------------------|---------------|---------------|----------|
| Net sales & Operating Income | 1272.22 | 1124.11 | 13.18% |
| Other income | 17.82 | 12.92 | 37.92% |
| Total income | 1290.04 | 1137.03 | 13.46% |
| EBITDA | 307.94 | 237.38 | 29.72% |
| Depreciation | 83.84 | 76.52 | 9.57% |
| PBIT | 224.11 | 160.86 | 39.32% |
| Interest & other Finance charges | 78.82 | 72.94 | 8.06% |
| Profit before tax | 145.29 | 87.91 | 65.27% |
| Tax expense | 44.99 | 31.15 | 44.43% |
| Profit after tax | 100.30 | 56.76 | 76.71% |

During the year the turnover has gone up to ₹1272.22 crores compared ₹1124.11 crores resulting a growth of 13.18%. CRAMS segment registered a turnover of ₹813.25 crores compared to ₹717.91 crores during the previous year. Others segment which includes bulk drugs, intermediates, Quats and speciality chemicals and outsourced/traded goods registered growth of 13.00% i.e. ₹458.96 crores during the year against ₹406.21 crores during the previous year.

CRAMS is our largest business segment which caters to the requirements of multi national pharmaceutical companies internationally. We develop intermediates/APIs based on our customer's request. 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 64% of our consolidated turnover is generated from CRAMS segment.

Others segment (which includes bulk drugs, intermediates, speciality chemicals and outsourced/trade goods) contributed around 36% of consolidated turnover in 2012-13.

Out of ₹1272.22 crores sales, Carbogen Amcis has accounted for sales of ₹507.94 crores (previous year ₹400.02 crores), Vitamin D and speciality chemicals business has accounted for sales of ₹211.00 crores (previous year ₹170.59 crores) and Carbogen UK Ltd

accounted for sales of ₹26.11 crores (previous year ₹31.32 crores). Remaining sales of ₹527.17 crores (previous year ₹522.18 crores) was accounted by DPCL and its trading subsidiaries.

Material costs:

Raw material consumption for the year was ₹409.20 crores as against ₹376.88 crores during the previous year. Inventory of raw materials increased by ₹4.94 crores during the year.

Work in process increased by ₹35.83 Crores and finished goods also increased by ₹14.39 crores respectively.

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

Manufacturing expenses:

Manufacturing expenses mainly comprises Power & Fuel ₹ 50.45 crores, repairs & maintenance ₹ 48.33 crores, as against ₹42.04 crores, ₹38.30 crores respectively, during the previous year. Manufacturing expenses account for 8.61% of sales during the year as against 8.64 % during the previous year.

Employee Emoluments:

Employee emoluments (other than managerial remuneration) have increased to ₹ 350.91 crores during the year as against ₹294.10 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 ₹116.39 crores as against ₹131.11 crores during the previous year. These expenses accounted for 9.15% sales during the year as against 11.66% 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 ₹78.82 crores as against ₹72.94 crores during the previous year.

Depreciation:

Depreciation charge for the current year came to ₹83.83 crores as against ₹76.52 crores during the previous year. Addition to fixed assets during the year was ₹70.15 crores as against ₹44.44 crores during the previous year.

Provision for Tax:

₹27.04 crores (net of MAT entitlement) was provided during the year towards current tax as against ₹26.26 crores during the previous year. The Company has also provided ₹ 17.95 crores towards deferred tax during the year as against ₹4.89 crores during the previous year.

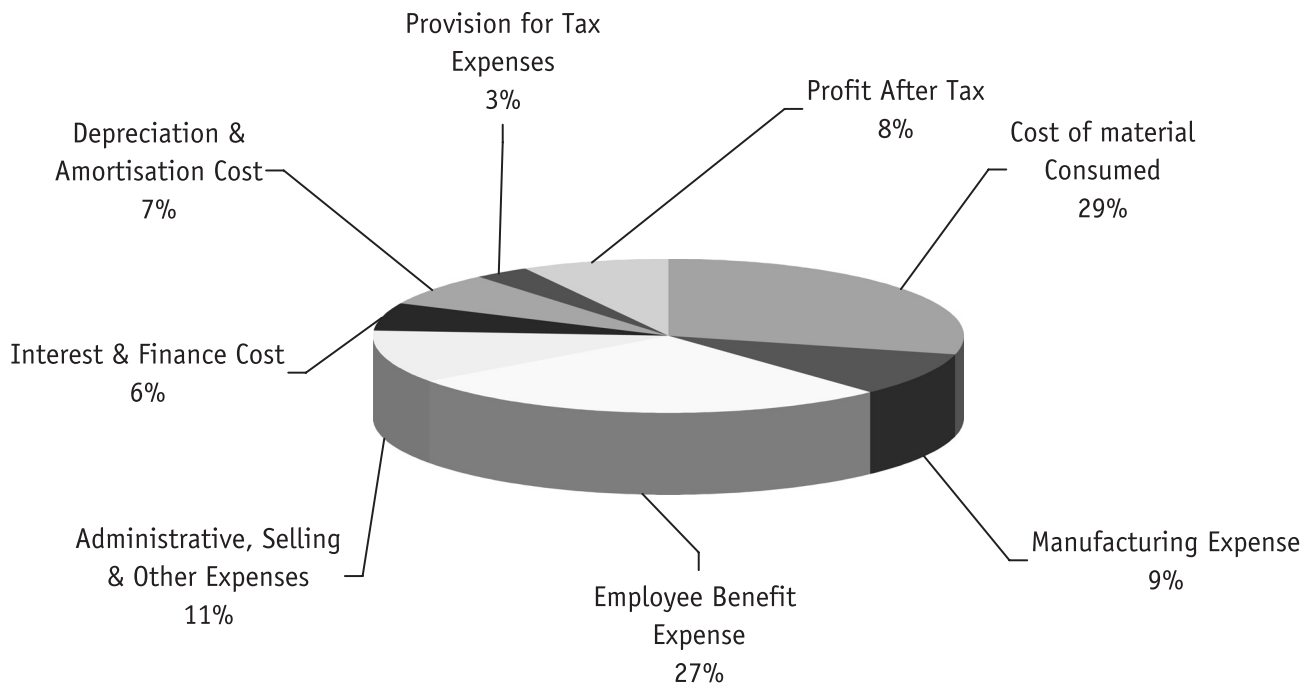
Profit after tax:

Net Profit after tax for the current year was ₹ 100.29 crores as against ₹56.76 crores during the previous year.

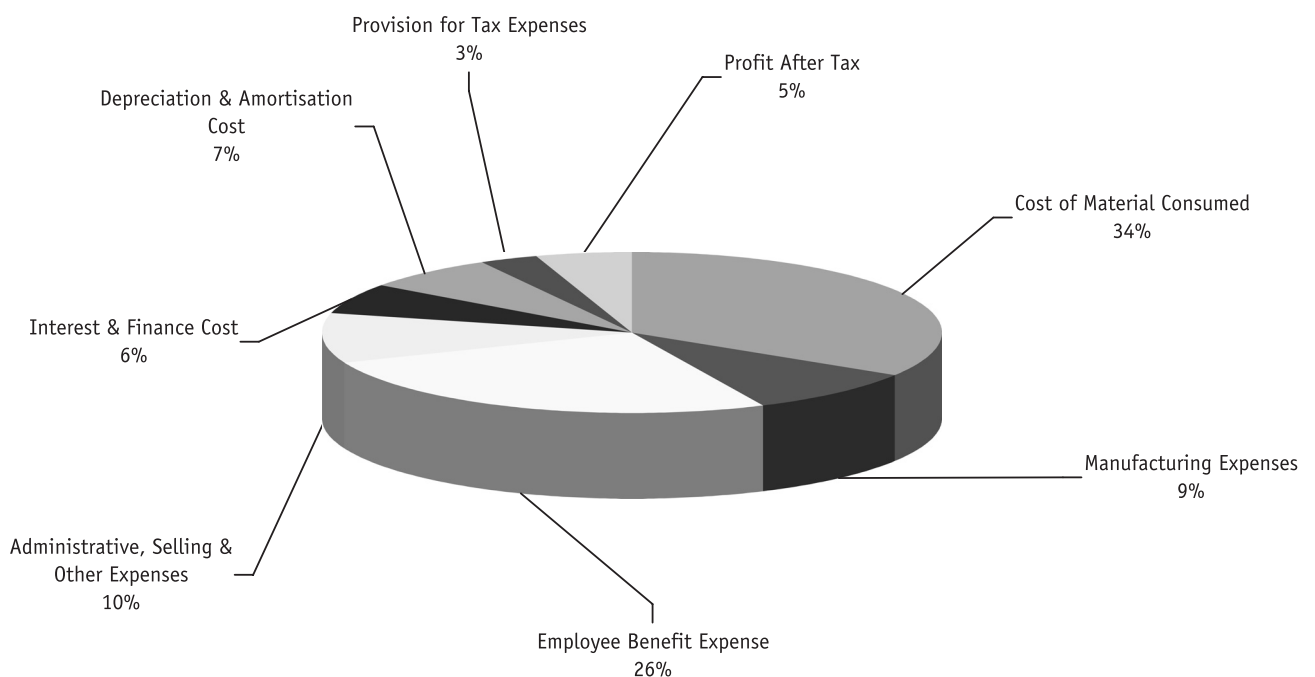
Earnings per share:

Basic earnings per share for the current year works out to ₹ 12.43 as against ₹7.03 during the previous year.

Composition of Expenses & Profit (% to Consolidated Revenue 2012-13)



Composition of Expenses & Profit (% to Consolidated Revenue 2011-12)



Financial condition:
i) Secured loans

Secured loans stood at ₹748.34 crores as at 31st March, 2013 as against ₹ 810.38 crores as at 31st March, 2012.

ii) Unsecured loans:

Unsecured loans as on 31st March, 2013 were at ₹140.54 crores as against ₹ 38.63 crores as on 31st March, 2012.

iii) Inventories:

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

| (₹ in crores) | | |
|-----------------|-----------|-----------|
| Particulars | 2012-2013 | 2011-2012 |
| Raw Materials | 109.92 | 104.98 |
| Work in process | 125.29 | 89.46 |
| Finished goods | 81.53 | 67.15 |

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, 2013 amounted to ₹ 72.91 crores as against ₹ 186.97 crores during the previous year. Debtors amount has been reduced on account of better recovery due to close follow-up.

(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 :

| (₹ in crores) | | | |
|-----------------|----------------|----------------|----------------|
| Product Segment | 31/03/2011 | 31/03/2012 | 31/03/2013 |
| CRAMS | 654.72 | 717.91 | 813.25 |
| Others | 376.63 | 406.21 | 458.96 |
| Total | 1031.35 | 1124.11 | 1272.21 |

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 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 that 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 including functional audit 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.

(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, which result into overall growth in turnover.

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 & resource management initiatives and brodening the product base.

(G) OUTLOOK :

According to RNCOS new research report on "Indian Pharma Sector Forecast 2014" Indian pharmaceutical industry is projected to show double-digit growth in near future owing to a rise in pharmaceutical outsourcing and rising investment by multinational companies. The baseline for optimistic future outlook of the pharmaceutical market is improvement in the access to medicines to the Indian population. A large percentage of Pharma products produced in India are exported, which has led the leading players to expand their reach in to western nations. Due to the investment in Research & Development and the quest for more and more ANDA filings, the clinical trials market is expected to grow at blistering pace in coming years.

Indian Pharma industry has always been a leading industrial sector of the country, with a paralleled dominance of both domestic and foreign Pharma companies. Growth of the industry can be attributed to prominent factor such as growing middle class population, rapid urbanization, increase in lifestyle related disease and increasing issuance of health insurance. Besides, the product patent regime has provided ample support to the industry to sustain its growth pace, despite the global economic downturn. Further, generic emerging as one of the leading segments to be benefited by many drugs going off patent in due course of time.

On the CRAMS front, Indian players are focusing on providing service across the value chain spanning from development stage to commercial scale production. With several drug going off patent and big pharma increasing exposure to cost efficient sourcing locations, opportunities remain favorable for CRAMS players to provide services and subsequently graduate to commercial scale production.

(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 1055 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 achieve 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 an Executive Chairman on its Board. Out of these 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 2012-13 is given below.

| Name of the Director | Category | No. of Board Meeting held & attended during 2012-13 | | Whether attended Last AGM held on 25 th September, 2012 | No. of Directorship in other Companies | No. of Chairmanship/ Membership in other Companies | |
|---------------------------|--------------------------------------|---|----------|--|--|--|--------------|
| | | Held | Attended | | | Chairman ships | Member ships |
| Mr. Janmejy R. Vyas | Promoter & Executive Director | 4 | 4 | Yes | 13# | None | None |
| Mrs. Deohooti J. Vyas | Promoter & Executive Director | 4 | 4 | No | 6 | None | None |
| Mr. Arpit J. Vyas | Executive Director | 4 | 4 | Yes | 5 | None | None |
| Mr. Yagneshkumar B. Desai | Non Executive & Independent Director | 4 | 4 | Yes | 2 | None | 2 |
| Mr. Sanjay S. Majmudar | Non Executive & Independent Director | 4 | 4 | Yes | 6 | 1 | 2 |
| Mr. Ashok C. Gandhi | Non Executive & Independent Director | 4 | 4 | Yes | 6 | None | 5 |

Including Directorship in 7 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, Wholetime 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. |
| 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 2012-13. The dates on which the Board meetings were held is: 15th May, 2012, 31st July, 2012, 2nd November, 2012 and 11th February, 2013.
- 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 was 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 Chairman & Managing Director and Executive Director-Finance 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 Chairman & Managing Director and Executive Director-Finance also gives 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 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 2012-13 ended on 31st March, 2013, is as follow:

| Name and Designation | Category | No. of the Meeting during F.Y 2012-13 | |
|--------------------------------------|--|---------------------------------------|----------|
| | | Held | Attended |
| Mr. Yagneshkumar B. Desai [Chairman] | Non Executive and Independent Director | 4 | 4 |
| Mr. Sanjay S. Majmudar [Member] | Non Executive and Independent Director | 4 | 4 |
| Mr. Ashok C. Gandhi [Member] | Non Executive and Independent Director | 4 | 4 |

2. Meetings of the Audit Committee

Four [4] Audit Committee Meetings were held during the year 2012-13. The dates on which the Audit Committee Meetings were held is: 15th May, 2012, 31st July, 2012, 2nd November, 2012 and 11th February, 2013. 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 25th September, 2012.

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 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 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 2012-13 ended on 31st March, 2013, is as follow:

| Name and Designation | Category | No. of the Meeting during F.Y 2012-13 | |
|-----------------------------------|--|---------------------------------------|----------|
| | | 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. Meetings of the Shareholders' & Investors' Grievance Committee

Four [4] meetings were held during the year 2012-13. The dates on which the Shareholders' and Investors' Grievance Committee Meetings were held is: 14th May, 2012; 30th July, 2012; 1st November, 2012; and 9th February, 2013.

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.
- Look 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.

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 S. Pandya, V.P. [Legal] & Company Secretary Dishman Pharmaceuticals and Chemicals Ltd. Bhadra-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380009 Phone No.: [079] 26443053, Fax No. [079] 26420198 Email: deepak@dishmangroup.com |
|---|--|

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 2012-13

| 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 | | | | |
| 01-04-2012 | 30-06-2012 | NIL | 1 | 1 | NIL |
| 01-07-2012 | 30-09-2012 | NIL | 1 | 1 | NIL |
| 01-10-2012 | 31-12-2012 | NIL | 6 | 6 | NIL |
| 01-01-2013 | 31-03-2013 | NIL | 1 | 1 | NIL |
| TOTAL | | | 9 | 9 | |
| Complaint pending at beginning of the year | | | NIL | | |
| Complaint received during the year | | | 9 | | |
| Complaint resolved during the year | | | 9 | | |
| Complaint pending at the end of the year | | | NIL | | |

5. Disclosure regarding action required for Non receipt/ unclaimed dividends and unclaimed shares of Initial Public Offer (IPO):

▪ **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 |
|----------------------------------|--|----------------------------|
| 2005-2006 | Mr. Deepak S. Pandya V.P. [Legal] & Company Secretary Dishman Pharmaceuticals and Chemicals Limited Bhadra-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad – 380 009 Contact No.: 079-26443053 / 5807 Fax No. 079-26420198 | Application on plain paper |
| 2006-2007 | | |
| 2007-2008 | | |
| 2008-2009 | | |
| 2009-2010 | | |
| 2010-2011 | | |
| 2011-2012 | | |

As per the notification issued by Ministry of Corporate Affairs (MCA) on 10th May, 2012, details of unclaimed dividend amounts as referred to Sub Section (2) of Section 205 C of the Companies Act, 1956, is available on the Company's website: www.dishmangroup.com.

- **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.

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, as the seven years completed on 30th September, 2012, the Company has transferred the unpaid or unclaimed dividend amount of Rs.11037/-, for the financial year 2004-05, to the Investor Education and Protection Fund (IEPF) established by the Central Government on 11th October, 2012.

- **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* |
|----------------------------------|----------------------------------|---|
| 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 |
| 2010-2011 | 2 nd August, 2011 | 1 st August, 2018 |
| 2011-2012 | 28 th September, 2012 | 27 th September, 2019 |

* 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, your Company came out with an IPO in the year 2004 of 3433500 equity shares of ₹10/- each at a price of ₹175/-. As per one of the clause of SEBI Guidelines, allotment of Shares was 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 ₹10/- each as allotted to 173 shareholders was not credited in their respective Demat Accounts due to above-mentioned technical error. 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 |

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 31st July, 2012, which was attended by all the three Members.

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 Directors, 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 01/04/2012 to 31/03/2013, are as under :

[₹ 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 | 509.00 | Nil | Nil | Nil |
| Mrs. Deohooti J. Vyas Whole-Time Director | 120.00 | Nil | Nil | Nil |
| Mr. Arpit J. Vyas Whole-Time Director | 120.00 | Nil | Nil | Nil |

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. 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. Deohooti J. Vyas, Whole -Time Director

Tenure : Five Years w.e.f. 3rd September, 2011

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. Deohooti J. Vyas shall be paid ₹10.00 lacs (Rupees Ten Lacs only) per month and the above remuneration payable to her may comprise salary, allowances and 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. 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 ₹15.00 lacs (Rupees Fifteen Lacs only) per month, from time to time during the tenure of said five years.

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

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 ₹36.00 lacs (Rupees Thirty Six Lacs only) 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 ₹10.00 lacs (Rupees Ten Lacs only) per month, from time to time during the tenure of said five years.

Remuneration of Mr. Arpit J. Vyas has been increased from ₹3.00 lacs to ₹10.00 lacs per month w.e.f. 1st June, 2010 by the Board of Directors at its meeting held on 29th May, 2010 upon the recommendation of Remuneration Committee held on 29th May, 2010.

Sitting Fees : Mr. A. 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 28th May, 2013 has appointed Mr. Arpit J. Vyas as Managing Director of the Company with effect from 28th May, 2013 and since his present term of appointment expires on 31st May, 2014, also approved the re-appointment of him as a Managing Director of the Company for a further period of five years w.e.f. 1st June, 2014 as well as for the payment of remuneration to him, subject to approval of the Members at the general meeting. For this purpose, a Special Resolution is being proposed in the Notice of this Annual General Meeting.

❖ Non - Executive & 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 ₹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 28th May, 2013 has approved the payment of commission to Non-Executive Directors of the Company (Other than the Chairman & Managing Director and Whole -Time Director) for the financial year ending on 31st March, 2013 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, 2013, 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 01/04/2012 to 31/03/2013, are as under:

(₹ In lacs)

| Sr. No. | Name of Director | Commission | Sitting Fees |
|---------|---------------------------|------------|--------------|
| 1. | Mr. Yagneshkumar B. Desai | 4.00 | 1.80 |
| 2. | Mr. Sanjay S. Majmudar | 7.50 | 2.60 |
| 3. | Mr. Ashok C. Gandhi | 3.50 | 2.60 |

Note:

- 1) The Company also reimburses out of pocket expenses to outstation Director(s) for attending meetings in Ahmedabad.
- 2) As the term of five years of 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) as 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, expired on the completion of financial year 2012-13. Board of Directors of the Company at its meeting held on 28th May, 2013 has approved the payment of remuneration, subject to approval of the Members in general meeting, for a further period of five years, by way of commission to such Non-Executive Director(s) of the Company (Other than the Chairman & Managing Director, Managing Director and Whole Time Director). For this purpose, a Special Resolution is being proposed in the Notice of this Annual General Meeting.

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 25th September, 2012.

GENERAL BODY MEETING :

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

| Year | Venue | Date | Time |
|-----------|---|------------|-----------|
| 2009-2010 | S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 | 30/07/2010 | 9.30 a.m. |
| 2010-2011 | S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 | 29/07/2011 | 9.30 a.m. |
| 2011-2012 | H.T. Parekh Convention Centre, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad -380015 | 25/09/2012 | 9.30 a.m. |

Special Resolution passed at the Last Three AGM

No Special resolution was passed in the 27th Annual General Meeting held on 30th July, 2010.

Two Special Resolutions (without postal ballot) pertaining to re-appointment of Mrs. Dehooti J. Vyas (Mrs. D.J.Vyas) as a Wholetime Director of the Company for a further period of 5 (Five) years including payment of remuneration to her and to increase the remuneration of Ms. Mansi J. Vyas, Management Representative (Finance) of the Company were passed in the 28th Annual General Meeting held on 29th July, 2011.

No Special resolution was passed in the 29th Annual General Meeting held on 25th September, 2012.

Ordinary Resolution Passed at the Last Three AGM

The Company has not passed any Ordinary Resolution in the last three Annual General Meetings.

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 30th July, 2013. However, Two special resolutions (without postal ballot) are proposed in the Notice convening next ensuing Annual General Meeting of the Company.

DISCLOSURES:

- There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, 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 2012-13. Related party transactions have been disclosed in the Notes to the Annual Accounts of the Company for the year ended 31st March, 2013.

The Company's major related party transactions are generally with its Subsidiaries and Associates. The related party transactions are entered into based on considerations of various business exigencies such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries and associates. All related party transactions are negotiated on arms length basis and are intended to further the interests of the Company.

- 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 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 in Indian Express (English edition), in Financial Express (Gujarati edition), and in Economics Times. 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.

NSE Electronic Application Processing System (NEAPS) : The NEAPS is a web based application designed by National Stock Exchange of India Ltd. (NSE) for corporates. The Shareholding Pattern, Financial Result, Corporate Governance Report and all the intimation/disclosures of the Company are also filed electronically on NEAPS.

- Processing of investor complaints in SEBI Complaints Redress System (SCORES) : SEBI has commenced processing of investor complaints in a centralized web based complaints redress system "SCORES". By this facility investors can file their complaints on line and also view online movement of their complaints. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.
- 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:
Company Registration Details

The Company is registered under The Companies Act, 1956 with the Office of Registrar of Companies, Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is : L24230GJ1983PLC006329.

30th Annual General Meeting

Date & Time : 30th July, 2013 at 9.30 a.m.

Venue : Hall No. S 3-5, Ground 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 30th July, 2013.

| | |
|--------------------|---|
| 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 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 20th day of July, 2013 to Tuesday, the 30th day of July, 2013 (both days inclusive), for determining the entitlement of the final dividend for the financial year 2012-13.

Dividend Payment Date - On and after 3rd August, 2013.

Listing on Stock Exchange
Equity Shares:

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

| Name of 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. |

Debt Security:

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

Annual listing fees for the year 2013-14, as applicable, have been paid to both the Stock Exchanges.

The Company has also paid Annual custodial fees for the year 2013-14, as applicable, to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code
Equity Shares:

| | |
|--|-----------------|
| Bombay Stock Exchange Ltd. | 532526 |
| National Stock Exchange of India Limited | ‘DISHMAN’, ‘EQ’ |
| Demat ISIN Number in NSDL & CDSL for Equity Shares | INE353G01020 |

Debt Security:

| | |
|---|--|
| Scrip Code of Debt Security listed at BSE | 946679, 946680, 946681, 946682 – NCD-I @ 10.35% p.a. of face value of ₹1.00 crore each. 946835, 946836 – NCD-II @ 9.65% p.a. of face value of ₹10.00 lacs each. |
| ISIN No. of Debt Security listed at BSE | INE353G07019, INE353G07027, INE353G07035, INE353G07043 – NCD-I @ 10.35% p.a. of face value of ₹1.00 crore each. INE353G07050, INE353G07068 – NCD-II @ 9.65% p.a. of face value of ₹10.00 lacs each. |

Debenture Trustee

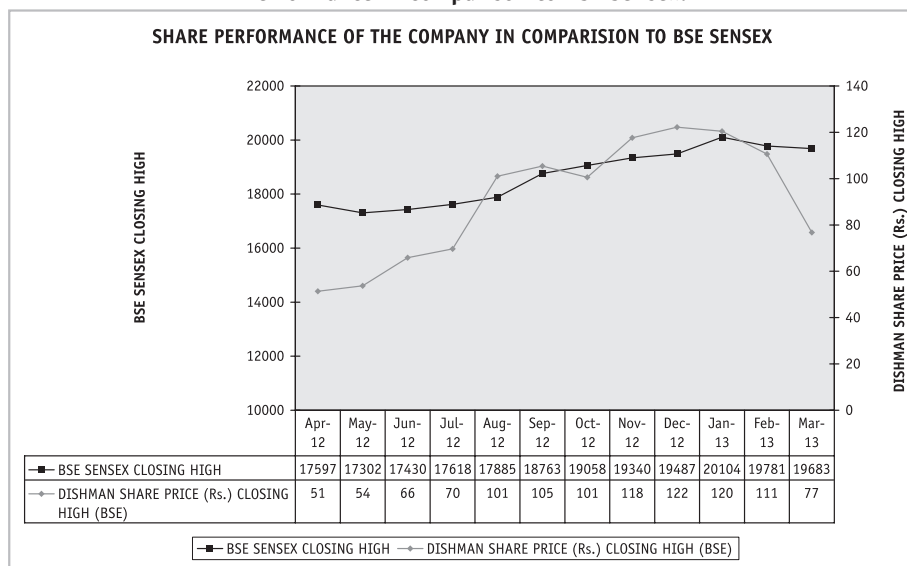
IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17th R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.

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 equity shares of the Company.

(Price in ₹ per share)

| MONTH | NSE | | | BSE | | | Total Volume (NSE & BSE) |
|-----------------|------------|-----------|----------|------------|-----------|----------|--------------------------|
| | High (Rs.) | Low (Rs.) | Volume | High (Rs.) | Low (Rs.) | Volume | |
| APRIL, 2012 | 51.45 | 45.35 | 2723987 | 51.40 | 45.40 | 1169231 | 3893218 |
| MAY, 2012 | 53.60 | 42.00 | 10339367 | 53.70 | 42.00 | 4346267 | 14685634 |
| JUNE, 2012 | 65.70 | 49.10 | 11497355 | 65.85 | 49.05 | 5083868 | 16581223 |
| JULY, 2012 | 69.60 | 61.55 | 11360339 | 69.70 | 61.40 | 4360414 | 15720753 |
| AUGUST, 2012 | 101.20 | 76.00 | 42871594 | 101.05 | 75.65 | 15438608 | 58310202 |
| SEPTEMBER, 2012 | 105.40 | 96.10 | 18920252 | 105.45 | 95.95 | 6299948 | 25220200 |
| OCTOBER, 2012 | 100.80 | 92.35 | 10749194 | 100.55 | 92.30 | 3560249 | 14309443 |
| NOVEMBER, 2012 | 120.55 | 96.25 | 23479930 | 117.65 | 96.45 | 8176533 | 31656463 |
| DECEMBER, 2012 | 121.85 | 112.50 | 8986937 | 122.25 | 112.10 | 2740390 | 11727327 |
| JANUARY, 2013 | 120.25 | 103.50 | 8236147 | 120.45 | 103.10 | 2380129 | 10616276 |
| FEBRUARY, 2013 | 110.90 | 69.05 | 8225129 | 110.60 | 69.05 | 2459674 | 10684803 |
| MARCH, 2013 | 76.65 | 64.75 | 4803206 | 76.75 | 64.70 | 1740265 | 6543471 |

Performance in comparison to BSE SENSEX:

Distribution Schedule & Share holding Pattern
Distribution of Shareholding Pattern as on 31st March, 2013

| No. of Equity Shares Held | No. of Share Holders | % of Share Holders | No. of Equity Shares Held | % of total Holding |
|---------------------------|----------------------|--------------------|---------------------------|--------------------|
| 1 - 500 | 31200 | 89.44 | 3920476 | 4.8583 |
| 501 - 1000 | 1943 | 5.57 | 1566477 | 1.9412 |
| 1001 - 2000 | 889 | 2.55 | 1347520 | 1.6698 |
| 2001 - 3000 | 275 | 0.79 | 695533 | 0.8619 |
| 3001 - 4000 | 137 | 0.39 | 486047 | 0.6023 |
| 4001 - 5000 | 99 | 0.28 | 467722 | 0.5796 |
| 5001 - 10000 | 153 | 0.44 | 1142196 | 1.4154 |
| 10001 and Above | 190 | 0.54 | 71071165 | 88.0715 |
| Total | 34886 | 100.00 | 80697136 | 100.0000 |

Shareholding pattern

| Sr. No. | Category | As on March 31, 2013 | | As on March 31, 2012 | |
|---------|--|----------------------|---------------|----------------------|---------------|
| | | No. of Shares held | % of Holding | No. of Shares Held | % of Holding |
| 1 | Promoters | 49520319 | 61.37 | 49513440 | 61.36 |
| 2 | Mutual Fund & UTI | 3012055 | 3.73 | 3040243 | 3.77 |
| 3 | Bank, Financial Institutions (FI's), Insurance Companies | 1950858 | 2.42 | 2125091 | 2.63 |
| 4 | Foreign Institutional Investors (FII's) | 7339623 | 9.10 | 2651961 | 3.29 |
| 5 | Private Bodies Corporate | 7453447 | 9.24 | 12834797 | 15.90 |
| 6 | Indian Public | 10466234 | 12.97 | 9338509 | 11.57 |
| 7 | Any Other | | | | |
| | (i) Non Resident Indian | 661803 | 0.81 | 647008 | 0.80 |
| | (ii) Clearing Members | 292597 | 0.36 | 546087 | 0.68 |
| | (iii) Trust | 200 | 0.00 | - | 0.00 |
| | 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, 2013, 80696740 equity shares of the Company, forming 99.99% of the Company's paid-up equity share capital, is in dematerialized form. Company's shares are easily traded on both the stock exchanges i.e. BSE and NSE.

Corporate Benefits to Investors - Last Ten years' dividend track record of the Company:

| Financial Year | Dividend (%) | Div. Amount (₹ in lacs) | Dividend per Share (in ₹) |
|----------------|--------------|-------------------------|---------------------------|
| 2002-2003 | 5 | 51.50 | 0.50* |
| 2003-2004 | 20 | 274.67 | 2.00* |
| 2004-2005 | 25 | 343.34 | 2.50* |
| 2005-2006 | 35 | 481.56 | 0.70 |
| 2006-2007 | 50 | 762.65 | 1.00 |
| 2007-2008 | 50 | 806.97 | 1.00 |
| 2008-2009 | 60 | 968.37 | 1.20 |
| 2009-2010 | 60 | 968.37 | 1.20 |
| 2010-2011 | 60 | 968.37 | 1.20 |
| 2011-2012 | 60 | 968.37 | 1.20 |

* Shares of face value of ₹10/- per share.

Note: For the financial year 2012-13, Directors of the Company have recommended a final dividend @ 60% on the paid-up equity share capital of the Company (₹1.20/- per share) subject to shareholders' approval at the ensuing Annual General Meeting.

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. As per the terms of said FCCBs, outstanding FCCBs were fully redeemed on its 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

Branch Offices:

Ahmedabad

Unit 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off. C.G.Road, Ahmedabad – 380009
Tel No. 079-26465179 Email: ahmedabad@linkintime.co.in

Bangalore

543/A, 7th Main, 3rd Cross, 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, Email: coimbatore@linkintime.co.in

Kolkata

59 C, Chowringhee Road, 3rd Floor, Kolkata-700020
Tel:033-22890540, Fax:033-22890539 Email: kolkata@linkintime.co.in

New Delhi

44- Community Centre, 2nd floor, Naraina Industrial Area, Phase-I, Near PVR, Naraina, 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 : 020-26161629/26160084, Fax: 020-26163503 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.

Plant Location
Naroda Plant :

Phase - IV, 1216/20, G.I.D.C. Estate, Naroda, Ahmedabad – 382 330. (Also other Plots in Phase-I and IV).

Bavla Plant :

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 / dematerialization of shares and any other query relating to the shares/debentures of the Company. | Link Intime India Pvt Ltd [Formerly 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: grievance@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.

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, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Gaurav J. Shah
Partner

(Membership No.35701)

Ahmedabad, May 28, 2013

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF
DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117365W)

Gaurav J. Shah
Partner
(Membership No. 35701)

AHMEDABAD, May 28, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's activities, clauses (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 noticed in such 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.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (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 were 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 no material discrepancies were noticed on physical verification.
- (iv) (a) The Company has granted unsecured loan to a company listed in the register maintained under section 301 of the Companies Act, 1956 amounting to ₹ 3,800 lacs. The maximum amount involved during the year and the year end balance of the loan granted was ₹ 3,800 lacs.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions 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 the company, firm or party listed in the register maintained under section 301 of the Companies Act, 1956. Hence the paragraphs (iv)(iii)(f) and (iv) (iii)(g) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal controls in respect of these areas.
- (vi) In respect of contracts or arrangements 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) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) 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 (iv) of the Order are not applicable to the company.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

| Statute | Nature of Dues | Forum where Dispute is pending | Period to which the amount relates | Amount involved (₹ in lakhs) |
|--------------------------|-------------------------------|--|--|------------------------------|
| The Income Tax Act, 1961 | Income Tax | Income Tax Apellate Tribunal | F.Y. 2002-03 F.Y. 2003-04 F.Y. 2004-05 F.Y. 2006-07 F.Y. 2007-08 | 4,213.46 |
| | | Hon. High Court of Gujarat | F.Y. 2003-04 F.Y. 2004-05 F.Y. 2005-06 | 935.00 |
| | | The Commissioner of Income Tax (Appeals) | F.Y. 2006-07 F.Y. 2007-08 | 776.30 |
| Central Sales Tax | Sales Tax | Gujarat VAT Tribunal | F.Y. 2006-07 | 118.81 |
| | | Joint Commissioner, Commercial Tax | F.Y. 2001-02 | 24.42 |
| Gujarat Sales Tax Act | Sales Tax | Gujarat VAT Tribunal | F.Y. 2006-07 F.Y. 2007-08 | 283.83 |
| | | Joint Commissioner, Commercial Tax | F.Y. 2001-02 | 6.89 |
| Central Excise Act, 1944 | Excise Duties and Service Tax | Hon. High Court of Gujarat | F.Y. 2003-04 | 13.84 |
| | | Central Excise and Service Tax Apellate Tribunal | F.Y. 2006-07 F.Y. 2008-09 F.Y. 2009-10 F.Y. 2012-13 | 154.25 |
| | | The Commissioner (Appeals) Central Excise | F.Y. 2006-07 F.Y. 2007-08 F.Y. 2008-09 F.Y. 2009-10 F.Y. 2010-11 F.Y. 2011-12 | 268.68 |

- (xi) There are no accumulated losses of the Company as at 31st March, 2013. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xv) 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 obtained.
- (xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xvii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures.
- (xix) The Company has not raised any money by way of public issue during the year.
- (xx) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117365W)

Gaurav J. Shah
Partner
(Membership No. 35701)

Balance Sheet as at 31 March, 2013

| Particulars | Note No. | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|------------------------------------|----------|-----------------------------------|-----------------------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 1,613.94 | 1,613.94 |
| (b) Reserves and surplus | 4 | 70,927.52 | 65,749.19 |
| | | 72,541.46 | 67,363.13 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 27,452.71 | 30,168.36 |
| (b) Deferred tax liabilities (net) | | 4,381.49 | 3,148.05 |
| (c) Other long-term liabilities | 6 | 4,684.66 | 4,930.18 |
| (d) Long-term provisions | 7 | 474.25 | 443.35 |
| | | 36,993.11 | 38,689.94 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 8 | 18,047.61 | 12,800.75 |
| (b) Trade payables | 9 | 9,443.00 | 8,492.61 |
| (c) Other current liabilities | 10 | 10,683.22 | 15,486.77 |
| (d) Short-term provisions | 11 | 1,793.05 | 1,334.64 |
| | | 39,966.88 | 38,114.77 |
| TOTAL | | 149,501.45 | 144,167.85 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12.A | 67,881.20 | 46,473.45 |
| (ii) Intangible assets | 12.B | 373.47 | 558.87 |
| (iii) Capital work-in-progress | | 4,879.01 | 25,734.03 |
| | | 73,133.68 | 72,766.35 |
| (b) Non-current investments | 13 | 18,705.69 | 18,705.69 |
| (c) Long-term loans and advances | 14 | 15,324.51 | 19,116.06 |
| (d) Other non-current assets | 15 | 121.50 | 121.50 |
| | | 34,151.70 | 37,943.25 |
| 2 Current assets | | | |
| (a) Inventories | 16 | 12,776.12 | 11,912.65 |
| (b) Trade receivables | 17 | 6,279.00 | 9,645.94 |
| (c) Cash and cash equivalents | 18 | 685.70 | 645.17 |
| (d) Short-term loans and advances | 19 | 22,475.25 | 11,254.49 |
| | | 42,216.07 | 33,458.25 |
| TOTAL | | 149,501.45 | 144,167.85 |

See accompanying notes forming part of the financial statements

1 to 26

As per our report of even date attached.

For Deloitte Haskins & Sells
 Chartered Accountants

Gaurav J Shah
 Partner

 Ahmedabad
 Date : 28-May-2013

For and on behalf of the Board of Directors
(Janmejay R Vyas) Chairman & Managing Director

(Deohooti J Vyas) Whole Time Director

(Deepak Pandya) VP (Legal) & Company Secretary

 Ahmedabad
 Date : 28-May-2013

Statement of Profit and Loss for the year ended 31 March, 2013

| Particulars | Note No. | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|----------|---|--|
| A CONTINUING OPERATIONS | | | |
| 1 Revenue from operations | 20 | 49,018.52 | 46,902.85 |
| Less: Excise duty | 20 | 554.91 | 562.79 |
| Net Revenue from operations | | 48,463.61 | 46,340.06 |
| 2 Other income | 21 | 1,359.15 | 1,177.17 |
| 3 Total revenue (1+2) | | 49,822.76 | 47,517.23 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | 22.a | 17,349.85 | 17,177.63 |
| (b) Purchases of stock-in-trade | 22.b | 238.30 | 1,298.31 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 22.c | 331.21 | 1,048.34 |
| (d) Employee benefits expense | 23 | 5,821.40 | 4,522.38 |
| (e) Finance costs | 24 | 5,109.96 | 5,754.43 |
| (f) Depreciation and amortisation expense | 12.C | 3,534.19 | 3,166.41 |
| (g) Other expenses | 25 | 7,967.85 | 7,797.87 |
| Total expenses | | 40,352.76 | 40,765.37 |
| 5 Profit before tax (3-4) | | 9,470.00 | 6,751.86 |
| 6 Tax expense: | | | |
| (a) Current tax expense for current year | | 2,100.00 | 2,096.89 |
| (b) (Less): MAT credit | | 181.70 | — |
| (c) Net current tax expense | | 1,918.30 | 2,096.89 |
| (d) Deferred tax | | 1,234.19 | 171.40 |
| | | 3,152.49 | 2,268.29 |
| 7 Profit for the year (5 - 6) | | 6,317.51 | 4,483.57 |
| 8.i Earnings per share (of ₹ 2.00/- each): | | | |
| (a) Basic | 26.10 | 7.83 | 5.56 |
| (b) Diluted | 26.10 | 7.83 | 5.56 |
| See accompanying notes forming part of the financial statements | 1 to 26 | | |
| As per our report of even date attached. For Deloitte Haskins & Sells Chartered Accountants Gaurav J Shah Partner Ahmedabad Date : 28-May-2013 | | For and on behalf of the Board of Directors (Janmejay R Vyas) Chairman & Managing Director (Deohooti J Vyas) Whole Time Director (Deepak Pandya) VP (Legal) & Company Secretary Ahmedabad Date : 28-May-2013 | |

Cash Flow Statement for the year ended on March 31, 2013

| Particulars | 2012-13 ₹ in lacs | 2011-12 ₹ in lacs |
|---|----------------------|----------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit Before Tax | 9,470.00 | 6,751.86 |
| Adjustment for : | | |
| Depreciation and Amortisation | 3,534.19 | 3,166.41 |
| Interest Expenses | 5,032.84 | 5,512.75 |
| Dividend Income | (0.23) | (0.33) |
| Interest Income | (1,342.54) | (1,089.69) |
| Loss /(Gain) on Sale of Investments | - | (87.14) |
| Loss /(Gain) on Sale of Fixed Assets (Net) | (16.38) | 36.31 |
| Foreign Exchange Loss / (Gain) | (12.08) | (131.22) |
| Provision for doubtful debts and advances | 610.16 | 310.36 |
| Operating Profit before Working capital Changes | 17,275.96 | 14,469.31 |
| Adjustment for (Increase) / Decrease in Working Capital : | | |
| Inventories | (863.46) | 511.85 |
| Trade Receivables | 3,366.98 | 2,459.47 |
| Loans and Advances | (7,655.81) | (2,597.67) |
| Trade Payables and Provisions | (4,314.41) | 10,887.42 |
| Cash generated from Operations | 7,809.24 | 25,730.38 |
| Direct Taxes Paid (Net) | (1,630.43) | (758.55) |
| Net Cash from Operating Activities | 6,178.81 | 24,971.83 |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (4,230.09) | (4,394.03) |
| Sale of Fixed Assets | 97.73 | 20.22 |
| Sale of Investments | - | 95.50 |
| Share application money in subsidiaries/joint ventures | (201.84) | (2,038.03) |
| Interest received | 1,342.54 | 1,089.69 |
| Dividend Received | 0.23 | 0.33 |
| Net Cash used in Investing Activities | (2,991.43) | (5,226.30) |
| C. Cash Flow from Financing Activities : | | |
| Repayment long term borrowings | (2,256.89) | (6,647.25) |
| Proceeds from Short Term Loans | 5,246.85 | (6,245.97) |
| Inter-Corporate Deposits | - | (0.28) |
| Interest Paid | (5,011.35) | (5,512.75) |
| Dividend Paid | (968.37) | (968.37) |
| Dividend Tax Paid | (157.09) | (157.09) |
| Net Cash used in Financing Activities | (3,146.85) | (19,531.72) |
| Net increase in Cash and Cash Equivalents (A+B+C) | 40.53 | 213.81 |
| Cash and Cash Equivalents as at 1st April (Opening Balance) | 645.17 | 431.35 |
| Cash and Cash Equivalents as at 31st March (Closing Balance) | 685.70 | 645.17 |

Notes:-

- The Company had undrawn borrowing facilities of ₹ 1692.23 lacs (Previous Year ₹ 2534.37 lacs) at the end of the year.
- Cash and Cash Equivalents include deposits with bank of ₹385.04 lacs (Previous Year ₹ 353.17 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 ₹Nil lacs (Previous Year ₹ 153.84 lacs).

As per our report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 28-May-2013

For and on behalf of the Board of Directors

(Janmejay R Vyas) Chairman & Managing Director

(Deohooti J Vyas) Whole Time Director

(Deepak Pandya) VP (Legal) & Company Secretary

Ahmedabad
Date : 28-May-2013

Notes forming part of the financial statements

3 Share capital

| Particulars | As at 31 March, 2013 | | As at 31 March, 2012 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Number of shares | ₹ in Lacs | Number of shares | ₹ in Lacs |
| (a) Authorised Equity shares of ₹2.00 each with voting rights | 100,000,000 | 2,000.00 | 100,000,000 | 2,000.00 |
| (b) Issued Subscribed and fully paid up Equity shares of ₹2.00 each with voting rights | 80,697,136 | 1,613.94 | 80,697,136 | 1,613.94 |
| | 80,697,136 | 1,613.94 | 80,697,136 | 1,613.94 |
| Total | | 1,613.94 | | 1,613.94 |

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | Opening Balance | Fresh issue | Closing Balance |
|---|-----------------|-------------|-----------------|
| Equity shares with voting rights Year ended 31 March, 2013 | | | |
| - Number of shares | 80,697,136 | — | 80,697,136 |
| - Amount (Rs in lacs) | 1,613.94 | — | 1,613.94 |
| Year ended 31 March, 2012 | | | |
| - Number of shares | 80,697,136 | — | 80,697,136 |
| - Amount (Rs in lacs) | 1,613.94 | — | 1,613.94 |

(ii) Details of shares held by each shareholder holding more than 5% shares:

| Name of shareholder | As at 31 March, 2013 | | As at 31 March, 2012 | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Shri Janmejy R Vyas | 25,421,750 | 31.50 | 25,414,871 | 31.49 |
| Shri Arpit J. Vyas | 12,359,600 | 15.32 | 12,359,600 | 15.32 |
| Smt. Deohooti J Vyas | 10,964,500 | 13.59 | 10,964,500 | 13.59 |
| HDFC Standard Life Insurance Company Ltd. | - | - | 5,626,488 | 6.97 |

(iii) The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 2. All equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. All shares rank equally with regard to the Company's residual assets.

(iv) The amount of per share dividend recognised as distributions to equity shareholders during the year ended March 31, 2013 is ₹ 1.20 (previous year: ₹1.20), subject to approval by shareholders in the ensuing annual general meeting.

4 Reserves and surplus

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| (a) Securities premium account | | |
| Opening balance | 24,755.20 | 24,755.20 |
| Less : Utilised during the year for: | | |
| Premium on redemption of FCCB's | - | - |
| Closing balance | 24,755.20 | 24,755.20 |
| (b) Debenture redemption reserve | | |
| Opening balance | 3,125.00 | 1,875.00 |
| Add: Additions during the year | | |
| Transferred from surplus in Statement of Profit and Loss | 625.00 | 1,250.00 |
| Closing balance | 3,750.00 | 3,125.00 |
| (c) Revaluation reserve | | |
| Opening balance | 170.88 | 172.55 |
| Less: Utilised for set off against depreciation | 1.67 | 1.67 |
| Closing balance | 169.21 | 170.88 |
| (d) General reserve | | |
| Opening balance | 35,788.80 | 33,288.80 |
| Add: Transferred from surplus in Statement of Profit and Loss | 800.00 | 2,500.00 |
| Closing balance | 36,588.80 | 35,788.80 |
| (e) Foreign Currency Monetary Item Translation Difference | (143.30) | (131.22) |
| (f) Surplus in Statement of Profit and Loss | | |
| Opening balance | 2,040.56 | 2,432.45 |
| Add: Profit for the year | 6,317.51 | 4,483.57 |
| Less: Dividend | | |
| Dividends proposed to be distributed to equity shareholders (₹ 1.20 per share) | 968.37 | 968.37 |
| Tax on dividend | 157.09 | 157.09 |
| Transferred to: | | |
| General reserve | 800.00 | 2,500.00 |
| Debenture redemption reserve | 625.00 | 1,250.00 |
| Closing balance | 5,807.58 | 2,040.56 |
| Total | 70,927.52 | 65,749.19 |

5 Long-term borrowings

| Particulars | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|----------------|--------------------------------------|--------------------------------------|
| (a) Redeemable Non-Convertible Debentures | | | |
| Secured | See Note (i) | 13,500.00 | 15,000.00 |
| | | 13,500.00 | 15,000.00 |
| (b) Term loans | | | |
| From banks | | | |
| Secured | See Note (ii) | 7,255.76 | 8,103.48 |
| Unsecured | | - | - |
| | | 7,255.76 | 8,103.48 |
| From other parties | | | |
| Secured | See Note (iii) | 5,636.77 | 6,459.69 |
| Unsecured | See Note (iii) | 967.46 | 545.47 |
| | | 6,604.23 | 7,005.16 |
| (c) Long-term maturities of Hire purchase obligations | | | |
| Secured | See Note (iv) | 92.72 | 59.73 |
| | | 92.72 | 59.73 |
| Total | | 27,452.71 | 30,168.36 |

| Particulars | Terms of repayment and security | Balance | |
|-------------------------------|--|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Note (i) | | | |
| 10.35% Redeemable Debentures | Secured Redeemable Non-Convertible Debentures – First Trench 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. | 6,000.00 | 7,500.00 |
| 9.65% Redeemable Debentures | 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. | 7,500.00 | 7,500.00 |
| | | 13,500.00 | 15,000.00 |
| Note (ii) | | | |
| Indus Ind Bank | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in Quarterly Installment of ₹ 295.62 lacs ending on April 2014. | 44.13 | 1,200.59 |
| Bank Of Maharashtra | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Quarterly Installment of ₹125.00 Lacs ending on March - 2014. | - | 498.14 |
| Bank Of Maharashtra | The Term Loan is Secured by first paripasu charge on the immovable and movable fixed assets of the Company both present and future located at Bavla and second paripasu charge on current assets of the Company both present and future, Quarterly installment of 105.00 Lacs starting from Sept 2013 ending on June 2019 | 2,185.00 | - |
| Exim Bank | Secured Term Loan 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. Repayable in instalment of ₹ 250.00 lacs every quarter starting from Feb. 2014 ending on Aug. 2018. | 3,500.00 | 3,750.00 |
| Development Bank of Singapore | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in quarterly equal installments of ₹305.16 lacs starting from May 2012 ending on May 2015. | 1,526.63 | 2,575.80 |
| Standard Chartered Bank | The Term Loan is secured by first charge on the 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. Repayable in monthly installments of ₹78.95 lacs ending on April 2013. | - | 78.94 |
| | | 7,255.76 | 8,103.48 |

| Particulars | Terms of repayment and security | Balance | |
|-------------------------------------|---|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Note (iii) | | | |
| International Finance Corporation | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in half yearly equal installments of ₹626.31 lacs starting from May-12 and ending on May-18. | 5,636.77 | 6,459.69 |
| Life Insurance Corporation of India | Unsecured loans. Availed on the Keyman insurance policies of the key personnel of the Company | 967.46 | 545.47 |
| | | 6,604.23 | 7,005.16 |
| Note (iv) | | | |
| ICICI Bank Limited | Hire Purchase Finances are secured by hypothecation of respective assets | 87.68 | 26.09 |
| HDFC Bank Ltd. | Hire Purchase Finances are secured by hypothecation of respective assets | 5.04 | 33.63 |
| | | 92.72 | 59.73 |
| Total Long Term Borrowings | | 27,452.71 | 30,168.36 |

(v) For the current maturities of long-term borrowings, refer item (i) (a) in Note 10 Other current liabilities.

6 Other long-term liabilities

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Others: | | |
| Payables on purchase of fixed assets | 4,684.66 | 4,930.18 |
| Total | 4,684.66 | 4,930.18 |

7 Long-term provisions

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| (a) Provision for employee benefits: | | |
| (i) Provision for compensated absences | 122.45 | 125.37 |
| (ii) Provision for gratuity (net) (Refer Note 26.15) | 351.80 | 317.98 |
| Total | 474.25 | 443.35 |

8 Short-term borrowings

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---------------------------------|--------------------------------------|--------------------------------------|
| (a) Loans repayable on demand | | |
| From banks | | |
| Secured | 11,185.06 | 8,313.48 |
| Unsecured | 127.78 | 257.87 |
| | 11,312.84 | 8,571.35 |
| Short Term Loans from Banks | | |
| Secured | 1,486.92 | 1,459.40 |
| Unsecured | 4,307.85 | 2,770.00 |
| | 5,794.77 | 4,229.40 |
| Short Term Loans from Directors | | |
| Unsecured | 155.00 | - |
| | 155.00 | - |
| Short Term Loans from Others | | |
| Unsecured | 785.00 | - |
| | 785.00 | - |
| Total | 18,047.61 | 12,800.75 |

Notes:

(i) Details of security for the secured short-term borrowings:

| Particulars | Nature of security | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--|--------------------------------------|--------------------------------------|
| Loans repayable on demand from banks: | | | |
| Corporation Bank | Hypothecation of Inventories, collateral security of | 2,542.46 | 627.21 |
| Bank Of Baroda | book debts, first charge on Company's fixed asset at | 3,164.37 | 2,880.11 |
| Bank Of India | Naroda DTA plant located at Plot No. 1216/12,1216/ | 1,674.54 | 1,369.67 |
| State Bank Of India | 20 to 23, Phase IV, and Plot No. 67, Phase I, GIDC | 3,803.69 | 3,436.49 |
| | Estate, Naroda, Ahmedabad unit and second | | |
| | charge on fixed asset at Bavla. | | |
| HDFC Bank | Unsecured | 127.78 | 257.87 |
| | | 11,312.84 | 8,571.35 |
| Total - Loans repayable on demand from banks: | | | |
| Short Term Loans from Banks | | | |
| Standard Chartered Bank | First Charge on Company's fixed asset at Naroda EOU | 1,486.92 | 1,459.40 |
| | plant situated at Plot No. 1216/24 to 1216/27 and | | |
| | 1216/11, Phase IV, GIDC Estate, Naroda, Ahmedabad. | | |
| ICICI Bank | Unsecured | 2,500.00 | 2,500.00 |
| IndusInd Bank | Unsecured | - | 270.00 |
| HDFC Bank Ltd. | Unsecured | 800.00 | - |
| Axis Bank | Unsecured | 7.85 | - |
| Bank Of India | Unsecured | 1,000.00 | - |
| | | 5,794.77 | 4,229.40 |
| Total Short Term Loans from Banks: | | | |
| Short Term Loans from Directors | | | |
| Shri J R Vyas | Unsecured | 155.00 | - |
| | | 155.00 | - |
| Total - From Directors | | | |
| Short Term Loans from Others | | | |
| Krone Finstock Pvt Ltd | Unsecured | 300.00 | - |
| Ravisha Financial Services | Unsecured | 485.00 | - |
| | | 785.00 | - |
| Total - From Others | | | |

(ii) Details of short-term borrowings guaranteed by a director:

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Loans repayable on demand from banks | 127.78 | 257.87 |
| Short Term Loans from Banks | 800.00 | 270.00 |
| Short Term Loans from Others | 485.00 | - |

9 Trade payables

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| Trade payables: Other than Acceptances | 9,443.00 | 8,492.61 |
| Total | 9,443.00 | 8,492.61 |

10 Other current liabilities

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Current maturities of long-term debt Note (i) | 6,383.50 | 5,924.73 |
| (b) Interest accrued but not due on borrowings | 324.69 | 303.20 |
| (c) Unpaid dividends | 4.57 | 2.99 |
| (d) Other payables | | |
| (i) Statutory remittances | 199.32 | 99.86 |
| (ii) Advances from customers | 2,568.94 | 8,160.43 |
| (iii) Provision for Directors Remuneration | 454.54 | 217.11 |
| (iv) Employee related provisions | 407.51 | 416.14 |
| (v) Others | 340.15 | 362.30 |
| Total | 10,683.22 | 15,486.77 |

| Particulars | Terms of repayment and security | Balance | |
|--|---|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Note (i):- | | | |
| (a) Term loans | | | |
| From banks | | | |
| Industrial Development Bank of India Limited (IDBI) | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in quarterly installments of ₹ 175.00 lacs ending on March-2013. | - | 700.00 |
| Secured Loans from others | Refer Notes (ii), (iii) and (iv) in Note 5 - Long-term borrowings for details of security and guarantee. | 6,383.50 | 5,028.16 |
| Unsecured Loans from HDFC Bank Ltd | See note (ii) below | - | 190.48 |
| | | 6,383.50 | 5,918.64 |
| From other parties | | | |
| Secured | | - | 5.93 |
| | | - | 5.93 |
| (b) Loans and advances from related parties (Refer Note 26.04) | | | |
| Unsecured | | - | 0.17 |
| | | - | 0.17 |
| Total | | 6,383.50 | 5,924.73 |

(ii) Details of long-term borrowings guaranteed by a director:

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|-----------------------|--------------------------------------|--------------------------------------|
| Term loans from banks | - | 190.48 |

11 Short-term provisions

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Provision for employee benefits: | | |
| (i) Provision for bonus | 58.26 | 53.24 |
| (ii) Provision for compensated absences | 6.93 | 11.57 |
| (iii) Provision for gratuity (net) (Refer Note 26.15) | 94.37 | 104.67 |
| | 159.56 | 169.48 |
| (b) Provision - Others: | | |
| (i) Provision for tax | 508.03 | 39.70 |
| (ii) Provision for proposed equity dividend | 968.37 | 968.37 |
| (iii) Provision for tax on proposed dividends | 157.09 | 157.09 |
| | 1,633.49 | 1,165.16 |
| Total | 1,793.05 | 1,334.64 |

12 Fixed assets

₹ in Lacs

| A. Tangible assets | Gross block (At Cost) | | | | Accumulated depreciation | | | | Net block | |
|---|-----------------------------------|------------------|---------------|------------------------------------|-----------------------------------|---|--|------------------------------------|------------------------------------|------------------------------------|
| | Balance as at 1 April, 2012 | Additions | Disposals | Balance as at 31 March, 2013 | Balance as at 1 April, 2012 | Depreciation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2013 | Balance as at 31 March, 2013 | Balance as at 31 March, 2012 |
| (a) Land | | | | | | | | | | |
| Freehold | 243.07 | - | - | 243.07 | - | - | - | - | 243.07 | 243.07 |
| Leasehold | 10,778.10 | - | - | 10,778.10 | - | - | - | - | 10,778.10 | 10,778.10 |
| (b) Buildings | | | | | | | | | | |
| Own use | 7,380.55 | 2,483.22 | - | 9,863.77 | 1,373.75 | 265.06 | - | 1,638.82 | 8,224.95 | 6,006.80 |
| (c) Plant and Equipment | | | | | | | | | | |
| Owned | 33,907.23 | 20,040.49 | 92.21 | 53,855.51 | 11,125.66 | 2,432.98 | 36.37 | 13,522.28 | 40,333.23 | 22,781.56 |
| (d) Furniture and Fixtures | | | | | | | | | | |
| Owned | 817.67 | 215.86 | - | 1,033.53 | 395.06 | 49.75 | - | 444.81 | 588.72 | 422.61 |
| (e) Vehicles | | | | | | | | | | |
| Owned | 1,000.78 | 54.41 | 68.16 | 987.03 | 357.73 | 105.61 | 42.64 | 420.71 | 566.32 | 643.05 |
| (f) Office equipment & Computer & Printers | | | | | | | | | | |
| Owned | 872.45 | 32.43 | - | 904.88 | 669.51 | 32.25 | - | 701.75 | 203.13 | 202.95 |
| (g) Electric Installations | | | | | | | | | | |
| Owned | 4,402.27 | 1,766.40 | - | 6,168.67 | 978.04 | 228.65 | - | 1,206.70 | 4,961.97 | 3,424.23 |
| (h) Laboratory Equipments | | | | | | | | | | |
| Owned | 3,078.90 | 193.86 | - | 3,272.76 | 1,107.82 | 183.24 | - | 1,291.05 | 1,981.71 | 1,971.09 |
| Total Tangible Assets (A) | 62,481.03 | 24,786.67 | 160.37 | 87,107.32 | 16,007.58 | 3,297.54 | 79.00 | 19,226.12 | 67,881.20 | 46,473.45 |
| B Intangible assets | | | | | | | | | | |
| (a) Computer software | 363.17 | 52.93 | - | 416.10 | 200.38 | 54.54 | - | 254.92 | 161.18 | 162.79 |
| (b) Copyrights, patents and other intellectual property rights, services and operating rights | 1,090.46 | - | - | 1,090.46 | 694.38 | 183.78 | - | 878.17 | 212.29 | 396.07 |
| Total Intangible (B) | 1,453.63 | 52.93 | - | 1,506.56 | 894.76 | 238.32 | - | 1,133.09 | 373.47 | 558.87 |
| Total Fixed Assets (A+B) | 63,934.65 | 24,839.60 | 160.37 | 88,613.88 | 16,902.34 | 3,535.87 | 79.00 | 20,359.21 | 68,254.67 | 47,032.31 |
| Previous year | 62,463.57 | 1,579.65 | 108.57 | 63,934.65 | 13,786.29 | 3,168.08 | 52.04 | 16,902.34 | 47,032.31 | |

C. Depreciation and amortisation relating to continuing operations:

| Particulars | For the | For the |
|--|---|---|
| | year ended 31 March, 2013 ₹ in lacs | year ended 31 March, 2012 ₹ in lacs |
| Depreciation and amortisation for the year on tangible assets as per Note 12 A | 3,297.54 | 2,912.52 |
| Depreciation and amortisation for the year on intangible assets as per Note 12 B | 238.32 | 255.56 |
| Less: Utilised from revaluation reserve | 1.67 | 1.67 |
| Depreciation and amortisation relating to continuing operations | 3,534.19 | 3,166.41 |

Notes:

(i) Details of assets acquired under hire purchase agreements:

| Particulars | Gross block | | Net block | |
|-------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 March, 2013 ₹ in lacs | 31 March, 2012 ₹ in lacs | 31 March, 2013 ₹ in lacs | 31 March, 2012 ₹ in lacs |
| Cars | 268.68 | 230.90 | 184.25 | 192.69 |
| Staff Bus | 150.33 | 120.05 | 113.99 | 107.66 |

Notes:

(1) Capital Work in Progress includes:

- (a) ₹ Nil lacs on account of borrowing cost on borrowings for qualifying assets. (Previous Year ₹ 153.84 lacs)
- (b) Loss of ₹ 399.75 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities. (Previous year loss ₹ 927.89 lacs)

13 Non-current investments

| Particulars | As at 31 March, 2013 | | | As at 31 March, 2012 | | |
|---|----------------------|------------|--------------------|----------------------|----------|--------------------|
| | Quoted | Unquoted | Total ₹ in lacs | Quoted | Unquoted | Total ₹ in lacs |
| Investments (At cost): | | | | | | |
| Non-Trade | | | | | | |
| Other investments | | | | | | |
| Investment in equity instruments | | | | | | |
| (i) of subsidiaries | | | | | | |
| Dishman Europe Ltd (Face Value of GBP 1/- each fully paid up) | | 159,000 | 105.47 | 159,000 | | 105.47 |
| Dishman Australasia Pty Ltd (Face Value of AUD 1/- each fully paid up) | | 100,000 | 38.05 | 100,000 | | 38.05 |
| Dishman International Trade (Shanghai) Co Ltd.(No. of Shares not specified) | | 1 | 87.86 | 1 | | 87.86 |
| Dishman USA Inc. (Face value of US\$ 1/- each fully paid up) | | 300,000 | 136.20 | 300,000 | | 136.20 |
| Dishman Switzerland Ltd. (Face value of CHF 1/- each fully paid up) | | 1,030,000 | 357.30 | 1,030,000 | | 357.30 |
| Dishman Pharma Solutions AG (Face value of CHF 1/- each fully paid up) | | 28,000,000 | 10,507.50 | 28,000,000 | | 10,507.50 |
| Dishman Pharma & Chemical (Shanghai) Co. Ltd (No. of shares not specified) | | 1 | 4,169.54 | 1 | | 4,169.54 |
| Dishman Japan Ltd (Face value of JPY 50,000/- each fully paid up) | | 2,536 | 506.37 | 2,536 | | 506.37 |
| Dishman Middle East (FZE) (Face value of AED 9,50,000/- each fully paid up) | | 1 | 114.92 | 1 | | 114.92 |
| Dishman Care Ltd. (Face value of ₹ 10/- each fully paid up) | | 50,000 | 5.00 | 50,000 | | 5.00 |
| Cabogen-Amcis (India) Limited (Face value of ₹ 10/- each fully paid up) | | 50,000 | 5.00 | 50,000 | | 5.00 |
| (ii) of associates | | | | | | |
| Bhadra-Raj Holdings Pvt Ltd (Face value of ₹ 10/- each fully paid up) | | 4,000 | 0.40 | 4,000 | | 0.40 |
| (iii) of joint venture companies | | | | | | |
| CAD Middle East Pharmaceuticals Ind LLC (Face value of SAR 1000/- each fully paid up) | | 21,900 | 2,481.07 | 21,900 | | 2,481.07 |
| Dishman Arabia Ltd (Face value of SAR 1000/- each fully paid up) | | 1,250 | 147.74 | 1,250 | | 147.74 |
| Schutz Dishman Biotech Limited (Face value of ₹ 10/- each fully paid up) | | 334,980 | 33.50 | 334,980 | | 33.50 |
| (iv) of other entities | | | | | | |
| Nutan Nagrik Sahkari Bank Limited (Face value of ₹ 25/- each fully paid up) | | 6,244 | 1.56 | 6,244 | | 1.56 |
| Dishman Infrastructure Ltd. (Face value of ₹ 10/- each fully paid up) | | 50,000 | 5.00 | 50,000 | | 5.00 |
| B R Laboratories Ltd (Face value of ₹ 10/- each fully paid up) | | 130 | 0.01 | 130 | | 0.01 |
| Nami Trading Co-FZE LLC (Face value of AED 1000/- each fully paid up) | | 15 | 2.18 | 15 | | 2.18 |
| Stuti(Ambawadi) Owners' Association (Face value of ₹ 100/- each fully paid up) | | 30 | 0.03 | 30 | | 0.03 |
| Bank of India (Face value of ₹ 10/- each fully paid up) | 2,100 | | 0.95 | 2,100 | | 0.95 |
| Sangeeta Plaza iflex Office Premises Co-op Society Ltd. (Face value of ₹ 50/- each fully paid up) | | 50 | 0.03 | 50 | | 0.03 |
| Total | | | 18,705.69 | | | 18,705.69 |
| Less: Provision for diminution in value of investments | | | - | | | - |
| Total of non current investment | | | 18,705.69 | | | 18,705.69 |
| Aggregate amount of quoted investments | | | 0.95 | | | 0.95 |
| Aggregate market value of listed and quoted investments | | | 6.35 | | | 7.58 |
| Aggregate amount of unquoted investments | | | 18,704.74 | | | 18,704.74 |

Note (i) The Company has pledged its 28,000,000 (Twenty Eight Millions) equity shares of Dishman Pharma Solutions AG,Switzerland with ICICI Bank UK,Plc, Frankfurt Branch as security against loan availed by its subsidiary company,Dishman pharma Solutions,AG.

14 Long-term loans and advances

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Capital advances | | |
| Unsecured, considered good | 1,830.85 | 7,147.22 |
| Doubtful | 920.53 | 310.36 |
| | 2,751.38 | 7,457.58 |
| Less: Provision for doubtful advances | 920.53 | 310.36 |
| | 1,830.85 | 7,147.22 |
| (b) Security deposits | | |
| Unsecured, considered good | 327.32 | 309.87 |
| | 327.32 | 309.87 |
| (c) Loans and advances to related parties | | |
| Unsecured, considered good | 9,301.33 | 7,934.12 |
| | 9,301.33 | 7,934.12 |
| (d) MAT credit entitlement - Unsecured, considered good | 2,266.51 | 2,084.81 |
| (e) Balances with government authorities | | |
| Unsecured, considered good | | |
| (i) VAT credit receivable | 1,598.50 | 1,640.05 |
| Total | 15,324.51 | 19,116.06 |

15 Other non-current assets

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|----------------------|--------------------------------------|--------------------------------------|
| (a) Others | | |
| (i) Insurance claims | 121.50 | 121.50 |
| Total | 121.50 | 121.50 |

16 Inventories

(At lower of cost or net realisable value)

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| (a) Raw materials | 4,549.73 | 3,997.00 |
| Goods-in-transit | 712.30 | 115.71 |
| | 5,262.03 | 4,112.72 |
| (b) Work-in-progress | 5,050.52 | 5,724.85 |
| | 5,050.52 | 5,724.85 |
| (c) Finished goods (other than those acquired for trading) | 1,964.03 | 1,620.91 |
| | 1,964.03 | 1,620.91 |
| (e) Stores and spares | 499.54 | 454.18 |
| | 499.54 | 454.18 |
| Total | 12,776.12 | 11,912.65 |

17 Trade receivables

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Unsecured, considered good | 430.24 | 2,342.46 |
| Doubtful | 186.29 | 186.29 |
| | 616.53 | 2,528.75 |
| Less: Provision for doubtful trade receivables | 186.29 | 186.29 |
| | 430.24 | 2,342.46 |
| Other Trade receivables | | |
| Unsecured, considered good | 5,848.76 | 7,303.48 |
| | 5,848.76 | 7,303.48 |
| Total | 6,279.00 | 9,645.94 |

18 Cash and cash equivalents

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Cash on hand | 2.34 | 3.58 |
| (b) Balances with banks | | |
| (i) In current accounts | 236.86 | 127.82 |
| (ii) In EEFC accounts | 56.91 | 153.79 |
| (iii) In deposit accounts (Refer Note (i) below) | - | 3.81 |
| (iv) In earmarked accounts | | |
| - Unpaid dividend accounts | 4.55 | 2.99 |
| - Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below) | 385.04 | 353.17 |
| Total | 685.70 | 645.17 |

Note:

Balances with banks include margin monies amounting to ₹ 312.03 Lacs (As at 31 March, 2012 ₹ 310.32 Lacs) which have an original maturity of more than 12 months.

19 Short-term loans and advances

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Security deposits | | |
| Unsecured, considered good | 12.38 | 6.34 |
| | 12.38 | 6.34 |
| (b) Loans and advances to employees | | |
| Unsecured, considered good | 15.57 | 8.79 |
| | 15.57 | 8.79 |
| (c) Loans and advances to Related Party | | |
| Unsecured, considered good | 2,161.17 | 1,802.03 |
| | 2,161.17 | 1,802.03 |
| (d) Prepaid expenses - Unsecured, considered good | 507.89 | 112.76 |
| (e) Balances with government authorities | | |
| Unsecured, considered good | | |
| (i) CENVAT credit receivable | 295.63 | 425.60 |
| (ii) Service Tax credit receivable | 459.26 | 387.42 |
| (f) Share Application pending allotment | 500.00 | 298.16 |
| (g) Other Loans & Advances | | |
| Unsecured, considered good | 18,523.35 | 8,213.38 |
| Doubtful | 184.00 | 184.00 |
| | 18,707.35 | 8,397.38 |
| Less: Provision for other doubtful loans and advances | 184.00 | 184.00 |
| | 18,523.34 | 8,213.38 |
| Total | 22,475.25 | 11,254.49 |

20 Revenue from operations

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|---|---|
| (a) Sale of products (Refer Note (i) below) | 41,025.14 | 39,387.64 |
| (b) Sale of services (Refer Note (ii) below) | 7,887.88 | 7,313.32 |
| (c) Other operating revenues (Refer Note (iii) below) | 105.50 | 201.90 |
| | 49,018.52 | 46,902.85 |
| Less: | | |
| (d) Excise duty & VAT | 554.91 | 562.79 |
| Total | 48,463.61 | 46,340.06 |

| Note | Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|-------|---|---|---|
| (i) | Sale of products comprises : | | |
| | Manufactured goods | | |
| | Sale of manufactured Goods | 40,227.92 | 37,802.52 |
| | Sale of traded goods | 797.22 | 1,585.12 |
| | Total - Sale of products | 41,025.14 | 39,387.64 |
| (ii) | Sale of services comprises : | | |
| | Sales Commission | 1,744.99 | 1,448.65 |
| | Export Services | 6,142.89 | 5,864.67 |
| | Total - Sale of services | 7,887.88 | 7,313.32 |
| (iii) | Other operating revenues comprise: | | |
| | Sale of scrap | 13.92 | 27.80 |
| | DEPB Income | 8.90 | 61.72 |
| | Others | 1.08 | 21.75 |
| | Income from Travel Business | 81.60 | 90.62 |
| | Total - Other operating revenues | 105.50 | 201.90 |

21 Other income

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|---|---|
| (a) Interest income (Refer Note (i) below) | 1,342.54 | 1,089.69 |
| (b) Dividend income : | | |
| Quoted Investment | 0.23 | 0.33 |
| (c) Net gain on sale of : | | |
| Long-term investments | - | 87.14 |
| (d) Net gain on sale of: | | |
| Sale of Assets | 16.38 | - |
| Total | 1,359.15 | 1,177.17 |

| Note | Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|------|---------------------------------|---|---|
| (i) | Interest income comprises: | | |
| | Interest from banks on deposits | 97.08 | 27.30 |
| | Interest on loans and advances | | |
| | subsidiaries | 449.35 | 440.46 |
| | others | 795.61 | 616.84 |
| | Other interest | 0.50 | 5.09 |
| | Total - Interest income | 1,342.54 | 1,089.69 |

22.a Cost of materials consumed

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|----------------------------------|---|---|
| Opening stock | 4,166.57 | 3,649.48 |
| Add: Purchases | 18,502.48 | 17,694.72 |
| | 22,669.05 | 21,344.20 |
| Less: Closing stock | 5,319.20 | 4,166.57 |
| Cost of material consumed | 17,349.85 | 17,177.63 |

22.b Purchase of traded goods

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--------------------------|---|---|
| Purchase of Traded Goods | 238.30 | 1,298.31 |
| Total | 238.30 | 1,298.31 |

22.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|---|---|
| Inventories at the end of the year: | | |
| Finished goods | 1,964.03 | 1,620.91 |
| Work-in-progress | 5,050.52 | 5,724.85 |
| | 7,014.55 | 7,345.76 |
| Inventories at the beginning of the year: | | |
| Finished goods | 1,620.91 | 3,360.52 |
| Work-in-progress | 5,724.85 | 5,033.57 |
| | 7,345.76 | 8,394.10 |
| Net (increase) / decrease | 331.21 | 1,048.34 |

23 Employee benefits expense

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|---|---|
| Salaries and wages | 5,580.65 | 4,275.18 |
| Contributions to provident and other funds | 139.15 | 124.09 |
| Staff welfare expenses | 101.60 | 123.10 |
| Total | 5,821.40 | 4,522.38 |

24 Finance costs

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|---|---|
| (a) Interest expense on: | | |
| (i) Borrowings | 3,703.35 | 3,906.63 |
| (ii) Working Capital & Others | 1,076.09 | 1,270.51 |
| (b) Other borrowing costs | 253.41 | 335.61 |
| (c) Net loss on foreign currency transactions and translation (considered as finance cost) | 77.11 | 241.69 |
| Total | 5,109.96 | 5,754.43 |

25 Other expenses

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|--|--|
| Consumption of stores and spare parts | 37.15 | 39.11 |
| Increase / (decrease) of excise duty on inventory | 0.35 | (2.05) |
| Other Manufacturing Expenses | 335.22 | 316.53 |
| Power and fuel | 2,963.64 | 2,502.25 |
| Research and Development Expenses | 24.91 | 32.82 |
| Laboratory Expenses | 265.23 | 290.56 |
| ETP Expenses | 232.21 | 378.23 |
| Rent including lease rentals (Refer Note 30.8.d) | 47.73 | 45.53 |
| Repairs and maintenance - Buildings | 78.94 | 106.39 |
| Repairs and maintenance - Machinery | 786.83 | 658.04 |
| Repairs and maintenance - Others | 177.72 | 138.43 |
| Insurance | 192.07 | 159.93 |
| Communication | 42.38 | 47.42 |
| Travelling and conveyance | 306.65 | 284.27 |
| Printing and stationery | 40.51 | 54.86 |
| Freight and forwarding | 786.81 | 580.10 |
| Sales commission | 17.16 | 34.06 |
| Business promotion | 12.01 | 2.50 |
| Donations and contributions | 1.57 | 31.06 |
| Legal and professional | 113.17 | 189.04 |
| Payments to auditors (Refer Note (i) below) | 20.52 | 20.28 |
| Bad trade and other receivables, loans and advances written off | (4.18) | 421.96 |
| Membership & Subcription | 52.86 | 51.79 |
| ECGC Premium | 29.37 | 22.06 |
| Office Electricity | 20.94 | 23.70 |
| Recruitment Expenses | 2.90 | 12.05 |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | 676.71 | 950.98 |
| Loss on fixed assets sold / scrapped / written off | - | 29.91 |
| Provision for doubtful trade and other receivables, loans and advances (net) | 610.17 | 310.36 |
| Prior period items (net) (Refer Note (ii) below) | 2.78 | 5.27 |
| Miscellaneous expenses | 93.52 | 60.42 |
| Total | 7,967.85 | 7,797.87 |

| Note | Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|------|--|--|--|
| (i) | Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| | As auditors - statutory audit | 14.00 | 13.00 |
| | For taxation matters | 1.54 | 1.52 |
| | For company law matters | 0.94 | 1.39 |
| | For management services | 4.04 | 4.37 |
| | Total | 20.52 | 20.28 |
| (ii) | Details of Prior period items (net) | | |
| | Other Repair | - | 0.51 |
| | Freight Inward | 1.13 | 0.70 |
| | Other Expenses | 0.60 | 2.29 |
| | Sales | - | (5.31) |
| | Travelling Expenses | 1.05 | - |
| | Clearing & Forwarding | - | 1.18 |
| | Other Interest | - | 7.68 |
| | Sales Commission | - | (1.79) |
| | Total | 2.78 | 5.27 |

Notes 26 :- Notes forming part of the financial statements**1.00 Significant accounting policies****1.10 Basis of accounting and preparation of financial statements**

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.20 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.

1.30 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.

1.40 Depreciation and amortisation

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. 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.

1.50 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.

1.60 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."

1.70 Intangible assets

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

1.80 Foreign currency transactions and translations

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, 2020 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.

1.90 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.

2.00 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.

2.10 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.

2.20 Taxes on income

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.

2.30 Research and development expenses

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.

2.40 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.

2.50 Provisions and contingencies

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.

2.60 Derivative contracts

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

26 Additional information to the financial statements

26.01 Contingent liabilities and commitments (to the extent not provided for)

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (i) Contingent liabilities | | |
| a) Claims against the Company not acknowledged as debt | 3.49 | 3.01 |
| b) Guarantees | | |
| (i) Outstanding guarantees furnished to the bank in respect of wholly owned subsidiaries and a joint venture company | 25,826.56 | 30,572.71 |
| (ii) Outstanding guarantees furnished to the bank in respect of former subsidiaries and a joint venture company | 9,264.58 | 12,787.07 |
| (iii) Guarantees given by Bank on behalf of the Company | 252.05 | 267.21 |
| c) Letters of Credit in favour of suppliers | 1,560.76 | 1,958.29 |
| d) Disputed central excise duty (including service tax) liability | 435.45 | 418.65 |
| e) Disputed income tax liability for various assessment years for which appeals are pending with Appellate authorities, out of the said amount, the Company has paid 712.26 Lacs (Previous Year ₹ 662.26 Lacs) under protest. | 6,002.75 | 5,273.56 |
| f) Disputed sales tax and central sales tax liability ,out of the said amount company has paid ₹7.83 Lacs under protest. | 433.96 | 433.96 |
| g) Bills discounted with banks | 4,248.30 | 4,295.19 |
| (ii) Commitments | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets | 863.74 | 764.54 |

26.02 Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprise Development Act, 2006) claiming their status as micro, small and medium enterprises. Consequently, the amount paid/payable to these parties during the period is ₹ Nil.

26.03 Details of debts due from Companies under the same management:-

| Name of the Company | Balance as at 31 March, 2013 | Maximum balance during the year | Balance as at 31 March, 2012 | Maximum balance during the year |
|--------------------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| Carbogen Amcis AG | (251.91) | - | (1,327.61) | 367.09 |
| Dishman Europe ltd. | 4,591.58 | 7,085.92 | 5,023.22 | 7,585.15 |
| Dishman Austrasia PTY Ltd. | 85.74 | 85.74 | 69.69 | 160.90 |
| Dishman Intl Trading Shanghai Co Ltd | 26.15 | 26.84 | 22.08 | 23.35 |
| Dishman USA | 1,362.88 | 2,475.47 | 1,685.97 | 1,810.04 |
| Dishman Japan Ltd | 911.23 | 968.58 | 321.12 | 382.76 |
| Cad Middle East pharma.indus. | - | - | 4.67 | 4.67 |
| Dishman FZE # | - | - | (4,359.15) | - |
| Dishman Netherland B.V. | (1,267.38) | - | - | - |
| Cohecie Fine Chemicals B.V. | 515.02 | 515.02 | - | - |
| Carbogen Amcis Limited | - | - | 267.60 | 267.60 |
| Total | 5,973.31 | 11,157.57 | 1,707.60 | 10,601.56 |

26.04 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

(₹ in Lacs)

| Name of the party | Relationship | Amount outstanding as at 31 March, 2013 | Maximum balance outstanding during the year |
|--|--|---|---|
| Dishman Infrastructure Ltd. | Entity in which Director is Interested | 3,800.00 (3,800.00) | 3,800.00 (3,800.00) |
| Dishman Europe Ltd. | Subsidiary | - (-) | - (441.98) |
| Dishman Australasia PTY Ltd. | Subsidiary | 283.25 (263.20) | 283.25 (263.20) |
| Dishman Phar.& Chem.(Shanghai) Co.Ltd. | Subsidiary | 5,849.86 (4,703.59) | 5,849.86 (4,703.59) |
| Dishman Pharma Solutions AG | Subsidiary | - (-) | 1,228.23 (1,228.23) |
| Dishman FZE | Subsidiary # | - (782.56) | - (782.56) |
| Dishman Care Ltd. | Subsidiary | 1,284.33 (1,284.33) | 1,185.92 (1,185.92) |
| Carbogen Amcis India Ltd. | Subsidiary | 955.75 (955.75) | 876.83 (876.83) |

up to 30th March, 2012

Note: Figures in bracket relate to the previous year.

26.05 Details on derivatives instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March, 2013. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Notes 2.11, 2.26 and 2.27.

- (a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding forward exchange contracts entered into by the Company as on 31 March, 2013

| Currency | ₹ in Lacs | Buy / Sell | Cross currency |
|----------|-----------|------------|----------------|
| US \$ | - | Buy | Rupees |
| US \$ | (500.40) | Buy | Rupees |

Note: Figures in brackets relate to the previous year

- (b) Interest rate swaps to hedge against fluctuations in interest rate changes: As at 31 March, 2013 ₹2747.93 lacs (As at 31 March, 2012: ₹3720.60 lacs)

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

| As at 31 March, 2013 | | As at 31 March, 2012 | |
|-----------------------|---|-----------------------|--|
| Receivable/ (Payable) | Receivable/ (Payable) in Foreign currency | Receivable/ (Payable) | Receivable/ (Payable) in Foreign currency |
| ₹16,750.15 Lacs | AUD 0.578 Millions EUR 5.775 Millions USD 22.851 Millions NZE 0.003 Millions | ₹12,170.54 Lacs | Euro 31.54 Millions GBP 00.002 Millions US\$ 183.75 Millions AU\$ 05.71 Millions CHF 00.66 Millions CHF (07.11) Millions Euro (00.12) Millions |
| (₹26,973.91) Lacs | CHF (9.605) Millions EUR (4.420) Millions GBP (0.111) Millions JPY (0.759) Millions USD (33.673) Millions | (₹17,539.50) Lacs | GBP (00.06) Millions US\$ (26.33) Millions JPY (00.45) Millions |

26.06 Value of imports calculated on CIF basis :

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---------------|--|--|
| Raw materials | 5,618.15 | 7,281.87 |
| Capital goods | 182.70 | 781.72 |

26.07 Expenditure in foreign currency :

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|------------------------------------|--|--|
| Subscription Membership Fees | 20.43 | 38.61 |
| Sales Commission | 14.13 | 35.53 |
| Foreign Travelling | 5.02 | 8.94 |
| Bank interest & Charges | 43.29 | 37.27 |
| Interest on Foreign Currency Loans | 841.99 | 848.11 |
| Insurance & legal Expenses | - | 10.06 |
| Other Expenses | 30.76 | 10.67 |
| Total | 955.62 | 989.20 |

26.08 Details of consumption of imported and indigenous items

| | Imported | | Indigenous | |
|---------------|--------------------------------------|--------------------|--|----------------------|
| | ₹ in Lacs | % | ₹ in Lacs | % |
| Raw materials | 7,098.29 (6,566.44) | 40.91% (38.27%) | 10,251.56 (10,611.19) | 59.09% (61.73%) |
| Spare parts | 0.00 0.00 | 0.00% (0.00%) | 37.15 (38.14) | 100.00% (100.00%) |
| Total | 7,098.29 (6,566.44) | | 10,288.71 (10,649.33) | |

Note: Figures / percentages in brackets relates to the previous year

26.09 Earnings in foreign exchange :

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|----------------------------|--|--|
| Export of Goods on FOB | 35,952.62 | 34,035.42 |
| Contract Research Services | 6,142.89 | 5,702.51 |

26.10 Earnings per share

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|--|--|
| Basic & Diluted | | |
| Net profit for the year from continuing operations attributable to the equity shareholders | 6,317.51 | 4,483.57 |
| Weighted average number of equity shares | 80,697,136 | 80,697,136 |
| Par value per share | 2.00 | 2.00 |
| Earnings per share from continuing operations - Basic | 7.83 | 5.56 |

26.11 Deferred tax (liability) / asset

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| Tax effect of items constituting deferred tax liability | | |
| On difference between book balance and tax balance of fixed assets | (6,040.00) | (4,599.48) |
| On expenditure deferred in the books but allowable for tax purposes | | |
| Tax effect of items constituting deferred tax liability | (6,040.00) | (4,599.48) |
| Tax effect of items constituting deferred tax assets | | |
| Provision for compensated absences, gratuity and other employee benefits | 411.27 | 213.27 |
| Provision for doubtful debts / advances | 1,247.24 | 1,238.15 |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961 | | |
| Others | 1,658.51 | 1,451.43 |
| Tax effect of items constituting deferred tax assets | 1,658.51 | 1,451.43 |
| Net deferred tax (liability) / asset | (4,381.49) | (3,148.05) |

26.12 (i) Details of research and development expenditure recognised as an expense

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--------------------------|--------------------------------------|--------------------------------------|
| Annual Maintainance | 10.88 | 17.93 |
| Consumables | 16.10 | 34.67 |
| Conveyance | 9.99 | 6.59 |
| Laboratory Expenses | 290.15 | 230.58 |
| Others | 1.11 | 0.07 |
| Power & Fuel | 139.88 | 113.69 |
| Repairs & Maintanance | 1.92 | 42.08 |
| Raw Material Consumption | 68.89 | 37.68 |
| Salary & Wages | 805.78 | 632.14 |
| Subscription Expenses | 46.94 | 45.75 |
| Total | 1,391.64 | 1,161.18 |

(ii) Details of research and development expenditure recognised as capital expenses

(₹ in Lacs)

| Asset Class | Gross Value as at 1 April, 2012 | Addition/ Adjustment / Deletion During the year | Gross Value as at 31 March, 2013 |
|---|---------------------------------|---|----------------------------------|
| Buildings | 1,368.10 | - | 1,368.10 |
| Plant & Machinery | 1,331.56 | 40.66 | 1,372.22 |
| Laboratory Equipments | 1,377.27 | 4.76 | 1,382.03 |
| Electric Installations | 193.11 | - | 193.11 |
| Furniture & Fixtures | 151.68 | 0.18 | 151.86 |
| Office Equipments and Computers | 9.09 | 0.59 | 9.68 |
| Total Tangible Assets (A) | 4,430.81 | 46.19 | 4,477.00 |
| Intangible Assets | 513.26 | - | 513.26 |
| Capital Works in Progress | 40.66 | (30.68) | 9.98 |
| Total of Intangible Assets and Capital Works in Progress (B) | 553.92 | (30.68) | 523.24 |
| Total Capital Expenditure (A + B) | 4,984.73 | 15.51 | 5,000.24 |

26.13 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

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|--|--|
| For a period not later than 1 year | 97.31 | 59.67 |
| For a period later than 1 year but not later than 5 years. | 92.68 | 79.75 |
| For a period later than 5 years | - | - |

Hire charges recognized in the profit and loss account ₹ 11.07 Lacs (Previous Year ₹ 8.13 Lacs)

26.14 Segment information

The Company is in the business of manufacturing and marketing of :

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

- (i) 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 and Reconciliation of reportable segments with financial statements.

| Particulars | CRAMS | Bulk Drugs, Quats, Speciality Chemicals and traded goods | Unallocated /Others | Total |
|-------------------------|--------------------------|--|--------------------------|----------------------------|
| Revenue from Operations | 30,283.21 (29,139.69) | 18,180.40 (17,200.37) | - (-) | 48,463.61 (46,340.06) |
| Other Income | - (-) | 1,359.15 (1,177.17) | - (-) | 1,359.15 (1,177.17) |
| Total Revenue | 30,283.21 (29,139.69) | 19,539.55 (18,377.54) | - (-) | 49,822.76 (47,517.23) |
| Results | 10,009.03 (6,595.93) | 4,570.93 (5,910.36) | (5,109.96) (5754.43) | 9,470.00 (6,751.86) |
| Assets | 72,697.33 (61,045.76) | 35,687.33 (25,564.02) | 41,116.79 (57,689.28) | 149,501.45 (144,299.06) |
| Liability | 15,838.57 (23,123.04) | 3,730.65 (5,786.47) | 5,506.95 (4,926.05) | 25,076.17 (33,835.56) |

Note: Figures in bracket relates to the previous year

| Particulars | Domestic ₹ in Lacs | Export ₹ in Lacs | Total ₹ in Lacs |
|--------------|----------------------------|--------------------------|----------------------------|
| Revenue | 6,496.58 (5,616.97) | 43,326.18 (41,900.26) | 49,822.76 (47,517.23) |
| Total Assets | 149,501.45 (144,299.06) | - (-) | 149,501.45 (144,299.06) |

Note: Figures in bracket relates to the previous year

(iii) The previous year figures have been regrouped / re-classified to confirm to the current year's classification.

26.15 Employee benefit plans

a) Defined Benefit Plans

- Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit & Loss Account.
- 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.
- 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 (₹ in lacs) | Leave Encashment (₹ in lacs) |
|--------------------------------|-------------------------|---------------------------------|
| Current service cost | 53.87 | 25.44 |
| Interest Cost | 32.15 | 10.05 |
| Expected return on plan assets | (0.08) | - |
| Net actuarial losses (gains) | 12.60 | (11.40) |
| Total | 98.54 | 24.09 |

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

| Particulars | Gratuity (₹ in lacs) | Leave Encashment (₹ in lacs) |
|---|-------------------------|---------------------------------|
| Defined benefit obligation at beginning of the year | 408.40 | 131.29 |
| Service cost | 53.87 | 25.45 |
| Interest cost | 32.15 | 10.05 |
| Actuarial losses (gains) | 12.60 | (11.41) |
| Benefits paid | (60.34) | (26.00) |
| Defined benefit obligation at end of the year | 446.68 | 129.38 |

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

| Particulars | Gratuity (₹ in lacs) |
|--|-------------------------|
| Fair value of plan assets at beginning of the year | 1.52 |
| Expected return on plan assets | 0.08 |
| Actuarial gains and (losses) | (0.02) |
| Contributions by employer | 59.25 |
| Benefits paid | (60.34) |
| Fair value of plan assets at year end | 0.49 |

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

| | Gratuity 2012-13 | Leave Encashment 2012-13 |
|---|---------------------|-----------------------------|
| Present value of defined benefit obligations at the end of the year | 446.68 | 129.38 |
| Fair value of plan assets at the end of the year | 0.49 | - |
| Net assets / (liability) at the end of year | (446.19) | (129.38) |

V. Investment details

| Particulars | % invested as at 31st March, 2013 |
|---------------------|-----------------------------------|
| Policy Of Insurance | 100% |

VI. Actuarial Assumptions

| Particulars | Gratuity | Leave Encashment |
|--|---|---|
| Mortality Table (LIC) | 1994-96 (Ultimate) | 1994-96 (Ultimate) |
| Discount Rate (per annum) | 8.50% | 8.50% |
| 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 | 60 years | 60 years |

- i. 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.
- ii. 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.
- iii. 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 2013 | 31st March 2012 | 31st March 2011 | 31st March 2013 | 31st March 2012 | 31st March 2011 |
| Present value of defined benefit obligations at the end of the year | 446.68 | 408.40 | 395.89 | 129.38 | 131.29 | 124.24 |
| Fair value of plan assets at the end of the year | 0.49 | 1.52 | 0.54 | - | - | - |
| Net assets/(liability) at the end of year | (446.19) | (406.88) | (395.35) | (129.38) | (131.29) | (124.24) |

b) Defined Contribution Plans.

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

| Particulars | 2012-13 ₹ in Lacs | 2011-12 ₹ in Lacs |
|--|----------------------|----------------------|
| Employer's Contribution to Provident Fund | 93.11 | 62.93 |
| Employers' Contribution to Superannuation Fund | 38.51 | 32.71 |

26.16 Related party transactions
a) Details of related parties:

Description of relationship

| | |
|--|---|
| Subsidiaries | Dishman USA Inc. |
| Subsidiaries | Dishman Europe Limited |
| Subsidiaries | Dishman International Trading (Shanghai) Co..Ltd. |
| Subsidiaries | Dishman FZE# |
| Subsidiaries | Dishman Switzerland Limited |
| Subsidiaries | Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited |
| Subsidiaries | Dishman Pharma Solutia AG |
| Subsidiaries | Dishman Australasia Pty Limited |
| Subsidiaries | Carbogen Amcis (India) Limited |
| Subsidiaries | Dishman Care Limited |
| Subsidiaries | Dishman Middle East FZE |
| Subsidiaries | Dishman Japan Limited |
| Fellow Subsidiaries | Carbogen Amcis AG |
| Fellow Subsidiaries | Cohecie Fine Chemicals B.V. formerly known as Dishman Holland B.V |
| Fellow Subsidiaries | Dishman Netherlands B.V. |
| Fellow Subsidiaries | Innovative Ozone Service Inc |
| Joint venture | Dishman Arabia Limited |
| Joint venture | CAD Middle East Pharmaceuticals Industries@ |
| Joint venture | Schutz Dishman Bio-tech Limited |
| Associates | Bhadra-Raj Holdings Private Limited |
| Key Management Personnel (KMP) | Mr. Janmejy R.Vyas |
| Key Management Personnel (KMP) | Mrs. Deohooti J.Vyas |
| Key Management Personnel (KMP) | Mr. Arpit J.Vyas |
| Relative of Key Management Personnel | Ms. Aditi J Vyas |
| Relative of Key Management Personnel | Ms . Mansi J Vyas |
| Key Management Personnel is Karta | Mr. J.R.Vyas HUF |
| Company in which KMP / Relatives of KMP can exercise significant influence | B.R. Laboratories Limited |
| Company in which KMP / Relatives of KMP can exercise significant influence | Azafran Innovacion Limited |
| Company in which KMP / Relatives of KMP can exercise significant influence | Leon Hospility Private Limited |
| Company in which KMP / Relatives of KMP can exercise significant influence | Dishman Infrastructure Limited |

up to 30th March, 2012.

@ up to May, 2011.

Note: Related parties have been identified by the Management.

- b) Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

₹ in Lacs

| Particulars | Subsidiaries | Fellow Subsidiaries | Associates/ Joint Ventures | KMP | Relatives of KMP | Entities in which KMP / relatives of KMP have significant influence | Total |
|--|--------------------------|------------------------|-------------------------------|--------------------|---------------------|--|--------------------------|
| Purchase of goods | 19.09 (-) | - (-) | 18.80 (5.04) | - (-) | - (-) | 168.51 (0.17) | 206.40 (5.21) |
| Sale of goods/ Export of Services | 30,840.65 (31,676.40) | 3,524.28 (1,738.68) | 103.11 (1,097.80) | - (-) | - (-) | - (-) | 34,468.04 (34,512.88) |
| Purchase of fixed assets | 55.85 (82.56) | - (-) | - (-) | - (-) | - (-) | - (-) | 55.85 (82.56) |
| Rendering of services | 3.22 (12.88) | - (-) | - (-) | - (-) | - (-) | 2.05 (1.10) | 5.27 (13.98) |
| Receiving of services | 55.94 (-) | - (42.36) | - (-) | 6.23 (5.82) | 5.66 (5.29) | - (-) | 67.83 (53.47) |
| Investment | - (114.92) | - (-) | - (-) | - (-) | - (-) | - (-) | - (114.92) |
| Sale of Long Term Investments | - (125.46) | - (-) | - (-) | - (-) | - (-) | - (-) | - (125.46) |
| Interest Income | 440.59 (311.37) | - (-) | - (-) | - (-) | - (-) | 166.66 (126.72) | 607.25 (438.09) |
| Loan & Advances Given | 479.11 (2,941.41) | - (-) | - (-) | - (-) | - (-) | - (-) | 479.11 (2,941.41) |
| Loans & Advances Received | - (-) | - (-) | - (-) | 240.00 (-) | - (-) | - (-) | 240.00 (-) |
| Advances received against Sales | - (5,686.76) | 1,519.28 (-) | - (-) | - (-) | - (-) | - (-) | 1,519.28 (5,686.76) |
| Capital Advances | - (-) | - (-) | - (-) | - (-) | - (-) | 460.00 (616.91) | 460.00 (616.91) |
| Dividend Paid | - (-) | - (-) | 7.20 (7.20) | 584.87 (583.39) | 1.68 (1.68) | - (-) | 593.75 (592.27) |
| <u>Balances outstanding at the end of the year</u> | | | | | | | |
| Trade receivables | 5,438.72 (8,200.28) | 515.02 (21.18) | 3.93 (4.67) | - (-) | - (-) | - (-) | 5,957.67 (8,226.13) |
| Guarantees and collaterals | 25,826.56 (39,827.76) | - (-) | - (3,532.00) | - (-) | - (-) | - (-) | 25,826.56 (43,359.76) |
| Loans and advances | 8,423.39 (1,364.96) | - (-) | - (298.16) | (155.00) 0.17 | - (-) | 3,100.20 (2,640.21) | 11,368.59 (4,303.16) |
| Trade payables | 3,944.82 (3,963.02) | 1,520.87 (-) | 15.69 (-) | - (-) | - (-) | 163.51 (-) | 5,644.89 (3,963.02) |

Note: Figures in bracket relates to the previous year

c) Disclosure in respect of material transactions with related parties

| | Name of the related party | 2012-2013 ₹ in Lacs | 2011-2012 ₹ in Lacs |
|---|--|------------------------|------------------------|
| Purchase of goods | Schutz Dishman Bio-tech Ltd. | 18.80 | 5.04 |
| | D P C (Shanghai) Co.Ltd | 19.09 | - |
| | B.R.laboratories limited | 5.34 | 0.17 |
| | Azafran Innovacion Limited | 163.17 | 116.65 |
| Sale of goods/Export Services | Dishman Europe Ltd | 21,093.24 | 24,624.45 |
| | Carbogen Amcis AG | 2,910.96 | 1,507.48 |
| | Dishman USA Inc. | 6,268.25 | 4,871.17 |
| | Dishman FZE | - | 1,715.26 |
| | Cohecie Fine Chemicals B.V. | 611.96 | 226.57 |
| | Carbogen Amcis (India) Limited | 298.76 | 263.05 |
| | Dishman Japan Ltd | 2,920.61 | 1,025.92 |
| | Schutz Dishman Bio-tech Ltd. | 103.11 | 71.87 |
| Purchase of Fixed Assets | Carbogen Amcis AG | 55.85 | 82.56 |
| Rendering of Services | Dishman Europe Ltd | 3.22 | 12.88 |
| | B.R.laboratories Ltd | 2.05 | - |
| Receiving of Services | Dishman USA Inc. | 55.94 | - |
| | Dishman Netherland B.V. | - | 42.36 |
| Investment | Dishman Middle East FZE | - | 114.92 |
| Interest income | Carbogen Amcis AG | 78.91 | 18.26 |
| | Dishman Care Ltd. | 21.67 | 12.13 |
| | D P C (Shanghai) Co.Ltd | 340.00 | 280.98 |
| | Dishman infrastructure Ltd | 166.66 | 126.72 |
| Loans and advances given | Dishman FZE | - | 782.56 |
| | Dishman Care Ltd | - | 1,175.00 |
| | Carbogen Amcis India Ltd. | - | 860.40 |
| | D P C (Shanghai) Co.Ltd | 479.11 | 123.45 |
| Loans and advances received | Mr. Janmejy R.Vyas | 240.00 | - |
| Capital Advances | Dishman Infrastructure Ltd | 460.00 | 616.91 |
| Guarantees and Collateral given during the period | Dishman Pharma Solutia AG | (2,803.36) | 5,134.40 |
| | Dishman Europe Ltd | 20.40 | (1,003.81) |
| | Dishman FZE | - | 7,117.64 |
| | D P C (Shanghai) Co.Ltd | (1,414.49) | 3,480.02 |
| | Dishman Netherlands B.V. | (548.70) | 2,033.59 |
| | CAD Middle East Pharmaceuticals Industries | - | 1,730.03 |
| Dividends paid | Bhadra-Raj Holdings P.Ltd. | 7.20 | 7.20 |
| | Mr. Janmejy R.Vyas | 304.98 | 303.50 |
| | Mrs. Deohooti J.Vyas | 131.57 | 131.57 |
| | Mr. Arpit J.Vyas | 148.32 | 148.32 |
| Remuneration | Mr. Janmejy R.Vyas | 509.00 | 351.00 |
| | Mrs. Deohooti J.Vyas | 120.00 | 95.00 |
| | Mr. Arpit J.Vyas | 120.00 | 120.00 |
| Advance received against sale | Dishman Netherland B.V. | 1,267.38 | - |
| | Carbogen Amcis AG | 251.91 | 1,327.61 |
| | Dishman FZE | - | 4,359.15 |

26.17 Interest in joint ventures

The Company has interests in the following jointly controlled entities:

₹ in Lacs

| Name of companies and country of incorporation | % of shareholding | Amount of interest based on accounts for the year ended 31 March, 2013 | | | | | |
|---|--------------------|--|--------------------|------------------------|------------------------|------------------------|---------------------|
| | | Assets | Liabilities | Income | Expenditure | Contingent liabilities | Capital commitments |
| Schutz Dishman Bio Tech Ltd., India | 22.33% (22.33%) | 376.72 (425.67) | 166.23 (227.05) | 363.51 (453.95) | 354.91 (406.18) | - (-) | - (-) |
| Dishman Arabia Ltd., Saudi Arabia | 50.00% (50.00%) | 995.68 (522.38) | 50.29 (1.23) | - (-) | - (-) | - (-) | - (-) |
| CAD Middle East Pharmaceutical Industires, Saudi Arabia | 30.00% (30.00%) | - (7,872.74) | - (6,045.85) | - (-) | - (-) | - (-) | - (-) |
| Dishman Japan Ltd., Japan | 85.00% (85.00%) | 925.73 (659.35) | 889.94 (802.49) | 3,168.35 (1,750.67) | 3,182.48 (1,834.07) | - (-) | - (-) |

Note: Figures in brackets relate to the previous year

As per our report of even date attached.

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Ahmedabad

Date : 28-May-2013

For and on behalf of the Board of Directors

(Janmejy R Vyas) Chairman & Managing Director

(Deohooti J Vyas) Whole Time Director

(Deepak Pandya) VP (Legal) & Company Secretary

Ahmedabad

Date : 28-May-2013

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements 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"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entities referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of certain subsidiaries and jointly controlled entities, whose financial statements reflect total assets (net) of ₹60,753.28 lacs, as at 31st March, 2013, total revenues of ₹79,232.91 lacs, and net cash outflows amounting to ₹462.72 lacs for the year ended on that date, as considered in the consolidated financial statements. This financial statement have been audited by other auditors whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this jointly controlled entity is based solely on the reports of the other auditor.

Our report is not qualified in respect of this matter.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No.117365W)

Gaurav J. Shah
Partner
(Membership No. 35701)

AHMEDABAD, May 28, 2013

Consolidated Balance Sheet as at 31 March, 2013

| Particulars | Note No. | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|----------|---|-----------------------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 1,613.94 | 1,613.94 |
| (b) Reserves and surplus | 4 | 101,466.33 | 91,269.76 |
| | | 103,080.27 | 92,883.71 |
| 2 Share application money pending allotment | | 368.12 | 184.00 |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 46,909.61 | 51,205.16 |
| (b) Deferred tax liabilities | 26 (B.5) | 5,801.76 | 4,460.35 |
| (c) Other long-term liabilities | 6 | 953.42 | 6,641.94 |
| (d) Long-term provisions | 7 | 4,277.70 | 4,052.40 |
| | | 57,942.49 | 66,359.85 |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | 8 | 33,059.52 | 23,356.79 |
| (b) Trade payables | 9 | 10,555.03 | 16,578.74 |
| (c) Other current liabilities | 10 | 19,854.57 | 23,555.73 |
| (d) Short-term provisions | 11 | 4,251.17 | 1,978.12 |
| | | 67,720.29 | 65,469.37 |
| TOTAL | | 229,111.17 | 224,896.93 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12.A | 114,566.08 | 80,954.44 |
| (ii) Intangible assets | 12.B | 21,491.79 | 21,127.18 |
| (iii) Capital work-in-progress | | 9,736.13 | 41,824.62 |
| | | 145,794.00 | 143,906.24 |
| (b) Goodwill on Consolidation | | 1,229.54 | 1,229.66 |
| (c) Non-current investments | 13 | 2,491.23 | 2,630.43 |
| (d) Long-term loans and advances | 14 | 11,986.35 | 14,621.82 |
| (e) Other non-current assets | 15 | 279.74 | 121.50 |
| | | 15,986.85 | 18,603.41 |
| 2 Current assets | | | |
| (a) Inventories | 16 | 33,826.97 | 26,706.24 |
| (b) Trade receivables | 17 | 7,290.97 | 18,696.82 |
| (c) Cash and cash equivalents | 18 | 2,100.20 | 2,404.09 |
| (d) Short-term loans and advances | 19 | 24,112.17 | 14,580.12 |
| | | 67,330.31 | 62,387.27 |
| TOTAL | | 229,111.17 | 224,896.93 |
| See accompanying notes forming part of the financial statements | 1 to 26 | | |
| As per our report of even date attached. For Deloitte Haskins & Sells Chartered Accountants Gaurav J Shah Partner Ahmedabad Date : 28-May-2013 | | For and on behalf of the Board of Directors (Janmejay R Vyas) Chairman & Managing Director (Deohooti J Vyas) Whole Time Director (Deepak Pandya) VP (Legal) & Company Secretary Ahmedabad Date : 28-May-2013 | |

Consolidated Statement of Profit and Loss for the year ended 31 March, 2013

| Particulars | Note No. | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|----------|--|--|
| 1 Revenue from operations | 20 | 127,779.97 | 112,988.51 |
| Less: Excise duty | | 557.80 | 577.34 |
| Net Revenue from operations | | 127,222.17 | 112,411.17 |
| 2 Other income | 21 | 1,781.90 | 1,291.72 |
| 3 Total revenue (1+2) | | 129,004.07 | 113,702.89 |
| 4 Expenses | | | |
| (a) Cost of materials consumed | 22.a | 40,920.13 | 37,688.22 |
| (b) Purchases of stock-in-trade | 22.b | 1,685.76 | 1,298.31 |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 22.c | (5,021.04) | (531.47) |
| (d) Employee benefits expense | 23 | 35,091.16 | 29,410.48 |
| (e) Finance costs | 24 | 7,882.09 | 7,294.35 |
| (f) Depreciation and amortisation expense | 12.C | 8,383.82 | 7,652.47 |
| (g) Other expenses | 25 | 25,533.73 | 22,099.34 |
| Total expenses | | 114,475.65 | 104,911.70 |
| 5 Profit before tax (3-4) | | 14,528.42 | 8,791.19 |
| 6 Tax expense: | | | |
| (a) Current tax expense for current year | | 2,887.52 | 2,635.63 |
| (b) Less :- MAT credit Entitlement | | 183.34 | 9.56 |
| (c) Net current tax expense | | 2,704.19 | 2,626.07 |
| (d) Deferred tax | | 1,794.85 | 489.27 |
| | | 4,499.04 | 3,115.34 |
| 7 Profit for the year (5 - 6) | | 10,029.39 | 5,675.85 |
| 8. Earnings per share (of ₹ 2.00/- each): | | | |
| (a) Basic | 26 (B.4) | 12.43 | 7.03 |
| (b) Diluted | 26 (B.4) | 12.43 | 7.03 |

See accompanying notes forming part of the financial statements

1 to 26

As per our report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 28-May-2013

For and on behalf of the Board of Directors

(Janmejay R Vyas) Chairman & Managing Director

(Deohooti J Vyas) Whole Time Director

(Deepak Pandya) VP (Legal) & Company Secretary

Ahmedabad
Date : 28-May-2013

Consolidated Cash Flow Statement for the year ended on March 31, 2013

| | 2012-13 ₹ in Lacs | 2011-12 ₹ in Lacs |
|---|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax as per the Profit and Loss Account | 14,528.42 | 8,791.19 |
| Adjustments for : | | |
| Depreciation and Amortisation | 8,383.82 | 7,652.47 |
| Loss / (Gain) on foreign exchange fluctuations | (12.08) | (6,643.83) |
| Interest Expense | 7,882.09 | 7,294.35 |
| Interest Income | (1,532.58) | (1,201.43) |
| Dividend Income | (0.23) | (0.33) |
| Sundry Balance Written Off (Net) | - | (22.12) |
| Loss/ (Gain) on sale of Investments | - | (86.43) |
| Loss on sale of Fixed Assets (Net) | 236.80 | 40.28 |
| Provision for doubtful debts and advances | 610.17 | 269.07 |
| | 15,567.99 | 7,302.03 |
| Operating profit before working capital changes | 30,096.41 | 16,093.22 |
| Adjustments for : | | |
| Trade Receivables | 11,417.93 | (1,689.66) |
| Inventories | (7,120.73) | 315.52 |
| Loans and Advances | (6,129.97) | (6,323.41) |
| Trade Payables and Provisions | (12,624.12) | 8,336.89 |
| | (14,456.89) | 639.33 |
| Cash Generated From Operations | 15,639.52 | 16,732.55 |
| Taxes paid | (1,907.59) | (1,374.92) |
| Net Cash From Operating Activities | 13,731.93 | 15,357.63 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (10,936.43) | (9,491.28) |
| Sale of Fixed Assets | 427.66 | 41.00 |
| Investments made | 139.20 | (2,489.20) |
| Proceeds from Sale of Long Term Investments | - | 212.60 |
| Share Application Money Pending Allotment | (184.12) | 125.00 |
| Dividend Received | 0.23 | 0.33 |
| Interest Received | 1,532.58 | 1,201.43 |
| Net Cash used in Investing Activities | (9,020.87) | (10,400.12) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Loans | (5,754.79) | 6,779.63 |
| Inter-Corporate Deposits (Repaid) / Received | - | (23.05) |
| Proceeds/ (Repayment) from Short Term Loans | 9,702.73 | (5,009.63) |
| Interest Paid | (7,837.42) | (7,425.45) |
| Dividend Paid | (968.37) | (968.37) |
| Dividend Tax Paid | (157.09) | (157.09) |
| Net Cash Generated from Financing Activities | (5,014.94) | (6,803.97) |
| Net changes in Cash & Cash Equivalents (A+B+C) | (303.89) | (1,846.46) |
| Cash and Cash Equivalents at the beginning of the year | 2,404.09 | 4,250.56 |
| Cash and Cash Equivalents at the end of the year | 2,100.20 | 2,404.09 |

Notes:-

- The Company had undrawn borrowing facilities of ₹3992.26 lacs (Previous Year ₹ 6,239.78 lacs) at the end of the year.
- Cash and Cash Equivalents include deposits with banks of ₹ 386.38 lacs (Previous Year ₹ 461.28 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 ₹ NIL (Previous Year ₹153.84 lacs).

As per our report of even date attached.

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 28-May-2013

For and on behalf of the Board of Directors

(Janmejay R Vyas) Chairman & Managing Director

(Deohooti J Vyas) Whole Time Director

(Deepak Pandya) VP (Legal) & Company Secretary

Ahmedabad
Date : 28-May-2013

Notes forming part of the consolidated financial statements
3 Share capital

| Particulars | As at 31 March, 2013 | | As at 31 March, 2012 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Number of shares | ₹ in Lacs | Number of shares | ₹ in Lacs |
| (a) Authorised Equity shares of ₹2.00 each with voting rights | 100,000,000 | 2,000.00 | 100,000,000 | 2,000.00 |
| (b) Issued Subscribed and fully paid up Equity shares of ₹2.00 each with voting rights | 80,697,136 | 1,613.94 | 80,697,136 | 1,613.94 |
| Total | | 1,613.94 | | 1,613.94 |

4 Reserves and surplus

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Securities premium account Opening balance | 24,755.20 | 24,755.20 |
| Less : Utilised during the year for: Premium on redemption of FCCB's | - | - |
| Closing balance | 24,755.20 | 24,755.20 |
| (b) Debenture redemption reserve Opening balance | 3,125.00 | 1,875.00 |
| Add: Additions during the year Transferred from surplus in Statement of Profit and Loss | 625.00 | 1,250.00 |
| Closing balance | 3,750.00 | 3,125.00 |
| (c) Revaluation reserve Opening balance | 535.05 | 554.29 |
| Less: Utilised for set off against depreciation | 0.84 | 19.24 |
| Closing balance | 534.21 | 535.05 |
| (d) General reserve Opening balance | 31,281.87 | 28,775.95 |
| Add: Transferred from surplus in Statement of Profit and Loss | 800.00 | 2,505.92 |
| Closing balance | 32,081.87 | 31,281.87 |
| (e) Foreign currency monetary item translation difference | (143.30) | (131.22) |
| (f) Foreign currency translation reserve Opening balance | 5,362.91 | 4,639.60 |
| Add / (Less): Effect of foreign exchange rate variations during the year | 1,305.55 | 723.31 |
| Closing balance | 6,668.46 | 5,362.91 |
| (g) Surplus in Statement of Profit and Loss Opening balance | 26,340.95 | 25,546.49 |
| Add: Profit for the year | 10,029.39 | 5,675.85 |
| Less: Dividend Dividends proposed to be distributed to equity shareholders (₹1.20 per share) | 968.37 | 968.37 |
| Tax on dividend | 157.09 | 157.09 |
| Transferred to: General reserve | 800.00 | 2,505.92 |
| Debenture redemption reserve | 625.00 | 1,250.00 |
| Closing balance | 33,819.89 | 26,340.95 |
| Total | 101,466.33 | 91,269.76 |

5 Long-term borrowings

| Particulars | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|-------------|--|--------------------------------------|--------------------------------------|
| (a) | Redeemable Non-Convertible Debentures Secured | See Note (i) | 13,500.00 |
| | | | 15,000.00 |
| (b) | Term loans From banks Secured Unsecured | See Note (ii) | 23,172.85 |
| | | | - |
| | | | 23,172.85 |
| | From other parties Secured Unsecured | See Note (iii) See Note (iii) | 5,636.77 4,513.60 |
| | | | 6,459.69 607.69 |
| | | | 10,150.37 |
| (c) | Long-term maturities of Hire purchase obligations Secured | See Note (iv) | 86.39 |
| | | | 59.72 |
| | | | 86.39 |
| | | | 59.72 |
| | Total | | 46,909.61 |
| | | | 51,205.16 |

| Particulars | Terms of repayment and security | Balance | |
|------------------------------|--|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Note (i) | | | |
| 10.35% Redeemable Debentures | Secured Redeemable Non-Convertible Debentures – First Trench 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. | 6,000.00 | 7,500.00 |
| 9.65% Redeemable Debentures | 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. | 7,500.00 | 7,500.00 |
| | | 13,500.00 | 15,000.00 |
| Note (ii) | | | |
| Indus Ind Bank | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in Quarterly Installment of ₹ 295.62 lacs ending on April 2014. | 44.13 | 1,200.59 |
| Bank Of Maharashtra | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Quarterly Installment of ₹125.00 Lacs ending on March - 2014. | 2,185.00 | 498.14 |

| Particulars | Terms of repayment and security | Balance | |
|--------------------------------------|--|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Exim Bank | Secured Term Loan 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. Repayable in instalment of ₹ 250.00 lacs every quarter starting from Feb. 2014 ending on Aug. 2018. | 3,500.00 | 3,750.00 |
| Development Bank of Singapore | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in quarterly equal installments of ₹ 305.16 lacs starting from May 2012 ending on May 2015. | 1,526.63 | 2,575.80 |
| Standard Chartered Bank | The Term Loan is secured by first charge on the 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. Repayable in monthly installments of ₹78.95 lacs ending on April 2013. | - | 78.94 |
| ICICI Bank UK, Plc, Frankfurt Branch | The Term Loan is secured against pledged of 28,000,000 (Twenty Eight Millions) equity shares of Dishman Pharma Solutions AG, Switzerland with ICICI Bank UK, Plc, Frankfurt Branch as security against loan availed by its subsidiary company, Dishman Pharma Solutions,AG. The term loan is repayable in equal quartely installments of ₹ 1065.58 lacs starting from July-2012 ending on June-2016. | 10,117.42 | 13,644.08 |
| ABN-Amro Bank | The Term Loan is Secured by mortgage of all Land and Buildings and Investment Property, pledge on all Inventories, pledge on trade receivables, pledge on plant & equipments of Dishman Netherlands BV.The Term loan is repayable in equal quarterly installments of ₹ 169.73 lacs ending on Oct. 2017 | 2,608.88 | 3,224.78 |
| State Bank of India, Shanghai | The Term Loan is secured by Mortgage of Land, Building and Machinery of Dishman Pharmaceuticals (Shanghai) Co Ltd.. The Term loan is repayable in quarterly equal installments of ₹ 383.85 lacs starting from Jan.13 and ending on Jan, 2016. | 3,190.80 | 4,105.73 |
| Note (iii) | | 23,172.86 | 29,078.06 |
| International Finance Corporation | The Term Loan is secured by first pari-passu charge on the whole movable assets of the Company both present and future located at Bavla and the second pari-passu charge on the current assets of the Company both current and future. Repayable in half yearly equal installments of ₹ 626.31 lacs starting from May-12 and ending on May-18. | 5,636.77 | 6,459.69 |
| Life Insurance Corporation of India | Unsecured loans. Availed on the Keyman insurance policies of the key personnel of the Company | 967.46 | 545.47 |
| From Others | Unsecured | 3,546.13 | 62.22 |
| | | 10,150.36 | 7,067.38 |

| Particulars | Terms of repayment and security | Balance | |
|-----------------------------------|--|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Note (iv) | | | |
| ICICI Bank Limited | Hire Purchase Finances are secured by hypothecation of respective assets | 81.35 | 26.09 |
| HDFC Bank Ltd. | Hire Purchase Finances are secured by hypothecation of respective assets | 5.04 | 33.63 |
| | | 86.39 | 59.72 |
| Total Long Term Borrowings | | 46,909.61 | 51,205.16 |

(v) For the current maturities of long-term borrowings, refer item (i) (a) in Note 10 Other current liabilities.

6 Other long-term liabilities

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| Others: | | |
| (a) Payables on purchase of fixed assets | 556.77 | 1,571.83 |
| (b) Others | 396.65 | 5,070.11 |
| Total | 953.42 | 6,641.94 |

7 Long-term provisions

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| (a) Provision for employee benefits: | | |
| (i) Provision for compensated absences | 123.49 | 130.93 |
| (ii) Provision for gratuity (net) | 4,154.21 | 3,921.47 |
| Total | 4,277.70 | 4,052.40 |

8 Short-term borrowings

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---------------------------------|--------------------------------------|--------------------------------------|
| (a) Loans repayable on demand | | |
| From banks | | |
| Secured | 22,031.86 | 18,855.97 |
| Unsecured | 127.78 | 257.87 |
| | 22,159.64 | 19,113.84 |
| (b) Short Term Loans from Banks | | |
| Secured | 1,486.92 | 1,459.40 |
| Unsecured | 9,412.96 | 2,783.55 |
| | 10,899.88 | 4,242.95 |
| Total | 33,059.52 | 23,356.79 |

Notes:

(i) Details of security for the secured short-term borrowings:

| Particulars | Nature of security | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|---|--------------------------------------|--------------------------------------|
| Loans repayable on demand from banks: | | | |
| Corporation Bank | Hypothecation of Inventories, collateral security of | 2,562.58 | 695.52 |
| Bank Of Baroda | book debts, first charge on Company's fixed asset at | 3,164.37 | 2,880.11 |
| Bank Of India | Naroda DTA plant located at Plot No. 1216/12,1216/ | 1,674.49 | 1,369.67 |
| State Bank Of India | 20 to 23, Pharse IV, and Plot No. 67, Phase I , GIDC Estate, Naroda , Ahmedabad unit and second charge on fixed asset at Bavla. | 3,803.69 | 3,436.49 |
| Nat west Bank | Collateral security of book debts of DEL | 2,064.35 | - |
| HDFC Bank | Unsecured | 127.78 | 257.87 |
| ABN Amro | Mortgage of all Land and Buildings and Investment Property, pledge on all Inventories, pledge on trade receivables, pledge on plant & equipments of Dishman Netherlands BV | 3,447.43 | 2,556.14 |
| Credit Suisse Bank | Hypothecation of Inventories, collateral security of book debts, Negative Pledge of fixed assets of Carbogen Amcis AG. | 5,314.95 | 6,991.12 |
| State Bank of India, Shanghai | Secured by Mortgage of Land ,Building and Machinery of Dishman Pharmaceuticals (Shanghai) Co Ltd. | - | 926.92 |
| Total- Loans repayable on demand from banks: | | 22,159.64 | 19,113.84 |
| Short Term Loans from Banks | | | |
| Standard Chartered Bank | First Charge on Company's fixed asset at Naroda EOU plant situated at Plot No. 1216/24 to 1216/27 and 1216/11, Phase IV, GIDC Estate, Naroda, Ahmedabad. | 1,486.92 | 1,459.40 |
| ICICI Bank | Unsecured | 6,820.11 | 2,500.00 |
| IndusInd Bank | Unsecured | - | 270.00 |
| HDFC Bank | Unsecured | 800.00 | - |
| Bank Of India | Unsecured | 1,000.00 | - |
| Axis bank -OD Account | Unsecured | 7.85 | - |
| Krone Finstock Pvt. Ltd. | Unsecured | 300.00 | - |
| Ravisha Finanacial Services | Unsecured | 485.00 | - |
| Royal Bank of Scotland | Unsecured | - | 13.55 |
| Total Short Term Loans from Banks: | | 10,899.88 | 4,242.95 |

(ii) Details of short-term borrowings guaranteed by a director:

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Loans repayable on demand from banks | 127.78 | 257.87 |
| Short Term Loans from Banks | - | 270.00 |

9 Trade payables

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| Trade payables: Other than Acceptances | 10,555.03 | 16,578.74 |
| Total | 10,555.03 | 16,578.74 |

10 Other current liabilities

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Current maturities of long-term debt Note (i) | 8,939.76 | 10,399.00 |
| (b) Interest accrued but not due on borrowings | 366.93 | 322.26 |
| (c) Interest accrued and due on borrowings | 388.25 | 22.74 |
| (d) Unpaid dividends | 4.57 | 2.99 |
| (e) Other payables | | |
| (i) Statutory remittances | 582.82 | 124.60 |
| (ii) Advances from customers | 5,110.07 | 8,530.17 |
| (iii) Provision for Directors Remuneration | 454.54 | 217.11 |
| (iv) Employee related provisions | 456.26 | 416.61 |
| (v) Others | 3,551.37 | 3,520.25 |
| Total | 19,854.57 | 23,555.73 |

| Particulars | Terms of repayment and security | Balance | |
|---|--|--------------------------------------|--------------------------------------|
| | | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
| Note (i):- | | | |
| (a) Term loans | | | |
| Secured Loans from others | Refer Notes (ii), (iii) and (iv) in Note 5-Long-term borrowings for details of security and guarantee. | 8,758.88 | 10,179.26 |
| Unsecured Loans from HDFC Bank Ltd | See note (ii) below | - | 190.48 |
| | | 8,758.88 | 10,369.74 |
| From other parties | | | |
| Secured | | - | 5.93 |
| | | - | 5.93 |
| (b) Loans and advances from related parties (Refer Note 26 (B.9)) | | | |
| Unsecured | | 180.88 | 23.33 |
| | | 180.88 | 23.33 |
| Total | | 8,939.76 | 10,399.00 |

(ii) Details of long-term borrowings guaranteed by a director:

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|-----------------------|--------------------------------------|--------------------------------------|
| Term loans from banks | - | 190.48 |

11 Short-term provisions

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Provision for employee benefits: | | |
| (i) Provision for bonus | 292.22 | 379.87 |
| (ii) Provision for compensated absences | 1,102.81 | 885.45 |
| (iii) Provision for gratuity (net) | 465.86 | 426.81 |
| | 1,860.89 | 1,692.13 |
| (b) Provision - Others: | | |
| (i) Provision for tax | 1,264.82 | (839.47) |
| (ii) Provision for proposed equity dividend | 968.37 | 968.37 |
| (iii) Provision for tax on proposed dividends | 157.09 | 157.09 |
| | 2,390.28 | 285.99 |
| Total | 4,251.17 | 1,978.12 |

12 Fixed assets

₹ in Lacs

| A. Tangible assets | Gross block (At Cost) | | | | Accumulated depreciation | | | | | Net block | | |
|---|-----------------------------|------------------|-----------------------|---|------------------------------|-----------------------------|-----------------------------------|---|---|------------------------------|------------------------------|------------------------------|
| | Balance as at 1 April, 2012 | Additions | Disposals/ Adjustment | Effect of Foreign Currency exchange differences | Balance as at 31 March, 2013 | Balance as at 1 April, 2012 | Depreciation expense for the year | Effect of Foreign Currency exchange differences | Eliminated on disposal of assets / Adjustment | Balance as at 31 March, 2013 | Balance as at 31 March, 2013 | Balance as at 31 March, 2012 |
| (a) Land | | | | | | | | | | | | |
| Freehold | 2,799.34 | 127.10 | 454.96 | 34.76 | 2,506.24 | - | - | - | - | - | 2,506.24 | 2,799.34 |
| Leasehold | 10,778.01 | - | - | - | 10,778.01 | - | - | - | - | - | 10,778.01 | 10,778.01 |
| (b) Buildings | | | | | | | | | | | | |
| Own use | 21,428.01 | 10,079.15 | 9.53 | 218.02 | 31,715.65 | 4,785.47 | 1,351.76 | 9.53 | 49.84 | 6,177.54 | 25,538.11 | 16,642.54 |
| (c) Plant and Equipment | | | | | | | | | | | | |
| Owned | 65,822.76 | 28,832.20 | 421.77 | 486.09 | 94,719.28 | 24,992.50 | 5,294.40 | 289.28 | 199.80 | 30,197.42 | 64,521.86 | 40,830.26 |
| (d) Furniture and Fixtures | | | | | | | | | | | | |
| Owned | 1,274.27 | 275.11 | 0.52 | 5.26 | 1,554.12 | 655.06 | 86.78 | 0.40 | 3.00 | 744.44 | 809.68 | 619.21 |
| (e) Vehicles | | | | | | | | | | | | |
| Owned | 1,136.29 | 124.48 | 68.16 | 1.06 | 1,193.67 | 414.28 | 128.46 | 42.64 | 0.60 | 500.70 | 692.97 | 722.01 |
| (f) Office equipment & Computer & Printers | | | | | | | | | | | | |
| Owned | 2,620.40 | 108.74 | 4.93 | 23.80 | 2,748.01 | 2,168.73 | 151.72 | 3.99 | 20.72 | 2,337.18 | 410.83 | 451.67 |
| (h) Electric Installations | | | | | | | | | | | | |
| Owned | 4,423.73 | 1,766.40 | - | - | 6,190.13 | 988.22 | 229.67 | - | - | 1,217.89 | 4,972.24 | 3,435.51 |
| (i) Laboratory Equipments | | | | | | | | | | | | |
| Owned | 9,121.16 | 202.29 | 3.06 | 81.61 | 9,402.00 | 4,445.27 | 577.88 | 2.19 | 44.90 | 5,065.86 | 4,336.14 | 4,675.89 |
| Total Tangible Assets (A) | 119,403.97 | 41,515.47 | 962.93 | 850.60 | 160,807.11 | 38,449.53 | 7,820.67 | 348.03 | 318.86 | 46,241.03 | 114,566.08 | 80,954.44 |
| B Intangible assets | | | | | | | | | | | | |
| (a) Goodwill | 19,650.26 | - | 49.56 | 266.81 | 19,867.51 | 261.10 | - | - | 2.96 | 264.06 | 19,603.45 | 19,389.16 |
| (b) Brands / trademarks | 2,286.56 | 27.61 | - | 30.23 | 2,344.40 | 2,286.56 | 12.19 | - | 30.23 | 2,328.98 | 15.42 | - |
| (c) Computer software | 2,123.79 | 52.93 | - | 27.19 | 2,203.91 | 1,546.84 | 231.82 | - | 19.14 | 1,797.80 | 406.11 | 576.95 |
| (d) Copyrights, patents and other intellectual property rights, services and operating rights | 2,591.91 | 607.34 | - | 28.88 | 3,228.13 | 1,430.84 | 319.98 | - | 10.50 | 1,761.32 | 1,466.81 | 1,161.07 |
| Total Intangible (B) | 26,652.52 | 687.88 | 49.56 | 353.11 | 27,643.95 | 5,525.34 | 563.99 | - | 62.83 | 6,152.16 | 21,491.79 | 21,127.18 |
| Total Fixed Assets (A+B) | 146,056.49 | 42,203.35 | 1,012.49 | 1,203.71 | 188,451.06 | 43,974.87 | 8,384.66 | 348.03 | 381.69 | 52,393.19 | 136,057.87 | 102,081.62 |
| Previous year | 133,222.83 | 4,443.90 | 3,301.07 | 11,690.83 | 146,056.49 | 32,785.04 | 7,671.71 | 436.23 | 3,954.35 | 43,974.87 | 102,081.62 | |

C. Depreciation and amortisation relating to continuing operations:

| Particulars | For the year ended 31 March, 2013 ₹ in lacs | For the year ended 31 March, 2012 ₹ in lacs |
|--|---|---|
| Depreciation and amortisation for the year on tangible assets as per Note 12 A | 7,820.67 | 6,647.57 |
| Depreciation and amortisation for the year on intangible assets as per Note 12 B | 563.99 | 1,024.14 |
| Less: Utilised from revaluation reserve | 0.84 | 19.24 |
| Depreciation and amortisation relating to continuing operations | 8,383.82 | 7,652.47 |

Notes:

(i) Details of assets acquired under hire purchase agreements:

| Particulars | Gross block | | Net block | |
|-------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 31 March, 2013 ₹ in lacs | 31 March, 2012 ₹ in lacs | 31 March, 2013 ₹ in lacs | 31 March, 2012 ₹ in lacs |
| Cars | 279.81 | 242.03 | 231.44 | 203.82 |
| Staff Bus | 150.33 | 108.92 | 113.99 | 96.53 |

(ii) Additions to fixed assets includes:

(a) Loss of ₹ Nil lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities. (Previous year Gain ₹ Nil lacs)

(iii) Capital Work in Progress includes:

(a) ₹ Nil lacs on account of borrowing cost on borrowings for qualifying assets. (Previous Year ₹ 153.84 lacs)
 (b) Loss of ₹ 399.75 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities. (Previous year Loss ₹ 927.89 lacs)

13 Non-current investments

| Particulars | As at 31 March, 2013 | | | As at 31 March, 2012 | | |
|---|----------------------|----------|--------------------|----------------------|----------|--------------------|
| | Quoted | Unquoted | Total ₹ in lacs | Quoted | Unquoted | Total ₹ in lacs |
| Investments (At cost): | | | | | | |
| Non-Trade | | | | | | |
| Other investments | | | | | | |
| Investment in equity instruments | | | | | | |
| (i) of subsidiaries | | | | | | |
| Dishman Infrastructure Ltd. (Face value of ₹ 10/- each fully paid up) | | 50,000 | 5.00 | 50,000 | 4.56 | |
| (ii) of associates | | | | | | |
| Bhadr-Raj Holdings Pvt Ltd (Face value of ₹ 10/- each fully paid up) | | 4,000 | 0.40 | 4,000 | 140.04 | |
| (iii) of joint venture companies | | | | | | |
| CAD Middle East Pharmaceuticals Ind LLC (Face value of SAR 1000/- each fully paid up) (Refer Note 27 B (ii)) | | 21,900 | 2,481.07 | 21,900 | 2,481.07 | |
| (iv) of other entities | | | | | | |
| Nutan Nagrik Sahkari Bank Limited (Face value of ₹ 25/- each fully paid up) | | 6,244 | 1.56 | 6,244 | 1.56 | |
| B R Laboratories Ltd (Face value of ₹ 10/- each fully paid up) | | 130 | 0.01 | 130 | 0.01 | |
| Nami Trading Co-FZE LLC (Face value of AED 1000/- each fully paid up) | | 10 | 2.18 | 10 | 2.18 | |
| Stuti(Ambawadi) Owners' Association (Face value of ₹ 100/- each fully paid up) | | 30 | 0.03 | 30 | 0.03 | |
| Bank of India (Face value of ₹ 10/- each fully paid up) | 2,100 | - | 0.95 | 2,100 | - | 0.95 |
| Sangeeta Plaza iflex Office Premises Co-op Society Ltd. (Face value of ₹ 50/- each fully paid up) | | 50 | 0.03 | 50 | 0.03 | |
| Total | | | 2,491.23 | | | 2,630.43 |
| Less: Provision for diminution in value of investments | | | - | | | - |
| Total of Non Current Investments | | | 2,491.23 | | | 2,630.43 |
| Aggregate amount of quoted investments | | | 0.95 | | | 0.95 |
| Aggregate market value of listed and quoted investments | | | 7.58 | | | 7.58 |
| Aggregate amount of unquoted investments | | | 2,490.28 | | | 2,629.49 |

14 Long-term loans and advances

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Capital advances | | |
| Unsecured, considered good | 3,189.61 | 7,147.22 |
| Doubtful | 920.53 | 310.36 |
| | 4,110.14 | 7,457.58 |
| Less: Provision for doubtful advances | 920.53 | 310.36 |
| | 3,189.61 | 7,147.22 |
| (b) Security deposits | | |
| Unsecured, considered good | 330.53 | 326.97 |
| | 330.53 | 326.97 |
| (c) Loans and advances to related parties | | |
| Unsecured, considered good | 3,262.49 | 3,422.77 |
| | 3,262.49 | 3,422.77 |
| (d) MAT credit entitlement - Unsecured, considered good | 2,286.98 | 2,084.81 |
| (e) Balances with government authorities | | |
| Unsecured, considered good | | |
| (i) VAT credit receivable | 2,916.74 | 1,640.05 |
| Total | 11,986.35 | 14,621.82 |

15 Other non-current assets

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|----------------------|--------------------------------------|--------------------------------------|
| (a) Others | | |
| (i) Insurance claims | 279.74 | 121.50 |
| Total | 279.74 | 121.50 |

16 Inventories

(At lower of cost or net realisable value)

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|-----------------------|--------------------------------------|--------------------------------------|
| (a) Raw materials | 10,269.48 | 10,382.77 |
| Goods-in-transit | 722.61 | 115.71 |
| | 10,992.09 | 10,498.48 |
| (b) Work-in-progress | 12,529.10 | 8,946.58 |
| | 12,529.10 | 8,946.58 |
| (c) Finished goods | 8,153.42 | 6,714.90 |
| | 8,153.42 | 6,714.90 |
| (d) Stores and spares | 2,152.36 | 546.28 |
| | 2,152.36 | 546.28 |
| Total | 33,826.97 | 26,706.24 |

17 Trade receivables

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment | | |
| Unsecured, considered good | 430.24 | 2,342.46 |
| Doubtful | 326.12 | 246.53 |
| | 756.36 | 2,588.99 |
| Less: Provision for doubtful trade receivables | 326.12 | 246.53 |
| | 430.24 | 2,342.46 |
| Other Trade receivables Unsecured, considered good | 6,860.73 | 16,354.36 |
| | 6,860.73 | 16,354.36 |
| Total | 7,290.97 | 18,696.82 |

18 Cash and cash equivalents

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| (a) Cash on hand | 11.24 | 10.36 |
| (b) Balances with banks | | |
| (i) In current accounts | 1,641.12 | 1,765.07 |
| (ii) In EEFC accounts | 56.91 | 153.79 |
| (iii) In deposit accounts (Refer Note (i) below) | - | 10.60 |
| - Unpaid dividend accounts | 4.55 | 2.99 |
| - Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note (i) below) | 386.38 | 461.28 |
| Total | 2,100.20 | 2,404.09 |

Note:

Balances with banks include margin monies amounting to ₹312.03 lacs (As at 31 March, 2012 ₹ 310.32 lacs) which have an original maturity of more than 12 months.

19 Short-term loans and advances

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| (a) Security deposits Unsecured, considered good | 124.53 | 6.34 |
| | 124.53 | 6.34 |
| (b) Loans and advances to employees Unsecured, considered good | 18.19 | 17.27 |
| | 18.19 | 17.27 |
| (c) Prepaid expenses - Unsecured, considered good | 1,273.00 | 2,294.38 |
| (d) Balances with government authorities Unsecured, considered good | | |
| (i) CENVAT credit receivable | 299.67 | 438.49 |
| (ii) Service Tax credit receivable | 473.15 | 387.47 |
| (e) Share Application pending allotment | 500.00 | 149.08 |
| (f) Other Loans & Advances Unsecured, considered good | 21,423.63 | 11,287.09 |
| Doubtful | 184.00 | 184.00 |
| | 21,607.63 | 11,471.09 |
| Less: Provision for other doubtful loans and advances | 184.00 | 184.00 |
| | 21,423.63 | 11,287.09 |
| Total | 24,112.17 | 14,580.12 |

20 Revenue from operations

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|--|--|
| (a) Sale of products (Refer Note (i) below) | 119,158.88 | 105,408.32 |
| (b) Sale of services (Refer Note (ii) below) | 8,155.59 | 7,313.32 |
| (c) Other operating revenues (Refer Note (iii) below) | 465.50 | 266.87 |
| | 127,779.97 | 112,988.51 |
| Less: | | |
| (d) Excise duty | 557.80 | 577.34 |
| Total | 127,222.17 | 112,411.17 |

| Note | Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|-------|---|--|--|
| (i) | Sale of products comprises : | | |
| | Sales of Manufactured Goods | 118,142.54 | 103,823.20 |
| | Sale of Traded Goods | 1,016.34 | 1,585.12 |
| | Total - Sale of products | 119,158.88 | 105,408.32 |
| (ii) | Sale of services comprises : | | |
| | Sales Commission | 1,790.91 | 1,448.65 |
| | Export Services | 6,364.68 | 5,864.67 |
| | Total - Sale of services | 8,155.59 | 7,313.32 |
| (iii) | Other operating revenues comprises: | | |
| | Sale of scrap | 16.80 | 28.29 |
| | Export Incentive | 8.90 | 61.72 |
| | Others | 439.80 | 86.24 |
| | Income from Travel Business | - | 90.62 |
| | Total - Other operating revenues | 465.50 | 266.87 |

21 Other income

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|---|---|
| (a) Interest income (Refer Note (i) below) | 1,532.58 | 1,201.43 |
| (b) Dividend income : Quoted Investment | 0.23 | 0.33 |
| (c) Net gain on sale of: Long-term investments | - | 86.43 |
| Fixed Assets | 245.02 | - |
| (d) Share of profit from Associate | 4.07 | 3.53 |
| Total | 1,781.90 | 1,291.72 |

| Note Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|---|---|
| (i) Interest income comprises: Interest from banks on deposits | 37.40 | 176.10 |
| Interest on loans and advances | 1,494.68 | 649.90 |
| others | 0.50 | 375.43 |
| Other interest | | |
| Total - Interest income | 1,532.58 | 1,201.43 |

22.a Cost of materials consumed

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|----------------------------------|---|---|
| Opening stock | 10,553.91 | 11,507.76 |
| Add: Purchases | 41,358.31 | 36,734.37 |
| | 51,912.22 | 48,242.13 |
| Less: Closing stock | 10,992.09 | 10,553.91 |
| Cost of material consumed | 40,920.13 | 37,688.22 |

22.b Purchase of traded goods

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--------------------------|---|---|
| Purchase of Traded Goods | 1,685.76 | 1,298.31 |

22.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|---|---|
| Inventories at the end of the year: | | |
| Finished goods | 8,153.42 | 6,714.90 |
| Work-in-progress | 12,529.10 | 8,946.58 |
| | 20,682.52 | 15,661.48 |
| Inventories at the beginning of the year: | | |
| Finished goods | 6,714.90 | 8,800.91 |
| Work-in-progress | 8,946.58 | 6,329.10 |
| | 15,661.48 | 15,130.01 |
| Net (increase) / decrease | (5,021.04) | (531.47) |

23 Employee benefits expense

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|--|--|
| Salaries and wages | 30,542.56 | 25,603.78 |
| Contributions to provident and other funds | 3,926.92 | 3,201.21 |
| Staff welfare expenses | 621.68 | 605.49 |
| Total | 35,091.16 | 29,410.48 |

24 Finance costs

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|--|--|
| (a) Interest expense on: | | |
| (i) Borrowings | 4,835.50 | 4,778.92 |
| (ii) Working Capital & Others | 2,444.86 | 1,300.90 |
| (b) Other borrowing costs | 490.60 | 976.57 |
| (c) Net loss on foreign currency transactions and translation (considered as finance cost) | 111.13 | 237.96 |
| Total | 7,882.09 | 7,294.35 |

25 Other expenses

| Particulars | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|--|--|--|
| Consumption of stores and spare parts | 124.75 | 39.11 |
| Increase / (decrease) of excise duty on inventory | 0.39 | (2.05) |
| Other Manufacturing Exp. | 300.20 | 215.14 |
| Power and fuel | 5,044.86 | 4,203.55 |
| Research & Development Expenses | 27.08 | 32.86 |
| Laboratory Expenses | 274.87 | 291.36 |
| ETP Expenses | 252.20 | 378.23 |
| Rent including lease rentals (Refer Note 30.8.d) | 3,830.03 | 3,517.03 |
| Repairs and maintenance - Buildings | 864.28 | 112.49 |
| Repairs and maintenance - Machinery | 3,529.82 | 3,570.14 |
| Repairs and maintenance - Others | 438.45 | 147.82 |
| Insurance | 813.82 | 649.36 |
| Communication | 380.57 | 367.51 |
| Travelling and conveyance | 1,860.94 | 1,158.68 |
| Printing and stationery | 92.37 | 171.49 |
| Freight and forwarding | 1,640.65 | 896.24 |
| Sales commission | 186.80 | 535.24 |
| Business promotion | 1,107.13 | 422.89 |
| Donations and contributions | 101.46 | 31.06 |
| Legal and professional | 1,284.17 | 1,897.61 |
| Payments to auditors | 150.35 | 134.43 |
| Bad trade and other receivables, loans and advances written off | 79.37 | 422.03 |
| Membership & Subcription | 70.80 | 115.25 |
| ECGC Premium | 29.55 | 22.37 |
| Office Electricity | 25.73 | 23.70 |
| Recruitment Expenses | 3.25 | 271.11 |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | 810.21 | 892.63 |
| Loss on fixed assets sold / scrapped / written off | 8.22 | 40.28 |
| Provision for doubtful trade and other receivables, loans and advances (net) | 610.17 | 269.07 |
| Prior period items (net) | 3.09 | 7.81 |
| Miscellaneous expenses | 1,588.15 | 1,264.90 |
| Total | 25,533.73 | 22,099.34 |

Note 26 Additional information to the consolidated financial statements

- 1 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, 2013, 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, 2012.

2 Other Significant Accounting Policies

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

B Notes to Consolidated Financial Statements

B.1 The subsidiaries considered in the consolidated financial statement as at 31st March 2013 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 Dubai FZE (See note (i) below) | UAE | 100% |
| Dishman International Trading (Shanghai) Co. Limited # | China | 100% |
| Dishman Pharma Solutions AG | Switzerland | 100% |
| Dishman Pharmaceuticals and Chemicals (Shanghai) Company Limited # | China | 100% |
| Dishman (Suisse) Limited | Switzerland | 100% |
| Dishman Netherlands B.V ### | Holland | 100% |
| Carbogen Amcis Limited * | UK | 100% |
| Carbogen Amcis AG ^ | Switzerland | 100% |
| Cohecie Fine Chemicals B.V.(Formally Known as Dishman Holland BV) @ | Holland | 100% |
| Dishman Australasia Pty Limited | Australia | 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 Europe Limited

B.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% |

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

| Name of the Associate | Country of incorporation | % of holding |
|--------------------------------|--------------------------|--------------|
| Schutz Dishman Biotech Limited | India | 22.33% |
| Dishman Arabia Limited | Saudi Arabia | 50% |
| Dishman Japan Limited | Japan | 85% |

B.3 (i) Contingent liabilities and commitments (to the extent not provided for)

| Particulars | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|---|--------------------------------------|--------------------------------------|
| a) Claims against the Company not acknowledged as debt | 3.49 | 3.01 |
| b) Guarantees | | |
| (i) Outstanding guarantees furnished to the bank in respect of former subsidiary and joint venture | 9,264.58 | 12,787.07 |
| (ii) Guarantees given by Bank on behalf of the Company | 252.05 | 267.21 |
| c) Letters of Credit in favor of suppliers | 1,560.76 | 1,958.29 |
| d) Disputed central excise duty (including service tax) liability | 435.45 | 418.65 |
| e) Disputed income tax liability for various assessment years for which appeals are pending with Appellate authorities, out of the said amount, the Company has paid ₹ 712.26 Lacs (Previous Year ₹ 662.26 Lacs) under protest. | 6,002.75 | 5,569.77 |
| f) Disputed sales tax and central sales tax liability ,out of the said amount company has paid ₹ 7.83 Lacs under protest. | 433.96 | 433.96 |
| g) Bills discounted with banks | 4,248.30 | 7,246.11 |
| (ii) Commitments | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for | | |
| Tangible assets | 863.74 | 764.54 |

B.4 Earnings per share

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|--|--|
| Earnings per share | | |
| Basic & Diluted | | |
| Net profit for the year attributable to the equity shareholders | 10,029.39 | 5,675.85 |
| Weighted average number of equity shares | 80,697,136 | 80,697,136 |
| Par value per share | 2.00 | 2.00 |
| Earnings per share from continuing operations - Basic & Diluted | 12.43 | 7.03 |

B.5 Deferred tax (liability) / asset

| | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|--|--------------------------------------|--------------------------------------|
| Tax effect of items constituting deferred tax liability | | |
| On difference between book balance and tax balance of fixed assets | (7,303.69) | (4,565.95) |
| On expenditure deferred in the books but allowable for tax purposes | (509.30) | (463.16) |
| On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss | (19.14) | (22.37) |
| Others | (353.55) | (98.69) |
| | (8,185.68) | (5,150.17) |
| Tax effect of items constituting deferred tax assets | | |
| Provision for compensated absences, gratuity and other employee benefits | 589.18 | 584.59 |
| Provision for doubtful debts / advances | 384.55 | 100.71 |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961 | 1,247.24 | 0.70 |
| Unabsorbed depreciation carried forward | - | 3.82 |
| Brought forward business losses | 162.95 | - |
| | 2,383.92 | 689.82 |
| Net deferred tax (liability) / asset | (5,801.76) | (4,460.35) |

The net deferred tax liability of ₹ 5,801.76 lacs (Previous year ₹ 4,460.35 lacs) has been presented in the balance sheet as follows:

| | As at 31 March, 2013 ₹ in Lacs | As at 31 March, 2012 ₹ in Lacs |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Deferred tax assets | - | - |
| Deferred tax liabilities | (5,801.76) | (4,460.35) |
| Deferred tax liability (Net) | (5,801.76) | (4,460.35) |

B.6 Details of leasing arrangements

| | For the year ended 31 March, 2013 ₹ in Lacs | For the year ended 31 March, 2012 ₹ in Lacs |
|---|--|--|
| i) As Lessee | | |
| Future minimum lease payments not later than one year | 3,060.25 | 3,109.62 |
| later than one year and not later than five years | 12,309.10 | 12,448.05 |
| later than five years | 2,416.03 | 5,557.92 |
| | 17,785.38 | 21,115.59 |
| ii) Lease payments recognised in the Statement of Profit and Loss | 3,185.97 | 3,016.65 |

B.7 Segment information

The Company is in the business of manufacturing and marketing of :

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

- (i) 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 and Reconciliation of reportable segments with financial statements.

₹ in Lacs

| Particulars | CRAMS | Bulk Drugs, Quats, Speciality Chemicals and traded goods | Unallocated /Others | Total |
|-------------------------|----------------------------|--|--------------------------|----------------------------|
| Revenue from Operations | 81,325.44 (71,790.58) | 45,896.73 (40,620.59) | - - | 127,222.17 (112,411.17) |
| Other Income | 739.46 (707.88) | 1,038.37 (580.28) | 4.07 (3.56) | 1,781.90 (1,291.72) |
| Total Revenue | 82,064.90 (72,498.46) | 46,935.10 (41,200.87) | 4.07 (3.56) | 129,004.07 (113,702.89) |
| Results | 16,216.08 (9,436.66) | 6,190.37 (6,648.86) | -7,878.03 (-7294.35) | 14,528.42 (8,791.18) |
| Assets | 118,907.79 (114,068.27) | 55,744.38 (62,626.54) | 54,459.00 (49,172.80) | 229,111.17 (225,867.61) |
| Liability | 20,588.34 (28,161.42) | 8,655.78 (22,186.91) | 7,509.77 (7,942.41) | 36,753.89 (58,290.74) |

Note: Figures in bracket relates to the previous year

(ii)

| Particulars | Domestic ₹ in Lacs | Export ₹ in Lacs | Total ₹ in Lacs |
|--------------|----------------------------|----------------------------|----------------------------|
| Revenue | 6,687.98 (4,454.58) | 120,534.19 (107,956.58) | 127,222.17 (112,411.17) |
| Total Assets | 151,295.31 (144,190.87) | 77,815.86 (81,676.75) | 229,111.17 (225,867.61) |

Note: Figures in bracket relates to the previous year

- B.8 The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. In view of revision to the Schedule VI as per a notification issued during the year by the Central Government, the financial statements for the financial year ended 31st March, 2013 have been prepared as per the requirements of the Revised Schedule VI to the Companies Act, 1956. The previous year figures have been accordingly regrouped / re-classified to confirm to the current year's classification.

B.9 Related party transactions

- (i) Details of related parties:

Description of relationship

Subsidiaries

Joint venture

Key Management Personnel (KMP)

Key Management Personnel (KMP)

Key Management Personnel (KMP)

Relative of Key Management Personnel

Relative of Key Management Personnel

Key Management Personnel is Karta

Company in which KMP / Relatives of KMP can exercise significant influence

Company in which KMP / Relatives of KMP can exercise significant influence

Company in which KMP / Relatives of KMP can exercise significant influence

Company in which KMP / Relatives of KMP can exercise significant influence

Up to 30th March, 2012.

Dishman FZE #

CAD Middle East Pharmaceutical Industries

Mr. Janmejay R.Vyas

Mrs. Deohooti J.Vyas

Mr. Arpit J.Vyas

Ms. Aditi J Vyas

Ms . Mansi J Vyas

Mr. J.R.Vyas HUF

B.R. Laboratories Limited

Azafran Innovacion Limited

Leon Hospility Private Limited

Dishman Infrastructure Limited

(ii) Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

₹ in lacs

| Particulars | Subsidiaries | Fellow Subsidiaries | Associates/ Joint Ventures | KMP | Relatives of KMP | Entities in which KMP / relatives of KMP have significant influence | Total |
|--|-----------------|---------------------|----------------------------|--------------------|------------------|---|------------------------|
| Purchase of goods | - (-) | - (-) | 18.80 (3.91) | - (-) | - (-) | 168.51 (0.17) | 187.31 (4.08) |
| Sale of goods | - (-) | - (-) | 3,023.72 (209.71) | - (-) | - (-) | - | 3,023.72 (209.71) |
| Purchase of Fixed Assets | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) |
| Rendering of services | - (-) | - (-) | - (-) | - (-) | - (-) | 2.05 (1.10) | 2.05 (1.10) |
| Receiving of services | - (-) | - (-) | - (-) | 6.23 (5.82) | 5.66 (5.29) | - (-) | 11.89 (11.11) |
| Investment | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) | - (-) |
| Interest Income | - (-) | - (-) | - (-) | - (-) | - (-) | 166.66 (126.72) | 166.66 (126.72) |
| Loans & Advances Received | - (3,510.78) | - (-) | - (-) | 240.00 (23.16) | - (-) | - (-) | 240.00 (3,533.94) |
| Advances received against Sales | - (4,359.15) | - (-) | - (-) | - (-) | - (-) | - (-) | - (4,359.15) |
| Capital Advances | - (-) | - (-) | - (-) | - (-) | - (-) | 460.00 (616.91) | 460.00 (616.91) |
| Dividend Paid | - (-) | - (-) | 7.20 (7.20) | 584.87 (583.39) | 1.68 (1.68) | - (-) | 593.75 (592.27) |
| Remuneration and Salaries | - (-) | - (-) | - (-) | 925.60 (653.17) | - (-) | - (-) | 925.60 (653.17) |
| <u>Balances outstanding at the end of the year</u> | | | | | | | |
| Trade receivables | - (-) | - (-) | 3.93 (4.67) | - (-) | - (-) | - (-) | 3.93 (4.67) |
| Guarantees and Collateral | - (9,255.05) | - (-) | - (3,532.02) | - (-) | - (-) | - (-) | - (12,787.07) |
| Loans and advances | - (-) | - (-) | - (298.16) | - (-0.17) | - (-) | 3,100.20 (2,640.21) | 3,100.20 (2,938.20) |
| Trade payables | - (-) | - (-) | 15.69 (-) | - (-) | - (-) | 163.51 (-) | 179.20 (-) |

Note: Figures in bracket relates to the previous year

(iii) Disclosure in respect of material transactions with related parties

| Particulars | Name of the related party | 2012-2013 ₹ in Lacs | 2011-2012 ₹ in Lacs |
|-------------------------------|-----------------------------|------------------------|------------------------|
| Purchase of Goods | B.R.laboratories Ltd | 5.34 | 0.17 |
| | Schutz Dishman Bio-tech Ltd | 18.80 | 3.91 |
| | Azafran Innovacion Ltd | 163.17 | 116.65 |
| Sale of goods/Export Services | Dishman Japan Ltd | 2,920.61 | 153.89 |
| | Schutz Dishman Bio-tech Ltd | 103.11 | 55.82 |
| Interest income | Dishman infrastructure Ltd | 166.66 | 126.72 |
| Loans and advances received | Mr. Janmejy R.Vyas | 240.00 | 23.16 |
| | Dishman FZE | - | 3,510.78 |
| Capital Advances | Dishman Infrastructure Ltd | 460.00 | 616.91 |
| Guarantees and Collaterals | Dishman FZE | - | 9,255.05 |
| Dividends paid | Bhadra-Raj Holdings P.Ltd | 7.20 | 7.20 |
| | Mr. Janmejy R.Vyas | 304.98 | 303.50 |
| | Mrs. Deohooti J.Vyas | 131.57 | 131.57 |
| | Mr. Arpit J.Vyas | 148.32 | 148.32 |
| Remuneration | Mr. Janmejy R.Vyas | 585.00 | 366.89 |
| | Mrs. Deohooti J.Vyas | 120.00 | 95.00 |
| | Mr. Arpit J.Vyas | 185.14 | 192.17 |
| Advance received against sale | Dishman FZE | - | 4,359.15 |

As per our report of even date attached.

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Ahmedabad

Date : 28-May-2013

For and on behalf of the Board of Directors

(Janmejy R Vyas) *Chairman & Managing Director*

(Deohooti J Vyas) *Whole Time Director*

(Deepak Pandya) *VP (Legal) & Company Secretary*

Ahmedabad

Date : 28-May-2013

Statement pursuant to Section 212(8) of the Companies Act, 1956, relating to Subsidiary Companies

| 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 International Trading (Shanghai) Co. Ltd. | Dishman Pharmaceuticals and Chemicals (Shanghai) Limited | Carbogen Amcis Limited (UK) | Dishman Care Limited | Cochie Fine Chemicals B.V. | Dishman Netherlands B.V. (DNBV) | Innovative Ozone Services Inc. (IOS) | Dishman Australasia Limited (Pty) | Dishman Middle East FZE | Dishman Japan Limited | Carbogen Amcis Limited (India) |
|-----------|--------------------------|------------------------------|------------------------|------------------------------------|---------------------------|--------------------------|---|--|-----------------------------|----------------------|----------------------------|---------------------------------|--------------------------------------|-----------------------------------|-------------------------|-----------------------|--------------------------------|
| | Currency of presentation | British Pound | US Dollar | CHF | CHF | CHF | CNY | CNY | British Pound | Rupees | Euro | Euro | CHF | AU \$ | UAE Dirhams | JPY | Rupees |
| 1 | Share Capital | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 159,000 | 300,000 | 28,000,000 | 1,450,000 | 1,030,000 | 1,654,414 | 66,157,734 | 1 | 500,000 | 18,000 | 4,361,230 | 190,000 | 100,000 | 950,496 | 149,600,000 | 500,000 |
| | In Indian Rupees | 13,112,730 | 16,284,000 | 1,600,200,000 | 82,867,500 | 58,864,500 | 14,315,731 | 572,466,177 | 82 | 500,000 | 1,252,260 | 303,410,771 | 10,858,500 | 5,665,000 | 14,048,331 | 86,244,400 | 500,000 |
| 2 | Reserve | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 3,118,191 | 1,346,019 | 36,618,336 | 49,901,750 | 627,425 | 4,284,784 | (26,342,572) | 418,053 | 197,015 | 1,590 | 6,851,636 | (2,051,643) | (249,080) | (54,345) | (144,095,259) | 276,399 |
| | In Indian Rupees | 257,157,214 | 73,061,905 | 2,092,737,912 | 2,851,885,013 | 35,857,355 | 37,076,453 | (227,943,589) | 34,476,790 | 197,015 | 110,616 | 476,668,291 | (117,251,384) | (14,110,392) | (803,220) | (83,070,917) | 276,399 |
| 3 | Total Assets | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 16,204,228 | 4,361,053 | 90,456,337 | 87,306,782 | 1,658,969 | 8,426,392 | 131,167,075 | 1,230,088 | 2,504,730 | 19,590 | 26,555,625 | (1,858,018) | 293,801 | 900,901 | 187,115,556 | 8,547,159 |
| | In Indian Rupees | 1,336,362,703 | 236,717,962 | 5,169,579,647 | 4,989,582,594 | 94,810,090 | 72,913,992 | 1,134,995,256 | 101,445,391 | 2,504,730 | 1,362,876 | 1,847,474,805 | (106,185,750) | 16,643,821 | 13,315,316 | 107,872,118 | 8,547,159 |
| 4 | Total Liabilities | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 12,927,037 | 2,715,034 | 25,838,001 | 35,955,032 | 1,544 | 2,487,193 | 91,351,913 | 812,035 | 1,807,715 | 0 | 15,342,759 | 3,624 | 442,881 | 4,750 | 181,610,815 | 7,770,760 |
| | In Indian Rupees | 1,066,092,759 | 147,372,057 | 1,476,641,735 | 2,054,830,081 | 88,235 | 21,521,808 | 790,472,668 | 66,968,518 | 1,807,715 | 0 | 1,067,395,742 | 207,134 | 25,089,214 | 70,205 | 104,698,635 | 7,770,760 |
| 5 | Investments | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 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 |
| 6 | Turnover | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 29,402,568 | 15,179,797 | 0 | 87,379,130 | 0 | 19,042,772 | 9,263,363 | 3,042,480 | 0 | 0 | 30,168,375 | 76,807 | 705,953 | 0 | 567,084,410 | 0 |
| | In Indian Rupees | 2,424,829,783 | 823,959,388 | 0 | 4,993,717,278 | 0 | 164,778,060 | 80,156,347 | 250,913,359 | 0 | 0 | 2,098,813,845 | 4,389,507 | 39,992,213 | 0 | 326,924,162 | 0 |
| 7 | Profit Before Tax | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 340,018 | 584,449 | 5,898,592 | 6,195,196 | 10,142 | 916,365 | (26,342,572) | (89,028) | 318,963 | 0 | 4,023,656 | 58,002 | 233,197 | (51,940) | 2,146,294 | 305,615 |
| | In Indian Rupees | 28,041,275 | 31,723,911 | 337,104,507 | 354,055,432 | 579,618 | 7,929,350 | (227,943,589) | (7,342,129) | 318,963 | 0 | 279,925,769 | 3,314,831 | 13,210,621 | (767,673) | 1,237,338 | 305,615 |
| 8 | Provision for Tax | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 79,544 | 233,429 | 98,189 | 1,019,202 | 3,310 | 229,091 | 0 | (205,459) | 62,002 | 0 | 911,786 | 0 | 0 | 0 | 553,861 | 94,435 |
| | In Indian Rupees | 6,559,990 | 12,670,526 | 5,611,521 | 58,247,391 | 189,187 | 1,982,337 | 0 | (16,944,182) | 62,002 | 0 | 63,432,969 | 0 | 0 | 0 | 319,301 | 94,435 |
| 9 | Profit After Tax | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 260,474 | 351,020 | 5,800,402 | 5,175,994 | 6,832 | 687,274 | (26,342,572) | 116,431 | 256,961 | 0 | 3,111,870 | 58,002 | 233,197 | (51,940) | 1,592,433 | 211,180 |
| | In Indian Rupees | 21,481,285 | 19,053,385 | 331,492,986 | 295,808,041 | 390,432 | 5,947,013 | (227,943,589) | 9,602,053 | 256,961 | 0 | 216,492,800 | 3,314,831 | 13,210,621 | (767,673) | 918,038 | 211,180 |
| 10 | Proposed Dividend | | | | | | | | | | | | | | | | |
| | In Foreign Currency | 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 |

Note:-

1) The Foreign Currency Figures (including Capital) have been converted into Indian Rupees using the exchange rates prevailing as on 31.03.2013.

| Conversion Rate | British Pound | US Dollar | CHF | CHF | CHF | CNY | CNY | CNY | Euro | Euro | CHF | AUS \$ | Dirham | Japanese Yen | Indian Rs. |
|--|---------------|-----------|-------|-------|-------|------|------|------|-------|-------|-------|--------|--------|--------------|------------|
| Foreign Currency into INR as on 31.03.2013 | 82.47 | 54.28 | 57.15 | 57.15 | 57.15 | 8.65 | 8.65 | 8.65 | 69.57 | 69.57 | 57.15 | 56.65 | 14.78 | 0.58 | 1.00 |

Place : Ahmedabad
Date : 28th May, 2013

(Janmejay R Vyas)
 Chairman & Managing Director

(Deehoorti J Vyas)
 Whole Time Director

(Deepak Pandya)
 VP (Legal) & Company Secretary

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 Adress : 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 _____, 2013.

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

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. _____ Ledger Folio No. _____

* DP. ID. No. _____

NAME AND ADDRESS OF THE SHAREHOLDER: _____

No. of Share(s) held: _____

I hereby record my presence at the 30th ANNUAL GENERAL MEETING of the company held on Tuesday, the 30th day of July, 2013 at 9.30 a.m. at Hall No. S 3-5, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

 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 30th Annual General Meeting of the Members of the Company to be held on Tuesday, the 30th day of July, 2013 at 9.30 a.m. at Hall No. S 3-5, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 and at any adjournment thereof.

Signed this _____ day of _____, 2013.

Signature _____

| |
|-----------------------------|
| 1 Rupee Revenue Stamp |
|-----------------------------|

* Client ID. No. _____

* DP. ID. No. _____

Ledger Folio No. _____

No. of share(s) held _____

* 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 fixed for the commencement of the meeting.

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Dishman Pharmaceuticals and Chemicals Limited

Bhadr-Raj Chambers, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009. Gujarat, INDIA
Tel. No.: 91-79-26443053, 26445807
Fax No.: 91-79-26420198

