31st Annual Report
2013 – 2014

Dishman Pharmaceuticals and Chemicals Limited

dishman

dishman

CARBOGEN
AMCIS

Energising Science for Life

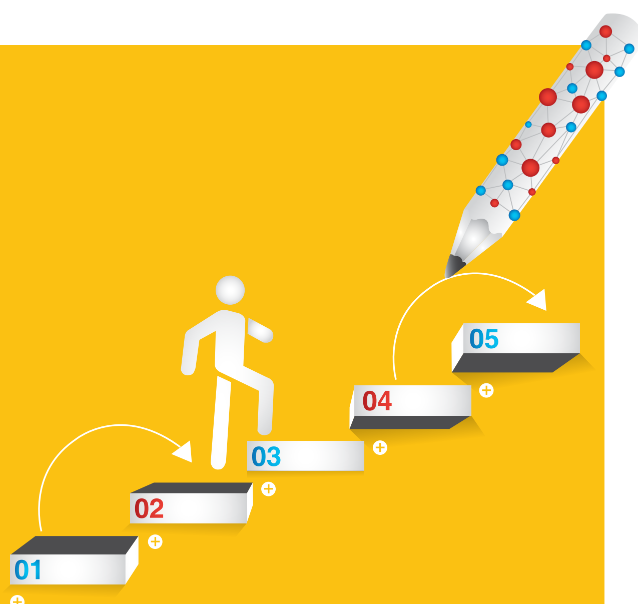
At Dishman, we bring science to life for emerging and leading pharmaceutical firms that want to solve important challenges in the life-sciences space. We become their life-long partners, ensuring unhindered progress right from the early stages of discovery to mass volume manufacturing. We have a strong pedigree for delivering excellence in our services and products.

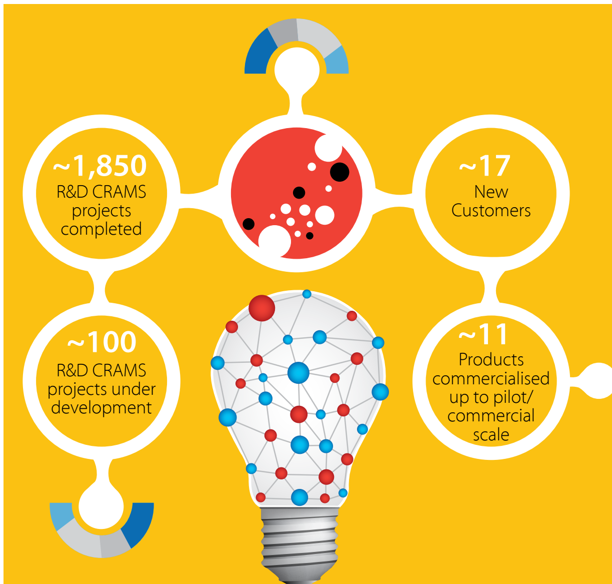
Today, we are considered to be a respected member of the global Contract Research and Manufacturing industry, serving several discerning customers in all the key advanced markets. With substantial investments in our capacities already made over the last few years, we are well set for the next three years to absorb a healthy growth in our business.

Going forward, we are striving to become a much smarter company. We are increasingly tapping into segments that promise better margin profiles. We are directing our energies towards high-growth opportunities, improving productivity and strengthening our global presence. We are carefully controlling costs and efficiently utilising our resources for optimal yields. We are continuously consolidating our capabilities to enhance our profitability, remain competitive and deliver shareholder value.

What's Inside

Our Strategic Advantages





“We offer cost-effective, high quality research, development and manufacturing services that includes the production and supply of tailor-made, high quality Intermediates and generic active pharmaceutical ingredients (API) to the global pharmaceutical industry.

About Us

We are a leading global outsourcing partner for the pharmaceutical industry, offering a rich portfolio of development, 'scale-up' and manufacturing services that straddle the entire pharmaceutical value chain. We offer cost-effective, high quality research, development and manufacturing services that includes production and supply of tailor-made, high-quality Intermediates and generic Active Pharmaceutical Ingredients (APIs) to the global pharmaceutical industry. Our global presence includes multiple manufacturing sites in Europe, India, China and Saudi Arabia – making us one of the most geographically diversified players in the industry.

Our end-to-end core competencies and technical capabilities have enabled us to transform ourselves into a full-fledged Contract Research and Manufacturing (CRAMS) player for large and mid-sized innovators. We possess a wide range of research competencies and manufacturing capacities across multiple continents and countries. This diversity in capabilities allows a pharma client to stick with us across all stages of a product's lifespan – right from pilot proof of concept to proven and commercial mass production. This capability has enabled us to forge a strong relationship with our customers from the key advanced markets of the United States, Europe and Asia.

Today, the Dishman Group operates on a **"One Company - Two Brands"** philosophy. Each of these brands symbolise different sets of capabilities and specialisations and are paired to deliver complex solutions to suit the varied needs of global customers, large and small, more appropriately. Carbogen Amcis AG represents our relationship with our customers from early to mid stages of a product lifecycle; and Dishman India represents our relationship with customers from mid to mature stages of the same product's lifecycle.

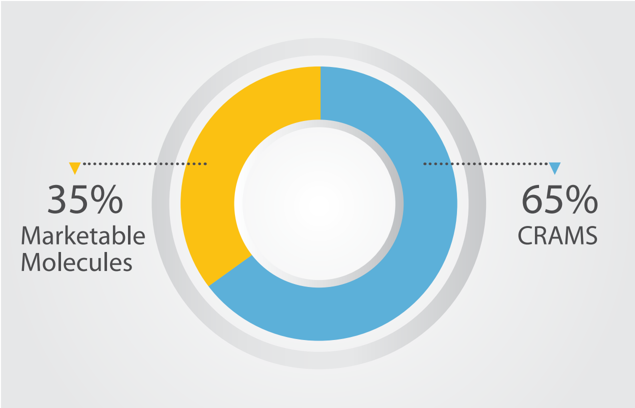
Our Products

- Active Pharmaceutical Ingredients
- High Potent APIs
- Intermediates
- Phase transfer catalysts
- Vitamin D
- Vitamin D analogues
- Cholesterol
- Lanolin-related products
- Antiseptic and disinfectant formulations

Our Competitive Advantages

- Integrated across the value chain
- Strong chemistry capabilities
- Close proximity to clients with global presence
- Large-scale multi-purpose manufacturing capacities with Asian cost-base

REVENUE ANALYSIS (as on FY2014)



Presence across 3 Continents

United States

Europe

Asia

OUR CAPABILITIES

- 28 dedicated R&D labs with multiple-shift R&D operations, including HiPo labs
- 25 multi-purpose facilities at Bavla, Naroda, Manchester, Switzerland, Netherlands and Shanghai
- 1 dedicated production facility for APIs and Intermediates at Bavla
- 7,500 m^2 floor space of R&D at Switzerland, Manchester and Bavla
- Asia's largest HiPo facility at Bavla, India
- 325 Chemists
- 750 m^3 of reactor capacity at Bavla, 230 m^3 at Naroda and 63 m^3 at Shanghai

Manufacturing Sites

- Europe
- India
- China
- Saudi Arabia

8 Plants

- 3 in Switzerland
- 2 in India
- 1 in UK
- 1 in France
- 1 in China

Corporate Information

BOARD OF DIRECTORS

Shri Janmejay R. Vyas
Chairman & Managing Director
(DIN 00004730)

Mrs. Deohooti J. Vyas
Whole time Director
(DIN 00004876)

Shri Arpit J. Vyas
Managing Director
(DIN 01540057)

Shri Yagneshkumar B. Desai
Director
(DIN 00021202)

Shri Sanjay S. Majmudar
Director
(DIN 00091305)

Shri Ashok C. Gandhi
Director
(DIN 00022507)

BOARD COMMITTEES

Audit Committee

Mr. Yagneshkumar B. Desai, Chairman
Mr. Sanjay S. Majmudar
Mr. Ashok C. Gandhi

Nomination and Remuneration Committee

Mr. Sanjay S. Majmudar, Chairman
Mr. Yagneshkumar B. Desai
Mr. Ashok C. Gandhi

Stakeholder Relationship Committee

Mr. Sanjay S. Majmudar, Chairman
Mr. Janmejay R. Vyas
Mr. Ashok C. Gandhi

Corporate Social Responsibility Committee

Mr. Janmejay R. Vyas, Chairman
Mr. Arpit J. Vyas
Mr. Sanjay S. Majmudar

COMPANY SECRETARY

Mr. Tushar D. Shah

AUDITORS

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
"Heritage" 3rd Floor,
Nr. Gujarat Vidhyapith,
Off Ashram Road,
Ahmedabad – 380 014.

REGISTRAR & TRANSFER AGENT

LINK INTIME INDIA PVT. 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 – 380 099.
Tel. No.: 91-79-2644 3053, 2644 5807
Fax No.: 91-79-2642 0198
Email: dishman@dishmangroup.com
Website: www.dishmangroup.com

WORKS

Phase-IV, 1216/20, GIDC Estate,
Naroda, Ahmedabad - 382 330.
(Also other plots in Phase-1 and IV)

Survey No. 47, Paiki Sub Plot No. 1,
Village – Lodariyal,
Taluka Sanand,
District - Ahmedabad - 382 220.
(Also various other plots)

BANKERS

- State Bank of India
- Bank of Baroda
- Corporation Bank
- Bank of India

CIN NO.

L24230GJ1983PLC006329

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 Services Inc. (IO3S)
- Dishman Netherlands B.V.
- Cohecie Fine Chemicals B.V. (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.

Global Presence

Facilities are approved by recognised Health Authorities: USFDA, MEB, SWISS MEDIC, ANSM, TGA, WHO, KFDA

Our Manufacturing Facilities

> We offer R&D services on a global scale with a specialisation in development processes that are truly scalable to commercialisation. Globally, we have approximately 7,500 m^2 floor space at Switzerland, Manchester and Bavla, dedicated to Research & Development.

BAVLA, GUJARAT, INDIA – UNIT 1

- Dedicated API, 5 Reactors, Total capacity 33KL (SS,GL & Hastalloy)
- Class 100,000 finishing area

BAVLA, GUJARAT, INDIA – UNIT 6

- Multipurpose API facility
- 8 Reactors, total capacity of 12KL (GL & SS) including powder processing
- Class 100,000 finishing area

BAVLA, GUJARAT, INDIA-UNIT 7A, 7H, 7O

- Multi-purpose plant for starting material
- 39 Reactors of total capacity 235 KL total
- High vacuum distillation
- 4 Hydrogenation Reactors 2 x 6KL, 1 x 3KL and 1 x 1KL
- Three Ozonolysis Reactors (60 L, 1 KL, 2.5 KL)
- 15 and 0.4kg/hr Ozone generators

BAVLA, GUJARAT, INDIA – UNIT 8

- Multi-purpose API facility
- 34 Reactors total capacity of 216KL (GL&SS)
- Class 100,000 finishing areas

BAVLA, GUJARAT, INDIA – UNIT 9

- HiPo API facility with DCS controlled automated glove box technology
- 4,300 sq mt area operating at Category 4 (OEL Band <1μg/m^3)
- Two cells with 3 reactors each and filter/drying
- 2 additional cells designed for future expansion
- Dedicated Quality Control and R&D facility

BAVLA, GUJARAT, INDIA – UNIT 2

- Two modular mid-scale API plant with 24 Reactors, Total capacity 37 KL
- Class 100,000 finishing areas
- Thin film evaporator (Capacity 0.45 mt sq)
- 2 KL Cryogenic reactor
- High vacuum distillation facility (0.5 m bar)

BAVLA, GUJARAT, INDIA – UNIT 3

- Three Multi-purpose development pilot plants
- 32 Reactors, Total capacity 30KL and 4 cryogenic reactors
- High vacuum distillation

BAVLA, GUJARAT, INDIA – UNIT 4

- Dedicated starting material plant
- 11 Reactors, Total Capacity 39KL
- High vacuum distillation

BAVLA, GUJARAT, INDIA – UNIT 5

- Intermediate Manufacturing facility
- Solvent distillation facility

BAVLA, GUJARAT, INDIA – UNIT 10

- Disinfectant formulation plant for Aerosols, and hard surface disinfectants
- Class 100,000 finishing area with 5 filling lines
- Formulation & Development

BAVLA, GUJARAT, INDIA – UNIT 13

- Dedicated facility created for Vitamin D3 analogues by photochemical synthesis process
- Dedicated staff for manufacturing , QC, QA and Engineering support

NARODA, GUJARAT, INDIA

- APIs, quaternary biocides & fine chemicals
- Approx 20 major products (Bisacodyl, CPC, Cetrimide)

PILOT PLANT, GUJARAT, INDIA

- KiloLab reaction capacity 4 X 30 – 100 L reactors
- GMP pilot pant 10 x 250-1000L
- Class 100,000 finishing area

> We have around 28 R&D labs in Bavla, Switzerland and Netherlands, including HiPo labs, with over 100 R&D CRAMS projects currently under development.

CARBOGEN AMCIS AG HEADQUARTERS, (BUBENDORF), SWITZERLAND

- Lab, administration and containment facilities with 190 employees
- Clean room dedicated for Antibody Drug Conjugates
- Multi-purpose clean room dedicated for purification of high-potent by HPLC process
- Process optimisation and supply of late-phase and commercial APIs
- Inspected by FDA, SwissMedic and Korean Health Authority MFDS
- Holds accreditation as foreign manufacturer for Japan

CARBOGEN AMCIS AG (AARAU), SWITZERLAND

- Primary focus on process research and early-phase API supply with 90 employees
- Primary location for chromatography and product-handling facilities
- SwissMedic inspected

CARBOGEN AMCIS LTD (MANCHESTER), ENGLAND

- Specialises in process research and nonGMP custom synthesis of pharmaceutical intermediates with 40 employees
- Larger capacity (up to 4,500 L) facilitates production of early-phase APIs and large-scale intermediates

CARBOGEN AMCIS SAS (RIOM), FRANCE

- 10,000 m^2 site with 21 highly-qualified specialists
- Primary focus on formulation of new products and aseptic drug products of preclinical and clinical batches of injectables in liquid or freeze-dried form
- 400 m2 production area with clean rooms and separate laboratories for formulation development and quality control (micro-biological and analytical controls)
- Inspected by French Health Authority ANSM

> Our global R&D processes are optimised to make them more energy-efficient, reduce the effluent load and gain the advantages of better returns.

CARBOGEN AMCIS AG HUNZENSCHWIL (NEULAND), SWITZERLAND

- Primary location for ICH stability studies and solid state services with 40 employees
- Inspected by the SwissMedic and Korean Health Authority MFDS

SCHUTZ DISHMAN BIOTECH

- Chemical Area focussing on Chlorhexidine Base; Chlorhexidine Gluconate Solution; Chlorhexidine Hydrochloride; Chlorhexidine Acetate; Flupirtine Maleate; Proguanil Hydrochloride
- Class 100,000 finishing area
- Chilled water, Diesel Generator, Air compressor
- Dedicated QC: HPLC, GC, pH, KF

DISHMAN, NETHERLANDS

- Primary location for manufacture and marketing of Vitamin D analogues, Vitamin D, Cholesterol and Lanolin related products
- Operates under cGMP; ISO 9001 and 14001 certified
- FDA inspected; Holds Certificate of Suitability by EDQM and DMFs

DISHMAN, SHANGHAI

- Production and supply of pharma intermediates and APIs under cGMP
- Ten reactors from 2500L to 8000L scale
- Allows larger production of nominal batch sizes of 150kg to 630kg
- Dedicated analytical and QC capability
- Fully qualified process control and monitoring systems
- On-site bulk solvent storage and waste treatment facilities

Our Business Verticals

> The positive energy within each of our key business verticals are taking us closer to our committed goals set for the next three years. In FY2014, we evolved our "**One Company – Two Brands"** strategy, which is already starting to show successful results in cross fertilising the Group's various manufacturing capacities.

1. CONTRACT RESEARCH & MANUFACTURING

Our principal line of business is Contract Research and Manufacturing Services (CRAMS) and marketable molecules such as bulk drugs, intermediates, and quaternary ammonium compounds (quats). We are an integrated CRAMS player with strong capabilities across the value chain. Through our CRAMS business, we assist drug innovators in development and optimisation of processes for novel drug molecules in various stages of the development process. The CRAMS unit manufactures drug quantities required for conducting clinical trials. Once the innovative molecules are approved, this unit explores the possibility of possible large-scale commercial supply tie-ups.

We provide end-to-end high-value Asian cost-base CRAMS offerings right from process research and development to late-stage clinical and commercial manufacturing. CRAMS contributes nearly 65% to our total revenues. With an expanded capacity in place, we are strongly placed to benefit from a revival in the global CRAMS industry. We have broad-based skill-sets and ability to retain clients through complete development of a drug.

Our wholly owned subsidiary Carbogen Amcis AG, located in Switzerland, is spearheading our R&D efforts. CRAMS is our largest business segment which caters to the requirements of multinational pharmaceutical companies. We develop intermediates/APIs based on our customer's request. This business involves significant R&D efforts to develop the products and processes.

Presence along the Value Chain

Building Blocks → Commercialisation → Launch Stage

CARBOGEN AMCIS: REVENUE BREAK-UP

61.5%	Europe
35.5%	Americas
3%	Rest of the world

A. CARBOGEN AMCIS

Carbogen Amcis AG is our Switzerland subsidiary catering to the early stage chemical process and development requirements of biotech and pharma companies. It has capabilities to supply high-potency molecules targeting niche therapies such as oncology and steroids. The operations running under this brand are located in Switzerland, France, UK and U.S. It caters to customers' needs ranging from chemical development to commercial manufacture and supply of APIs.

The segment manufactures high-potent, high-value products and produce material for preclinical testing, clinical trials and commercial use. Besides strong research capabilities, the Company possesses capabilities in scale-up, development and commercial manufacture of highly potent compounds. It is also engaged in process research and development for supply of APIs for preclinical studies, clinical trials and commercial use. Carbogen Amcis has a strong presence in the United States. It leverages its client relationships in the U.S. to penetrate into more profitable CRAMS market.

Carbogen Amcis is our Group's method of being close to our customers and being involved with them from the very early stages of research and manufacturing trials. As a front-end interface for our trans-Atlantic customers, we engage with our customers by hand-holding their entire drug development cycle – from initial research to early-stage small-scale commercial productions. With many pharmaceutical players wanting to work with partners close by in the early stages of the product development process, the segment represents the Group's gateway for customer acquisition and maintaining close relations with them throughout the product's lifecycle.

We are recipients of the Greentech Environment Excellence Award 2006 (Silver category) in the chemicals sector. We have also gained prominence in outstanding achievement towards environment protection and clean environment in the industrial and services industry.

Key Focus Areas

- Supporting development process from bench to market
- Process research & development for supply of APIs for clinical studies, trials and commercial use

B. DISHMAN INDIA

We have capabilities across the entire CRAMS value chain, strong chemistry skills and small to large scale, multi-purpose manufacturing capacities. Our high-value and Asian cost-base CRAMS offerings span right from process research and development to late-stage clinical and commercial manufacturing. Our manufacturing plants at Bavla includes Asia's largest HiPo API facility, placing us advantageously to gain from the high-margin opportunity in High Potency Services driven by growing research and development work taking place globally in the oncological therapeutical segment.

2. MARKETABLE MOLECULES

a. SPECIALTY CHEMICALS (QUATS)

Dishman Specialty Chemicals is the global leader in the specialty chemicals segment and the leading manufacturer of Phase Transfer Catalysts. It manufactures and supplies high-quality intermediates, fine chemicals, and various products for pharmaceutical, cosmetic and related industries. The Company had a long association with the manufacture and supply of Quaternary ammonium compounds (Quats) for use as phase transfer catalysts.

We have world-class manufacturing expertise, logistics and competitive pricing. We possess domain expertise in solids handling technology, which has helped us expand our offerings to include ammonium and phosphonium high-purity solid Quats, Phosphoranes and Wittig reagents. We have also gained expertise in providing tailor-made solutions.

These products find applications as phase transfer catalysts, personal care ingredients, fine chemicals, pharma intermediates and disinfectants. A number of our products are made under GMP manufacturing conditions at our Naroda facility in India. Furthermore, Dishman maintains local stocks of select products in Europe and in the U.S.

b. VITAMINS & CHEMICALS

Dishman Vitamins & Chemicals manufactures and supplies a range of Vitamin D2, Vitamin D3 and Vitamin D analogues. It also manufactures cholesterol and lanolin-related products for pharmaceutical, cosmetic and related markets. After having acquired our Vitamin D3 business in Netherlands, we also set up a new Vitamin D3 facility at Bavla in India.

We are the market leaders in the advanced regulated markets in the Vitamin D space. Our focus has been to integrate our Vitamins business by way of forward integration at our Vitamin D facility in India. We have recently commenced operations in this segment which will add value to our Vitamin D business. The India facility will convert cholesterol into Vitamin D3 resin. Our cholesterol facility at Veenendaal in Netherlands has also recently commenced operations after renovation. This will add further value to our Vitamin D3 business.

We have world-class manufacturing expertise, logistics and competitive pricing in our specialty chemicals business. We possess domain expertise in solids handling technology, which has helped us expand our offerings to include ammonium and phosphonium high-purity solid Quats, Phosphoranes and Wittig reagents.

c. DISINFECTANTS

Through our Disinfectants Division, we plan to offer a range of Antiseptics and Disinfectants for application in healthcare and related industries. Our range of products will include bulk drugs, phase transfer catalyst and fine chemicals. We shall have a deep and healthy portfolio of 'next generation' innovative antiseptic and disinfectant formulations. Our product pipeline specialises in high-quality, cost-effective, proven anti-microbial products based on Chlorhexidine Gluconate (CHG) and Octenidine dihydrochloride (OCT). We shall provide specialist products for environmental decontamination based on hydrogen peroxide disinfectant.

Our products will be designed to assist healthcare facilities and clinicians in our fight against Healthcare Associated Infections (HCAIs). These products are standardised and stabilised for physical, chemical and microbial properties. They have been fully documented as per international and local market regulatory requirements and available in innovative-user friendly packs. The product range within the Dishman Group offers superior performance over other leading brands for Minimum Inhibitory Concentration.

Chairman's Message

Janmejay R. Vyas
Chairman & Managing Director

Our Valued Shareholders,

I would like to take this opportunity to share the progress we have made and lay out the milestones we are expecting in the near term.

During the year, the Company reached a new stage of development. Much of our strength came from a refreshing mix of people within the Company. We strengthened our leadership by making some key appointments to integrate the Group's operations and cross-sell our global capabilities to customers across the world. We appointed Mark Griffiths, CEO of Carbogen Amcis, our Swiss subsidiary, as our Global Chief Executive Officer (CEO). We also appointed Rajashekhar Bhat as our Group Chief Financial Officer (CFO). We are highly confident of their capabilities in driving business and are certain of their leadership qualities, strategic thinking and extensive experience.

ONE COMPANY TWO BRANDS STRATEGY

Our **'One Company Two Brands'** philosophy is at the heart of this strategy. Our two brands – Carbogen Amcis and Dishman – symbolise different sets of capabilities and broad-based skill-sets and specialisations. Our objective in leading to this landmark development was two-fold. The strategy enables us to deliver complex solutions suiting the diverse needs of our global customers more appropriately. Through a wide range of research competencies and manufacturing capacities, we specialise in servicing customers across the key advanced markets of U.S., Europe and Asia.

Carbogen Amcis is our front-end interface and engages with customers from the early stages of research and clinical trials. It hand holds our customers through their entire drug development cycle. Through the Dishman Group, our customers derive further value by getting seamlessly scaled up towards the Asian cost-base, large-scale commercial production using our specialised capabilities in India and China. With these twin capabilities, we reiterated our position as a truly global and end-to-end integrated CRAMS player and a preferred outsourcing partner.

LEVERAGING CAPABILITIES

During the year, a significant achievement has been the combining of sales of Carbogen Amcis and Dishman, which transformed us into a truly global player. We developed strong capabilities across the CRAMS value chain, delivering complex end-to-end research and manufacturing solutions to our global customers. We focussed on our strategies priorities to enhance the efficiency and profitability of our operations.

Another key emphasis was on efficient capacity utilisation through low-volume, high-value niche and complex products in our portfolio mix to enhance our operating margins. Also, from being largely dependent on big pharmaceutical players, we added small and mid-sized pharmaceutical companies as customers. Considering much of the recent innovation in New Molecule Entities flowed in from small to mid-sized bio-pharma companies, we expect our business strategy to gradually start bearing fruit for the Group.

BETTERING MARGINS

Our target is also to better leverage the HiPo segment, which accounts for 35% to 40% of all the clinical trials. Our HIPO vertical represents a significant opportunity for a change in the Group's top line and bottom line growth. We plan to utilise our China facility to produce high value intermediates. With these key strategies and competitive advantages, we aim at earning incremental revenues, improving profitability and bettering our return ratios. Furthermore, as we utilise our free cash flows to retire long-term debt, our return ratios will further improve.

YEAR AHEAD

Going forward, the picture looks extremely bright. Our outlook for FY2015 is robust and we see Dishman as a growing company for the next few years. Our goal continues to be to deliver sustained improvement in healthcare. We wish to leverage our fundamental strengths through continued innovation and excellence in development and commercialisation.

"Our key emphasis was on efficient capacity utilisation and enhanced product mix through focus on niche and complex products, resulting into better operating margins."

We take this opportunity to thank all our employees for their utmost responsibility and for their contribution in enriching the Company over the years. As we move into a higher growth trajectory, we value your support for running highly efficient operations.

We sincerely thank and acknowledge our Board of Directors' efforts in guiding us through with a strategic route. Most importantly, we also remain committed to you, our shareholders, and thank you for your continued confidence and support.

We look forward to the challenges of the year ahead and also to our continuing dialogue. We wish to gain your support throughout our eventful journey.

Best Regards,

Janmejay R. Vyas
Chairman & Managing Director

Managing Director's Message

Arpit Vyas
Managing Director

Dear Shareholders,

It gives me great pleasure to report an excellent performance for the Dishman Group in FY2014. Our track record in delivering results in an innovation-driven business has been valued by our shareholders and our employees.

An exciting milestone was the adoption of a unified approach for projecting our wide-spread and integrated capabilities as **"One Company Two Brands".** Today, with our two brands – Carbogen Amcis and Dishman – we symbolise different sets of capabilities and specialisations. With consolidation of operations, we will continue to cross-sell multiple broad-based capabilities across geographies and leverage fresh opportunities.

YEAR IN BRIEF

To better leverage opportunities, we diversified our customer base to gain a good mix of small and mid-sized pharma companies with significant business potential, besides the large pharmaceutical players. Besides de-risking our portfolio, this strategy is enabling us gain better order predictability and utilise our capacities more efficiently. During the year, we leveraged the opportunity to harness our skills, capabilities and experience.

Our Swiss subsidiary Carbogen Amcis witnessed a robust year, driven by growth in R&D by small and medium-sized biopharma companies in the U.S. and Europe. We restarted our operations at our China plant. For generics, our worldwide customers have begun recognising us as an established player, including for HiPo generics with good business potential. We are looking to partner with generic companies to establish ourselves further.

On the financial side, we continued the positive growth trend in operations of the past few years. Defying challenging market conditions, our consolidated turnover stood at ₹ 1,385.3 against ₹ 1,272.2 crore. Our EBITDA was at ₹ 357.0 crore, as compared to ₹ 307.9 crore in FY2013. Contract manufacturing and contract research have been the principal contributors to a higher EBITDA. Our PAT stood at ₹ 109.3 crore, against PAT of ₹ 100.3 crore in

“Contract manufacturing and contract research have been the principal contributors to a higher EBITDA. Our EBITDA was at ₹ 357.0 crore, as compared to ₹ 307.9 crore.”

the previous year. The CRAMS segment has been the key driver behind our satisfactory operating performance. In consistent with our dividend policy, the Board has recommended a dividend of ₹ 1.20 per share on a face value of ₹ 2.00 per share.

TOWARDS AN ‘EVEN HEALTHIER’ EBITDA

Going forward, we see decent headroom for margin expansion. As our Chinese facility has come into production, it will keep manufacturing intermediates for the Bavla facility and start cash break-even in FY2015. We also operationalised our Vitamin D3 facility in Netherlands post-renovation. We see all this significantly contributing to a better EBITDA of the overall Group. Our margins from Carbogen Amcis and HiPo business too are seen enhancing, as the overall business improves.

OUR KEY FOCUS AREAS

During a period of significant change, we maintained the Group’s focus on strategic areas of operations. These helped underpin our business growth in the advanced markets of U.S., Europe and Asia. In our oncology portfolio, we will continue to capitalise on increased opportunities through unparalleled capabilities in HiPo towards scaled-up commercial manufacture of highly potent compounds and vitamins.

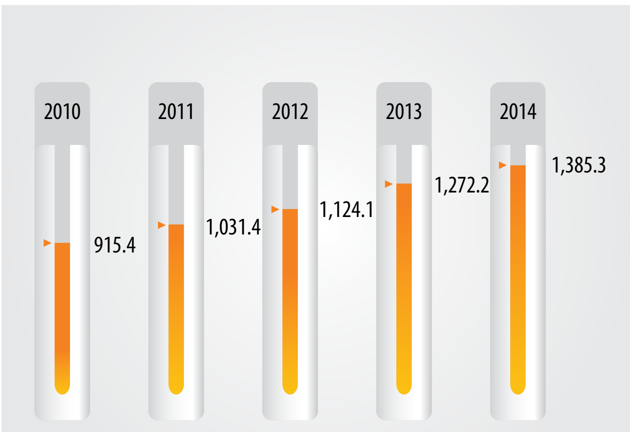
Year 2015 will be another memorable year. We also project to start accruing significant revenue from Dishman Care, given some interesting opportunities existing in the key markets of Europe and UK.

We take this opportunity to thank you, our shareholders, for your continued support. Every single day, we strive to make Dishman be valued and trusted as a company. We look forward to providing further updates as we continue to advance our strategies.

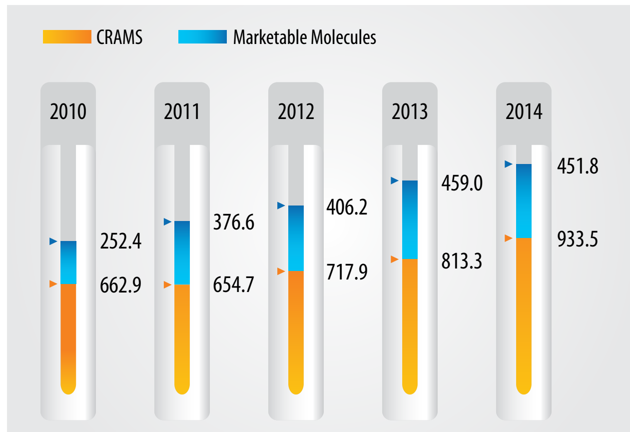
Arpit Vyas
Managing Director

Financial Highlights

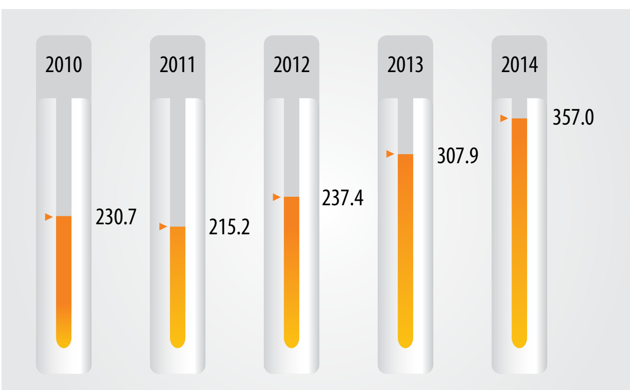
REVENUES (₹ Crore) CAGR 10.9%



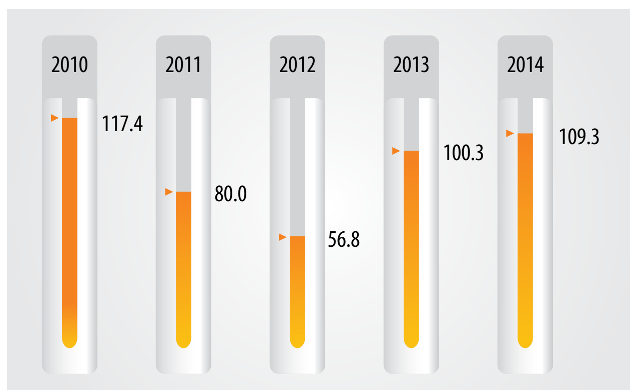
REVENUE BREAK-UP (₹ Crore)



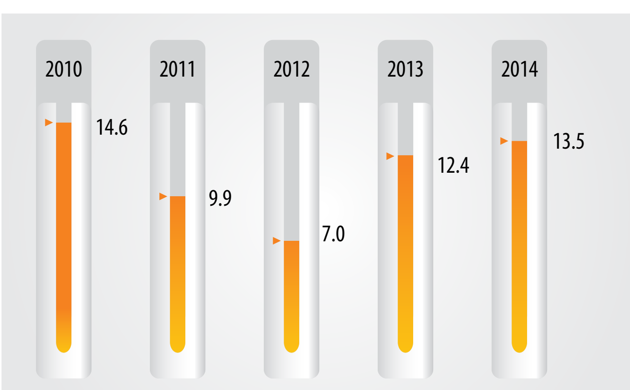
EBITDA (₹ Crore) CAGR 15.0%



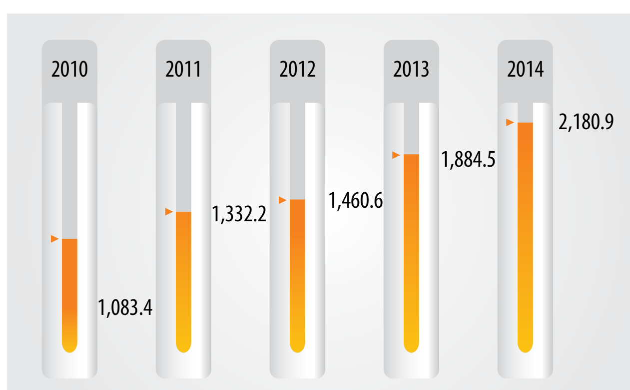
PAT (₹ Crore)



EARNINGS PER SHARE (₹)



GROSS BLOCK (₹ Crore) CAGR 19.1%



Revenues grew by **8.89 %** to
₹ 1,385.32 crore

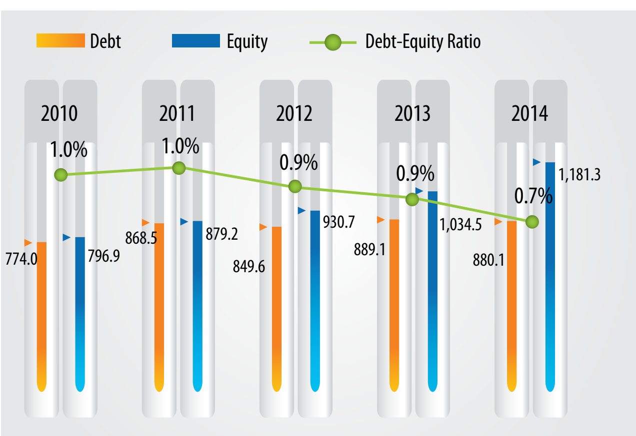
EBITDA grew by **15.94 %** to
₹ 357.02 crore

PAT grew by **8.95 %** to
₹ 109.28 crore

Debt Repayment of
₹ 89.39 crore
Reducing Total Debt to ₹ 844.25 crore,
excluding Forex Restatement

Earnings Per Share (EPS) stood at
₹ 13.54
higher by 8.93% YoY

LEVERAGE (₹ Crore)



Key Achievements in FY2014

- Commenced operations at cholesterol facility in Netherlands
- Operationalising Vitamin D facility at Bavla, India after forward integration
- Operationalising Vitamin D3 facility at Bavla, India after renovation
- Commenced production at the Shanghai facility in China
- Filed 19 DMFs and ANDA approval
- Won mandate from U.S.-based mid-sized pharma company for 20 kg manufacturing valuing US$ 1.2 million
- Added 17 new customers in R&D; Completed 1,850 R&D CRAMS projects at various scales
- Successfully commercialised about 11 products up to pilot/ commercial scale

Our Future Growth Drivers

1. HIGH-POTENCY API

Our High-Potency (HiPo API) business has become the Group's fastest-growing API segment, driven largely by the oncology therapeutics market. Our insightful and prudent investment into building world-class capabilities positions us comfortably to gain from the high-potency opportunity.

THE OPPORTUNITY

The global HiPo API market is projected to double to $17.5 billion by 2018, up from $9.1 billion in 2011, a CAGR growth of 9.9% CAGR, according to IMS Health. A key driver of the growth in the HiPo API market has been the anti-cancer drug market, which is growing at 12.6% CAGR during 2012-2018 globally. Oncology has become a key focus area for pharmaceutical and bio-technology companies. Globally, around 35-40% of all total clinical trials taking place are in this segment. The developed markets are projected to spend about $74-84 billion on Oncology treatments by 2017. Antibody Drug Conjugates (ADCs) are an increasingly effective method to treat cancers and two products have already been introduced in the market. The ADC opportunity presents a further string to drive growth in HiPo API manufacturing across Switzerland and India and our chemistry innovation in the developing linkers.

GLOBAL ONCOLOGY DRUG MARKET

$ 60 billion (2010)

$ 78 billion (2015)

CAGR 6% (2010-2015)

ONCOLOGY APIs

60% Share in HiPo API Market

12-15% CAGR Growth during 2010-2015

OUR CAPABILITIES IN HiPo API

The HiPo API business has become our fastest-growing API segment. Our HiPo API manufacturing capacities are split between the Swiss and Indian facilities. Coupled with 13 years of HiPo API experience, the High Potency API business will represent a significant opportunity for step change in the Group's top and bottom line growth.
Our Bavla facility has been designed and constructed with state-of-the-art systems and procedures, ensuring continuity with Switzerland facilities and providing a complete end-to-end API supply chain 'under a single roof'.
Our Group has a strongly differentiated set of capabilities in HiPo API segment, with pre-clinical API, Phase 1/Phase 2/Phase 3 and commercial API and up to clinical Ph2 parenteral dosage form capabilities. Our capabilities are underwritten by consolidated project management, safety and compliance. This is aimed at taking customers from Pre-clinical stages to Commercial Manufacturing of APIs.

OUR HiPo API EDGE

- Facilities range from laboratory scale for process research and development to large-scale manufacturing on 8,000 L scale, with an ability to handle the highest requirements for containment, Category IV compounds.
- State-of-the-art containment services with cGMP compliant facilities, with an ability to operate for pre-clinical testing, clinical trials and commercial use.
- Our High Potency API facility at Bavla has a sound mix of Kilo-lab and full-scale manufacturing units to cater to small and large volume orders.
- HiPo Chromatography at small commercial scale
- ADC capability at clinical scale
- Fully-integrated analytical development capabilities dedicated for HiPo
- Integrated capability from pre-clinical API to Phase 2 parenteral formulation in-house

2. GENERIC API

THE OPPORTUNITY

Opportunities in the generic Active Pharmaceutical Ingredient (API) manufacturing segment are multiplying. This is primarily owing to an increasing demand for Asian cost-base therapies due to an ageing population, consumers becoming more cost-sensitive, increased extent of generic substitution and Government involvement. Medicare drug reimbursement in U.S. and reference pricing in Europe are some other factors driving the market. With branded drug sales coming off patent and with a number of successful patent challenges made by generic companies, opportunities in this segment are simply vast. Even as 81% of APIs are currently patented, several of these are set to expire in the next few years resulting in higher growth in the generic segment. Gauging the market potential, planning for patent expiry in advance and considering the impact of therapeutic substitution post-patent expiry are becoming the order of the day.

OUR CAPABILITIES IN GENERIC APIs

We have established ourselves as a specialist player in the generic API market within a short time span. We are constantly leveraging our domain expertise in generic APIs and judiciously utilising our spare capacities to serve this segment. Our portfolio in generic API includes antiseptic, anaesthetic, laxative, anti-diabetic, anti-fungal, diuretic, analgesic and anti-ulcer segments. As part of our CRAMS business, we have developed around 25-30 APIs. We have also currently filed 19 Drug Master Files (DMF) for our own Generic API in the U.S. market, with more in the pipeline. With the imminent patent expiries, there is substantial potential to market these drugs as generic APIs.

Going forward, our Generic API division has the potential to generate ₹ 2.5 billion per annum in sales over the next 3-4 years, with a 20-30% EBITDA margin. Considering the time required for DMF and ANDA approvals, it can take 16-18 months for these Generic APIs to be launched in the market. We aim to optimise the capacity utilisation at our existing facilities in order to enrich the Group's product portfolio. We are also targeting at capitalising our USFDA-approved facilities to penetrate into a profitable and regulated API market.

With a number of successful patent challenges made by generic companies, we are witnessing solid growth in the generic API segment. Our recently revamped sales organisation is squarely focussed on the vast U.S. generics market, further solidifying our niche position within the generic API market. With19 Drug Master Files (DMFs) in the U.S. market, and more in the pipeline, we are well positioned to tap into the vast opportunity.

POISED FOR A TAKE-OFF

- Filed 19 Drug Master Files
- Revamped sales organisation focussing on U.S. generics market
- Optimised capacity utilisation at plants

₹ 2.5 billion

Projected Revenues from Generic API (over next 3-4 years)

3. DISINFECTANTS

The Dishman Group is making a well calculated and strategic branded play into the vast and growing global disinfectants marketplace. Marketed under our brand Dishman Care, our highly differentiated 'next generation' product range are technically advanced, cost competitive and available in innovative user-friendly packs. In time, we are determined to carve out a respectable and lucrative market share in the global disinfectants business.

THE OPPORTUNITY

The global disinfectants market is projected to touch \$2.9 billion by 2017. The market will be primarily driven by an increased focus on hygiene and growing concerns over the spread of infectious diseases in the residential, commercial and industrial spaces. Rising demand from the food industry, driven by stringent regulations guiding food safety and increased adoption of water disinfection and aquaculture applications are resulting in increased growth opportunities. Stringent consumer focus on meeting safety, social and self-actualisation needs; elimination of pests and insects; disinfecting household surfaces; controlling garbage in a hygienic manner; and improving sanitary conditions have been driving gains in the disinfectants market.

OUR CAPABILITIES IN DISINFECTANTS

Our Disinfectants division shall offer a range of antiseptics and disinfectants for application in healthcare and related industries. Our diversified product range offers superior performance for Minimum Inhibitory Concentration. Products to be offered through our subsidiary Dishman Care will be standardised and stabilised for physical, chemical and microbial properties. These are expected to be cost competitive, technically advanced and will be available in innovative user-friendly packs.

AREAS OF SPECIALISATION

- Disinfectants for Surgical Instrumentation
- Hand & Body Wash, Sanitisers and Antiseptics
- Pre-operative and Post-operative Surgical Scrubs
- Anti-microbial Washes

4. GEOGRAPHIC DIVERSIFICATION WITH STRATEGIC FOCUS ON U.S. MARKETS

The healthcare market in U.S. is fundamentally restructuring how healthcare is cost-effectively developed, delivered and reimbursed to improve the overall health of its population. Our Swiss company Carbogen Amcis has traditionally earned at least 40% of its annual turnover from the U.S.

The Dishman Group is gearing up to become more visible on the radar of U.S. pharmaceutical companies in need of Contract Research and Manufacturing Services. The recent strengthening of our North American operations is primarily aimed towards providing greater visibility to our production capabilities in Asia. We aim to work closer with the Carbogen Amcis team to provide consolidated offers to our customers and enable them access to our Group's portfolio of capabilities. This is an integral part of our **"One Company – Two Brands"** strategy.

THE OPPORTUNITY

The Americas, Europe and Japan account for nearly 85% of the $950 billion global pharmaceuticals market. With sales nearing almost $300 billion, the pharmaceutical industry has been a major contributor to the U.S. economy. The U.S. healthcare market is fundamentally restructuring how healthcare is cost-effectively developed, delivered and reimbursed to improve the overall health of the population. Even as the pharmaceutical industry in the U.S. faces a challenging and tough business environment, it is projected to remain the single-largest market touching $320-350 billion by 2015. Many U.S. companies are entering into alliances either to acquire or partner with large generic players in the developed and emerging markets. The Dishman Group is gearing up to become more visible on the radar of such companies that require contract research and manufacturing services.

OUR CAPABILITIES

With a majority of the revenues of Carbogen Amcis being contributed by U.S., we are placing a greater focus on the American market to further enhance our future growth potential. This is aimed at further leveraging the cross-selling opportunities existing in the growing markets, particularly in the U.S. The recent strengthening of the Dishman Pharmaceuticals and Chemicals Team in U.S. is essentially aimed towards increasing sales, enabling effective co-ordination between Dishman Pharmaceuticals and Carbogen Amcis and to drive standalone sales for the Indian company. To better leverage the cross-selling opportunities, we have put in place a new team to lead our sales strategy for our targeted markets. Our current focus is to expand on Carbogen Amcis' relationships in the U.S. market to establish further opportunities within the CRAMS space. This is expected to have a positive impact on our Asian production facilities.

Deriving value

01 | Our Strategic Advantage

We are consolidating CRAMS capabilities to leverage smart opportunities

Our services across the CRAMS segment range from process R&D and pilot supply to full-scale and commercial manufacturing from our purpose-built and dedicated facilities.

Leveraging our Capabilities across the CRAMS Value Chain

Our customers derive value through our broad-based skill-sets and capabilities in the CRAMS business. The strategy is to introduce customers to the Group by capturing them at preclinical/phase 1 at Carbogen Amcis where high technology and faster turnaround is of strategic value to the customers. As volumes grow, we use our integrated pipeline capabilities within the Group to migrate late phase or commercial manufacture to our Bavla and Shanghai facilities, where we provide the same quality with an Asian cost-base. The strategy extracts maximum advantage of our capabilities from pre-clinical to commercial supply in the CRAMS arena.

Our mainstay contract manufacturing business, which contributes around 65% to our overall revenues, has become our basic foundation over the past two years. We have gained recognition as an integrated CRAMS player present along the entire value chain – right from building blocks to commercialisation and launch stage. We have broad-based capabilities and a wide geographic presence across the CRAMS value chain. Our services in this segment range from process R&D and pilot supply to full-scale and commercial manufacturing from our purpose-built and dedicated facilities. We are present in the advanced markets including U.S., Europe, India, China and Japan.

Our upfront investment of approximately ₹ 1,000 crore towards capacity expansion at our Bavla facility provided us with an edge to gain from a revival in the global CRAMS industry. Our European operations also have deep relationships with our customers across the world. They are hand-held through the early stages of product development and pilot to small scale commercial production. Our production in India and China enables the same customers to scale up their volumes economically and reliably. With several projects currently in production, we are recognised as a preferred global outsourcing partner in this segment. Going forward, our CRAMS business will continue to be the growth driver for our Company.

OUR PRESENCE ACROSS THE CRAMS LIFECYCLE

01

DRUG LIFECYCLE MANAGEMENT

- Preclinical to commercial manufacturing capabilities
- Ensure seamless process & technology transfer from lab to plant
- Single partner for R&D, process development and commercial production

02

STRONG R&D CAPABILITIES

- 7,500 m^2 R&D facilities, 28 R&D labs, formulation development lab, kilo lab & pilot plant all cGMP compliant
- Carbogen Amcis employs almost 200 chemists, 40% of whom hold a PhD in Chemistry
- Dishman India employs 125 chemists, 30% of whom hold a PhD in Chemistry

01 INTEGRATED ACROSS THE VALUE CHAIN

02 STRONG CHEMISTRY CAPABILITIES

03 CLOSE PROXIMITY TO CLIENTS WITH GLOBAL PRESENCE

04 LARGE SCALE MANUFACTURING CAPACITIES

03

CLOSE PROXIMITY TO CLIENTS

- Local representation and support in all major markets
- Front end via Carbogen Amcis with access to more than 100 established customer relationships
- Trust and confidence of customers for entire drug life-cycle engagement

04

LARGE SCALE MANUFACTURING CAPACITY

- 25 multi-purpose and 1 dedicated USFDA inspected production facilities
- 750 m^3 of reactor capacity in Bavla, 230 m^3 in Naroda and 63 m^3 in Shanghai
- Large capacities provide competitive edge for winning long-term contracts

OUR SKILL SETS IN CRAMS

- A large dedicated multiple shift R&D operations
- 25 multi-purpose facilities and 1 dedicated production facility for APIs and Intermediates at Bavla, Naroda, Manchester, Switzerland, Netherlands and Shanghai
- Over 1,000 m^3 dedicated reactor capacity in India and Shanghai

END TO END INTEGRATED CRAMS OFFERING

Integrated CRAM Player - Strong Capabilities across the Value Chain

EARLY STAGE	LATE STAGE	COMMERCIAL SUPPLY
Process research and API supply to support early phase clinical trials	Process development, optimisation and cGMP manufacture	Secure, value-for-money supply

CARBOGEN AMCIS

- Process R&D
- API supply to support clinical requirements
- Niche scale commercial manufacture
- Highly Potent API Supply

Preclinical	Phase I	Phase II	Phase III	Market

DISHMAN CRAMS

- Process Development & Scale-Up
- Process Optimisation
- Large scale and Commercial Manufacture

Derisking our business

02 | Our Strategic Advantage

We are making strategic efforts to derisk our portfolio

From being largely dependent on large-scale pharmaceutical innovators, our strategic focus is to diversify our customer base. We are consciously increasing our engagement with small and mid-sized pharmaceutical companies where the business potential is significant.

Widening our Customer Base and better utilising existing capacities

Our efforts to widen our customer base provide us with better order-book predictability, besides growing our CRAMS business. By increasing our engagement with smaller and mid-sized pharmaceutical companies, we gain the capability to improve our overall margins and better utilise our manufacturing facilities. This change in strategy de-risks our customer portfolio, while still growing our business with the few large pharmaceutical companies.

The dynamics of the New Molecule Entities (NME) business is undergoing a distinct change. Much of the recent innovation in this segment is emerging from small and mid-sized bio-pharma companies. Large pharmaceutical companies are increasingly becoming simply marketing and finished dose form organisations. Large PharmaCo strategy is moving towards the acquisition of product portfolios of small bio-pharmaceutical companies. This enables large companies to reduce manufacturing and R&D costs and further optimise them.

From being largely dependent on large-scale innovators, our current focus is to diversify our customer base. We are consciously increasing our engagement with small and mid-sized pharmaceutical companies where the business potential is significant. Medium pharmaceutical and smaller biotech players form a bulk of Carbogen Amcis' customer base. Today, around 80% of our pipeline projects are originating from such emerging pharma companies. This diversification is enabling us to better utilise our capacities and sharpen our capability to make use of existing manufacturing facilities as multi-purpose blocks. This will result in efficient capacity realisation, improved order-book and greater stability to our growth.

10-15%

Current share of large-sized Pharma Companies in Carbogen Amcis revenues

Down from **50-60%**

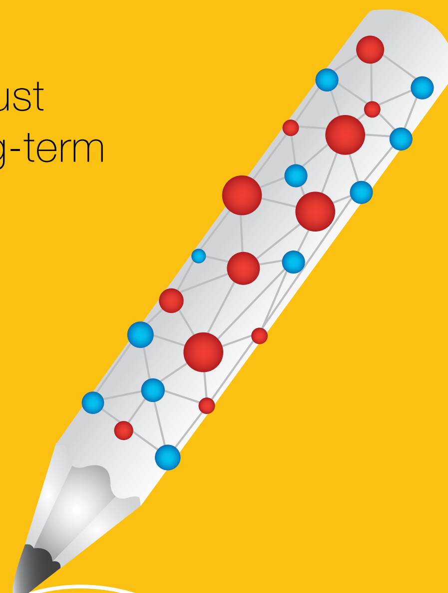
Share of large-sized pharma companies in Carbogen Amcis revenues 8 years ago

Improving profitability

03 | Our Strategic Advantage

We are working towards enlarging margins and bettering revenue visibility

Our key business strategies are aimed towards enhancing our profitability, moving towards a robust balance sheet and retiring the majority of our long-term debt over the next 3-4 years.



Aiming at bettering our Operating Margins and Return Ratios

Efficiency optimisation at the existing capacities; an improved order book and revenue visibility; and the commissioning of our Netherlands facility are some key drivers for enlarging our operating margins, moving forward. In addition to this, incremental revenues from our highly-profitable HiPo API business and a mix of our low-volume, high-value product portfolio will further lead to bettering of our margins.

ACCELERATED PROGRESS TOWARDS ENHANCED MARGINS

- Improved churning of existing capacities with focus on low-volume high-value orders
- Improvement in market environment for Carbogen Amcis
- Efficient capacity utilisation and improvement in asset turnover
- Earning incremental revenues from HiPo business with higher margins
- Optimising efficiencies through reduction in material cost
- Renovation of Vitamin D facility in Netherlands
- Forward Integration of Vitamin D facility at Bavla
- Reduction in leverage and improvement in return ratios, with no major capex planned for next two years
- Incremental operating cash flows to be utilised for retirement of long-term debt, resulting in robust balance sheet and improved return ratios

With a keen focus on efficiency optimisation, our operating margins witnessed an improvement from 16.4% in FY2011 to 23.0% in FY2014, enhancing our overall profitability. Consequently, our RoCE scaled up from 5.5% to 10.6% during the same period. Moving forward, we are constantly aiming at improving our operating margins through our key business strategies including efficient churning of existing capacities.

Further, with our Vitamin D3 facility in Netherlands having become operational, we foresee a 4-5% improvement in margins. Further, an improving market environment, widening of customer base and a mix of low-volume and high-value niche products are resulting in our capacities getting better utilised (up from 60-70%. This will also positively impact our profitability in the medium term.

Going forward, we expect to book incremental revenues from the Oncology HiPo API "Unit 9", where EBITDA margins are as high as 40-50%. In addition to this, our Shanghai facility (which is attaining cash break-even soon) and Vitamin-D facility in India (due to forward integration) also provide an assurance of better margins and improved profitability.

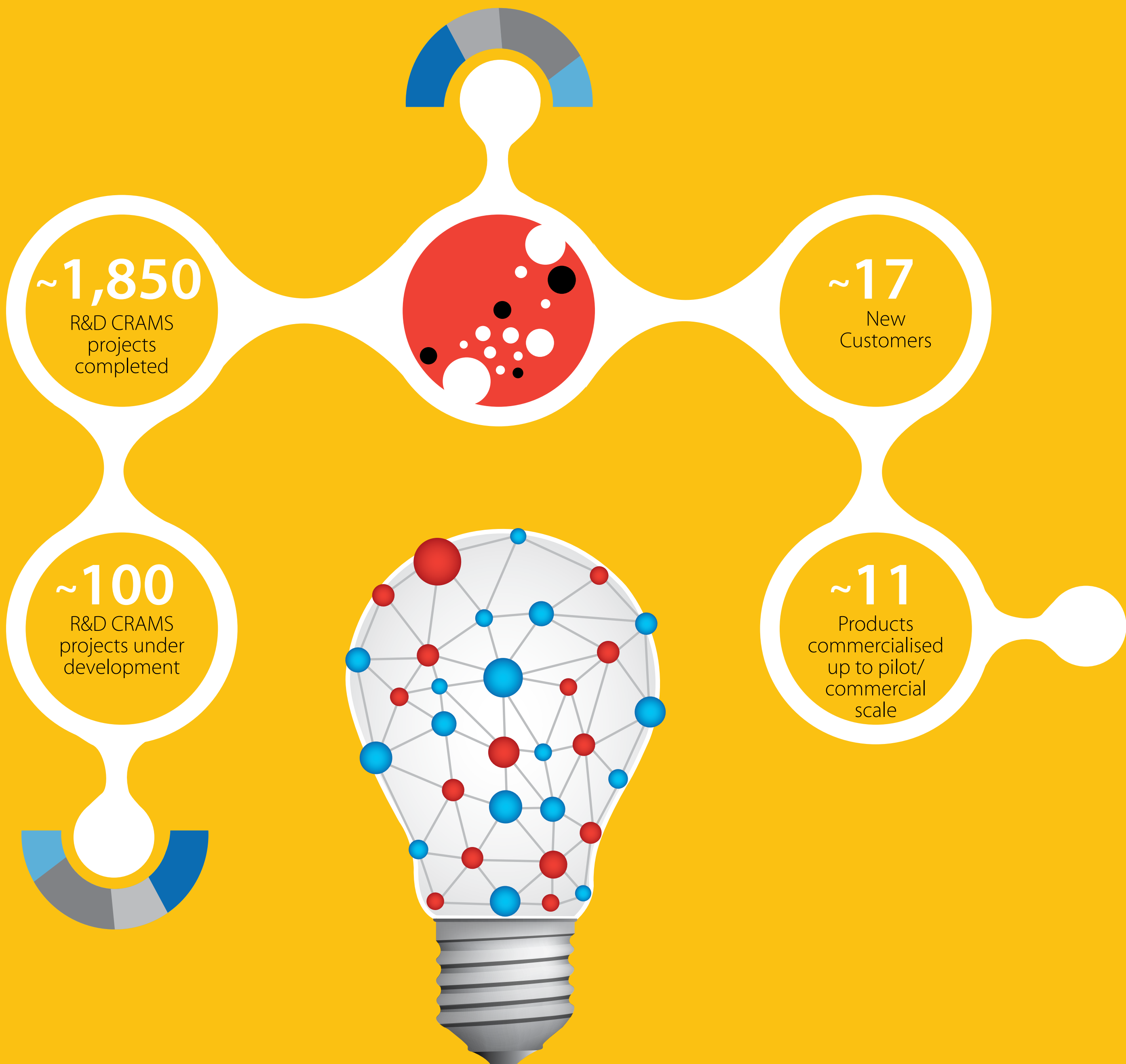
TARGETING MEDIUM-TERM GROWTH

We have invested approximately ₹ 1,000 crore in building our capacities over the past 4-5 years. Our focus going forward will be to efficiently utilise our existing capacities and better leverage market opportunities. Moving ahead, there will be incurring of only minimal growth capex and certain maintenance capex in these facilities in the medium term. This shall give us the ability to utilise our free cash-flows towards retiring the existing debt. We see these strategies further enhancing our profitability and giving us a robust balance sheet over the next 3-4 years.

Integrated R&D

We provide innovative development and manufacturing excellence

We offer R&D services on a global scale with a specialisation in development processes that are truly scaleable to commercialisation.



Leveraging our Global R&D to Accelerate Drug Discovery and Manufacturing

We offer technical and manufacturing excellence across the globe. We are the global outsourcing partners for the global pharmaceutical industry, offering innovative development and long-term commercial supply. Our global R&D Centres are constantly aiming to develop and update manufacturing processes of the existing products. Our upgraded equipment at our R&D centres globally reduces our process time and cost of production, while simultaneously developing new products.

Imagination, Invention and Innovation are the three main pillars of the Research & Development wings at Dishman Group, globally. This is the key foundation upon which stands our strategy of manufacturing and marketing of bulk drugs, intermediates, fine chemicals, quats and specialty chemicals. More and more customers are looking at Dishman Group as their preferred partner and have confidence in our capabilities. On a global scale, we have about 28 R&D labs in Bavla, Switzerland and Netrherlands, including HiPo labs, performing R&D and upscaling about 150 R&D CRAMS projects which are currently under development.

OPTIMISATION OF DEVELOPMENT PROCESSES

We offer R&D services on a global scale with a specialisation in development processes that are truly scaleable to commercialisation. Our Analytical Development laboratories are equipped with all the modern equipment for analysis of R&D products and method validations for carrying out diverse reactions. In addition to this, our global processes are also optimised to make them more energy-efficient, reduce the effluent load and gain the advantages of better returns.

OUR STATE-OF-THE-ART R&D FACILITIES

Our R&D labs work under Good Laboratory Practices (GLP). Each of our laboratory worldwide has a process R&D area and own analytical section. Our global R&D centres offer a portfolio of services from process R&D in state-of-the-art laboratories from kilo and pilot plant trials in well-equipped kilo labs and pilot plants and scale up to full commercial manufacture in multi-purpose production units as well as dedicated facilities for products. We continue to add to our knowledge on various reactions and new technologies.

OUR GLOBAL CAPABILITIES

On a global scale, we have completed over 1,850 R&D projects worldwide. We have about 25 multi-purpose facilities at Bavla, Naroda, Manchester and Shanghai with 7,500 m^2 floor space for R&D and 1 production facility at Bavla for APIs and Intermediates. We employ around 325 chemists, nearly 40% of whom hold a PhD in Chemistry. We are adding around 15-20 new customers per annum on a global scale. In Europe alone, we have achieved completion of 2,500 R&D projects in the last 10 years and about 150 R&D projects are currently under development in Switzerland.

At our Bavla facility, we are currently working on two projects on a commercial scale with long-term supply agreements. Both these products are regulated starting materials for APIs and used in large volumes. We also added the ultra-filtration equipment in one of our commercial plants, which allows us to undertake projects with special requirement of membrane filtration. Moving ahead, our objective is to continue to develop new API processes for commercialisation and emerge strongly as a leading generic player globally.

Board of Directors

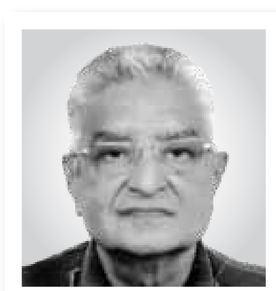
Shri Janmejay R. Vyas
*Chairman &
Managing Director*

Mrs. Deohooti J. Vyas
Whole time Director

Shri Arpit J. Vyas
Managing Director

Shri Yagneshkumar B. Desai
Director

Shri Sanjay S. Majmudar
Director



Shri Ashok C. Gandhi
Director

Mr. Janmejay R. Vyas

Chairman & Managing Director

Mr. Janmejay R. Vyas promoted the parent company Dishman Pharmaceuticals and Chemicals Ltd in 1983 with 16 subsidiaries worldwide. He heads the R&D division since 27 years and is also engaged in marketing of in-house technologies and products, research and production capabilities domestically and internationally. He has been managing marketing and globalisation activities since 30 years and has successfully negotiated several contract research proposals with clients. He has entered into a long-term manufacturing and supply contract with several companies in Japan, USA and Europe. In 1987, he set up the Naroda facility, and later in 1996, initiated the expansion of Bavla facility. His emphasis on quality and adherence to international manufacturing standards ensured the Bavla facility has been set up and developed as per international standards. In the recent past, he has been engaged in acquisition of several research-oriented companies, including Carbogen Amcis and Vitamin D business in Netherlands.

Mrs. Deohooti J. Vyas

Whole-time Director

Mrs. Deohooti J. Vyas holds a Bachelor's Degree in Science. She has very rich experience in the field of Administration and Human Resource Development. She has been associated with the Dishman Group since a long time. She has been instrumental in strategic decision making in the HR policies of the Company.

Mr. Arpit J. Vyas

Managing Director

Mr. Arpit Vyas has completed his Chemical Engineering degree from the University of Aston, Birmingham. He has gained a rich experience in the field of Marketing. He was first appointed as an Additional Director of the Company, and thereafter as the Whole-time Director since 1st June, 2009 and thereafter he was appointed as a Managing Director of the Company. He has been instrumental in the strategic decision-making processes and Marketing Policies and the overall operation of the Company's plants worldwide. He is completely in-charge of the Disinfectants division (Dishman Care) and the Naroda plant at Gujarat. He also looks after the day-to day affairs of the Bavla plant.

Mr. Sanjay S. Majmudar

Director

Mr. Sanjay S. Majmudar has a rich experience of over 25 years as a Practicing Chartered Accountant. He is the Proprietor of the firm M/s. Sanjay Majmudar and Associates, Chartered Accountants, and also a Partner with M/s. Parikh & Majmudar, Chartered Accountants. He has been the Chairman of the Editorial Committee of the Ahmedabad Chartered Accountants Association Journal in 1994-95. He has also been a Chairman of the NRRC Committee of the Chartered Accountants Association, Ahmedabad during 2000-01 and 2002-03. He has gained extensive experience in the areas of Finance, Corporate Law, Direct Tax and Auditing & Accounting.

Mr. Yagneshkumar B. Desai

Director

Mr. Yagneshkumar B. Desai has vast experience of over 40 years in his respective industry. In 1962, he joined the State Bank of India (SBI) as a Probationary Officer. In his association of 19 years with SBI, he served the Bank in various capacities such as the Branch Manager, Superintendent, Foreign Exchange & Manager (International Division). In 1982, he joined the Export Import Bank of India (EXIM Bank) as a Deputy General Manager. He served EXIM Bank for 19 years, during which he held various key positions such as General Manager, Executive Director and Managing Director.

Mr. Ashok C. Gandhi

Director

Mr. Ashok C. Gandhi has a wide and rich experience as the Senior Advocate. He is also a Partner with M/s. C. C. Gandhi & Co., Advocates, which is an eminent and reputed firm based in Ahmedabad. He has extensive experience and expertise in the field of Corporate Law. Currently, he holds the position of Trustee in various Trusts having benevolent objects. He is also a Member and President of various Societies and Committees.

Leadership Team

Global Team

Mr. Mark Griffiths, Global CEO

Mr. Christian Dowdeswell, VP - Commercial, Dishman Europe

Mr. Jason Bertola, VP - Business Development & Strategy, Dishman USA

Mr. Alan Fischer, Director (Technology & Supply Chain), Carbogen Amcis AG

Ms. Lizanne Muller, Corporate Compliance and Governance, Dishman Europe

Mr. Villimagne Pascal, VP - Commercial, Carbogen Amcis AG

Mr. Martin Schneider, Director (Chief Quality Officer), Carbogen Amcis AG

India Team

Mr. Bharat Padia, Executive Director

Mr. Rajashekhar Bhat, Global CFO

Dr. Himani S. Dhotre, Sr. VP (R&D)

Dr. Ravi Raval, Joint COO

Mr. Vipin C. Vishnoi, Sr. VP (Safety, Health & Environment)

Mr. Stephen F. Coelho, VP (Exim)

Mr. Kalpesh R. Pathak, VP (Quality)

Mr. Pankaj V. Shah, VP (Purchase)

Mr. Amish S. Parikh, VP (IT & Communication)

Mr. P. Chandra Dharudu, VP (Sales & Marketing), Dishman Care

Mr. Jayesh A. Shah, VP (Production)

Mr. Tushar D. Shah, Company Secretary (Legal & Secretarial)

With the Indian economy having registered a growth rate of 4.7% in FY2014, the decelerating trend seems to have reversed. India has restored its macro-economic and financial stability and taken substantive measures to narrow external and fiscal imbalances.

ECONOMIC OVERVIEW

Global Outlook

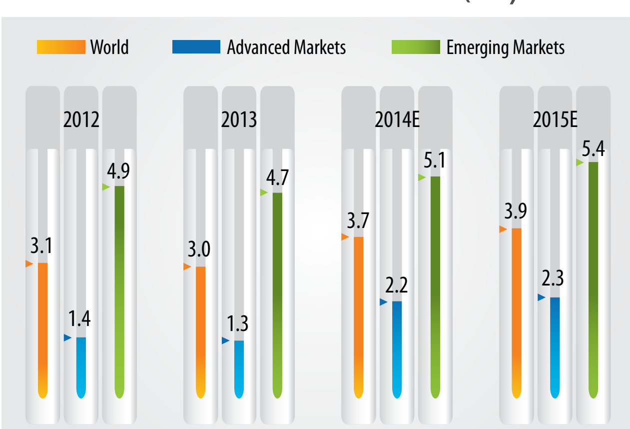
According to the International Monetary Fund (IMF), the global economy grew by approximately 3% in 2013. It is expected to surge further in 2014-15, on the back of a gradual recovery in the advanced economies. Among these, the United States economy is projected to grow by 2.8% in 2014, against a 1.9% growth recorded in 2013, given an expected rise in domestic demand. The Eurozone is likely to witness some recovery too by 2014-15 on the strength of higher export demand. However, Japan is likely to witness slow growth as the downside risks continue to remain intact. Overall, growth in the developing economies and emerging markets is expected to surge moderately, with China focussing on slowing its credit growth and raising the cost of capital. India is likely to witness higher export demand based on the back of strong structural reforms and policies favouring investments. The domestic demand continues to remain weak in certain emerging economies, thereby adding onto the downward pressure.

Indian Economy

Over the last few years, the Indian economy has had to overcome a variety of challenges in its resolve to sustain economic success and get back on a faster growth track. The key challenges included a weak external environment, domestic structural constraints, growth slowdown and inflationary pressures. The slowdown manifested in the decline of India's Gross Domestic Product (GDP) growth from 8.9% in FY2010-11 to 4.5% in FY2012-13. The Indian Rupee fell to a record low during the year, prompted by a shift in investments by foreign investors away from India to some of the western countries. The slowdown in growth was broadly in sync with trends witnessed in the emerging economies during the global economic upheaval.

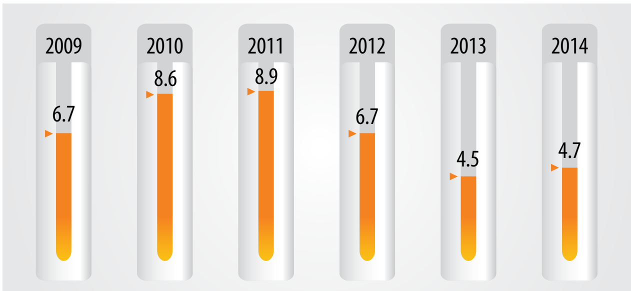
With the economy having registered a growth rate of 4.7% in FY2014, the decelerating trend seems to have reversed. India has restored its macro-economic and financial stability and taken substantive measures to narrow external and fiscal imbalances. It has also adopted serious measures to tighten its monetary policy, move forward on structural reforms and address market volatility.

GROWTH ACROSS MARKETS (%)



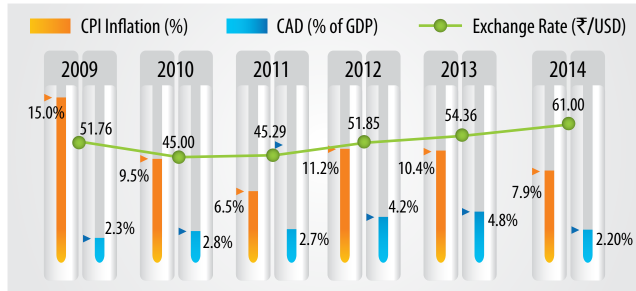
Source: www.IMF.org

GDP GROWTH RATE IN INDIA (%)



Source: Central Statistical Organisation (CSO)

KEY ECONOMIC INDICATORS



Source: Central Statistical Organisation (CSO)

The current account deficit (CAD) too has contracted. During the October-December quarter of FY2014, CAD remained at a historical low of 0.9% of GDP. Besides, the fiscal deficit target has been met and investment project approvals are seen accelerating. A major contributor for the pick-up in economic activity during the financial year ending was the rise in the export demand, reflecting both export growth and import compression. Export-led sectors such as IT and pharmaceuticals performed better than their domestic counterparts, thereby compressing CAD. A gradual improvement in the external environment situation also marked a reduction in currency volatility, with better participation anticipated in foreign investment activity. And now, with a stable and strong Government at the Centre, people are awaiting policies that will bolster exports from India, acting as an engine of growth.

PHARMACEUTICAL INDUSTRY OVERVIEW

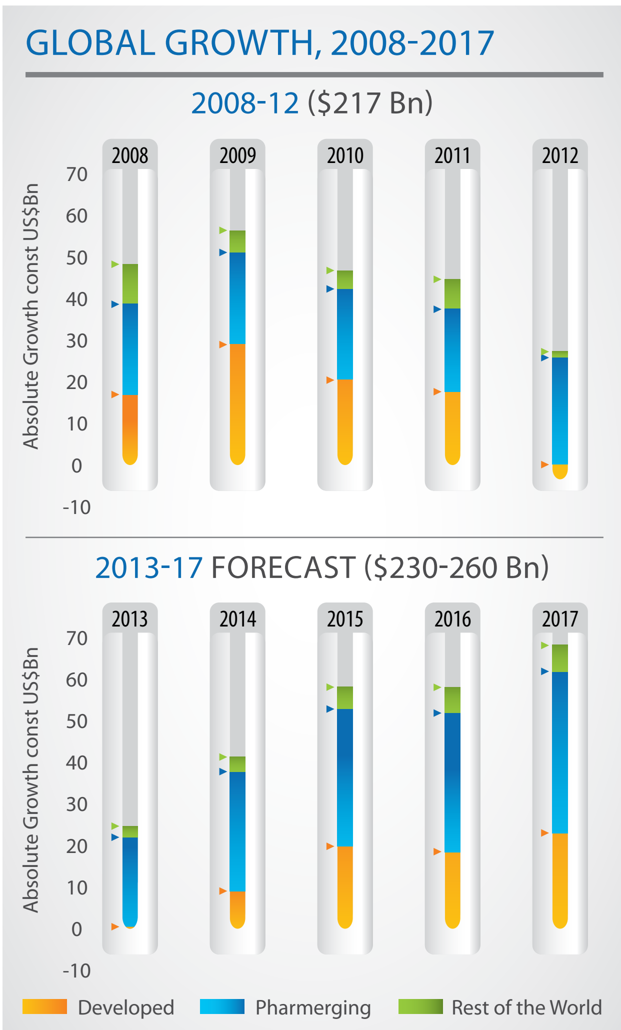
As per the IMS Health Report, the aggregate global market spending on medicines will surge to $1 trillion by 2014, and further to $1.17 trillion by 2017. This is an increase of approximately $205-235 billion from 2012 numbers. The growth split between developed markets (to deliver single-digit spending growth) and emerging pharmaceutical markets (to deliver double-digit growth) is seen as the major contributor for the economic upsurge.

Developed Markets

The developed markets of North America, Europe and Japan are likely to witness single-digit spending growth on medicines. This is owing to a combination of economic and healthcare austerity measures and savings realised from availability of Asian cost base generic versions of brands following their patent expiry. In Europe, access to innovative medicines slumped due to a greater adoption of generic drugs and more restrictive policies. Meanwhile, in the U.S. with the implementation of 'Affordable Care Act', some structural change may impact medicine spending. However, the direction and magnitude of this impact is difficult to predict with certainty.

In Japan, the generic market remained buoyant with an expected rise in generic volume. The percentage of generic and listed drugs is likely to increase to 60% by 2018, which will be a rapid increase in generic utilisation compared to other nations. The spending level on medicines in the developed markets was also affected by new product launches, specialty and niche products, along with patent expiry for small molecule products, especially the traditional medication. The U.S. will resume increased spending levels in 2014 following 2 years of reduction, due to an expansion of healthcare access and lower patent expiry levels. The IMS report predicts growth in total spend on medicines in the developed markets to rebound from a negative $3 billion in 2012 to $20-25 billion by 2017, even as the European economic recovery lags that of U.S. and Japan.

Increasingly the Governments are concerning themselves with the cost of drugs. However, they also regulate the process by which drugs are brought to the market. Over the last 10 years, the cost and time to bring a drug to market has grown from $800 mn and 8 years to $1.8 bn and 10 years. Ultimately, the 2 positions are at odds with each other, and hence, industry and the Governments find it necessary to work together to a common goal of expanding accessible drugs quickly and at a fair price.



Source: IMS Health Market Prognosis, September 2013

Pharmerging Markets

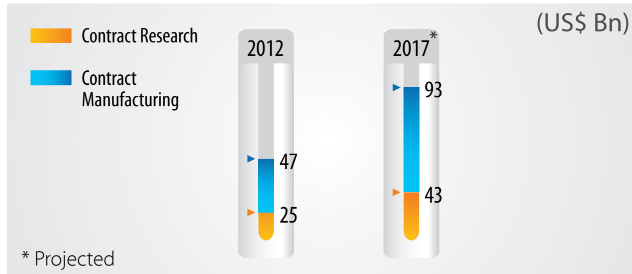
The pharmerging markets are likely to witness double-digit spending growth on the back of a gradual improvement in the economy. Demographic and epidemiological changes as well as improved state and private insurance funding for healthcare and medicines segment will also contribute to an upbeat scenario. With China being the fastest-growing emerging market for prescription medicines, the Chinese healthcare provision is in the process of a massive expansion. Their goal is that of universal healthcare coverage by 2020.

> Growth in pharmerging markets is projected to almost double from $26 billion in 2012 to $30-50 billion in 2017. This is primarily due to an increased access to medicines as more and more infrastructure and health systems evolve.

Although innovation medicines have been the industry's driving force since 2010, there has been a change in the nature of launches. This is due to a lot of focus on research & development activity towards specialty medicines, such as that of cancer. The era of blockbuster drugs has, in the main, passed. The USFDA approved 27 new molecular entities (NME) in 2013, down from the 39 in 2012 – the highest level in a decade – but in line with the historical trend with an average of 28 first-of-a-kind drugs approved annually over the past five years. A third of these 27 new first-of-a-kind medicines were for rare diseases and niche medical conditions. Beyond these 27, there were a number of re-formulations and new versions of more mature drugs.

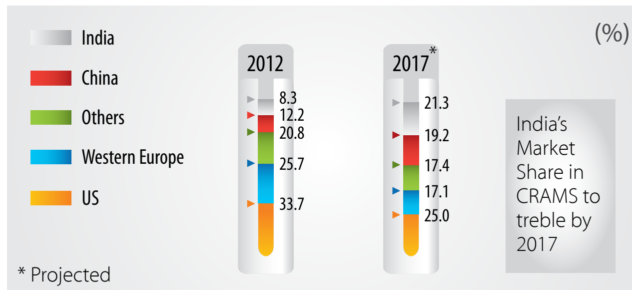
China's pharmaceutical market is projected to register a growth ranging between 14% and 17% over the next five years. Countries such as South Africa and Laos have recently adopted extensive and influential vaccination programs for human papillomavirus to prevent cervical cancer. As per the IMS Health Report, growth in pharmerging markets is projected to almost double from $26 billion in 2012 to $30-50 billion in 2017. This is primarily due to an increased access to medicines as more and more infrastructure and health systems evolve. A significant level of innovation in NMEs is for the first time not coming from the top 10 large Pharmaceutical companies but from small to medium BioPharmaceutical firms, therefore having relationships across both large and small to medium BioPharmaceutical companies is the single biggest challenge for CMOs in the next 5 years.

GROWTH IN GLOBAL CRAMS INDUSTRY



Source: IMS Health

MARKET SHARE IN CRAMS



Source: IMS Health

Influence of Global Market Dynamics on India's Pharmaceutical Industry

India's Pharmaceutical sector is fast gaining its position as a global leader. Its Pharmaceutical market is expected to touch $74 billion in sales by 2020, according to a PricewaterhouseCoopers (PwC) report. This is nearly seven times the current sales of $ 11 billion. The domestic Pharmaceutical market grew by 14% Y-o-Y in FY2014, compared to an annual growth of 12.5% recorded in the last five years. A significant part of this growth was contributed by the chronic segment. The Indian Pharmaceutical sector meets around 70% of the country's demand for various types of formulations and active Pharmaceutical ingredients (APIs). However, A major contribution in the upsurge during the year was owing to a rise in revenues from exports.

Consumer spending, rapid urbanisation and rising healthcare insurance are further expected to fuel the domestic market. However, introduction of the pricing policy will have a negative impact on Pharmaceutical companies. Alongside, in an era of a patent cliff, pharmaceutical companies have increased their R&D expenses to establish niche product portfolios. This is a positive move for Contract Research and Manufacturing companies which are expected to benefit significantly from research and manufacturing outsourcing. Over and above, the Rupee's depreciation was also an important aspect which led to Indian Pharmaceutical industry's growth, especially companies which had not hedged their receivables.

Among others factors, lifestyle segments such as cardio-vascular, anti-diabetes, anti-depressants and anti-cancers, will continue to be lucrative and fast growing. This is owing to increased urbanisation and changes in lifestyle patterns. Chronic therapies will also see better growth as chronic diseases are on the rise in India.

Global CRAMS Industry

As per the Chemical Pharmaceutical Association (CPA), the world market for Pharmaceutical contract research and manufacturing services (CRAMS) is set to grow by an average of 13.6% a year till 2017. By then, it is expected to be worth $136 billion, up from $72 billion in 2012-13. The U.S. currently dominates the global CRAMS market and will continue to lead in 2017, accounting for 24.9% of the total market. However, going forward, there will be a marked decline from the 33.7% market share of the U.S. players in 2012-13. Western European CROs and CMOs will also see their share decline from 25% in 2012 to 17.1% by 2017. In contrast to this, the fastest growth will be witnessed by Pharmaceutical players from the South and Pacific Asia regions. India's global market share is set to nearly treble from just 8.3% in 2012-13 to 21.3% in 2017 at $28 billion, becoming the second-largest market after U.S. Given its high-skilled labour, cost of production in India is 65% lower compared with U.S. and almost half of that of Europe. India has the largest number of USFDA-approved manufacturing plants outside of U.S. The key significant players in the CRAMS space within India, such as the Dishman Group, are transforming themselves into global players, with local research and manufacturing capabilities spread across the world in multiple countries.

CRAMS Players to benefit from Outsourcing Opportunity

Large Pharmaceutical companies are towards the tail-end of a significant number of blockbuster drugs going off patent, referred to as the "patent cliff." Though 2012 has been the biggest year so far for patent expirations, 2015 is expected to be another big year for drugs losing their exclusivity.

Loss of patent protection by branded Pharmaceutical manufacturers should lead to a strong desire to revamp the R&D pipelines, building the potential for future blockbuster drugs. This is favourable to CRAM companies as their advantageous cost structure (vis-a-vis in-house R&D), shorter development times and incremental consulting expertise allows bigger pharmaceutical and biotech companies to better address future portfolio needs.

Also, as the price of innovation rises, the significance of new drug discovery is becoming more important. R&D cost on per New Molecular Entities (NME) basis is currently in billions ($1.8 billion in 2013 from $48 million in 1970). With increased global scrutiny of drugs, the cost to approve an NME will remain at elevated levels going forward. Pharmaceutical companies will be forced to cut expenses in other ways.

Pharmaceutical companies will leverage the resources of large, reputable Contract Research organisations (not at the very early stage, when route scouting they will go cheap and fast). This will help them improve the economics of their increasingly expensive drug/molecule assets. Outsourcing clinical trials provides Pharmaceutical companies with greater R&D spending flexibility. Rather than maintaining physical clinical trial assets (buildings, scientists, and sophisticated research equipment), manufacturers will be more than willing to shift these costs by contracting with outside parties.

CRAM Players with Broad-based Capabilities & Wider Geographic Presence to Benefit

With the patent expiry receiving a windfall, there will be significant opportunity for API suppliers and generic drugs manufacturers. "One Stop Shop" Contract Research and Manufacturing players that have innovative early phase capabilities coupled with good quality, high value large scale manufacturing, are best positioned for success. CROs with broad based skill sets and a global footprint are expected benefit disproportionately in the Pharmaceutical drug development services market. There are numerous trends in the drug development market that favour broad-based CRAM Players. In particular, the evolving nature of clinical trials will mainly benefit firms with various areas of expertise. Given the more stringent global regulatory environment and regions requiring local patients to approve drugs, CRAM Players need to have a global reach to access these markets.

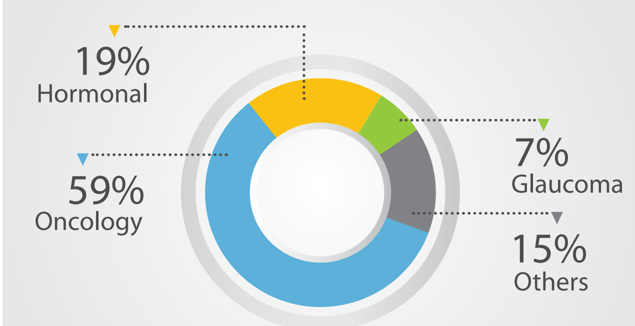
Trials are becoming more complex, global, and with increased scrutiny, leading to a need for more expertise in conducting clinical trials. Regulatory bodies such as the Food and Drug Administration (FDA) are increasingly requiring outcome trials during development. These requirements create opportunities for CROs to provide additional services. As trials become more complex, increasingly global and generally more burdensome, a wider range of skill-sets across the various phases of development will be required of CROs.

Cost pressures on pharmaceutical companies may drive them to find outsourcing partners located in countries such as India and China, where labour is relatively inexpensive. Thus, CRAM players having a global presence and wider expertise, along with access to large-scale manufacturing capacities in countries such as India and China are likely to benefit.

The Oncology (HiPo API) Opportunity

Oncology has become one of the major focus areas for Pharmaceutical and bio-technology companies. Around 35-40% of the total clinical trials are in the Oncology segment. The developed markets have high prevalence to spending on areas such as Oncology and Diabetes due to an increasingly aged and obese population. As per the data from IMS Health Report, the developed markets are projected to spend about US$74-84 billion on Oncology in 2017. Pharmerging markets are expected to spend about US$17-20 billion.

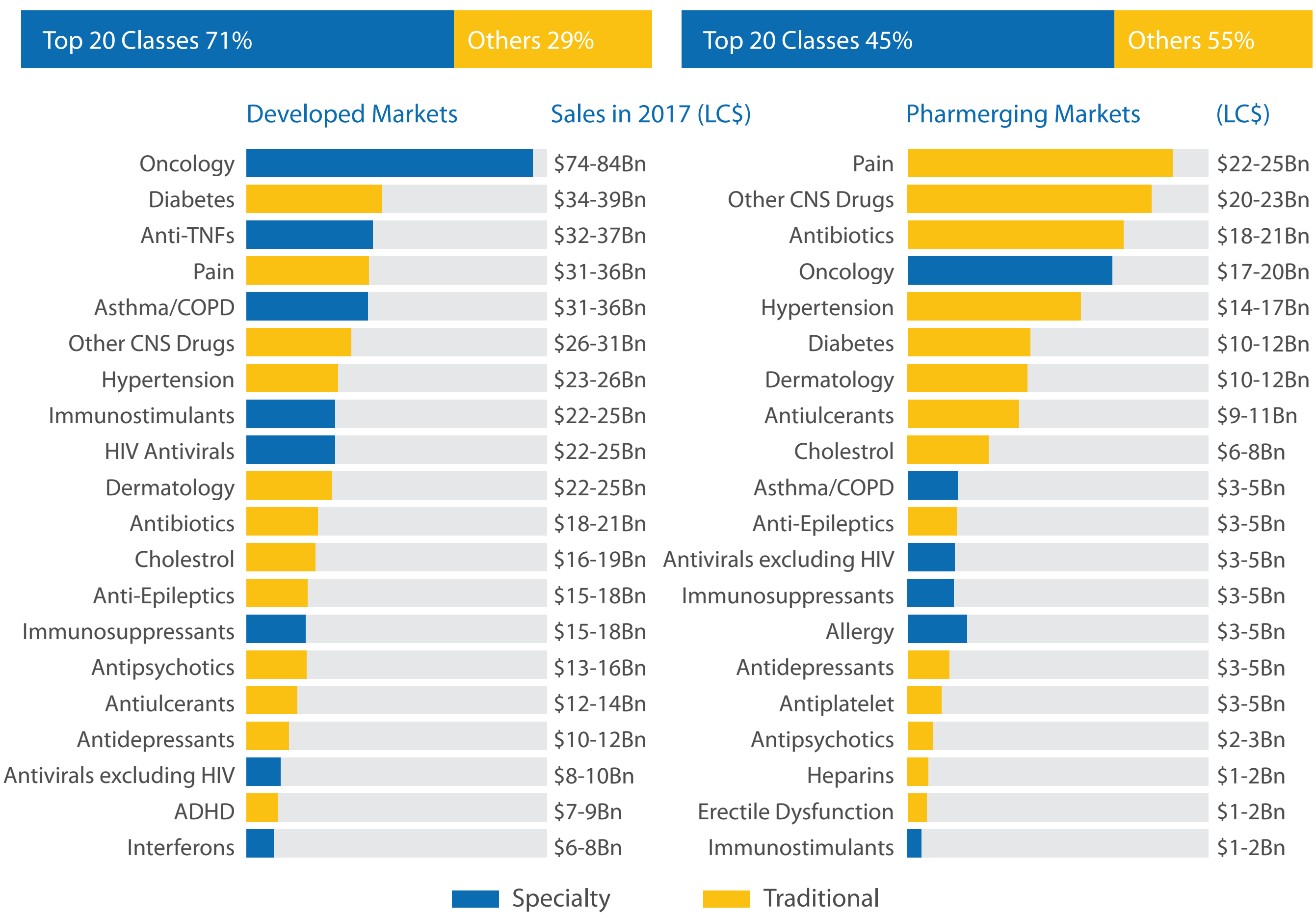
ONCOLOGY'S SHARE IN HIPO API



Source: IMS Health

> Oncology has become one of the major focus areas for Pharmaceutical and bio-technology companies, with around 35-40% of the total clinical trials being in this segment.

SPENDING BY THERAPY AREA



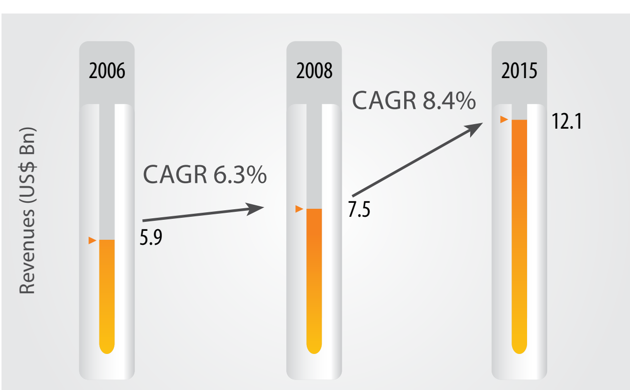
Source: IMS Health Thought Leadership September 2013

Highly Potent Active Pharmaceutical Ingredient (API)

Oncology (cancer treatment) majorly requires highly potent drugs which are effective at smaller dosages Oncology being the primary driver for the High Potency Active Pharmaceutical Ingredient (HiPo API), demand is on an upswing with an escalation in death rates due to cancer after cardiac diseases. This is mainly in the regional markets of North America. However, with changing lifestyle patterns and rising population, many nations are likely to follow suit, next to United States and Europe.

The HiPo API industry is one of the fastest-growing segment in the pharmaceutical industry. It is mostly driven by a growth in the oncology therapeutics market globally. North America and Europe together hold more than 80% of the HiPo API market. The contract manufacturing of these HiPo API is increasing owing to large investment, expertise and stringent specification standards required for production. HIPO are also increasingly being used in the form of Antibody Drug Conjugates (ADCs), an important and effective breakthrough in the cancer treatment. ADCs are a combination of monoclonal antibodies and biologically active drugs. They combine the unique targeting ability of monoclonal antibodies and the cancer-killing ability of cytotoxic drugs. Highly potent anti-cancer drugs are efficient as they target cancers, while minimising the drug's exposure to healthy tissues.

OUR PROJECTED CAGR IN REVENUES



The global HiPo API market which was worth $9.1 billion in 2011 is expected to reach $17.5 billion in 2018. The major driver of this CAGR growth of 9.9% (during 2012 to 2018) is the anti-cancer drug market, which itself is growing at 12.6% CAGR globally. In the overall global market, North America accounts for the largest market share, whereas the Asia Pacific region is likely to witness the highest growth in the forecasted period. India and China will be the major countries to register high growth rates in the HiPo API market due to rising health awareness, growing economies and improving healthcare systems.

BUSINESS OVERVIEW

Head-quartered out of India, the Dishman Group is a truly global and integrated CRAMS player with strong capabilities across the value chain. Dishman Pharmaceuticals and Chemicals Limited, the flagship company, includes its Indian and foreign subsidiaries, joint ventures and associate companies across the globe. All these entities are individual and separate. The Group operates across the world servicing customers from all key advanced markets, including USA, Europe and Asia. It possesses a wide range of research competencies and manufacturing capacities across multiple continents and countries, including Switzerland, UK, France, China, Japan and India. It operates 7 plants in total: three in Switzerland, one each in UK, France and China, and two plants in India. The Group recently witnessed profound organisational and operational restructuring, in which it added the posts of a Group level Chief Information Officer and a Chief Quality Officer with the particular mandate of integrating the Group's operations and cross selling its global capabilities to its customers across the world.

Mark Griffiths,
Global CEO

"We operate on a "One Company - Two Brands" philosophy, where each brand symbolises different sets of capabilities and specialisations, which are appropriately paired to deliver complex solutions.

One Company - Two Brands

Today, the Group operates on a **"One Company - Two Brands"** philosophy, in which the two brands are Carbogen Amcis and Dishman. Each brand symbolises different sets of capabilities and specialisations, which are appropriately paired to deliver complex solutions to suit the precise and varied needs of their global customers, both large and small, more appropriately.

The Carbogen Amcis brand represents the Group's first port of call for Pharmaceutical companies across the United States and Europe. Endowed with broad-based skill sets, the operations running under this brand are located in Switzerland, France and UK. Carbogen Amcis is the Group's method of being close to its customers and being involved with them from the very early stages of research and manufacturing trials. As a front-end interface for its trans-Atlantic customers, the Company engages with its customers by hand-holding their entire drug development cycle, from initial research to early-stage small-scale commercial productions. Since most small and large Pharmaceutical players prefer to work with partners close by in the early stages of the product development process, Carbogen Amcis represents the Group's gateway for customer acquisition and for maintaining very close relations with them throughout a product's lifecycle.

The Dishman brand represents the Group's second port of call for the same Pharmaceutical companies engaged with Carbogen Amcis. Once Carbogen Amcis has satisfied a customer up to a point in terms of research, trials and small scale commercial production, the Customers are able to derive further value with the Group. The Company is able to successfully scale them towards large-scale commercial production using its specialised high capacity operations in India and China. The Indian facilities at Bavla in Gujarat and the Chinese facility in Shanghai are particularly well invested and suited for mid-to-large scale production. Through this method, the Group is able to derive significant value out of the research work done at Carbogen Amcis to commercial production in India and China, thus resulting into an End-to-End Integrated CRAMS offering.

Capabilities across the entire CRAMS value chain

Today, the Dishman brand is perceived by global customers as a preferred global outsourcing partner with capabilities across the entire CRAMS value chain, with services ranging from process R&D and pilot supply, to full scale and commercial manufacturing from purpose built and dedicated facilities. The Group's India and Chinese facilities possess strong chemistry skill sets: a large dedicated multiple shift R&D operations; and 26 multi-purpose and dedicated production facilities for APIs, intermediates (India, China) with dedicated API manufacturing capacity at India and China.

Dishman's Advantage in High Potency API Capability

The Dishman Group has invested in world class capabilities to address the Anti-Body Conjugates (ADC) market. Coupled with 13 years of HiPo API experience, the High Potency API business will represent a significant opportunity for step change in the Group's top and bottom line growth.

The Group has a strongly differentiated set of capabilities in the HiPo API arena with pre-clinical API, Phase 1/Phase 2/Phase 3 and commercial API and up to clinical Ph2 parenteral dosage form capabilities. All these capabilities remain in house and underwritten by a consolidated project management capability to take customers from Pre-clinical stages through to Commercial manufacturing of APIs, right through to formulated products up to Phase 2.

Christian Dowdeswell,
VP Commercial, Dishman Europe

Our key focus is on diversifying our customer base and aligning ourselves more towards small and mid-sized pharmaceutical companies. This way, we are ensuring not to be over-dependent on our business with large pharmaceutical companies.

The Dishman Group offers unparalleled capability in scaled-up commercial manufacture of highly potent compounds and vitamins. The Group provides state-of-the-art containment services. All facilities operate to current Good Manufacturing Practice (cGMP) and can produce materials for pre clinical testing, clinical trials and commercial use. Dishman's High Potency API facility at Bavla, coupled with the capabilities in HiPo API in Switzerland, provide a customer compelling set of assets and technical skills. The new HiPo API facility in Bavla, Unit 9, is world-class, designed and constructed with current state-of-the-art systems and procedures which ensure complete continuity with facilities in Switzerland, thus providing a complete end-to-end API supply chain 'under one roof'.

OUR KEY STRATEGIES IN PLAY

Manpower Restructuring

Revamping of our U.S. Team:
Only 5-10% Dishman's standalone total revenues come from United States, whereas for Carbogen Amcis in the United States accounts for 50% to 55% of the total revenues. In view of this, to better leverage the opportunities in Carbogen Amcis and improve the cross-selling opportunity, we appointed a strong team in place for our U.S. operations.

Restructuring of Project Management Team at Bavla:
Our key priority for New Chemical Entity (NCE) customers is to have an effective and strong project management, as this requires a great deal of information and co-ordination for the new chemical entity.

New hiring for Generic API market in Japan:
Japan is the single-largest market for generic API, after United States. We hired a new team for sales and marketing for Generic API market with domain expertise. Our Dishman JV in Japan is expected to register a significant growth in generics – to about US$ 15 million from its current turnover of US$ 6-8 million. We also set up a Generic Product Review Committee to take quick decisions on the potential targets and get them into production mode.

Diversifying Customer Base for Dishman and Carbogen Amcis

From being largely dependent on big Pharmaceutical players, i.e., mainly large-scale and mid-sized innovators, our key focus is now on diversifying our customer base and aligning ourselves more towards small and mid-sized Pharmaceutical companies.

One of our key observation has been that much of the recent innovation in New Molecule Entities (NMEs) has come from small to mid-sized bio-pharmaceutical organisations. This has changed the dynamic of this business as the large Pharmaceutical players are increasingly become mainly marketing and finished dose form organisations. Small BioPharma companies, or their product portfolios, are being acquired at a rapid rate by large pharmaceutical in response to the patent cliff. This dynamic approach in some part justifies the Dishman Group's philosophy to focus not only on large Pharmaceutical companies, but also on the small to medium Pharmaceutical and Biotech players.

For Carbogen Amcis currently, the large Pharmaceutical companies contribute only 10-15% to the Group's total revenues, as compared with 50% a few years back. Today, medium Pharmaceutical and small biotech players form a bulk of its customer base. By diversifying our customer mix, we are ensuring we are not over dependent on our business with large pharmaceutical companies.

Realigning our Business Mix with Efficient Capacity Utilisation

We continue to focus on efficient capacity utilisation through low-volume and high value niche and complex products in our portfolio mix, resulting into better operating margins. In February 2014, we won a mandate from a U.S.-based mid-sized Pharmaceutical customer with 20 kg mfg valued at US$ 1.2 million.

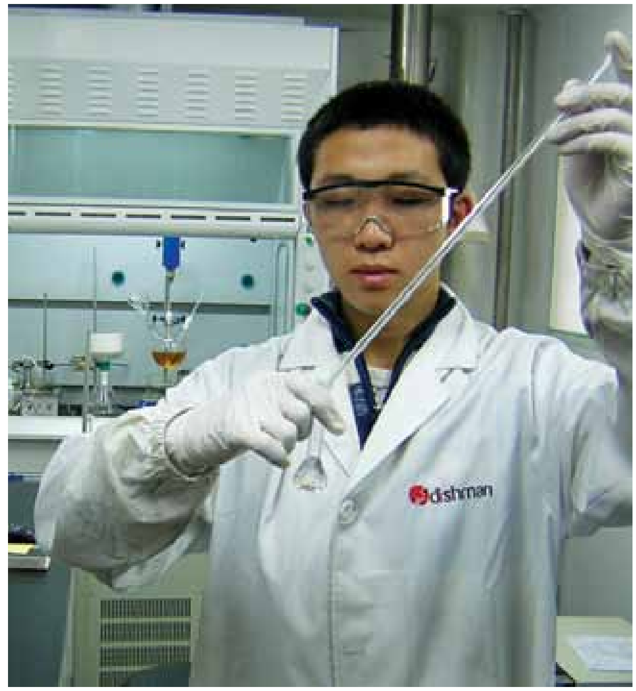
Hand-holding Small, Mid-sized Pharmaceutical and Biotech Players

In today's environment, the dropout ratio for Phase 1 trial entity is significantly high. Hence, venture capital investors and large Pharmaceutical players are increasingly requiring better proof of concept before committing. Small biotech players and mid-sized Pharmaceutical companies are increasingly required to go into Phase 2 trials. However, these start-ups and smaller biotech companies tend to have minimal experience in preparing regulatory submissions, interacting with global regulatory agencies, designing and managing complex international clinical trials, or producing investigational drug supplies for clinical trials under good manufacturing practices (GMPs). Thus, they require greater hand-holding with more value added and analytical services, thereby resulting into better margins for the Group.

Leveraging Cross-Selling Opportunities Through Seamless Integration of Capabilities

The Group has recently upped the ante in cross selling its multiple broad-based capabilities across geographies and in leveraging fresh opportunities wherever possible. It has established a joint Global Sales team that now projects the Group as **"One Company - Two Brands"** under the Carbogen Amcis and Dishman brands. This unified approach for projecting the disparate and wide-spread capabilities as 'One Company' is already beginning to have a positive impact for the Group.

As a result of this cross-selling approach, the Sales Team was able to win a new order in the non-potent Oncology space valued at US$ 20 million. This order requires various



capabilities spread across three of our project sites: Bavla, Shanghai and Switzerland, to be offered in synchrony. The positive outcome of this order will be that it enables our Shanghai facility to get into the profitability mode. Apart from this, the Bavla facility Unit 9 is currently implementing 3 projects that have been successfully transferred to Bavla, after being developed at our Swiss facility in the early stages. With margins in the range of 40-50%, these projects are considered to be lucrative to the Group.

RESEARCH & DEVELOPMENT

With strong R&D experience and effective relationship developed with MNC Customers, the Company has emerged as a premier contract manufacturing organisation (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 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.

FINANCIAL OVERVIEW

Business Highlights (Consolidated)

(₹ in crores)

PARTICULARS	2013-2014	2012-2013	GROWTH (%)
Net Sales & Operating Income	**1,385.32**	1,272.22	8.89
Other Income	**24.91**	17.82	39.79
Total Income	**1,410.23**	1,290.04	9.32
EBITDA	**357.02**	307.94	15.94
Depreciation	**108.56**	83.84	29.48
PBIT	**248.46**	224.10	10.87
Interest & Other Finance Charges	**92.05**	78.82	16.79
Profit Before Tax	**156.41**	145.28	7.66
Tax Expense	**47.13**	44.99	4.76
Profit After Tax	**109.28**	100.29	8.96

During the year the turnover has gone up to ₹ 1,385.32 crores compared ₹ 1,272.22 crores resulting a growth of 8.89%. CRAMS segment registered a turnover of ₹ 933.52 crores compared to ₹ 813.25 crores during the previous year. Others segment which includes bulk drugs, intermediates, Quats and speciality chemicals and outsourced/traded goods registered de-growth of 1.56% i.e. ₹ 451.80 crores during the year against ₹ 458.96 crores during the previous year.

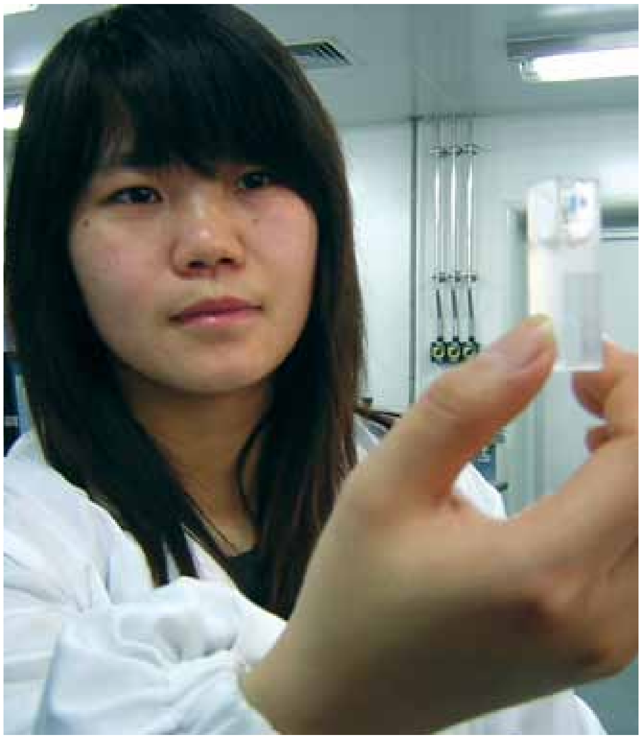
CRAMS is our largest business segment which caters to the requirements of multi-national pharmaceutical companies. We develop intermediates/APIs based on our customer's request. This business involves significant R&D efforts to develop the products, processes. Our wholly owned subsidiary Carbogen Amcis located in Switzerland is spearheading our R&D efforts. Around 68% of our consolidated turnover is generated from CRAMS segment.

Other segments (which includes bulk drugs, intermediates, speciality chemicals and out-sourced/trade goods) contributed around 32% of consolidated turnover in 2013-2014.

Out of ₹ 1,385.32 crores sales, Carbogen Amcis has accounted for sales of ₹ 611.35 crores (previous year ₹ 507.94 crores), Vitamin D and speciality chemicals business has accounted for sales of ₹ 213.80 crores (previous year ₹ 211.00 crores) and Carbogen UK Ltd. accounted for sales of ₹ 50.30 crores (previous year ₹ 26.11 crores). Remaining sales of ₹ 509.87 crores (previous year ₹ 527.17 crores) was accounted by Dishman India and its subsidiaries.

Material Costs

- Raw material consumption for the year was ₹ 395.94 crores as against ₹ 409.20 crores in the previous year.
- Inventory of raw materials increased by ₹ 41.20 crores during the year.
- Work in process decreased by ₹ 13.07 Crores and finished goods also increased by ₹ 40.83 crores respectively.
- The above increase of raw materials and finished goods was mainly due to higher sales and future orders from customers.



> Our turnover stands at ₹ 1,385.3 crores compared ₹ 1,272.2 crores, resulting in a growth of CRAMS segment. CRAMS is our largest business segment catering to multinational pharma companies.

Manufacturing Expenses

- Manufacturing expenses mainly comprise Power & Fuel ₹ 45.84 crores and repairs & maintenance ₹ 58.46 crores. This was against ₹ 50.45 crores and ₹ 48.33 crores, respectively, in the previous year.
- Our Manufacturing Expenses accounted for 8.40% of sales during the year, as against 8.64 % during the previous year.

Administrative, Selling and Other Expenses

- Our major components of administrative, selling and other expenses include rent, rates & taxes, legal & professional charges, clearing & forwarding, travelling & conveyance, insurance premium, among others.
- Administrative, selling and other expenses for the year amounted to ₹ 140.49 crores as against ₹ 116.39 crores during the previous year.
- These expenses accounted for 10.14% sales during the year as against 9.15% during the previous year. Higher administrative and selling expenses are mainly due to increase in prices.

Employee Emoluments

- Employee emoluments (other than managerial remuneration) increased to ₹ 412.33 crores during the year as against ₹ 350.91 crores during the previous year. This increase is mainly due to the salary increase given to employees and recruitment of fresh employees to run the new facilities created at Bavla.

Interest and Finance Charges

- Interest and Finance charges during the year increased to ₹ 92.05 crores as against ₹ 78.82 crores during the previous year.

Depreciation

- Depreciation charges for the current year amounted to ₹ 108.56 crores, as against ₹ 83.83 crores during the previous year.
- Addition to fixed assets during the year was ₹ 138.27 crores, as against ₹ 70.15 crores during the previous year.

Provision for Tax

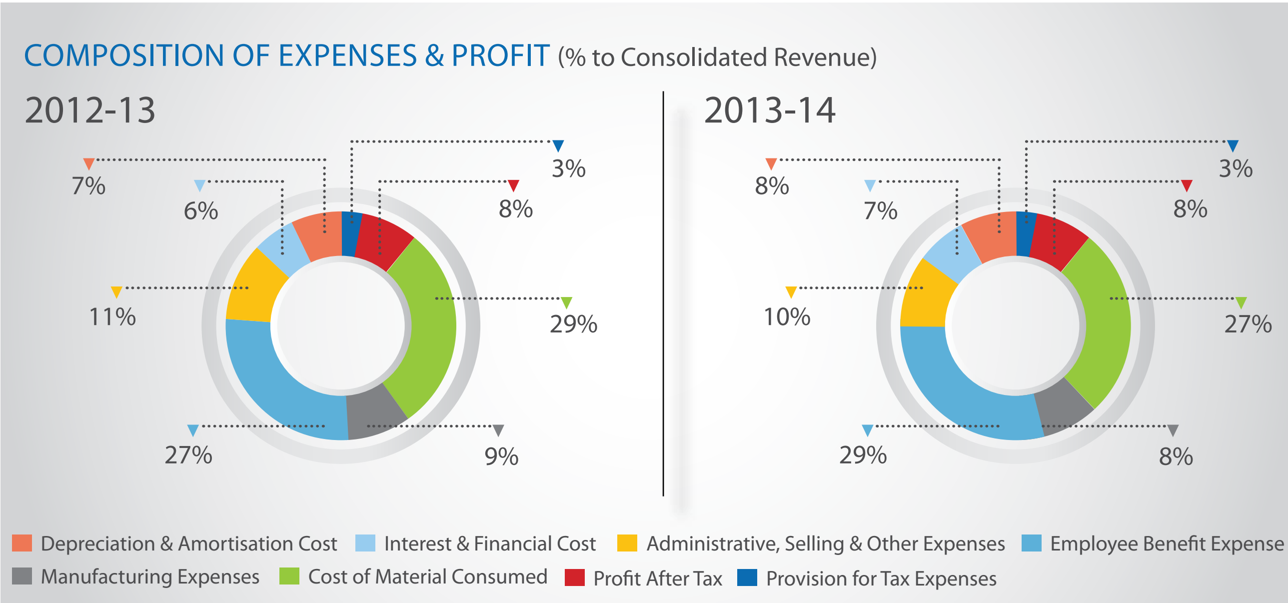
- ₹ 37.66 crores (net of MAT entitlement) was provided during the year towards current tax as against ₹ 27.04 crores during the previous year. The Company also provided ₹ 9.47 crores towards deferred tax during the year, as against ₹ 17.95 crores during the previous year.

Profit After Tax

- Net Profit after tax for the current year was ₹ 109.27 crores as against ₹ 100.29 crores during the previous year.

Earnings Per Share

- Basic earnings per share for the current year works out to ₹ 13.54 as against ₹ 12.43 during the previous year.



Financial Condition

(i) Secured loans:

Secured loans stood at ₹ 830.76 crores as at 31st March, 2014 as against ₹ 746.74 crores as at 31st March, 2013.

(ii) Unsecured loans:

Unsecured loans as on 31st March, 2014 were at ₹ 49.36 crores as against ₹ 106.89 crores as on 31st March, 2013.

(iii) Inventories:

Major items of inventories as of 31st March 2014 are as under:

(₹ in crores)

Particulars	2013-2014	2012-2013
Raw Materials	151.11	109.92
Work in process	112.22	125.29
Finished goods	122.36	81.53

Increase in finished goods are mainly due to conversion of work in process in finished goods for coping up higher sales compared to previous year.

iv) Debtors:

Debtors as of 31st March, 2014 amounted to ₹ 82.19 crores as against ₹ 72.91 crores during the previous year. Debtors amount has been increased on account of higher sales compared to previous year.

Segment-Wise Or Product-Wise Performance

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	31/03/2012	31/03/2013	31/03/2014
CRAMS	717.91	813.25	933.52
Others	406.21	458.96	451.80
Total	**1,124.11**	**1,272.21**	**1,385.32**

> Our Audit Committee reviews the adequacy and effectiveness of our internal control systems and suggests improvement and we continuously upgrade our systems through better process control, audit trails and use of external management assurance services.

INTERNAL CONTROL SYSTEMS

Your Company has a well established system of internal control and internal audit, commensurate with its size and complexity of the business. Your Company has appropriate internal control systems for business processes with regards to efficiency of operations, financial reporting, compliance with applicable laws and regulations, among others and with the objective of safeguarding the Company's assets, ensuring that transactions are properly recorded and authorised and providing significant assurance at reasonable cost, of the integrity, objectivity and reliability of financial information.

All parameters are monitored and controlled at regular intervals. An internal audit is conducted by experienced firm of chartered accountants in close coordination with finance and account department. The findings of Audit Team are discussed internally as well as in audit committee meetings. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them from time to time. The Company is continuously upgrading its internal control system by adding better process control, various audit trails and use of external management assurance services, whenever required.

RISK MANAGEMENT

Our Enterprise Risk Management (ERM) framework encompasses practices relating to identification, assessment, monitoring and mitigating of various risks to key business objectives. ERM at Dishman seeks to minimise adverse impact of risks on our key business objectives and enable the Company to leverage the market opportunity effectively. Global operations and product development for regulated markets poses significant challenges and risks for the organisation. Such risks, if not identified and addressed properly in a timely manner, can adversely impact accomplishment of the overall objectives of the organisation and its sustainability.

An effective risk management framework enhances the organisation's ability to pro-actively 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, priortise, 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, priortise the risks. After risk identification and impact assessment, appropriate strategies are made in line with overall strategic and business planning 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.

OPPORTUNITIES & THREATS

Major large pharmaceutical companies across the world have been witnessing a significant number of blockbuster drugs going off patent over the last few years. The new drug discovery process is also becoming more difficult with reducing success probabilities and increasing research and development costs. Furthermore, increasing competition from generic drugs is exerting pressure on the margins of the innovator pharmaceutical companies. This has opened up strong outsourcing opportunities to CRAMS players as their advantageous cost structure, shorter development times and incremental consulting expertise allows bigger pharmaceutical and biotech companies to better address future portfolio needs.

In addition to the above, another major development has been on the New Molecule Entities (NMEs) front. Most of the recent innovation in this segment has come from small to mid-sized bio-pharmaceutical organisations. This has changed the dynamics of this business as the large pharmaceutical players are increasingly become mainly marketing and finished dose form organisations.

Dishman has been able to capitalise on both these opportunities. The Company has rightly laid its focus on not only large pharmaceutical companies, but also on the small to medium pharmaceutical and biotech players. The Company continues to remain one of the leading manufacturers of various APIs/Intermediates and specialty chemicals of best quality.

INFORMATION TECHNOLOGY

With the changing scenario, your Company is also adopting the best technology time to time. This year, your Company has implemented Biometrics attendance system for staff and face reader for workers. To be able to send bulky mails smoothly, your Company has also shifted its mailing system on cloud. To maintain the confidentiality of its records, Company has also implemented latest available technology in security and upgraded existing firewall and VPN. After successfully running the SAP, now your Company is planning to implement a programme which helps employees take any approval through mobiles. To ensure uniformity in financial statements, your Company is planning to implement a system for consolidation of accounts of its subsidiary.

INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT

The Company has continued with its drive to institutionalise and upgrade its HR Process. The diversified skill sets employees possess add significant worth to a company. Every organisation which values and appreciates its human resource always succeed in their goal and receive positive results as they are Human Capital of the Organisation. Dishman always believes in the concept of human empowerment. The Company has focused on improving its process relating to Training, Development and Performance Management. It plays a pivotal role in growth of the organisation. It is not shown in the corporate balance sheet, but influences appreciably the growth, progress, profits and the shareholders' values. Now-a-days workforce is key asset for progress of organisation.

During the year, your Company continued its efforts aimed at refining 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 success of its short and long-term objectives. As on 31st March, 2014, the Company has 933 employees on its roll. The Company is committed to attract, retain and develop the talents in the journey of continuous improvement progress both within and outside India. 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.

Financial Statement

Notice

NOTICE is hereby given that the **Thirty First Annual General Meeting** of the Members of **DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED** will be held on Thursday, the 4th September, 2014 at 9.30 a.m. at H. T. Parekh Hall, 1st Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance sheet as at 31st March, 2014, the Statement of Profit & Loss and Cash flow statement for the year ended on that date alongwith necessary annexures and the Reports of the Directors and Auditors thereon.

2. To declare a dividend on equity shares.

3. To appoint a Director in place of Mrs. Deohooti J. Vyas, (DIN 00004876) who retires by rotation and being eligible, offers herself for reappointment.

4. To reappoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, (Firm Registration No. 117365W) be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 32nd Annual General Meeting and that the Board of Directors be and are hereby authorised to fix such remuneration as may be determined by the audit committee in consultation with the auditors, and that such remuneration as may be agreed upon between the auditors and the Board of Directors."

SPECIAL BUSINESS

5. Appointment of Mr. Ashok C. Gandhi (DIN 00022507) as an Independent Director for a period of five consecutive years for a term upto 31st March, 2019 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ashok C. Gandhi (DIN 00022507), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five (5) consecutive years for a term up to March 31, 2019".

6. Appointment of Mr. Yagneshkumar B. Desai (DIN 00021202) as an Independent Director for a period of five consecutive years for a term upto 31st March, 2019 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Yagneshkumar B. Desai (DIN 00021202), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five (5) consecutive years for a term up to March 31, 2019."

7. Appointment of Mr. Sanjay S. Majmudar (DIN 00091305) as an Independent Director for a period of five consecutive years for a term upto 31st March, 2019 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sanjay S. Majmudar (DIN 00091305), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for five (5) consecutive years for a term up to March 31, 2019."

8. To approve remuneration of the Cost Auditor for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as may be mutually decided by the Board of Directors subject to maximum upto ₹1,50,000 p.a.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office:
Bhadr Raj Chambers,
Swastik Cross Roads,
Navrangpura, Ahmedabad-380009

By Order of the Board of Directors

Tushar D. Shah
Company Secretary

Date : 28th May, 2014
Place : Ahmedabad

NOTES:

1. The relevant Explanatory Statement and reasons in respect of proposed special business pursuant to Section 102(1) of the Companies Act, 2013 are annexed hereto.

2. **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.

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. 161 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 Company's RTA. The said form is also available on the Company's website www.dishmangroup.com.

4. **E-Voting**
   In compliance with Section 108 of the Companies Act, 2013 and relevant rules thereunder, the Company has option to conduct the voting process electronically. The business to be transacted at the AGM shall be transacted through electronic voting system and the Company is providing the facility for voting by electronic means.

   Process for e-voting:
   The Company has signed an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the Shareholders to cast their vote electronically as mentioned hereinafter under "Instruction for e-voting".

5. 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) 2005-2006, 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 205C of the Companies Act, 1956, is available on the Company's website: www.dishmangroup.com

6. 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 – 400078. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participants only and not to the Company or the Company's Registrar and Share Transfer Agent.

7. 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.

8. The relevant details as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, in respect of directors seeking appointment/reappointment as directors under Item Nos. 3, 5, 6 & 7 above, are as mentioned in relevant explanatory statement of this Notice. The Details of Mrs. Deohooti J. Vyas is as under :

Name of the Director	Mrs. Deohooti J. Vyas
Age	63
Date of Appointment	01/12/1997
Qualification	Holds Bachelor degree in Science
Experience	She has a rich experience in the field of Administration and Human Resource Development. She is associated with the Company since long time. She is instrumental in the strategic decision making HR Policies.
Directorship held in other Companies	• Schutz Dishman Biotech Ltd. • B.R. Laboratories Ltd. • Bhadr-Raj Holdings Pvt. Ltd. • Azafran Innovacion Ltd. • Adimans Technologies Pvt. Ltd. • Dishman Care Ltd.
Chairman/Member of the Committees of the Board of other Companies on which she is a Director	NIL
Disclosure of Relationship	Mrs. Deohooti J. Vyas is a wife of Mr. Janmejay R. Vyas, Chairman and Managing Director and Mother of Mr. Arpit J. Vyas , Managing Director of the Company.
No. of Shares held in the Company	10964500

9. 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.

10. The Company has already notified closure of Register of Members and Share Transfer Books from **Saturday, the 23rd August, 2014 to Thursday, the 4th September, 2014 (both days inclusive)**, for determining the names of members eligible for dividend on equity Shares, if declared and approved at the Annual General Meeting.

11. The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 8th September, 2014 to those members whose names appear on the Company's Register of Members on the close of business hours on Friday, 22nd August, 2014. 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 Friday, 22nd August, 2014.

12. 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.

13. 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.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Explanatory Statements sets out all material facts relating to the special business mentioned in the accompanying Notice dated 28th May, 2014.

Item No. 5

Mr. Ashok C. Gandhi, aged 74 years is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 30th July, 2004. Mr. Ashok C. Gandhi is the member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company.

He holds a Bechelor Degree in Commerce, Bechelor Degree in Law and he is advocate by Profession. He 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. He is holding the position of trustee in various trusts having benevolent object. He is also a Member and President of various Societies / Committees.

He holds 150 Equity shares of the Company. Apart from this Company, Mr. Ashok C. Gandhi holds following directorships.

Directorships & Memberships :

Sr. No.	Name of the Company	Designation	Committee	Member/ Chairman
1.	Amol Dicalite Ltd.	Director	Remuneration Committee	Member
2.	Aarvee Denim and Exports Ltd.	Director	Audit Committee	Member
3.	Ahmedabad Steel Crafts Ltd.	Chairman	Audit Committee	Member
4.	Gujarat Ambuja Exports Ltd.	Director	Audit Committee & Shareholders' and Investors' Grievance Committee	Member
5.	Bloom Dekor Ltd.	Director	Audit Committee & Remuneration Committee	Member
6.	Confederation of Indian Club	Director	-	-

Mr. Ashok C. Gandhi is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of Companies Act, 2013 and Clause 49 of the listing agreement, Mr. Ashok C. Gandhi being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Ashok C. Gandhi as a candidate for the office of Director of the Company.

The Company has received from Mr. Ashok C. Gandhi (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Director) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Ashok C. Gandhi fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and he is Independent of the management.

A copy of the draft letter for appointment of Mr. Ashok C. Gandhi as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ashok C. Gandhi as an Independent Director. Accordingly, the Board recommends the Ordinary resolution in relation to appointment of Mr. Ashok C. Gandhi as an Independent Director, for the approval by the shareholders of the Company. He is not liable to retire by rotation.

Except Mr. Ashok C. Gandhi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item no. 5. This Explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock exchanges.

Item No. 6
Mr. Yagneshkumar B. Desai aged 73 years is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 26th November, 2003. Mr. Yagneshkumar B. Desai is the member of the Audit Committee and Nomination & Remuneration Committee of the Company.

He holds a Bachelor Degree in Economics and also a Fellow member of the Indian Institute of Bankers. He has Banking Experience over 40 years. In 1962, he joined the State Bank of India [SBI] as a probationary officer. In his 19 years of association with SBI, he has served in various capacities like Branch Manager, Superintendent, Foreign Exchange & Manager (International Division). In 1982, he joined Export Import Bank of India (EXIM) as a Deputy General Manager. In his association of 19 years with EXIM, he served at various positions like General Manager, Executive Director and Managing Director.

He holds Nil Equity shares of the Company. Apart from this Company, Mr. Yagneshkumar B. Desai holds following directorships.

Directorships & Memberships :

Sr. No.	Name of the Company	Designation	Committee	Member/Chairman
1.	Deutsche Trustee Services (India) Pvt. Ltd.	Director	Audit Committee	Member
2.	Kabra Extrusiontechnik Ltd.	Director	Audit Committee	Member

Mr. Yagneshkumar B. Desai is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of Companies Act, 2013 and Clause 49 of the listing agreement, Mr. Yagneshkumar B. Desai being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Yagneshkumar B. Desai as a candidate for the office of Director of the Company.

The Company has received from Mr. Yagneshkumar B. Desai (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Director) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Yagneshkumar B. Desai fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and he is Independent of the management.

A copy of the draft letter for appointment of Mr. Yagneshkumar B. Desai as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Yagneshkumar B. Desai as an Independent Director. Accordingly, the Board recommends the Ordinary resolution in relation to appointment of Mr. Yagneshkumar B. Desai as an Independent Director, for the approval by the shareholders of the Company. He is not liable to retire by rotation.

Except Mr. Yagneshkumar B. Desai, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item no. 6. This Explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the stock exchanges.

Item No. 7
Mr. Sanjay S. Majmudar aged 51 years is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 14th February, 2004, Mr. Sanjay S. Majmudar is the member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company. He is Chartered Accountant by Profession and holds a

Bachelor Degree in Law and Company Secretary. He has experience of over 25 years as a Practicing Chartered Accountant. He is also proprietor of the firm M/s. Sanjay Majmudar and Associates, Chartered Accountants and also partner in M/s. Parikh & Majmudar, Chartered Accountants. He has been Chairman of editorial Committee of the Ahmedabad Chartered Accountants Association journal during the year 1994-95. He has been Chairman of NRRC Committee of the Chartered Accountants Association Ahmedabad during 2000-01& 2002-03. He has rich experience in the area of Finance, Corporate Law, Direct tax, Auditing and Accounting.

He holds 24,650 Equity shares of the Company. Apart from this Company, Mr. Sanjay S. Majmudar holds following directorships.

Directorships & Memberships :

Sr. No.	Name of the Company	Designation	Committee	Member/Chairman
1.	Aarvi Denims and Exports Ltd.	Director	Audit Committee & Remuneration Committee	Chairman
2.	AIA Engineering Ltd.	Director	Audit Committee	Member
3.	Welcast Steel Ltd.	Director	-	-
4.	Carbogen Amcis (India) Ltd.	Director	-	-
5.	Keyur Financial Services Pvt. Ltd.	Director	-	-
6.	M&B Engineering Ltd.	Director	Audit Committee	Member

Mr. Sanjay S. Majmudar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of Companies Act, 2013 and Clause 49 of the listing agreement, Mr. Sanjay S. Majmudar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Sanjay S. Majmudar as a candidate for the office of Director of the Company.

The Company has received from Mr. Sanjay S. Majmudar (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Director) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Director) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Sanjay S. Majmudar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and he is Independent of the management.

A copy of the draft letter for appointment of Mr. Sanjay S. Majmudar as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Sanjay S. Majmudar as an Independent Director. Accordingly, the Board recommends the Ordinary resolution in relation to appointment of Mr. Sanjay S. Majmudar as an Independent Director, for the approval by the shareholders of the Company. He is not liable to retire by rotation.

Except Mr. Sanjay S. Majmudar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item no. 7. This Explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock exchanges.

Item No. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost accounts/cost records of the Company for the financial year ending on March 31, 2015 on a remuneration as may be mutually decided by the board of director and subject to maximum upto ₹1,50,000/- plus taxes and reimbursement of actual expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2015.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

Registered Office:
Bhadr Raj Chambers,
Swastik Cross Roads,
Navrangpura, Ahmedabad-380009

Date : 28th May, 2014
Place : Ahmedabad

By Order of the Board of Directors

Tushar D. Shah
Company Secretary

INSTRUCTION FOR E-VOTING

In case of members receiving e-mail:

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

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

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN No. 140801033 for the DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

(B) The voting period begins on 28th August, 2014, 10.00 a.m. and ends on 30th August, 2014, 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 25th July, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Note :

- Mr. Ashok P. Pathak, Practicing Company Secretary (Membership No. FCS: -9939; CP No: 2662) (Address: F-904, Titanium City Centre, 100 ft. Anand Nagar Road, Near Indian Oil Petrol Pump, Satellite, Ahmedabad-380015) has been appointed as the Scrutinizer to scrutinize the e-Voting process.

- **Contact Details**

Company	**Dishman Pharmaceuticals and Chemicals Ltd.**
Registrar & Transfer Agent Ahmedabad Office	Link Intime India Pvt. Ltd. Units 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shopprs Plaza II, off C. G. Road, Ahmedabad - 380 009.
e-Voting Agency	Central Depository Services (India) Limited Email: helpdesk.evoting@cdslindia.com
Scrutinizer	Mr. Ashok P. Pathak, Practicing Company Secretary Email: csashokppathak@gmail.com

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, 2014.

FINANCIAL RESULTS

(₹ in Lacs)

Particulars	**2013-2014**	**2012-2013**
Net Sales	47328.12	48463.61
Profit before tax & other adjustments	11883.64	9470.00
Less : current tax	2874.23	2100.75
Add : MAT Credit Entitlement	346.19	181.70
Less : deferred tax liability	676.93	1233.44
Profit After Tax	8678.67	6317.51
Balance of profit brought forward	5807.58	2040.53
Amount available for appropriation	14486.25	8358.04
Appropriations:		
Transfer to debenture redemption reserve	-	625.00
Transfer to general reserve	1500.00	800.00
Proposed dividend	968.37	968.37
Tax on proposed dividend	164.57	157.09
Balance carried to balance sheet	**11853.32**	**5807.58**

DIVIDEND

Your Company follows a dividend policy for shareholders to have consistent return on investment by way of dividend. For the financial year 2013-2014 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), subject to approval of shareholder at ensuing Annual General Meeting and 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 22nd August, 2014.

PERFORMANCE AND OPERATION REVIEW

In FY2013-14, your Company achieved a turnover of ₹47328.12 lacs as compared to ₹48463.61 lacs in FY2012-13. Exports constitute ₹40845.33 lacs or 86.30% of sales for 2013-2014. Profit before tax improved by 25.49% at ₹11883.64 lacs in FY2013-14 as against ₹9470.00 lacs in FY2012-13. Profit after tax for the year jumped at ₹8678.67 lacs in FY2013-14 as compared to ₹ 6317.51 lacs in FY2012-13.

Earning per share for the FY2013-14 increased at ₹10.75 per share as against ₹ 7.83 per share in FY 2012-13.

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 8.89 % growth in sales to ₹138532.01 lacs in FY 2013-14 compared to ₹127222.17 Lacs in FY2012-13.

Consolidated Profit before tax & other adjustment of the Company for FY2013-14 stood at ₹ 15640.23 lacs as compared to ₹14528.42 lacs in FY2012-13, increased by 7.65 % on account of improved performance of subsidiary companies. Consolidated Profit after tax for the FY2013-14 was ₹10927.22 lacs as against ₹10029.39 lacs in FY2012-13 with increase of 8.95 %.

The consolidated Earning per share increased at ₹13.45 per share for FY2013-14 as compared to ₹12.43 per share in FY2012-13.

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 FY2013-14, most of the key business verticals of the Company and also all major subsidiaries of the Company have performed reasonably well.

CRAMS

For the "CRAMS" segment of Dishman India, as you are aware, since the last three years, your Company has modified its focus and is now concentrating on a larger number of midsize contracts, instead of concentrating only on a few large MNCs. Your Company's strategy has now started yielding fruits whereby apart from the big pharma companies your Company has started getting many contracts from small and big and mid-sized pharma companies which has resulted into diversified portfolios in this segment in India and has also helped your Company in having a greater degree of predictability of the revenues. Your Company's a 100% wholly owned subsidiary – Carbogen Amcis AG Switzerland, which is also operating in the CRAMS segment through its plant located in Switzerland and UK has done very well during the year under review. We are happy to note that Carbogen Amcis has expanded its markets significantly and also improved the product basket and between Dishman India and Carbogen Amcis, your Company now has the capability of offering complete solutions in the organic chemistry space in the CRAMS segment. Your Company is confident of achieving a steady and sustainable growth in this segment in the coming years.

Hi-Po Unit

The state-of-the-art Hi-Potency (Hi-Po unit) – Unit 9 at Bavla has performed reasonably well during the year under review. Your Company has started receiving regular as well as repited orders from major global pharma MNCs who are very excited about the type of the facility and infrastructure created in this unit. Again noteworthy is the fact that your Company has successfully completed a few technology transfer project from Carbogen Amcis to this unit which implies a significant scaling up of the production of such high value-added and extremely sensitive pharma APIs mainly in the oncology category. As you are aware, this is one of its kind facility not only in India, but in the entire Asian sub-continent which is capable of handling extremely high potency molecules with a specific focus on the therapeutic segments of oncology, steroids, among others, 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$ 3 million during the year under review. For the current year, your Company has already an order book/visibility of around US$ 12 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.

Vitamin D3

During the year under review, the Vitamin D3 unit has also performed satisfactorily. 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 the 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-uses such as value-added cattle feed and cosmetics. Currently, this plant is operating at around 60% capacity utilization and the target is to ramp up its utilization in next couple of years so as to reach the optimum capacity.

Generic API Business

The Generic API business has also performed well 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 key 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 22 US DMFs, 2 CDMFs, 1 in TGA and 15 CEPs in the regulated markets against specific firm orders/arrangement entered into with the pharma companies. Your company also has several ASMFs. Going forward this vertical has the potential of generating an annual turnover of ₹ 250 crores over next 3 to 4 years.

Performance of Major Subsidiary Associates

The non-integral subsidiary company Carbogen Amcis AG Switzerland has performed quite satisfactorily during the year under review. It has reported a healthy revenue of around ₹ 618.24 crores and EBIDTA of ₹ 115.70 crores.

The other marketing subsidiaries viz. Dishman Europe reported a revenue of around ₹ 264.48 crores and EBIDTA of ₹ 15.40 crores.

Dishman USA reported a revenue of around ₹ 88.98 crores and EBIDTA of ₹ 6.74 crores.

Dishman Japan has operated quite satisfactorily and reported a revenue of around ₹ 28.68 crores and EBIDTA of ₹ 08.45 crores during the year under review.

Your Company has now firmed up a very effective plan for turning around Dishman China in the current fiscal year and the actual implementation of this plant has also started from the last quarter of FY2013-14. Your Company is fairly confident of turning around Dishman China in the current fiscal year FY2014-15 and as per the internal budgetary exercise completed for the same it is estimated that Dishman China will achieve the cash break-even level in FY2014-15, as against the loss of around ₹ 29 crores which was incurred by Dishman China in FY2013-14. This will have a strong impact on the consolidated financials of your Company from the current fiscal year 2014-15.

RESEARCH AND DEVELOPMENT

Imagination, Invention & Innovation are the three main pillars of Research and Development. 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. Your company offers portfolio of services from process R&D in state-of-the-art laboratories, kilo and pilot plant trials in well equipped kilo labs and pilot plants and scale-up to full scale commercial manufacture in multi purpose production units as well as dedicated facilities for certain products as per customer requirement. By offering technical and manufacturing excellence in multiple locations around the globe, your Company is the global outsourcing partner for the pharmaceutical industry providing innovative development and value for money, long term commercial supply.

Your company offers R & D services with a specialization in development process that are truly scalable to commercialization through process research and development aimed at commercially viable optimized processes.

The 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.

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.

In the Kilo lab, we have small reactors ranging from 30 L to 100 L capacity for small scale reactions.

The cGMP pilot plant has a range of equipment which is required for the scale up of reactions developed in the labs.

Your Company's R&D process is supported by Analytical Services department, which provided support in development of new analytical methods for products developed in the R&D labs The Company is selfsufficient in all analytical requirements which helps in completing the development projects faster.

Continuing our efforts to have seamless transfer of technology from the labs to the plant, we are now planning to add another kilo lab which will be equipped with small vessels of about 5, 10 and 20 liters. The small reactors will have the geometry similar to the reactors in our manufacturing plants. This facility will ensure that any scale up issues in processes are understood and resolved before transferring the them to larger scale.

A similar set up for HiPo molecules is in the design phase. The Kilo Lab for the HiPo molecules will be also very useful for commercial manufacture of certain HiPo molecules which have very low volume uptake commercially due to very low dosage. These are low volume high value products which are a value addition to our current product portfolio.

As you know, we now have a separate group of scientists working on generic APIs. This group is involved in developing non-infringing routes to various generic and soon-to-be generic APIs. This year development of about 12 APIs is planned. The selection of APIs is done by a Steering Committee based on market intelligence and customer interactions. The members of the committee are based at US, EU, as well as in India.

These generics are developed to meet the requirements of regulated markets at competitive prices making Dishman a partner of choice.

In addition to APIs, this year 80 R&D CRAMS projects have been completed at lab and pilot level. Another 60 are in various stages of development. This year we have added 7 new customers for whom we completed 10 projects at various scales.

Adding value to our long experience in development, we now cater to a different set of clients who require more technical and regulatory support. There are few companies in India who can offer such services which gives your company an edge.

We are currently working on 4 such projects and are in advanced negotiations with a few clients on new projects which would be finalized shortly.

QUALITY, HEALTH, SAFETY & ENVIRONMENT (QHSE)

Dishman is committed for ensuring the safe at work, health of employees and clean environment that everyone takes responsibility for achieving this. EHS and climate change-related considerations in our business decisions and strive to minimize the environmental impact of our operations. Measuring, appraising and reporting on environmental, health and safety performance is an important pillar of continuous improvement at Dishman.

Dishman's Environment, Health and Safety (EHS) organization conducts strategic planning to establish 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 for considering the EHS aspects.

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.

The Company's QHSE policy is being implemented, among others, through

(i) Conducting intensive QHSE training programs including contractor employees;

(ii) Replacement of hazardous process / chemical to non-hazardous process for converting to low hazards;

(iii) Practicing On-site emergency plan by conducting mock-drills;

(iv) Independent safety and environment audits at regular intervals by third party and also in-house;

(v) 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;

(vi) Fire detection and protection system available at site;

(vii) In-house medical and health facility at site for pre-employment & periodical medical check-up of all employees including contract employees;

(viii) Blood Donation Camp at site for social cause;

(ix) Maintaining the "Zero Discharge" of waste water by series of treatment; Stripper system, Multiple effect evaporator and ATFD for concentrated effluent stream;

(x) Participation and paper presentation on good practices adopted by Dishman on SHE management in National and International Conferences.

Dishman continues to pursue operational excellence on Process Safety Management (PSM). Dishman has established the capabilities within the Company and developed in-house experts 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 and to go beyond compliance, Dishman integrated its ISO:14001 EMS, ISO:9001 QMS and ISO:18001 OSHA management systems and certified for HACCP and FAMI-Qs for Vitamin D3 plant.

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

(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 for WATER RESOURCE MANAGEMENT IN CHEMICAL INDUSTRIES FOR THE YEAR 2013.

(3) ICC has authorized Dishman Pharmaceuticals for use of Responsible Care Logo.

CORPORATE SOCIAL RESPONSIBILITY

The Company aims to implement good labour practices for establishing good workplace culture. 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 improving 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 – from education, health, drinking water. The Company has made investments towards implementation of various development activities in the nearby area.

In line with regulatory requirement of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee on 28th May, 2014.

NON CONVERTIBLE DEBENTURES (NCDs)

- 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 NCDs 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.

  On 18th February, 2014, the Company has redeem 20% of the Non convertible Debenture (Trench-1) issued in February, 2010 and has paid 22.76 Cr. rupees towards principal payment and interest thereon to the Debenture holders.

- 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, 2014, in respect of both the trenches of NCD issued by the Company The Company has deposited an amount of ₹7.88 Crores, by way of fixed deposit with Corporation Bank, being 15% of the maturing amount of ₹52.50 Crores, which is going to be matured during the Financial Year 2014-2015.

LISTING

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 FY 2014-2015, as applicable, have been paid before due date to the concerned Stock Exchanges.

The Secured Redeemable Non-Convertible Debentures (NCDs) of ₹150 crores issued by the Company in two trenches is also listed at Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the FY 2014-2015, 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

Mrs. Deohooti J. Vyas, Director of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer herself for reappointment.

The Companies Act, 2013 provides for appointment of Independent Directors. Section 149(10) provides that independent director shall hold office for a term of upto five consecutive years on the Board of a company and shall be eligible for reappointment on passing special resolution by the shareholder of the Company. Section 149(11) states that no independent directors shall be eligible for more than two consecutive term of five years. sub section (13) state that the provisions of retirement by rotation as defined in sub section (6) and (7) of section 152 of the Act shall not apply to such independent director.

Independent Directors, Mr. Ashok C. Gandhi, Mr. Yagneshkumar B. Desai and Mr. Sanjay S. Majmudar as per New Companies Act, 2013 is proposed to be appointed till March 31, 2019 as per Notice of AGM dated 28th May, 2014.

The Nomination & Remuneration Committee and Board of Directors have passed the necessary resolution at there meeting held on 28th May, 2014 for reappointment and remuneration of Mr. Janmejay R. Vyas as a Chairman and Managing Director of the Company, subject to the approval of the members and central government, if required, with effect from March 01, 2015 for a further period of five years who is liable to retire by rotation.

INSURANCE

Assets of your Company are adequately insured against various perils.

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:

- that in the preparation of the accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- that the accounts for the financial year ended 31st March, 2014 have been prepared on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT

The Board, on the recommendation of the Audit Committee, has also proposed that M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), be reappointed as Statutory Auditors of the Company. M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, Statutory Auditors of the Company hold office until the conclusion of the Thirty First Annual General Meeting and are eligible for reappointment. M/s. Deloitte Haskins & Sells have informed to the

Company that, if appointed, their appointment as Statutory Auditors will be within the limits prescribed under Section 139 (1) of the Companies Act, 2013. 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 2014-2015, at the ensuing Annual General Meeting.

The audited financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meetings held on 28th May, 2014. Statutory Auditors' in their Report on the consolidated Financial Statements, based on the Qualified Opinion of the Auditors of one of the subsidiaries namely Carbogen Amcis AG., Switzerland, the Auditors have qualified their opinion about non accounting of employees' pension benefits of the subsidiary amounting to ₹ 52.88 Cr; (net of tax amounting to ₹ 13.05 Cr) and non-provision for Asset Retirement obligations of ₹ 19.17 Cr.

In view of the management, since the said subsidiary has a full insurance pension solution, there is a zero risk and hence the above provisioning is not regarded as necessary as per the local GAAP. Further, since the lease period is very long, in view of the management, no provision for Asset Retirement obligations is also considered necessary under the local GAAP.

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, Ahmedabad appointed by the Board and as approved by the Central Government has conducted the cost audit in respect of the Pharmaceutical Industry Products of the company for the financial year 2012-2013 and submitted their report to the Central Government on 19th September, 2013.

The Central Government has also approved appointment of M/s. Kiran J. Mehta & Co. Cost Accountant, Ahmedabad as Cost Auditor for conducting cost audit of Pharmaceuticals Products of the Company for the financial year 2013-14. The Cost Audit report will be submitted by the Company within 180 days from end of the financial year.

As the Central Government has not notified the Cost Audit Rules, the Board of Directors of the Company has appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as Cost Auditors of the Company for FY 2014-15 subject to Cost Audit Rules as may be notified by the Central Government. The Company has received written Certificate stating their reappointment if made, would be within the prescribed limit under Section 148 of the Companies Act, 2013 for FY 2014-15.

CONSERVATION OF 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

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, is forming part of this report as Annexure-II.

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, Statement of Profit & Loss 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. to 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 is 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.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS REPORT

As stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, a separate report on "Corporate Governance" as well as "Management Discussion and Analysis confirming compliance, is set out in the Annexure forming part of this report. A certificate from Practicing Company Secretary regarding compliance with corporate governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

In compliance with one of the Corporate Governance requirements as per the 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 appreciation for the assistance and co-operation received from foreign institutions, banks, associates, Government authorities, customers, supplier, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services and teamwork by the executives, staff members and workers of the Company for enthusiastic contribution to the growth of Company's business.

For and on behalf of the Board

Place : Ahmedabad
Date : 28th May, 2014

Janmejay R. Vyas
Chairman & Managing Director

Annexures forming part of Directors' Report

Annexure I

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 by the Company, Company has got benefit of ₹3.28 Crore without any capital investment.

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

a) POWER AND FUEL CONSUMPTION	**2013-2014**	**2012-2013**
1. ELECTRICITY		
a. Purchased		
Unit [KWH]	**26995791**	30420522
Total Amount [₹]	**198947427**	183677468
Rate/ Unit [₹]	**7.36**	6.03
b. Own Generation [through D.G. Unit]		
Unit [KWH]	**535728**	147896
Unit Per ltr. of Diesel oil [KWH]	**2.99**	2.88
Cost/Unit [₹]	**19.55**	18.23
2. DOC		
Quantity [MT]	**15571**	14155
Total Amount [₹]	**92647271**	83354350
Average rate [₹/MT]	**5950.00**	5888.51
3. FUEL [LDO+FO+HSD]		
Quantity (LTRs.)	**100000**	76000
Total amount (₹)	**5000000**	3994200
Average rate (₹/ LTR.)	**50.00**	52.55
4. CNG GAS		
Quantity (KG.)	**684241**	610930
Total cost (₹)	**32569871**	27822205
Average rate/kg.	**47.60**	45.54

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.

  This year, we have successfully commercialized 10 products upto pilot or commercial scale based on project requirement.

- **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.

Continuing our efforts to have seamless transfer of technology from the labs to the plant, we are now planning to add another kilo lab which will be equipped with small vessels of about 5, 10 and 20 liters. The small reactors will have the geometry similar to the reactors in our manufacturing plants. This facility will ensure that any scale up issues in processes are understood and resolved before transferring the them to larger scale.

A similar set up for HiPo molecules is in the design phase. The Kilo Lab for the HiPo molecules will be also very useful for commercial manufacture of certain HiPo molecules which have very low volume uptake commercially due to very low dosage. These are low volume high value products which are a value addition to our current product portfolio.

- **EXPENDITURE ON R & D**

	(₹ in Lacs)
Capital	21.67
Recurring	1350.31
Total	**1371.98**
Total R & D Expenditure as a percentage of Total Turnover	2.90%

- **TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION**

Last year, we successfully scaled up processes using enzyme catalyzed conversion. These processes were water based reactions which are environment friendly.

Dishman has built on its experience on usage of enzymes at commercial scale. We now are working on two projects on commercial scale and have long term supply agreements. Both these products are regulated starting materials for APIs and are used in large volumes. A third project is currently under discussion.

Dishman added an ultrafiltration equipment in one of its commercial plant which allows Dishman to undertake projects with special requirement of membrane filtration. One large filter dryer with special facilities would be on site shortly for specific drying requirements of certain products.

We have also optimized our current processes in order to make them more energy efficient and also reduce the effluent load.

We are currently working on various other 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 has slightly decreased to ₹408.45 Crores during the year from ₹433.26 Crores during the previous year, reflecting a degrowth of 5.72% which constitute 86.30% of the total net sales of the Company during financial year 2013-2014. 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 "26.06" of Notes Forming Part of the Financial Statements.

For and on behalf of the Board

Date : 28th May, 2014
Place : Ahmedabad

Janmejay R. Vyas
Chairman & Managing Director

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 (₹)	Date of Joining	Last Employment & Position held
A)	**Personnel who are in receipt of Remuneration aggregating not less than ₹60,00,000 per annum and employed through out the year:**							
1.	Mrs. Deohooti J. Vyas	63	Whole-time Director	B.Sc. (Chemistry)	30	1,20,00,000	01/12/1997	B. R. Laboratories, Proprietress
2.	Mr. Janmejay R. Vyas	63	Chairman & Managing Director	B.Sc. (Chemistry) B.Sc. (Tech.)	40	6,09,90,496	29/06/1983	Consultant to various Pharmaceutical Company's during 1974 to 1983
3.	Mr. Arpit J. Vyas	28	Managing Director	Chemical Engineer from University of Aston	7	1,11,00,000	01/06/2009	Has been associated with Azafran Innovacion Ltd., in which he holds Directorship and handling Marketing division of the Company.
B)	**Personnel who are in receipt of Remuneration aggregating not less than ₹5,00,000 per month and employed for part of the year :**							
4.	Dr. Rajiv A. Desai#	52	President (Quality)	B.Sc., M.Sc. (Org. Chemistry) & Ph.D (Science- Chemistry)	25	44,77,529	18/10/2010	Matrix Laboratories Ltd., as Vice President (Corporate Quality Assurance).

Notes:

- The above Gross remuneration includes salary, allowances, company's contribution to provident fund and superannuation.
- In addition to the above remuneration, employees are entitled to gratuity and leave encashment in accordance with the Company's rules.
- The nature of employment in all cases is contractual.
- The above employees mentioned at Sr. No. 4 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. Nos. 1, 2, and 3 holds 10964500 (13.59%), 25279855 (31.33%) and 12563975 (15.57%) 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.
- # Dr. Rajiv Desai relieved w.e.f. 18.08.2013

For and on behalf of the Board

Date : 28th May, 2014
Place : Ahmedabad

Janmejay R. Vyas
Chairman & Managing Director

Corporate Governance Report

"Corporate Governance is an ethical business process that is committed to value aimed at enhancing an organization's wealth generating capacity. This is ensure by taking ethical business decision and conducting business with firm commitment to values, while meeting stakeholder's expectations.

Our Corporate Governance framework ensures that we make timely disclosure and share accurate information regarding our financial and performance, as well as leadership and governance of the Company.

We are committed for maximizing stakeholder value by improving good governance, quality, and commitment with a spirit of integrity."

We at "DISHMAN" follow Corporate Governance practices in accordance with the provisions of the Clause 49 of the Listing Agreement.

A. 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.

B. BOARD OF DIRECTORS

1. Composition

As on date, the Company has six (6) directors with an Executive Chairman on its Board. Out of these, three (3), [50%] are Executive Directors and three (3) [50%] are Non-Executive & Independent Directors. The composition of the board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

2. Information on Board of Directors

None of the directors on the board is a Member of more than ten (10) committees or Chairman of more than five (5) committees across all the companies in which he is a director. Necessary disclosures regarding their Directorship/ Membership in other companies has been made by all directors. Chairmanship/Membership reflects only Audit and Shareholders & Investors Grievances' Committee of other public companies.

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 2013-2014 is given below.

Name of the Director	Category	No. of Board Meeting held & attended during 2013-2014		Whether attended Last AGM held on 30th July,2013	No. of Directorship in other Companies	No. of Chairmanship/ Membership in other Companies	
		Held	Attended			Chairman ships	Member ships
Mr. Janmejay R. Vyas	Promoter & Executive Director	4	4	Yes	13*	-	-
Mrs. Deohooti J. Vyas	Promoter & Executive Director	4	4	No	6	-	-
Mr. Arpit J. Vyas	Executive Director	4	4	Yes	6	-	-
Mr. Yagneshkumar B. Desai	Non-Executive & Independent Director	4	4	Yes	2	-	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	-	5

*Including Directorship in 7 Overseas subsidiaries (Direct or Indirect) Companies.

3. Board Membership Criteria

The Nomination and Remuneration Committee works with the entire Board to determine the appropriate characteristic, skills and experience required for the Board as a whole and for individual members. Board Members are expected to possess the expertise, skills, and perience to manage and guide a high growth.

4. Disclosure of Relationship between Directors inter se

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

5. Board Meetings

- Four (4) Board Meetings were held during the year 2013-2014. The dates on which the Board meetings were held is: 28th May, 2013, 31st July, 2013, 31st October, 2013 and 14th February, 2014. Management Committee formed by Board of Directors to oversee day to day operations of the Company, which consist of Three (3) Executive Directors subject to supervision and control of the Board of Directors. The Management Committee formed by the Board makes decision within the authority delegated. All decisions/ recommendation of the Committees are placed before the Board for information and/or its approval.

- 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.

6. 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.

7. 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.

8. Risk Management Policy

As per Clause 49 of the Listing Agreement, the Company has framed formal Risk Management framework for risk assessment and risk minimization for Indian operation which is periodically reviewed by the Board of Directors to ensure smooth operations and effective management control. The Audit Committee also reviews the adequacy of the risk management frame work of the Company, the key risks associated with the business and measures and steps in place to minimize the same.

9. Whistleblower Policy

On 28th May, 2014, the Board adopted the Whistleblower Policy of the Company. This policy helps the employees to report concerns about unethical behavior, actual or suspect fraud or violation of Code of Conduct. It also provides adequate safeguard against the victimization of employees who avail of the mechanism ad allows direct access to the Chairman of the Audit Committee.

C. 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 2013-2014 is as follow:

Name and Designation	Category	No. of the Meeting during F.Y 2013-2014	
		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. Audit Committee Meetings

Four [4] Audit Committee Meetings were held during the year 2013-2014 The dates on which the Audit Committee Meetings were held is : 28th May, 2013, 31st July, 2013, 31st October, 2013 and 14th February, 2014. The maximum time gap between two meetings was not more than four 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, being a Chairman of the Audit Committee, attended the last Annual General Meeting held on 30th July, 2013.

3. Terms of reference and Powers

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:

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

The Board of Directors has approved the revised terms of reference of Audit Committee in line with New Companies Act, 2013 and rules made thereunder at its meeting held on 28th May, 2014.

D. SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE (Stakeholders Relationship 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 (3) 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 2013-2014 ended on 31st March, 2014, is as follow:

Name and Designation	Category	No. of the Meeting during F.Y 2013-2014	
		Held	Attended
Mr. Sanjay S. Majmudar [Chairman]	Non-Executive and Independent Director	4	4
Mr. Janmejay R. Vyas [Member]	Promoter and Executive Director	4	4
Mr. Ashok C. Gandhi [Member]	Non-Executive and Independent Director	4	4

2. Shareholders' & Investors' Grievance Committee Meetings

Four [4] meetings were held during the year 2013-2014. The dates on which the Shareholders' and Investors' Grievance Committee Meetings were held is: 27th May, 2013, 30th July, 2013, 30th October, 2013 and 13th February, 2014.

3. Terms of reference and Powers

- 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.

The Board of Directors has approved the nomenclature of the said Committee as "Stakeholder Relationship Committee" and revised terms of reference of Stakeholder Relationship Committee in line with New Companies Act, 2013 and rules made thereunder at its meeting held on 28th May, 2014.

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 RTA namely Link Intime India Pvt. Ltd., Mumbai under the supervision and control of the Company Secretary Mr. Tushar D. Shah, 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. Tushar D. Shah 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. Tushar D. Shah, Company Secretary
	Dishman Pharmaceuticals and Chemicals Ltd.
	Bhadr–Raj Chambers, Swastik Cross Roads, Navrangpura,
	Ahmedabad-380009
	Phone No.: [079] 26443053, Fax No. [079] 26420198
	Email: tushar.shah@dishmangroup.com

As per the requirement of Clause 47(f) of the Listing Agreement, the Company has designated the email Id (grievance@dishmangroup.com) for grievances redressal and registering complaints by investor.

5. Quarter-wise Summary of Investors Complaints received and resolved during the Financial Year 2013-2014

Quarter-wise Summary of Investors' Complaints received and resolved

Quarter Period		Opening	Received	Resolved/ Redressed	Pending
From	**To**				
1/4/2013	30/06/2013	NIL	NIL	NIL	NIL
1/7/2013	30/09/2013	NIL	7	7	NIL
1/10/2013	31/12/2013	NIL	6	6	NIL
1/1/2014	31/03/2014	NIL	NIL	NIL	NIL
TOTAL		**NIL**	**13**	**13**	**NIL**

6. Non-receipt/Unclaimed dividends or Securities

In case of non-receipt of dividend/shares or request for unclaimed dividend/shares of FY 2006-07 till FY 2012-13, shareholders are requested to write an application on plain paper to the Company at following address.

Mr. Tushar D. Shah, Company Secretary
Dishman Pharmaceuticals and Chemicals Ltd.
Bhadr-Raj Chambers, Swastik Cross Roads,
Navrangpura, Ahmedabad – 380 009
Contact No.: 079-26443053 / 5807
Fax No. 079-26420198

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 205C of the Companies Act, 1956, is available on the Company's website: www.dishmangroup.com

7. 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.

As the dividend declared in year 2005-2006, the seven years completed on 3rd July, 2013, the Company has transferred the unpaid or unclaimed dividend amount for the financial year 2005-2006, to the IEPF on 16th July, 2013.

8. Due Date for transfer of Unclaimed and Unpaid Dividend to the IEPF

Dividend for the Financial Year	Dividend Payment Date	Proposed date for transfer of Unclaimed and unpaid dividends to IEPF
2006-2007	12th August, 2007	11th August, 2014
2007-2008	5th August, 2008	4th August, 2015
2008-2009	4th August, 2009	3rd August, 2016
20009-2010	3rd August, 2010	2nd August, 2017
2010-2011	2nd August, 2011	1st August, 2018
2011-2012	28th September, 2012	27th September, 2019
2012-2013	3rd August, 2013	2nd August, 2020

Note: No claims will lie against the Company or the IEPF in respect of the said unclaimed amounts when transferred to the IEPF, therefore, shareholder are requested to claim before the aforesaid due dates.

9. Details of Unclaimed Shares

As per the new clause 5A of the Listing agreement, as on 1st April, 2013, the Company has 1 cases consists of 250 unclaimed shares, allotted under the Initial Public Offering (IPO) of the Company, completed during the year 2004. The Company has opened separate demat suspense account as per the procedure prescribed under the said clause. During the year Company has not received any request on unclaimed shares. So far as on 31st March, 2014 there was 1 case consists of 250 unclaimed shares in demat suspense account.

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.

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the Companies Act, 2013, all companies having a net worth of ₹ 500 crores or more, or turnover of ₹ 1000 crores or more or a net profit of ₹ 5 crores or more during any financial year will be required to constitute a corporate social responsibility committee of the Board consisting of three or more directors. At lease one of whom will be an independent director.

Accordingly, the Board on 28th May, 2014, constituted the CSR Committee comprising of

- Mr. Janmejay R. Vyas (Chairman)
- Mr. Sanjay S. Majmudar (Member)
- Mr. Arpit J. Vyas (Member)

The purpose of the committee is to formulate and monitor the CSR Policy of the Company and act in line with the new Companies Act. 2013 and rules made thereunder.

F. REMUNERATION COMMITTEE (Nomination and 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. Yangeshkumar B. Desai (Member)
- Mr. Ashok C. Gandhi (Member)

2. Remuneration Committee Meeting

During the year, one [1] Remuneration Committee meeting was held on 28th May, 2013, which was attended by all the three Members. The Chairman of the Remuneration Committee, Mr. Sanjay S. Majmudar, was present at the last Annual General Meeting of the Company held on 30th July, 2013.

3. Terms of reference and Powers

- 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 Board of Directors has approved the nomenclature of the said Committee as "Nomination and Remuneration Committee" and revised terms of reference of Nomination and Remuneration Committee in line with New Companies Act, 2013 and rules made thereunder at its meeting held on 28th May, 2014.

4. 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 year 2013-2014 are as follows :

(₹ In Lacs)

Name of Directors	Salary/ Remuneration	Perquisites & Allowances	Performance Linked/ Bonus/ Commission	Stock Options
Mr. Janmejay R. Vyas, Chairman & Managing Director	609.90	-	-	-
Mrs. Deohooti J. Vyas, Whole-Time Director	120.00	-	-	-
Mr. Arpit J. Vyas, Managing Director	120.00	-	-	-

5. Terms of Appointment Directors

As required under Clause 49IV(G)(i), particulars of Directors seeking appointment/reappointment are given in Notice of the 31st Annual General Meeting.

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

I. Executive Directors

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

Tenure: Five Year w.e.f. 1st March, 2010. The period of Mr. Janmejay R. Vyas shall not be liable to retire by rotation.
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. Janmejay 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, allowance and perquisites as may be determined by the Board of Directors from time to time and agreed to by Mr. Janmejay R. Vyas, provided the perquisite shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for the part of the year shall be computed on pro rata basis.
Sitting Fees: Mr. Janmejay R. 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, 2014 has reappointed Mr. Janmejay R. Vyas as Chairman & Managing Director of the Company for a further period of five years w.e.f. 1st March, 2015 subject to approval of the members and Central Government, if any. The period of Mr. Janmejay R. Vyas shall be liable to retire by rotation.

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. Deohooti 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. Deohooti J. Vyas shall not be entitled to any sitting fees.

3. Mr. Arpit J. Vyas, Managing Director

Tenure : Five Years w.e.f. 1st June, 2014.
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. Arpit J. Vyas shall be paid 10.00 lacs (Rupees Ten Lacs only) 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. The Board of Directors of the Company is authorised to increase or revise the remuneration of Mr. Arpit J. Vyas subject to maximum remuneration of ₹ 15.00 lacs (Rupees Ten Lacs only) per month, from time to time during the tenure of said five years.
Sitting Fees : Mr. Arpit J. Vyas shall not be entitled to any sitting fees.

II. 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 28th May, 2013 and also approved by the members by passing a special resolution at the AGM held on 30th July, 2013 as per the provisions of the Companies Act, 1956.

The Board is authorised to determined from time to time payment of commission to Non executive directors for each financial year ending on 31st March, 2014 to 31st March, 2018 within maximum limit of 1% of net profit of the Company as per provision of Companies Act, 1956 subject to maximum of Rs.18.00 lacs (Rupees eighteen lacs) in aggregate in addition to payment of sitting fees.

The Board of Directors at its Meeting held on 28th May, 2014 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 FY2013-14.

Commission & Sitting fees to Non-executive Directors

The details of payment of commission and sitting fees paid to Non-Executive Directors for the FY 2013-14 are as under :

(₹ In lacs)

Sr. No.	Name of Director	Commission	Sitting Fees
1.	Mr. Yagneshkumar B. Desai	5.00	1.80
2.	Mr. Sanjay S. Majmudar	8.50	2.60
3.	Mr. Ashok C. Gandhi	4.50	2.60

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

As with the implementation of the new Companies Act, 2013 the roles & responsibilities of the Independent Directors increases, Board of Directors of the Company at its meeting held on 28th May, 2014 has approved the payment of commission maximum upto ₹ 25.00 lacs (Rupees Twenty Five Lacs) in aggregate, subject to approval of the Members for the remaining period of Four years i.e for each financial year ending on 31st March, 2015 to financial year ending on 31st March, 2018,

6. Relationship of Non-Executive Director with materially significant related party transactions.

There have 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.

7. Shareholding of Non-Executive Directors

(₹ In Lacs)

Name of Non-Executive Directors	No. of Equity Shares held
Mr. Yagneshkumar B. Desai	-
Mr. Sanjay S. Majmudar	24650
Mr. Ashok C. Gandhi	150

8. Stock Option

The Company has not granted any stock options to its Directors.

G. DISCLOSURES

A. Basis of Related Party Transaction

Related party transaction during the year have been disclosed vide note no. 26.16 of notes on financial statement as per requirement of Accounting standard – 18 – related party disclosure issued by ICAI. These transactions are not likely to conflict with the interest of the Company at large. All significant transaction with related parties is placed before audit committee periodically.

B. Disclosure of accounting treatment in preparation of Financial Statements

Your Company has followed all relevant Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) while preparing financial statement.

C. Details of non-compliance by the Company

Your Company has complied with all the requirements of regulatory authorities. No penalty/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market.

D. Proceeds from Public Issue / Rights Issue / Preferential Issue / Warrant Conversion

During the year, the Company has not raised any funds through Public Issue / Rights Issue / Preferential Issue / Warrant Conversion.

H. INFORMATION ABOUT GENERAL BODY MEETINGS

1. Annual General Meeting

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

Year	Venue	Date	Time
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.
2012-2013	Hall No.S 3-5, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015	30/07/2013	9.30 a.m.

2. Special Resolution (without postal ballot) passed at the Last Three AGM

Year	Date Of AGM	No. of Special Resolution passed	Particulars
2010-2011	29th July, 2011 (28th AGM)	2	• To re-appointment of Mrs. Deohooti 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. • to increase the remuneration of Ms. Mansi J. Vyas, Management Representative (Finance) of the Company.
2011-2012	25th September, 2012 (29th AGM)	-	-
2012-2013	30th July, 2013 (30th AGM)	2	• To appointment of Whole Time Director Mr. Arpit J. Vyas as Managing Director of the Company w.e.f 28th May, 2013 for the Five years from 1st June, 2014 on the terms and conditions as approved by the Members at their Annual General Meeting held on 31st July, 2009. • to revise the limit of Commission to Non Executive Directors, Subject to maximum of ₹ 18 Lacs in aggregate, in addition to sitting fees paid by company to all Non Executive Directors

Postal Ballot Resolutions :

- The Company has not passed any Special Resolution last year through Postal Ballot.
- During the year, the Company has not passed any resolutions through Postal Ballot process. However, The Board has decided to pass following resolutions through postal ballot as required under new Companies Act, 2013 and rules made thereunder and/or other resolutions as may be decided by the Board of Directors of the Company:
  1. Reappointment of Mr. Janmejay R. Vyas as Chairman and Managing Director for further period of five (5) years w.e.f. 1st March, 2015.
  2. To consider and approve payment of remuneration by way of commission to non-executive directors.
  3. To sell, lease or otherwise dispose of the whole or substantially whole undertaking as per u/s. 180(1)(a) of the Companies Act, 2013.

I. NON-MANDATORY REQUIREMENTS

- **The Board**: There is no policy at present to determine the tenure of Independent Directors. However, Company has appointed Independent Director as per New Companies Act, 2013 and rules made thereunder.
- **Remuneration Committee**: The Company has constituted Remuneration Committee. A detailed note on remuneration Committee is provided elsewhere in the Report.
- **Shareholder's Rights**: Half yearly financial results including summary of significant events are presently not being sent to the shareholders of the Company. However quarterly financial results are published in the leading new papers and are also available on the website of the Company.
- **Audit Qualification**: there is no qualification on Auditor's report on standalone financial statement to the shareholder of the Company.
- **Training of Board Members**: As the members of the Board are eminent and experienced professional persons, there is no formal policy at present for their training.

- **Mechanism for evaluating non-executive Board Members**: The Company has framed policy on 28th May, 2014 for evaluation of Non-executive directors and Key Management Personnel as per new Companies Act, 2013.
- **Whistle Blower Policy**: The Company has formed Whistleblower policy on 28th May, 2013 as per new Companies Act, 2013.

J. MEANS OF COMMUNICATION

- **Financial Results:**

Quarter ended	Timeline
30th June, 2014	- 45 days from end of Quarter 30th June, 2014
30th September, 2014	- 45 days from end of Quarter 30th September, 2014
31st December, 2014	- 45 days from end of Quarter 31st December, 2014
Audited Results for the year ended on 31st March, 2015	- 60 days from end of Financial Year (i.e. on or before 31st May, 2015) (As per Clause 41 of Listing Agreement)

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.

- **Website**: 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.
- **BSE Listing Center**: Bombay Stock Exchange Limited (BSE) has also launched a web based system for corporates to make their periodic submission of compliances online. Your company is also filing the Shareholding Pattern, Financial Result, Corporate Governance Report and all the intimation/ disclosures through the BSE Listing Center.
- **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.
- **Price Sensitive Information**: 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.

K. GENERAL SHAREHOLDER INFORMATION

1. 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.

2. 31st Annual General Meeting

Date & Time	Venue
4th day of September, 2014 at 9.30 a.m.	H.T. Parekh Convention Centre, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad -380015

3. Financial Year : 1st April to 31st March

4. Date of Book Closure

The Register of Members and Share Transfer Books of the Company were closed from **Saturday, 23rd August, 2014 to Thursday 4th September, 2014 (both days inclusive)** for the purpose of ensuing Annual General Meeting. The final dividend, if approved by shareholders at AGM, for the year 2013-2014 shall be paid to shareholders whose names appear:

a) As beneficial owner at the end of business day 22nd August, 2014 as per the details available with NSDL and CDSL.

b) On the Register of Members as on 22nd August, 2014 of the owners holding shares in physical form.

5. Dividend Payment Date - On and after 8th September, 2014 but within the statutory time of 30 days from the date of Approval.

6. Listing on Stock Exchange

A. Equity Shares

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

Name of Stock Exchanges	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.

B. Debt Security

- The Secured Redeemable Non-Convertible Debentures (NCD) of ₹ 150.00 crores issued by the Company in two trenches is also listed at Bombay Stock Exchange Ltd., Mumbai (BSE).
- Annual listing fees for the year 2014-2015 as applicable have been paid to both the Stock Exchanges.
- The Company has also paid Annual custodial fees for the year 2014-2015 as applicable, to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- As on 31st March, 2014, there were 40644 shareholders of the Company.

7. Stock Code

A. Equity Shares :

Bombay Stock Exchange Ltd.	:	532526
National Stock Exchange of India Ltd.	:	'DISHMAN', 'EQ'
Group / Index	:	B/S & P BSE 500
ISIN Number in NSDL & CDSL for Equity Shares	:	INE353G01020

B. Debt Security :

Sr. No.	Debt Security Listed at BSE	Script Code at BSE	ISIN of Debt Security
1	NCD-I @ 10.35% p.a. of face value of ₹ 10.00 lacs each.	946680	INE353G07027
		946681	INE353G07035
		946682	INE353G07043
2	NCD-II @ 9.65% p.a. of face value of ₹ 1.00 lac each.	946835	INE353G07050
		946836	INE353G07068

8. Name of Debenture Trustee

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

9. Market Price Data

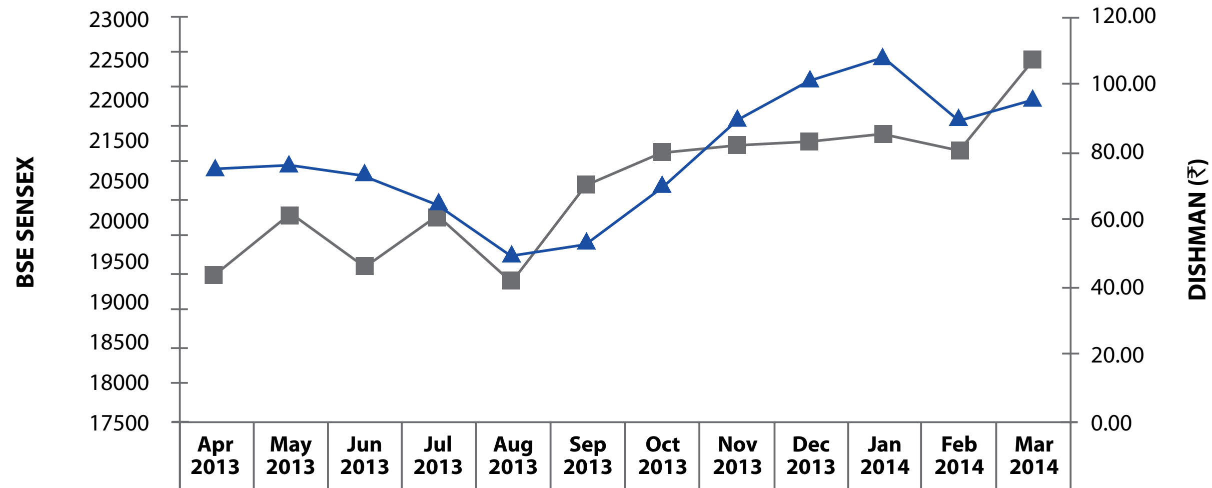
The table below sets forth, for the periods indicated, the Closing high and low, volume and total volume of trading activity on the BSE and NSE for the equity shares of the Company.

(Price in ₹per share)

	NSE			BSE			
MONTH	**High (₹)**	**Low (₹)**	**Volume**	**High (₹)**	**Low (₹)**	**Volume**	**Total Volume (NSE & BSE)**
April, 2013	74.9	65.95	4682400	74.80	65.90	1550468	6232868
May, 2013	75.50	67.90	9606780	75.50	67.85	2968038	12574818
June, 2013	73.00	55.00	4249890	72.85	55.15	1222685	5472575
July, 2013	63.90	43.10	7947221	63.95	43.10	2557192	10504413
August, 2013	48.85	38.95	6863512	48.85	38.90	2112837	8976349
September, 2013	52.05	40.85	9491396	51.85	40.95	2929692	12421088
October, 2013	69.00	55.65	19484148	69.10	55.50	5351412	24835560
November, 2013	88.45	74.40	23410272	88.40	74.10	7030863	30441135
December, 2013	99.50	81.15	26147609	99.60	80.85	7250304	33397913
January, 2014	107.35	78.15	31423363	107.35	78.25	8988116	40411479
February, 2014	88.30	78.65	15866229	88.35	78.70	4643160	20509389
March, 2014	95.15	81.55	14827238	95.10	82.15	4355627	19182865

10. Price Movement Chart of DISHMAN V/s. BSE Sensex

DISHMAN MONTHLY HIGH SHARE PRICE CLOSING V/S BSE SENSEX MONTHLY HIGH CLOSING



	Apr 2013	May 2013	Jun 2013	Jul 2013	Aug 2013	Sep 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014
BSE SENSEX	19504	20286	19610	20302	19368	20647	21165	21239	21326	21374	21120	22386
DISHMAN (₹)	74.80	75.50	72.85	63.95	48.85	51.85	69.10	88.40	99.60	107.35	88.35	95.10

BSE SENSEX DISHMAN (₹)

11. Distribution of Shareholding Pattern as on 31st March, 2014

No. of Equity Shares Held	No. of Share Holders	% of Share Holders	No. of Equity Shares Held	% of total Holding
1 - 500	36099	88.82	4720036	5.8491
501 - 1000	2416	5.94	1971192	2.4427
1001 - 2000	1083	2.66	1638944	2.0310
2001 - 3000	333	0.82	861707	1.0678
3001 - 4000	160	0.39	577352	0.72
4001 - 5000	128	0.31	610350	0.7563
5001 - 10000	205	0.50	1502867	1.8624
10001 and Above	220	0.5413	68814688	85.2753
Total	**40644**	**100.00**	**80697136**	**100.0000**

12. Shareholding pattern

Sr No.	Category	No. Of Shares Held	% Of Holding
		As on March 31, 2014	
1	Promoters	49585799	61.45
2	Mutual Fund & UTI	449761	0.56
3	Bank, Financial Institutions (FI's), Insurance Companies	2633594	3.26
4	Foreign Institutional Investors (FII's)	7223687	8.95
5	Private Bodies Corporate	5579222	6.91
6	Indian Public	13758463	17.05
7	Any Other		
	(i) Non Resident Indian	855532	1.06
	(ii) Clearing Members	611078	0.76
Total		**80697136**	**100.00**

13. Dematerialization of Shares & Liquidity

The Company's shares are in compulsory demat segment and as on 31st March, 2014, 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.

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

Financial Year	Dividend (%)	Div. Amount (₹ in lacs)	Dividend per Share (in ₹)
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
2012-2013	60	968.37	1.20

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

Note: For the financial year 2013-2014 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.

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

The Company has no outstanding GDRs/ADRs/Warrants/Options or any convertible Instruments as on 31st March, 2014.

16. Share Transfer System

All the shares related work is being undertaken by our RTA, Link Intime India Pvt. Ltd., Mumbai (Formerly known as Intime Spectrum Registry Limited). To expedite the process of share transfer, transmission, split, consolidation, rematerialistion and dematerialisation etc. of securities of the Company, the Board of Directors has delegated the power of approving the same to the Company's RTA under the supervision and control of the Company Secretary Mr. Tushar D. Shah, 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 RTA 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 RTA.

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.

17. 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.

18. Registrar and Share Transfer Agent (RTA)

Link Intime India Pvt. Ltd.
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

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.

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

19. 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).

20. Address of the Correspondence

For Share Transfers / Dematerialization or other queries relating to shares/debentures of the Company. (RTA)	Company Address (Secretarial Department)
Link Intime India Pvt Ltd 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	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

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, 2014 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 Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further 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 **Ashok P. Pathak & Co.**
Company Secretaries

Ashok P. Pathak
Proprietor
ACS No. 9939
COP No. 2662

Place : Ahmedabad
Date : 28th May, 2014

Independent Auditors' Report

TO THE MEMBERS OF
DISHMAN PHARMACEUTICALS AND CHIEMICALS 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 , 2014, 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") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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 and read with our comment in Emphasis of Matter paragraph below, 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, 2014;

(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.

Emphasis of Matter

Attention is invited to Note 26.14 to the financial statements regarding the Company's equity investments aggregating to ₹ 4169.54 lacs in Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited, a wholly owned subsidiary, and the outstanding loans from the subsidiary amounting to ₹ 7169.36 lacs as at March 31, 2014. Though the subsidiary has incurred net cash loss during the current year as well as during the previous year and net worth has been significantly eroded as at March 31, 2014, no provision is considered necessary by the Management of the Company at this stage in respect of the aforesaid investment in and the loans outstanding from the subsidiary for the reasons stated in the said Note.

Our opinion is not qualified in respect of this matter

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 Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

    (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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)

Kartikeya Raval
Partner

AHMEDABAD, May 28, 2014 (Membership No. 106189)

Annexure To The Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) Having regard to the nature of the Company's business/ activities/result, during the year, 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) 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. According to the information and explanation given to us, no material discrepancies were noticed on 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 inventory:

(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 explanation 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) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating ₹ 198.20 lacs to six parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 13,323.09 lacs and the maximum amount involved during the year was ₹ 13,503.98 lacs.

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.

(c) In the absence of stipulations, the regularity of the receipts of principal amounts and interest has not been commented upon.

(d) The terms of repayment of principal and interest have not been stipulated. Hence the question of overdue amount does not arise.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has taken loans aggregating ₹ 310 lacs from 3 parties during the year. At the year-end, the outstanding balances of such loans taken aggregated ₹ 73.34 lacs (number of parties 3) and the maximum amount involved during the year was ₹ 292.38 lacs (number of parties 3).

(b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.

(c) In the absence of stipulations, the regularity of the payments of principal amounts and interest has not been commented upon.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.

(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 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 deposit from the public, and therefore the provisions of clause (vi) of paragraph 4 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 and the Cost Accounting Records (Pharmaceutical Industry) 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 made and 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 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 in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Excise Duty and Service Tax which have not been deposited as on 31st March, 2014 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	2001-2002, 2002-2003, 2003-2004, 2005-2006, 2006-2007, 2007-2008, 2008-2009	4,565.16
		Hon. High Court of Gujarat	2002-2003, 2003-2004, 2004-2005	730.50
Central Sales Tax	Sales Tax	Gujarat VAT Tribunal	2006-2007	118.81
		Joint Commissioner, Commercial Tax	2001-2002	24.42
Gujarat Sales Tax Act	Sales Tax	Gujarat VAT Tribunal	2006-2007	146.97
		Joint Commissioner, Commercial Tax	2001-2002, 2007-2008, 2008-2009	269.36
Central Excise Act, 1944	Excise Duties and Service Tax	Hon. High Court of Gujarat	2003-2004	13.84
		Central Excise and Service Tax Appellate Tribunal	2006-2007, 2008-2009, 2009-2010, 2012-2013	154.25
		The Commissioner (Appeals) Central Excise	2006-2007, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2013-2014	264.44

There were no dues of Wealth Tax, Custom Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes.

(xi) The Company does not have accumulated losses at the end of the financial year and 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 financial institutions, banks and debenture holders.

(xiii) In our opinion and according to the information and explanations given to us, the Company has not granted 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 terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.

(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 as at March 31, 2014, we report that funds raised on short-term basis have, prima facie not been used during the year for long- term investment.

(xvii) During the year the Company has not made any preferential allotment of shares to the 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 period 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)

Kartikeya Raval
Partner
(Membership No. 106189)

AHMEDABAD, May 28, 2014

Balance Sheet
as at 31st March, 2014

₹ in lacs

Particulars				Note	As at 31st March, 2014	As at 31st March, 2013
A	**EQUITY AND LIABILITIES**					
	1	**Shareholders' funds**				
		(a)	Share capital	3	1,613.94	1,613.94
		(b)	Reserves and surplus	4	78,093.59	70,927.52
					79,707.53	**72,541.46**
	2	**Non-current liabilities**				
		(a)	Long-term borrowings	5	23,974.05	27,452.71
		(b)	Deferred tax liabilities (net)	26.10	5,058.42	4,381.49
		(c)	Other long-term liabilities	6	2,372.38	4,684.66
		(d)	Long-term provisions	7	482.69	474.25
					31,887.54	**36,993.11**
	3	**Current liabilities**				
		(a)	Short-term borrowings	8	17,671.81	18,450.95
		(b)	Trade payables	9	9,226.26	9,526.53
		(c)	Other current liabilities	10	14,011.32	10,657.95
		(d)	Short-term provisions	11	2,053.73	1,734.79
					42,963.12	**40,370.22**
	TOTAL				**154,558.19**	**149,904.79**
B	**ASSETS**					
	1	**Non-current assets**				
		(a)	Fixed assets			
			(i) Tangible assets	12.A	69,266.51	67,881.20
			(ii) Intangible assets	12.B	194.69	373.47
			(iii) Capital work-in-progress		985.81	4,879.01
					70,447.01	**73,133.68**
		(b)	Non-current investments	13	18,705.69	18,705.69
		(c)	Long-term loans and advances	14	23,972.32	15,324.51
		(d)	Other non-current assets	15	121.50	121.50
					42,799.51	**34,151.70**
	2	**Current assets**				
		(a)	Inventories	16	13,385.86	12,776.12
		(b)	Trade receivables	17	6,942.20	6,279.00
		(c)	Cash and cash equivalents	18	1,125.65	1,089.04
		(d)	Short-term loans and advances	19	19,857.96	22,475.25
					41,311.67	**42,619.41**
	TOTAL				**154,558.19**	**149,904.79**

See accompanying notes forming part of the financial statements 1 to 26

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Tushar D. Shah
Company Secretary

Rajashekhar Bhat
Global CFO

Ahmedabad
Date : 28-May-2014

Statement of Profit and Loss
for the year ended 31st March , 2014

Particulars			Note	For the year ended 31st March, 2014	₹ in lacs For the year ended 31st March, 2013
1	Revenue from operations (gross)		20	47,873.22	49,018.52
	Less: Excise duty		20	545.10	554.91
	Net Revenue from operations			47,328.12	48,463.61
2	**Other income**		21	5,597.56	1,359.15
3	**Total revenue (1+2)**			52,925.68	49,822.76
4	**Expenses**				
	(a)	Cost of materials consumed	22.a	17,897.21	17,349.85
	(b)	Purchases of stock-in-trade (traded goods)	22.b	516.09	238.30
	(c)	Changes in inventories of finished goods and work-in-progress	22.c	(848.67)	331.21
	(d)	Employee benefits expense	23	5,837.83	5,821.40
	(e)	Finance costs	24	6,921.52	5,273.53
	(f)	Depreciation and amortisation expense	12.C	4,413.47	3,534.19
	(g)	Other expenses	25	6,304.59	7,804.28
	Total expenses			41,042.04	40,352.76
5	**Profit before tax (3-4)**			**11,883.64**	**9,470.00**
6	**Tax expense**				
	(a)	Current tax expense		2,874.23	2,100.00
	(b)	(Less): MAT credit		346.19	181.70
	(c)	Net current tax expense		2,528.04	1,918.30
	(d)	Deferred tax		676.93	1,234.19
				3,204.97	3,152.49
7	**Profit for the year (5 - 6)**			**8,678.67**	**6,317.51**
8	**Earnings per share (of ₹ 2.00/- each):**				
	(a)	Basic	26.09	10.75	7.83
	(b)	Diluted	26.09	10.75	7.83
	See accompanying notes forming part of the financial statements				

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
Company Secretary

Ahmedabad
Date : 28-May-2014

Cash Flow Statement
for the year ended 31st March, 2014

Particulars	2013-2014	2012-2013
		₹ in lacs
A. Cash Flow from Operating Activities		
Net Profit Before Tax	**11,883.64**	**9,470.00**
Adjustment for :		
Depreciation and Amortisation	4,413.47	3,534.19
Interest Expenses	6,921.51	5,273.54
Dividend Income	(3,118.70)	(0.23)
Interest Income	(2,165.05)	(1,342.54)
Gain on Sale of Fixed Assets (Net)	(7.05)	(16.38)
Unrealised Foreign Exchange Gain	(830.18)	(12.08)
Provision for doubtful debts and advances	200.00	610.16
Operating Profit before Working Capital changes	**17,297.64**	**17,516.66**
Adjustment for (Increase) / Decrease in Working Capital :		
Inventories	(609.74)	(863.46)
Trade Receivables	(1,503.43)	3,366.98
Loans and Advances	898.87	(11,245.85)
Trade Payables and Provisions	(1,007.07)	(4,314.42)
Cash generated from Operations	**15,076.27**	**4,459.91**
Direct Taxes Paid (Net)	(2,506.38)	(1,630.43)
Net Cash from Operating Activiites	**12,569.89**	**2,829.48**
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(9,353.46)	1,086.27
Sale of Fixed Assets	60.67	97.74
Share application money	500.00	(201.84)
Interest received	2,165.05	1,342.54
Dividend received	3,118.70	0.23
Loans and Advances given to related parties	(1,180.35)	(1,726.35)
Balance held as margin money	(64.24)	(31.86)
Net Cash (used in) from Investing Activities	**(4,753.63)**	**566.73**

Cash Flow Statement (Contd.)
for the year ended 31st March, 2014

Particulars	2013-2014	2012-13
		₹ in lacs
C. Cash Flow from Financing Activities		
Repayment of long term borrowing	(5,621.70)	(5,924.73)
Proceeds from long term borrowing	6,621.72	3,667.83
Proceeds / (Repayment) from Short term Loan	(779.14)	5,650.19
Interest paid	(6,939.31)	(5,252.04)
Dividend paid	(968.37)	(968.37)
Dividend Tax paid	(157.09)	(157.09)
Net Cash used in Financing Activities	**(7,843.89)**	**(2,984.21)**
Net decrease in Cash and Cash Equivalents (A+B+C)	**(27.63)**	**412.00**
Cash and Cash Equivalents as at 1st April (Opening Balance)	**704.00**	**292.00**
Cash and Cash Equivalents as at 31st March (Closing Balance)	**676.37**	**704.00**
Reconciliation of Cash and Cash equivalents with the balance sheet		
Cash and Cash equivalent (Note No. 18)	**1,125.65**	**1,089.04**
Balance held as margin money	**449.28**	**385.04**
Cash and Cash equivalent (As per cash flow statement)	**676.37**	**704.00**

Notes:
1. The cash flow statement has been prepared under the `Indirect method` set out in Accounting Standard 3 `Cash Flow Statements` prescribed under Companies (Accounting Standard) Rules, 2006.
2. Previous year`s figures have been regrouped wherever necessary, to confirm to this year`s classifications.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
Company Secretary

Ahmedabad
Date : 28-May-2014

1.00 Significant accounting policies

1.10 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

1.20 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.30 Inventories

Inventories are valued at the lower of cost (e.g. on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

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

Sale of Goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Income from Services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

1.60 Fixed assets (Tangible/Intangible)

Fixed assets, except for certain assets which has been stated at revalued amount, are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project is ready for its intended use.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

1.70 Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange difference on long-term foreign currency monetary items:

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried under Reserves and surplus in the Balance Sheet as "Foreign currency monetary item translation difference account".

1.80 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

1.90 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.00 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.10 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabosrbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.20 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

2.30 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.40 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.50 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.60 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

3 Share capital

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	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
	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 31st March, 2014			
- Number of shares	80,697,136	-	80,697,136
- Amount (₹ in lacs)	1,613.94	-	1,613.94
Year ended 31st March, 2013			
- Number of shares	80,697,136	-	80,697,136
- Amount (₹ in lacs)	1,613.94	-	1,613.94

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

Class of shares / Name of shareholders	As at 31st March, 2014		As at 31st March, 2013	
	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 Janmejay R. Vyas	25,279,855	31.33	25,421,750	31.50
Shri Arpit J. Vyas	12,563,975	15.57	12,359,600	15.32
Smt. Deohooti J. Vyas	10,964,500	13.59	10,964,500	13.59

(iii) The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 2.00. 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 31st March, 2014 is ₹ 1.20 (previous year: ₹1.20), subject to approval by shareholders in the ensuing annual general meeting.

4 Reserves and surplus

₹ in lacs

	Particulars	As at 31st March ,2014	As at 31st March, 2013
(a)	Securities premium account		
	Balance as per last Balance Sheet	24,755.20	24,755.20
(b)	Debenture redemption reserve		
	Opening balance	3,750.00	3,125.00
	Add: Additions during the year	-	625.00
	Less : Transfer to General Reserve	375.00	-
	Closing balance	3,375.00	3,750.00
(c)	Revaluation reserve		
	Opening balance	169.21	170.88
	Less: Utilised for set off against depreciation	1.67	1.67
	Closing balance	167.54	169.21
(d)	General reserve		
	Opening balance	36,588.80	35,788.80
	Add: Transferred from Debenture redemption reserve	375.00	-
	Add: Transferred from surplus in Statement of Profit and Loss	1,500.00	800.00
	Closing balance	38,463.80	36,588.80
(e)	Foreign currency monetary item transalation difference		
	Opening balance	(143.30)	(131.22)
	Add/(Less): Effect of foreign exchange rate variation during the year	390.61	(61.30)
	Add/(Less): Amortisation for the year	(768.60)	49.22
	Closing balance	(521.29)	(143.30)
(f)	Surplus in Statement of Profit and Loss		
	Opening balance	5,807.61	2,040.56
	Add: Profit for the year	8,678.67	6,317.51
	Less:		
	Dividends proposed to be distributed to equity shareholders (₹ 1.20 per equity share)	968.37	968.37
	Tax on dividend	164.57	157.09
	Transferred to:		
	General reserve	1,500.00	800.00
	Debenture redemption reserve	-	625.00
	Closing balance	11,853.34	5,807.61
	Total	**78,093.59**	**70,927.52**

5 Long-term borrowings

₹ in lacs

	Particulars		As at 31st March, 2014	As at 31st March, 2013
(a)	Redeemable Non-Convertible Debentures			
	Secured	See Note (i)	8,250.00	13,500.00
			8,250.00	13,500.00
(b)	Term loans			
	From banks			
	Secured	See Note (ii)	9,803.56	7,255.76
			9,803.56	7,255.76
	From other parties			
	Secured	See Note (iii)	4,837.27	5,636.77
	Unsecured	See Note (iii)	967.46	967.46
			5,804.73	6,604.23
(c)	Long-term maturities of Hire purchase obligations			
	Secured	See Note (iv)	115.76	92.72
			115.76	92.72
	Total		**23,974.05**	**27,452.71**

₹ in lacs

Particulars	Terms of repayment and security	As at 31st March, 2014	As at 31st March, 2013
Note (i)			
10.35% Redeemable Debentures	Secured Redeemable Non-Convertible Debentures First Trench issued in February, 2010, are secured by, first paripassu 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.	4,500.00	6,000.00
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.	3,750.00	7,500.00
		8,250.00	**13,500.00**

₹ in lacs

Particulars	Terms of repayment and security	As at 31st March, 2014	As at 31st March, 2013
Note (ii)			
Indus Ind Bank	The Term Loan is secured by first pari-passu charge on fixed 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
Bank Of Maharashtra	The Term Loan is secured by first paripassu charge on the immovable and movable fixed assets of the company both present and future located at Bavla and second pari-passu charge on current assets of the company both present and future, repayable in quarterly installment of 105.00 Lacs starting from September, 2013 ending on June, 2019.	1,765.00	2,185.00
Exim Bank	Secured Term Loan is secured by first pari-passu charge on the movable and immovable 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 February, 2014 ending on August, 2018.	2,500.00	3,500.00
Development Bank of Singapore	The Term Loan is secured by first pari-passu charge on the whole movable and immovable 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 present and future. Repayable in quarterly equal installments of ₹ 336.88 lacs starting from May, 2012 ending on May, 2015.	336.88	1,526.63
Indiabulls Housing Finance	The Term Loan is secured by Charge on Dishman House, besides Hira Rupa Hall, Bopal Ahmedabad Repayable in monthly structured installment ending on April, 2019.	1,768.55	-
State bank of India	The Term Loan is secured by first paripassu charge on the company's fixed assets including mortgage over land & building and hypothication of plant & machinery located at Bavla and second paripassu charge on current assets of the company,repayable in quarterly installment of ₹ 93.75 Lacs ending on March, 2018	1,125.00	-
Corporation Bank	The Term Loan is secured by first pari-passu charge on the company's fixed assets including mortgage over land & building and hypothication of Plant & Machinery located at Bavla along with existing term lenders/NCD holders and second paripassu charge on current assets of the company, repayable in quarterly installment of ₹ 62.50 Lacs ending on March, 2018	750.00	-
Bank of Baroda	The Term Loan is secured by first pari-passu charge on the fixed assets of the company's fixed assets including mortgage over land & building and hypothication of plant & machinery located at Bavla alongwith existing term lenders/NCD holders and second paripassu charge on current assets of the company, repayable in quarterly installment of ₹ 97.50 Lacs ending on March, 2017	780.00	-
Bank of India	The Term Loan is secured by first pari-passu charge on the company's fixed assets including mortgage over land & building and hypothication of plant & machinery located at Bavla and second paripassu charge on current assets of the company, repayable in quarterly installment of ₹ 51.88 Lacs ending on December, 2018	778.13	-
		9,803.56	**7,255.76**

₹ in lacs

Particulars	Terms of repayment and security	As at 31st March, 2014	As at 31st March, 2013
Note (iii)			
International Finance Corporation	The Term Loan is secured by first pari-passu charge on the whole movable and immovable assets of the Company both present and future located at Bavla and all future movable fixed assets acquired from loan proceed and the second pari-passu charge on the current assets of the Company both present and future. Repayable in half yearly equal instalments of ₹ 691.04 lacs starting from May, 2012 and ending on May, 2018.	4,837.27	5,636.77
Life Insurance Corporation of India	Unsecured loans availed on the Keyman insurance policies of the key personnel of the Company	967.46	967.46
		5,804.73	**6,604.23**
Note (iv)			
ICICI Bank Ltd.	Hire Purchase Finances are secured by hypothecation of respective assets	105.16	87.68
HDFC Bank Ltd.	Hire Purchase Finances are secured by hypothecation of respective assets	10.60	5.04
		115.76	**92.72**
Total		**23,974.05**	**27,452.71**

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

6 Other long-term liabilities

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Others:		
Payables on purchase of fixed assets	2,372.38	4,684.66
Total	**2,372.38**	**4,684.66**

7 Long-term provisions

₹ in lacs

Particulars	As at 31st March 2014	As at 31st March, 2013
Provision for employee benefits:		
(a) Provision for compensated absences	112.49	122.45
(b) Provision for gratuity (net) (Refer Note 26.15)	370.20	351.80
Total	**482.69**	**474.25**

8 Short-term borrowings

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Loans repayable on demand		
From banks		
Secured	12,230.56	11,588.40
Unsecured	1,559.52	127.78
	13,790.08	11,716.18
(b) Short Term Loans from Banks		
Secured	1,498.00	1,486.92
Unsecured	10.40	4,307.85
	1,508.40	5,794.77
(c) Short Term Loans from Directors		
Unsecured	73.33	155.00
	73.33	155.00
(d) Short Term Loans from Others		
Unsecured	2,300.00	785.00
	2,300.00	785.00
Total	**17,671.81**	**18,450.95**

Notes:

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

₹ in lacs

Particulars	Nature of security	As at 31st March, 2014	As at 31st March, 2013
Loans repayable on demand from banks:			
Corporation Bank	Hypothecation of Inventories, collateral security of book debts, first charge on Company's fixed asset at Naroda DTA plant located at Plot No. 1216/12, 1216/20 to 23, Phase IV, and Plot No. 67, Phase I ,GIDC Estate, Naroda, Ahmedabad unit and second charge on fixed asset at Bavla.	2,305.12	2,542.46
Bank Of Baroda		2,727.13	3,164.37
Bank Of India		3,316.43	2,077.88
State Bank Of India		3,881.88	3,803.69
Society Generale bank	Unsecured	1,458.24	-
HDFC Bank	Unsecured	101.28	127.78
Total		**13,790.08**	**11,716.18**

₹ in lacs

Particulars	Nature of security	As at 31st March, 2014	As at 31st March, 2013
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.	1,498.00	1,486.92
ICICI Bank	Unsecured	-	2,500.00
HDFC Bank Ltd.	Unsecured	-	800.00
Axis Bank	Unsecured	10.40	7.85
Bank Of India	Unsecured	-	1,000.00
Total		**1,508.40**	**5,794.77**
Short Term Loans from Directors & relative:			
Mr. Janmejay R. Vyas	Unsecured	23.33	155.00
Mr. Arpit J. Vyas	Unsecured	30.00	-
Ms. Mansi J. Vyas	Unsecured	20.00	-
Total		**73.33**	**155.00**
Short Term Loans from Others:			
Krone Finstock Pvt Ltd.	Unsecured	135.00	300.00
Ravisha Financial Services Pvt. Ltd.	Unsecured	165.00	485.00
Religare Finvest Ltd.	Unsecured	500.00	-
STCI Finance Ltd.	Unsecured	1,500.00	-
Total		**2,300.00**	**785.00**

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

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Loans repayable on demand from banks:	101.28	127.78
Short Term Loans from Banks	-	800.00
Short Term Loans from Others	165.00	485.00

9 Trade payables

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Other than acceptances	9,226.26	9,526.53
Total	**9,226.26**	**9,526.53**

10 Other current liabilities

Particulars			As at 31st March, 2014	As at 31st March, 2013
(a)	Current maturities of long-term borrowings (See Note)		10,862.18	6,383.49
(b)	Interest accrued but not due on borrowings		306.89	324.69
(c)	Unpaid dividends		6.40	4.57
(d)	Other payables:			
	(i)	Statutory remittances	267.90	221.43
	(ii)	Advances from customers	1,601.34	2,568.94
	(iii)	Provision for Directors Remuneration	276.05	454.54
	(iv)	Employee related provisions	455.52	489.47
	(v)	Others	235.04	210.82
Total			**14,011.32**	**10,657.95**

₹ in lacs

Note:

Particulars	Nature of security	As at 31st March, 2014	As at 31st March, 2013
Term loans from Banks:			
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, phase IV , GIDC Estate, Naroda, Ahmedabad. Repayable in monthly installments of ₹78.95 lacs ending on April, 2013.	-	78.94
Bank of Maharashtra	The Term Loan is secured by first pari-passu charge on the whole moveble assets of the company both present and future located at bavla and the second pari-passu charge on the current asset of the company both current and future. Quarterly instalement of ₹ 125.00 lacs ending on March, 2014.	-	498.14
Secured Loans from others	Refer Notes (i), (ii), (iii) and (iv) in Note 5 - Long-term borrowings for details of security and guarantee.	10,862.18	5,806.41
Total		**10,862.18**	**6,383.49**

11 Short-term provisions

₹ in lacs

Particulars			As at 31st March, 2014	As at 31st March, 2013
(a)	Provision for employee benefits:			
	(i)	Provision for compensated absences	9.19	6.93
	(ii)	Provision for gratuity (net) (Refer Note 26.15)	35.72	94.37
			44.91	101.30
(b)	Provision for Others:			
	(i)	Provision for tax	875.88	508.03
	(ii)	Provision for proposed equity dividend	968.37	968.37
	(iii)	Provision for tax on proposed dividend	164.57	157.09
			2,008.82	1,633.49
Total			**2,053.73**	**1,734.79**

12 Fixed assets

₹ in lacs

	Gross block				Accumulated depreciation				Net block	
	Balance as at 1st April, 2013	Additions	Disposals	Balance as at 31st March, 2014	Balance as at 1st April, 2013	Depreciation expense for the year	Eliminated on disposal of assets	Balance as at 31st March, 2014	Balance as at 31st March, 2014	Balance as at 31st March, 2013
A. Tangible assets										
(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	9,863.77	1,578.39	-	**11,442.16**	1,638.82	327.56	-	**1,966.38**	**9,475.78**	8,224.95
(c) Plant and Equipment										
Owned	53,855.51	3,751.86	62.65	**57,544.72**	13,522.28	3,231.55	9.03	**16,744.80**	**40,799.92**	40,333.23
(d) Furniture and Fixtures										
Owned	1,033.53	3.84	-	**1,037.37**	444.81	60.53	-	**505.34**	**532.03**	588.72
(e) Vehicles										
Owned	987.03	57.45	-	**1,044.48**	420.71	97.78	-	**518.49**	**525.99**	566.32
(f) Office equipments & Computer & Printers			-							
Owned	904.88	8.08	-	**912.96**	701.75	33.43	-	**735.18**	**177.78**	203.13
(g) Electric Installations			-							
Owned	6,168.67	249.94	-	**6,418.61**	1,206.70	293.56	-	**1,500.26**	**4,918.35**	4,961.97
(h) Laboratory Equipments			-							
Owned	3,272.76	25.73	-	**3,298.49**	1,291.05	191.95	-	**1,483.00**	**1,815.49**	1,981.71
Total Tangible Assets (A)	**87,107.32**	**5,675.29**	**62.65**	**92,719.96**	**19,226.12**	**4,236.36**	**9.03**	**23,453.45**	**69,266.51**	**67,881.20**
B. Intangible assets										
(a) Computer software	416.10	-	-	**416.10**	254.92	64.52	-	**319.44**	**96.66**	161.18
(b) Copyrights, patents and other intellectual property rights, services and operating rights	1,090.46	-	-	**1,090.46**	878.17	114.26	-	**992.43**	**98.03**	212.29
Total Intangible Assets (B)	**1,506.56**	**-**	**-**	**1,506.56**	**1,133.09**	**178.78**	**-**	**1,311.87**	**194.69**	**373.47**
Total Fixed Assets (A+B)	**88,613.88**	**5,675.29**	**62.65**	**94,226.52**	**20,359.21**	**4,415.14**	**9.03**	**24,765.32**	**69,461.20**	**68,254.67**
Previous year	**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**	

C. Depreciation and amortisation:

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Depreciation and amortisation for the year on tangible assets as per Note 12 A	4,236.36	3,297.54
Depreciation and amortisation for the year on intangible assets as per Note 12 B	178.78	238.32
Less: Utilised from revaluation reserve	1.67	1.67
Total	**4,413.47**	**3,534.19**

Note:

Capital Work in Progress includes Loss of ₹ Nil lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities. (Previous year Loss of ₹ 399.75 lacs)

Details of assets acquired under hire purchase agreements:

₹ in lacs

Particulars	Gross block		Net block	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Cars	413.30	268.68	238.01	184.25
Staff Bus	33.07	150.33	29.28	113.99

13 Non-current investments

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	No. of Shares		Total	No. of Shares		Total
Investments (At cost):	Quoted	Unquoted	₹ in lacs	Quoted	Unquoted	₹ in lacs
(a) Investment in equity instruments (Trade)						
(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 Pharmaceuticals & Chemical (Shanghai) Co. Ltd (No. of shares not specified)		1	4,169.54		1	4,169.54
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
Carbogen-Amcis (India) Ltd. (Face value of ₹ 10/- each fully paid up)		50,000	5.00		50,000	5.00
(ii) of Associates:						
Bhadr-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:						
Dishman Arabia Ltd. (Face value of SAR 1000/- each fully paid up)		1,250	147.74		1,250	147.74
Dishman Japan Ltd (Face value of JPY 50,000/- each fully paid up)		2,536	506.37		2,536	506.37

Particulars	As at 31st March, 2014 No. of Shares Quoted	Unquoted	Total ₹ in lacs	As at 31st March, 2013 No. of Shares Quoted	Unquoted	Total ₹ in lacs
Schutz Dishman Biotech Ltd. (Face value of ₹ 10/- each fully paid up)		334,980	33.50		334,980	33.50
(iv) of Other entities :						
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
(b) Investment in equity instruments of other entity (non trade)						
Nutan Nagrik Sahkari Bank Ltd. (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**
Aggregate amount of quoted investments			**0.95**			**0.95**
Aggregate market value of listed and quoted investments			**4.81**			**6.35**
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, Franfurt Branch as security against loan availed by its subsidiary company, Dishman pharma Solutions,AG.

14 Long-term loans and advances

₹ in lacs

Particulars		As at 31st March, 2014	As at 31st March, 2013
(a)	Capital advances		
	Unsecured, considered good	7,089.98	1,830.85
	Doubtful	1,120.53	920.53
		8,210.51	2,751.38
	Less: Provision for doubtful advances	1,120.53	920.53
		7,089.98	1,830.85
(b)	Security deposits		
	Unsecured, considered good	345.12	327.32
		345.12	327.32
(c)	Loans and advances to related parties		
	Unsecured, considered good	12,465.83	9,301.33
		12,465.83	9,301.33
(d)	MAT credit entitlement		
	Unsecured, considered good	2,612.71	2,266.51
(e)	Balances with government authorities	2,612.71	2,266.51
	VAT credit receivable		
	Unsecured, considered good	1,458.68	1,598.50
Total		**23,972.32**	**15,324.51**

15 Other non-current assets

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Insurance claims	121.50	121.50
Total	**121.50**	**121.50**

16 Inventories

(At lower of cost and net realisable value)

₹ in lacs

Particulars		As at 31st March, 2014	As at 31st March, 2013
(a)	Raw materials	4,619.27	4,549.73
	Goods-in-transit	434.25	712.30
		5,053.52	5,262.03
(b)	Work-in-progress	6,378.80	5,050.52
(c)	Finished goods (other than those acquired for trading)	1,484.42	1,964.03
(d)	Stores and spares	469.12	499.54
Total		**13,385.86**	**12,776.12**

17 Trade receivables

₹ in lacs

Particulars		As at 31st March, 2014	As at 31st March, 2013
(a)	Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
	Unsecured, considered good	1,030.24	430.24
	Doubtful	45.88	186.29
		1,076.12	616.53
	Less: Provision for doubtful trade receivables	45.88	186.29
		1,030.24	430.24
(b)	Other Trade receivables:		
	Unsecured, considered good	5,911.96	5,848.76
		5,911.96	5,848.76
Total		**6,942.20**	**6,279.00**

18 Cash and cash equivalents

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Cash on hand	4.10	2.34
(b) Balances with banks		
(i) In current accounts	546.11	640.20
(ii) In EEFC accounts	119.79	56.91
(iii) In earmarked accounts		
- Unpaid dividend accounts	6.37	4.55
- Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note below)	449.28	385.04
Total	**1,125.65**	**1,089.04**

Note: Balances with banks include margin monies amounting to ₹ 399.56 Lacs (As at 31st March, 2013 ₹ 312.03 Lacs) which have an original maturity of more than 12 months.

19 Short-term loans and advances

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Security deposits		
Unsecured, considered good	16.57	12.38
(b) Loans and advances to employees		
Unsecured, considered good	78.92	15.57
(c) Loans and advances to Related Parties		
Unsecured, considered good	875.00	2,161.17
(d) Prepaid expenses		
Unsecured, considered good	308.89	507.89
(e) Balances with government authorities		
Unsecured, considered good		
(i) Cenvat credit receivable	353.73	295.63
(ii) Service Tax credit receivable	673.99	459.26
(f) Share Application pending allotment	-	500.00
(g) Other Loans & Advances		
Unsecured, considered good	17,550.86	18,523.35
Doubtful	184.00	184.00
	17,734.86	18,707.35
Less: Provision for other doubtful loans and advances	184.00	184.00
	17,550.86	18,523.35
Total	**19,857.96**	**22,475.25**

20 Revenue from operations (gross)

₹ in lacs

	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a)	Sale of products (Refer Note (i) below)	42,935.51	41,025.14
(b)	Sale of services (Refer Note (ii) below)	4,808.87	7,887.88
(c)	Other operating revenues (Refer Note (iii) below)	128.84	105.50
		47,873.22	49,018.52
(d)	Less: Excise duty	545.10	554.91
	Total	**47,328.12**	**48,463.61**

Notes:

(i)	Sale of products:		
	Sale of manufactured goods	42,189.10	40,227.92
	Sale of traded goods	746.41	797.22
	Total	**42,935.51**	**41,025.14**
(ii)	Sale of services:		
	Sales Commission	3,698.80	1,744.99
	Export Services	1,110.07	6,142.89
	Total	**4,808.87**	**7,887.88**
(iii)	Other operating revenues:		
	Sale of scrap	8.11	13.92
	Duty drawback Income	45.01	-
	DEPB Income	-	8.90
	Others	4.51	1.08
	Income from Travel Business	71.21	81.60
	Total	**128.84**	**105.50**

21 Other income

₹ in lacs

	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a)	Interest income (Refer Note below)	2,165.05	1,342.54
(b)	Dividend income: from Long Term Investment	3,118.70	0.23
(c)	Net gain on foreign currency transactions (other than considered as finance costs)	166.35	-
(d)	Excess provision written back	140.41	-
(e)	Net gain on sale of assets	7.05	16.38
	Total	**5,597.56**	**1,359.15**

Notes

	Interest income:		
(a)	Interest from banks on deposits	51.16	97.08
(b)	Interest on loans and advances to Subsidiaries	1,013.59	449.35
(c)	Interest on loans and advances to others	1,067.99	795.61
(d)	Other interest	32.31	0.50
	Total - Interest income	**2,165.05**	**1,342.54**

22.a Cost of materials consumed

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Opening stock	5,319.20	4,166.57
Add: Purchases	17,695.72	18,502.48
	23,014.92	22,669.05
Less: Closing stock	5,117.71	5,319.20
Total	**17,897.21**	**17,349.85**

22.b Purchase of stock in trade (traded goods)

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Purchase of stock in trade (traded goods)	516.09	238.30
Total	**516.09**	**238.30**

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

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a) Inventories at the end of the year:		
Finished goods	1,484.42	1,964.03
Work-in-progress	6,378.80	5,050.52
	7,863.22	7,014.55
(b) Inventories at the beginning 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
Net (increase) / decrease	**(848.67)**	**331.21**

23 Employee benefits expense

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a) Salaries and wages	5,600.79	5,580.65
(b) Contributions to provident and other funds	119.43	139.15
(c) Staff welfare expenses	117.61	101.60
Total	**5,837.83**	**5,821.40**

24 Finance costs

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a) Interest expense on borrowings	4820.81	4779.44
(b) Other borrowing costs	501.16	416.98
(c) Net loss on foreign currency transactions (considered as finance costs)	1,593.55	77.11
Total	**6,921.52**	**5,273.53**

25 Other expenses

₹ in lacs

Notes :

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Consumption of stores and spare parts	42.41	37.15
Excise Duty	7.37	0.35
Other Manufacturing Expenses	338.46	335.22
Power and fuel	2,608.77	2,963.64
Research and Development Expenses	43.90	24.91
Laboratory Expenses	212.06	265.23
ETP Expenses	128.60	232.21
Rent (including lease rentals)	96.30	47.73
Repairs and maintenance:		
- Buildings	78.35	78.94
-Machinery	598.77	786.83
-Others	149.11	177.72
Insurance	168.63	192.07
Communication	44.83	42.38
Travelling and conveyance	356.56	306.65
Printing and stationery	75.67	40.51
Freight and forwarding	675.95	786.81
Sales commission	40.69	17.16
Business promotion	3.94	12.01
Donations and contributions	1.94	1.57
Legal and professional	182.55	113.17
Payments to auditors (Refer Note (i) below)	19.16	20.52
Bad debt and other receivables, loans and advances written off	0.39	(4.18)
Membership & Subscription	62.62	52.86
ECGC Premium	41.54	29.37
Office Electricity	22.78	20.94
Recruitment Expenses	11.96	2.90
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	513.14
Provision for doubtful debt and other receivables, loans and advances	200.00	610.17
Prior period items (net) (Refer Note (ii) below)	10.05	2.78
Miscellaneous expenses	81.23	93.52
Total	**6,304.59**	**7,804.28**

Note:

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
(a) To Statutory auditor		
For audit	15.60	14.00
For taxation matters	-	1.54
For company law matters	-	0.94
For management services	-	4.04
For other services	1.95	-
Reimbursement of expenses	0.11	-
(b) To tax auditor for tax audit	1.50	-
Total	**19.16**	**20.52**
(ii) Details of Prior period items (net:)		
Document & Processing Charges	9.72	-
Freight Inward	0.22	1.13
Other Expenses	0.11	0.60
Travelling Expenses	-	1.05
Total	**10.05**	**2.78**

26 Additional information to the financial statements

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

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(i) Contingent liabilities:		
a) Claims against the Company not acknowledged as debt	4.51	3.49
b) Guarantees		
(i) Outstanding guarantees furnished to the bank in respect of wholly owned subsidiaries and a joint venture companies	21,905.81	25,826.56
(ii) Outstanding guarantees furnished to the bank in respect of former subsidiaries and a joint venture companies	11,777.89	9,264.58
c) Disputed central excise duty (including service tax) liability	433.94	435.45
d) 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 ₹747.24 Lacs (Previous Year ₹ 712.26 Lacs) under protest.	6,027.22	6,002.75
e) Disputed sales tax and central sales tax liability	559.56	433.96
f) Bills discounted with banks	6,177.56	4,248.30
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets	581.82	863.74

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 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:

Name of the parties	Relationship	Amount outstanding as at 31st March, 2014	Maximum balance outstanding during the year
Dishman Infrastructure Ltd.	Entity in which Director is Interested	3,758.70 (3,800.00)	3,800.00 (3,800.00)
Dishman Australasia Pty Ltd.	Subsidiary	166.45 (283.25)	283.25 (283.25)
Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd.	Subsidiary	7,169.36 (5,849.86)	7,169.36 (5,849.86)
Dishman Pharma Solutions AG	Subsidiary	- (-)	1,228.23 (1,228.23)
Dishman Care Ltd.	Subsidiary	1,276.17 (1,284.33)	1,284.33 (1,185.92)
Carbogen Amcis (India) Ltd.	Subsidiary	941.12 (955.75)	955.75 (876.83)
Schutz Dishman Biotech Ltd.	Entity in which Director is Interested	10.00 (-)	10.00 (-)

Note: Figures in bracket relate to the previous year.

26.04 Details on derivatives instruments and unhedged foreign currency exposures:

(i) The following derivatives positions are open as at 31st March, 2014. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and interest rate and have not been designated as hedging instruments.

Interest rate swaps to hedge against fluctuations in interest rate changes: As at 31st March, 2014 ₹1,684.41 lacs (As at 31st March, 2013: ₹ 2,747.93 lacs)

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

Currency in Lacs

As at 31st March, 2014		As at 31st March, 2013	
Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
12,877.51 INR	AUD 3.05 EUR 23.19 USD 180.22 NZE 0.03	16,750.15 INR	AUD 5.78 EUR 57.75 USD 228.51 NZE 0.03
(17,860.04) INR	CHF (63.20) EUR (36.95) GBP NIL JPY (4.29) USD (175.99)	(26,973.91) INR	CHF (96.05) EUR (44.20) GBP (1.11) JPY (7.59) USD (336.73)

26.05 Value of imports calculated on CIF basis :

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Raw materials	8,617.41	5,618.15
Capital goods	37.95	182.70
Component and Spare Parts	30.89	189.44

26.06 Expenditure in foreign currency :

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Subscription Membership Fees	47.12	20.43
Sales Commission	33.26	14.13
Foreign Travelling	2.91	5.02
Bank interest & Charges	77.44	43.29
Interest on Foreign Currency Loans	690.90	841.99
Other Expenses	4.61	30.76
Total	**856.24**	**955.62**

26.07 Details of consumption of imported and indigenous items

₹ in lacs

Particulars	Imported		Indigenous	
Raw materials	10,071.74	56.28%	7,824.68	43.72%
	(7,098.29)	(40.91%)	(10,251.56)	(59.09%)
Spare parts	-	-	42.41	100.00%
	-	-	(37.15)	(100.00%)
Total	**10,071.74**		**7,867.09**	
	(7,098.29)		**(10,288.71)**	

Note: Figures in brackets relates to the previous year

26.08 Earnings in foreign exchange :

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Export of Goods on FOB	38,546.57	35,952.62
Contract Research Services	1,110.07	6,142.89

26.09 Earnings per share

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Basic and Diluted:		
Net profit for the year attributable to the equity shareholders (₹ In lacs)	8,678.67	6,317.51
Weighted average number of equity shares	80,697,136	80,697,136
Nominal Value of equity share (In ₹)	2.00	2.00
Earnings per share - Basic and Diluted (In ₹)	10.75	7.83

26.10 Deferred tax Liability

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(A) Tax effect of items constituting deferred tax liabilities:		
On difference between book balance and tax balance of fixed assets	6,727.17	6,040.00
(B) Tax effect of items constituting deferred tax assets		
Provision for doubtful debts / advances	431.53	411.27
Disallowances under Section 43B of the Income Tax Act, 1961	1,237.22	1,247.24
Tax effect of items constituting deferred tax assets	1,668.75	1,658.51
Net deferred tax liabilities(A)-(B)	**5,058.42**	**4,381.49**

26.11 (i) Details of research and development expenditure recognised as revenue expense

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Annual maintainance	3.35	10.88
Consumables	17.03	16.10
Conveyance	13.99	9.99
Laboratory expenses	255.96	290.15
Others	2.01	1.11
Power and Fuel	129.71	139.88
Repair and maintainance	5.68	1.92
Raw material consumption	35.38	68.89
Salary and wages	832.74	805.78
Subscription expenses	54.46	46.94
Total	**1,350.31**	**1,391.64**

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

₹ in lacs

Asset Class:	Gross Value as at 1st April, 2013	Addition/ Adjustment/ Deletion During the year	Gross Value as at 31st March, 2014
Buildings	1,368.10	-	1,368.10
Plant and machinery	1,372.22	-	1,372.22
Laboratory equipments	1,382.03	18.98	1,401.01
Electric installations	193.11	-	193.11
Furniture and fixtures	151.86	-	151.86
Office equipments and computers	9.68	1.12	10.80
Total Tangible Assets (A)	**4,477.00**	**20.10**	**4,497.10**
Intangible assets	513.26	-	513.26
Capital works in progress	9.98	1.57	11.55
Total of Intangible Assets and Capital Works in Progress (B)	**523.24**	**1.57**	**524.81**
Total Capital Expenditure (A + B)	**5,000.24**	**21.67**	**5,021.91**

26.12 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:

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
For a period not later than 1 year	71.28	97.31
For a period later than 1 year but not later than 5 years	115.76	92.68
For a period later than 5 years	-	-

Hire charges recognized in the statement of profit and loss is ₹ 22.16 Lacs (Previous Year ₹ 11.07 Lacs)

26.13 Segment information:

(A) 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

(B) Segment revenue of the above business segment includes sales export incentive and income from Research and Development activities.

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	28,278.54	19,049.58	-	47,328.12
	(30,283.21)	(18,180.40)	(-)	(48,463.61)
Other Income	3,118.70	2,478.86	-	5,597.56
	(-)	(1,359.15)	(-)	(1,359.15)
Total Revenue	31,397.24	21,528.44	-	52,925.68
	(30,283.21)	(19,539.55)	(-)	(49,822.76)
Results	12,506.18	6,298.97	(6,921.51)	11,883.64
	(10,009.03)	(4,570.93)	(-5,109.96)	(9,470.00)
Assets	74,799.75	54,217.12	25,541.32	154,558.19
	(72,697.33)	(35,687.33)	(41,520.13)	(149,904.79)
Liability	12,409.50	3,741.77	6,191.36	22,342.63
	(15,838.57)	(3,730.65)	(5,506.95)	(25,076.17)

₹ in Lacs

(ii) Particulars	Domestic	Export	Total
Revenue	12,080.35	40,845.33	52,925.68
	(6,496.58)	(43,326.18)	(49,822.76)
Total Assets	154,558.19	-	154,558.19
	(149,904.79)	(-)	(149,904.79)

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.

26.14 The Company has equity investments aggregating to ₹ 4,169.54 lacs (As at March 31, 2013 - ₹ 4,169.54 lacs) in Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited, a wholly owned subsidiary, and has advanced unsecured interest free loans to the subsidiary amounting to ₹ 7,169.36 lacs (As at March 31, 2013 - ₹ 5,849.86 lacs), as at March 31, 2014. The subsidiary has incurred net cash loss during the current year as well as during the previous year and net worth has been significantly eroded as at March 31, 2014. However, the Management of the Company has concluded that these losses are temporary in nature and that there is no decline in the carrying amount of this long term investment in the subsidiary and also that the loans outstanding from the subsidiary are good for recovery, taking into account the strategic nature of the investment, the future business plans which include enhancement of the type of products to be manufactured by the subsidiary and the projections of the subsidiary. Accordingly, no provision is considered necessary by the Management of the Company at this stage in respect of the aforesaid investment in and the loans outstanding from the subsidiary.

26.15 Employee benefit plans

a) Defined Benefit Plans

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the statement of profit and loss.

ii) The Company has an obligation towards gratuity, a defined benefit obligation. The Company makes lump sum payment to vested employees an amount based on 15 days last drawn basic salary including dearness allowance (if any) for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

I. Expenses recognized during the year

(₹ in lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March 2013
Current service cost	43.97	53.87
Interest Cost	31.68	32.15
Expected return on plan assets	-	(0.08)
Net actuarial losses (gains)	(5.21)	12.60
Total	**70.44**	**98.54**

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

(₹ in lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March 2013
Defined benefit obligation at beginning of the year	446.68	408.40
Service cost	43.97	53.87
Interest cost	31.68	32.15
Actuarial losses (gains)	(5.21)	12.60
Benefits paid	(111.20)	(60.34)
Defined benefit obligation at end of the year	405.92	446.68

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

(₹ in lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March 2013
Fair value of plan assets at beginning of the year	N. A.	1.52
Expected return on plan assets	N. A.	0.08
Actuarial gains and (losses)	N. A.	(0.02)
Contributions by employer	N. A.	59.25
Benefits paid	N. A.	(60.34)
Fair value of plan assets at year end	N. A.	0.49

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

(₹ in lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Present value of defined benefit obligations at the end of the year	405.92	446.68
Fair value of plan assets at the end of the year	-	0.49
Net liability at the end of year	(405.92)	(446.19)

V. Actuarial Assumptions

(₹ in lacs)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	9.10%	8.50%
Expected Return on plan assets (per annum)	Not Applicable	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.

VI . Experience History

(₹ in lacs)

Particulars	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
Present value of defined benefit obligations at the end of the year	405.92	446.68	408.40	395.89	300.49
Fair value of plan assets at the end of the year	-	0.49	1.52	0.54	1.24
Net liability at the end of year	405.92	446.19	406.88	395.35	299.25

b) Defined Contribution Plans.

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

₹ in lacs

Particulars	2013-14	2012-13
Employer's Contribution to Provident Fund	90.27	93.11
Employer's Contribution to Superannuation Fund	30.24	38.51

26.16 Related party transactions

a) Details of related parties

Description of relationship	Name of the related party
Subsidiary	Dishman USA Inc.
Subsidiary	Dishman Europe Ltd.
Subsidiary	Dishman International Trading (Shanghai) Co.Ltd.
Subsidiary	Dishman Switzerland Ltd.
Subsidiary	Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd.
Subsidiary	Dishman Pharma Solutia AG
Subsidiary	Dishman Australasia Pty Ltd.
Subsidiary	Carbogen Amcis (India) Ltd.
Subsidiary	Dishman Care Ltd.
Subsidiary	Dishman Middle East FZE
Step Down Subsidiary	Carbogen Amcis AG
Step Down Subsidiary	Cohecie Fine Chemicals B.V. (formerly known as Dishman Holland B.V)
Step Down Subsidiary	Dishman Netherlands B.V.
Step Down Subsidiary	Innovative Ozone Service Inc.
Joint venture	Dishman Arabia Ltd.
Joint venture	Schutz Dishman Biotech Ltd.
Joint venture	Dishman Japan Ltd.
Associate	Bhadra-Raj Holdings Pvt. Ltd.
Key Management Personnel (KMP)	Mr. Janmejay 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 as Karta	Mr. Janmejay R. Vyas HUF
Entities in which KMP / Relatives of KMP can exercise significant influence	B.R. Laboratories Ltd.
Entities in which KMP / Relatives of KMP can exercise significant influence	Azafran Innovacion Ltd.
Entities in which KMP / Relatives of KMP can exercise significant influence	Leon Hospitality Pvt. Ltd.
Entities in which KMP / Relatives of KMP can exercise significant influence	Dishman Infrastructure Ltd.

b) Details of related party transactions during the year ended on 31st March, 2014 and balances outstanding as at 31st March, 2014:

Particulars	Subsidiaries	Step Down Subsidiaries	Associates/ Joint Ventures	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Purchase of goods	-	19.36	18.57	-	-	51.48	89.41
	(19.09)	(-)	(18.80)	(-)	(-)	(168.51)	(206.40)
Sale of goods/Export of Services	31,130.57	3,185.62	2,170.51	-	-	0.12	36,486.82
	(30,840.65)	(3,524.28)	(103.11)	(-)	(-)	(-)	(34,468.04)
Purchase of fixed assets	-	-	-	-	-	-	-
	(55.85)	(-)	(-)	(-)	(-)	(-)	(55.85)
Rendering of services	-	-	-	-	-	-	-
	(3.22)	(-)	(-)	(-)	(-)	(2.05)	(5.27)
Receiving of services	-	-	-	6.66	6.06	-	12.72
	(55.94)	(-)	(-)	(6.23)	(5.66)	(-)	(67.83)
Interest Income	608.27	-	-	-	-	405.32	1,013.59
	(440.59)	(-)	(-)	(-)	(-)	(166.66)	(607.25)
Dividend Income	3,118.13	-	-	-	-	-	3,118.13
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Loan & Advances Given	188.20	-	10.00	-	-	-	198.20
	(479.11)	(-)	(-)	(-)	(-)	(-)	(479.11)
Repayment of Loans and Advances Given	211.14	-	-	-	-	-	211.14
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Loans and Advances Received	-	-	-	290.00	20.00	-	310.00
	(-)	(-)	(-)	(240.00)	(-)	(-)	(240.00)
Repayment of Loans and Advances Received	-	-	-	391.66	-	-	391.66
	(-)	(-)	(-)	(115.00)	(-)	(-)	(115.00)
Guarantees and collaterals given during the period	346.20	160.70	-	-	-	-	506.90
	(20.40)	(548.70)	(-)	(-)	(-)	(-)	(569.10)
Remuneration	-	-	-	840.90	35.45	-	876.35
	(-)	(-)	(-)	(749.00)	(35.45)	(-)	(784.45)
Dividend Paid	-	-	7.20	584.95	1.68	-	593.83
	(-)	(-)	(7.20)	(584.87)	(1.68)	(-)	(593.75)
Balances outstanding at the end of the year							
Receivables	11,248.33	201.16	221.58	-	-	0.08	11,671.15
	(5,438.72)	(515.02)	(3.93)	(-)	(-)	(-)	(5,957.67)
Guarantees and collaterals	16,353.43	5,552.38	-	-	-	-	21,905.81
	(20,434.88)	(5,391.68)	(-)	(-)	(-)	(-)	(25,826.56)
Loans and advances	9,553.10	-	11.30	(53.34)	(-20)	3,758.70	13,249.76
	(8,423.39)	(-)	(-)	(-.155.00)	(-)	(3,100.20)	(11,368.59)
Payables	2,372.38	1,053.29	30.74	-	-	(4.74)	3,451.67
	(3,944.82)	(1,520.87)	(15.69)	(-)	(-)	(163.51)	(5,644.89)

Note: Figures in bracket relates to the previous year

c) Disclosure in respect of material transactions with related parties

Particulars	Name of the related party	2013-14	2012-13
Purchase of goods	Schutz Dishman Biotech Ltd.	17.74	18.80
	Dishman Pharmaceuticals and Chemicals (Shanghai) Co. Ltd.	-	19.09
	Azafran Innovacion Ltd.	45.02	163.17
	Cohecie Fine Chemicals B.V.	19.36	-
	B. R. Laboratories Ltd.	6.46	5.34
Sale of goods/Export of Services	Dishman Europe Ltd.	23,285.91	21,093.24
	Carbogen Amcis AG	2,359.69	2,910.96
	Dishman USA Inc.	7,093.63	6,268.25
	Cohecie Fine Chemicals B.V.	798.63	611.96
	Dishman Austriasia Pty Ltd.	332.55	-
	Carbogen Amcis (India) Ltd.	120.01	298.76
	Dishman Japan Ltd.	2,064.21	2,920.61
	Schutz Dishman Biotech Ltd.	106.30	103.11
Purchase of Fixed Assets	Carbogen Amcis AG	-	55.85
Rendering of Services	Dishman Europe Ltd.	-	3.22
	B. R. Laboratories Ltd.	-	2.05
Receving of Services	Dishman USA Inc.	-	55.94
Interest Income	Carbogen Amcis (India) Ltd.	94.86	78.91
	Dishman Care Ltd.	22.84	21.67
	Dishman Pharmaceuticals and Chemicals (Shanghai) Co. Ltd.	490.57	340.00
	Dishman Infrastructure Ltd.	405.32	166.66
Dividend Income	Dishman Pharma Solutia AG	3,118.13	-
Loans and advances given	Dishman Pharmaceuticals and Chemicals (Shanghai) Co. Ltd.	188.20	479.11
Repayment of loans and advances given	Carbogen Amcis (India) Ltd.	100.00	-
	Dishman Austriasia Pty Ltd.	111.14	-
Loans and advances received	Mr. Janmejay R. Vyas	260.00	240.00
	Mr. Arpit J. Vyas	30.00	-
	Ms. Mansi J. Vyas	20.00	-
Repayment of loans and advance received	Mr. Janmejay R. Vyas	362.99	115.00

Particulars	Name of the related party	2013-14	2012-13
Guarantees and Collatorals given during the period	Dishman Europe Ltd.	346.20	20.40
	Dishman Netherlands B.V.	160.70	(548.70)
Dividends paid	Bhadra-Raj Holdings Pvt. Ltd.	7.20	7.20
	Mr. Janmejay R. Vyas	305.06	304.98
	Mrs. Deohooti J. Vyas	131.57	131.57
	Mr. Arpit J. Vyas	148.32	148.32
Remuneration	Mr. Janmejay R. Vyas	609.90	509.00
	Mrs. Deohooti J. Vyas	120.00	120.00
	Mr. Arpit J. Vyas	111.00	120.00

26.16 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 31st March, 2014					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Schutz Dishman Bio Tech Ltd., India	22.33%	387.27	137.58	405.48	355.18	-	-
	(22.33%)	(376.72)	(166.23)	(363.51)	(354.91)	(-)	(-)
Dishman Arabia Ltd., Saudi Arabia	50.00%	995.68	50.29	-	-	-	-
	(50.00%)	(995.68)	(50.29)	(-)	(-)	(-)	(-)
Dishman Japan Ltd., Japan	85.00%	321.29	468.76	2,868.35	2,832.84	-	-
	(85.00%)	(925.73)	(889.94)	(3,168.35)	(3,182.48)	(-)	(-)

Note: Figures in brackets relate to the previous year.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Tushar D. Shah
Company Secretary

Rajashekhar Bhat
Global CFO

Ahmedabad
Date : 28-May-2014

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, associate and jointly controlled entities (the Company, its subsidiaries, associate and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, 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 qualified audit opinion.

Basis for Qualified Opinion

In respect of an overseas subsidiary the auditors have qualified their report in respect of the following matters:

1. The Company has not accounted for employees's pension benefits amounting to ₹ 5287.75 lacs (net of tax ₹ 1305.45 lacs) for the reasons mentioned in note 26.7 to the financial statements. This would not be in compliance with the requirements of Accounting Standard (AS) 15 – Employee Benefits, which requires pension plans to be treated as defined benefit obligations and the liabilities to be recorded using actuarial valuation methods as prescribed in the said Accounting Standard.

2. The Company has not provided for asset retirement obligations aggregating to ₹ 5156.25 lacs and its corresponding depreciation amounting to ₹ 1916.97 lacs (net of tax ₹ 473.27 lacs) related to its leased assets. This would not be in compliance with the requirements of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets.

Had the aforesaid amount of actuarial loss on employee benefit plan and asset retirement obligation been accounted for in the books of account,

(i) the profit as at 31st March, 2014 would have been ₹ 3,722.50 lacs (Previous year ended 31st March, 2013: ₹10,029.39 lacs) as against the reported figure of ₹ 10,927.22 lacs (Previous year ended 31st March, 2013: ₹ 10,029.39 lacs),

(ii) long term provision for employee benefits would have been ₹ 11,662.71 lacs (Previous year ended 31st March, 2013: ₹ 4,277.70 lacs) as against the reported figure of ₹ 6,374.96 lacs (Previous year ended 31st March, 2013: ₹ 4,277.70lacs),

(iii) tangible fixed assets would have been ₹ 128,543.31 lacs (Previous year ended 31st March 2013: ₹ 114,566.12 lacs) as against the reported figure of ₹ 125,777.30 lacs (Previous year ended 31st March, 2013: ₹114,566.12 lacs),

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associate 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, 2014;

(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 informations of subsidiaries, associate and jointly controlled entities, whose financial informations reflect total assets (net) of ₹ 136,357.72 lacs, as at 31st March, 2014, total revenues of ₹ 126,858.95 lacs, and net cash inflows amounting to ₹ 981.86 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 these subsidiaries, jointly controlled entities and associates is based solely on the reports of the other auditor.

The consolidated financial statements includes the financial information a jointly controlled entity which have not been audited by their auditors, whose financial information reflect total assets (net) of ₹ 837.54 lacs as at 31st March, 2014, total revenue of ₹ Nil and net cash outflow amounting to ₹ 0.20 lacs, as considered in the consolidated financial statements. This financial information have been certified by the Management of the Company and, our report on the consolidated financial statement, in so far as it relates to the amounts included in respect of this entity, is based solely on such certified financial information. Any adjustment to this financial information could have consequential effects on the attached consolidated financial statement. However, the size of this entity in the context of the Group is not material.

Our report is not qualified in respect of these matters.

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

Kartikeya Raval
Partner
(Membership No. 106189)

AHMEDABAD, May 28, 2014

Consolidated Balance Sheet
as at 31st March, 2014

₹ in lacs

Particulars			Note	As at 31st March, 2014	As at 31st March, 2013
A	**EQUITY AND LIABILITIES**				
1	**Shareholders' funds**				
	(a)	Share capital	3	1,613.94	1,613.94
	(b)	Reserves and surplus	4	116,106.52	101,466.32
				117,720.46	103,080.26
2	**Share application money pending allotment**			405.16	368.12
3	**Non-current liabilities**				
	(a)	Long-term borrowings	5	37,980.88	43,363.48
	(b)	Deferred tax liabilities (net)	26.6	6,769.04	5,801.76
	(c)	Other long-term liabilities	6	7.35	953.42
	(d)	Long-term provisions	7	6,374.96	4,277.70
				51,132.23	54,396.36
4	**Current liabilities**				
	(a)	Short-term borrowings	8	31,688.70	33,059.52
	(b)	Trade payables	9	9,286.65	10,555.03
	(c)	Other current liabilities	10	39,920.10	23,692.92
	(d)	Short-term provisions	11	5,266.64	3,958.95
				86,162.09	71,266.42
	TOTAL			**255,419.94**	**229,111.16**
B	**ASSETS**				
1	**Non-current assets**				
	(a)	Fixed assets			
		(i) Tangible assets	12.A	125,777.30	114,566.12
		(ii) Intangible assets	12.B	23,509.69	21,491.79
		(iii) Capital work-in-progress		7,885.36	9,736.08
				157,172.35	145,793.99
	(b)	Goodwill on Consolidation		1,229.54	1,229.54
	(c)	Non-current investments	13	2,491.23	2,491.23
	(d)	Long-term loans and advances	14	18,234.68	11,986.35
	(e)	Other non-current assets	15	245.61	279.74
				22,201.06	15,986.86
2	**Current assets**				
	(a)	Inventories	16	42,325.54	33,826.97
	(b)	Trade receivables	17	8,218.97	7,290.97
	(c)	Cash and cash equivalents	18	3,529.00	2,100.20
	(d)	Short-term loans and advances	19	21,973.02	24,112.17
				76,046.53	67,330.31
	TOTAL			**255,419.94**	**229,111.16**
	See accompanying notes forming part of the consolidated financial statements		1 to 26		

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
Company Secretary

Ahmedabad
Date : 28-May-2014

Consolidated Statement of Profit and Loss
for the year ended 31st March, 2014

₹ in lacs

	Particulars		Note	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	**Revenue from operations (gross)**		20	139,079.93	127,779.97
	Less: Excise duty			547.93	557.80
	Net Revenue from operations			**138,532.00**	**127,222.17**
2	**Other income**		21	2,491.30	1,781.90
3	**Total revenue (1+2)**			**141,023.30**	**129,004.07**
4	**Expenses**				
	(a)	Cost of materials consumed	22.a	39,594.34	40,920.13
	(b)	Purchases of stock-in-trade (traded goods)	22.b	516.09	1,685.76
	(c)	Changes in inventories of finished goods and work-in-progress	22.c	(2,775.74)	(5,021.04)
	(d)	Employee benefits expense	23	41,233.36	35,091.16
	(e)	Finance costs	24	9,205.37	7,882.09
	(f)	Depreciation and amortisation expense	12.C	10,856.23	8,383.82
	(g)	Other expenses	25	26,753.42	25,533.73
	Total expenses			**125,383.07**	**114,475.65**
5	**Profit before tax (3-4)**			**15,640.23**	**14,528.42**
6	**Tax expense**				
	(a)	Current tax expense		4,112.11	2,887.52
	(b)	(Less) :- MAT credit		(345.87)	(183.34)
	(c)	Net current tax expense		3,766.24	2,704.18
	(d)	Deferred tax		946.76	1,794.85
				4,713.00	**4,499.03**
7	**Profit for the year (5 - 6)**			**10,927.22**	**10,029.39**
8	**Earnings per share (of ₹ 2.00/- each)**				
	(a)	Basic	26.5	13.54	12.43
	(b)	Diluted	26.5	13.54	12.43
	See accompanying notes forming part of the consolidated financial statements		1 to 26		

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
Company Secretary

Ahmedabad
Date : 28-May-2014

Consolidated Cash Flow Statement
for the year ended 31st March, 2014

₹ in lacs

Particulars		2013-14	2012-13
A.	**Cash Flow from Operating Activities**		
	Net Profit Before Tax	15,640.23	14,528.42
	Adjustment for :		
	Depreciation and Amortization	10,856.23	8,383.82
	Unrealised Foreign Exchange (Gain)	(830.17)	(1,317.63)
	Interest Expenses	9,205.37	7,882.09
	Interest Income	(2,016.08)	(1,532.58)
	Dividend Income	(471.51)	(0.23)
	Loss /(Gain) on Sale of Fixed Assets (Net)	23.26	236.80
	Provision for doubtful debts and advances	200.00	610.17
	Foreign Currency Translation Difference	5225.54	1305.55
		22,192.64	15,567.99
	Operating Profit before Working capital Changes	37,832.87	30,096.41
	Adjustment for (Increase) / Decrease in Working Capital :		
	Trade Receivables	(1,768.19)	11,417.93
	Inventories	(8,498.57)	(7,120.73)
	Loans and Advances	1,849.09	(2,332.64)
	Trade Payables and Provisions	8,075.09	(13,639.18)
		(342.58)	(11,674.62)
	Cash Generated From Operations	37,490.29	18,421.79
	Net income tax (paid)	(3,040.06)	(1,907.59)
	Net Cash flow From Operating Activities	**34,450.23**	**16,514.20**
B.	**Cash Flow from Investing Activities :**		
	Purchase of Fixed Assets	(29,920.04)	(13,878.98)
	Sale of Fixed Assets	1,078.36	427.66
	Share Application Money	500.00	139.20
	Share Application Money Pending Allotment	37.04	(184.12)
	Dividend Received	471.51	0.23
	Loans and Advances Given to related parties(Net)	201.78	160.28
	Interest Received	2,016.08	1,532.58
	Balance Held as Margin Money	(64.54)	74.90
	Net Cash used in Investing Activities	**(25,679.81)**	**(11,728.25)**

Consolidated Cash Flow Statement (Contd.)
for the year ended 31st March, 2014

₹ in lacs

Particulars	2013-14	2012-13
C. Cash Flow from Financing Activities :		
Repayment of long term borrowing	(8,939.73)	(10,399.00)
Proceeds from long term borrowing	12,959.64	4,644.21
Proceeds/ (Repayment) from Short Term Loans	(1,370.83)	9,702.73
Interest Paid	(8,929.78)	(7,837.42)
Dividend Paid	(968.37)	(968.37)
Dividend Tax Paid	(157.09)	(157.09)
Net Cash used in Financing Activities	**(7,406.16)**	**(5,014.94)**
Net changes in Cash & Cash Equivalents (A+B+C)	**1,364.26**	**(228.99)**
Cash and Cash Equivalents as at 1st April (Opening Balance)	1,713.82	1,942.81
Cash and Cash Equivalents as at 31st March (Closing Balance)	3,078.08	1,713.82
Reconciliation of Cash and Cash Equivalents with the balance sheet		
Cash and cash equivalent (Note No. 18)	3,529.00	2,100.20
Balance held as margin money	450.92	386.38
Cash and cash equivalent (As per cash flow statement)	3,078.08	1,713.82

Notes:

1. The cash flow statement has been prepared under the `Indirect method` set out in Accounting Standard 3 `Cash Flow Statements` prescribed under Companies (Accounting Standard) Rules, 2006.
2. Previous year`s figures have been regrouped wherever necessary, to confirm to this year`s classifications.

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
Company Secretary

Ahmedabad
Date : 28-May-2014

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 26.1 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 associate 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) 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, 2014, except for certain subsidiaries and a joint venture company (as indicated by # in Note 26.1) 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, 2013.

2 Other Significant Accounting Policies

a) These are set out under "Significant Accounting Policies" as given in the standalone financial statements of the Company.

3 Share capital

Particulars	As at 31st March, 2014 Number of shares	As at 31st March, 2014 ₹ in lacs	As at 31st March, 2013 Number of shares	As at 31st March, 2013 ₹ 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
	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**

4 Reserves and surplus

₹ in lacs

	Particulars	As at 31st March, 2014	As at 31st March, 2013
(a)	Securities premium account		
	Balance as per last Balance Sheet	24,755.20	24,755.20
(b)	Debenture redemption reserve		
	Opening balance	3,750.00	3,125.00
	Add: Additions during the year		
	Transferred from surplus in statement of profit and loss	-	625.00
	Less : Utilised / transfer during the year	375.00	-
	Closing balance	3,375.00	3,750.00
(c)	Revaluation reserve		
	Opening balance	534.21	535.05
	Less: Utilised for set off against depreciation	1.67	0.84
	Closing balance	532.54	534.21
(d)	General reserve		
	Opening balance	32,081.87	31,281.87
	Add: Transferred from debenture redemption reserve	375.00	
	Add: Transferred from surplus in statement of profit and loss	1,500.00	800.00
	Closing balance	33,956.87	32,081.87
(e)	Foreign currency monetary item translation Difference		-
	Opening balance	(143.30)	(131.22)
	Add/(Less): Effect of foreign exchange rate variation during the year	390.61	(61.30)
	Add/(Less): Amortisation for the year	(768.60)	49.22
	Closing balance	(521.29)	(143.30)
(f)	Foreign currency translation reserve		
	Opening balance	6,668.46	5,362.91
	Add : Effect of foreign exchange rate variations during the year	5,225.58	1,305.55
	Closing balance	11,894.04	6,668.46
(g)	Surplus in statement of profit and loss		
	Opening balance	33,819.88	26,340.95
	Add: Profit for the year	10,927.22	10,029.39
	Less: Dividend		
	Dividends proposed to be distributed to equity shareholders (₹1.20 per share)	968.37	968.37
	Tax on dividend	164.57	157.09
	Transferred to:		
	General reserve	1,500.00	800.00
	Debenture redemption reserve	-	625.00
	Closing balance	42,114.16	33,819.88
	Total	**116,106.52**	**101,466.32**

5 Long-term borrowings

₹ in lacs

Particulars		As at 31st March, 2014	As at 31st March, 2013
(a) Redeemable Non-Convertible Debentures			
Secured	See Note (i)	8,250.00	13,500.00
		8,250.00	13,500.00
(b) Term loans			
(i) From banks			
Secured	See Note (ii)	23,810.38	23,172.85
		23,810.38	23,172.85
(ii) From other parties			
Secured	See Note (iii)	4,837.27	5,636.77
Unsecured	See Note (iii)	967.46	967.47
		5,804.73	6,604.24
(c) Long-term maturities of Hire purchase obligations			
Secured	See Note (iv)	115.77	86.39
		115.77	86.39
Total		**37,980.88**	**43,363.48**

₹ in lacs

Particulars	Terms of repayment and security	As at 31st March, 2014	As at 31st March, 2013
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.	4,500.00	6,000.00
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.	3,750.00	7,500.00
		8,250.00	**13,500.00**

₹ in lacs

Particulars Note (ii)	Terms of repayment and security	As at 31st March, 2014	As at 31st March, 2013
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 paripassu 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
Bank Of Maharashtra	The Term Loan is secured by first paripassu 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 ₹ 125.00 Lacs ending on March, 2014.	1,765.00	2,185.00
Exim Bank	Secured Term Loan is secured by first paripassu 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 installment of ₹ 250.00 lacs every quarter starting from February, 2014 ending on August, 2018.	2,500.00	3,500.00
Corporation Bank	The Term Loan is secured by first pari-passu charge on the fixed assets of the company's fixed assets including mortgage over land & building and hypothecation of plant & machinery located at Bavla and second pari-passu charge on current assets of the company, Repayments Quarterly installment of ₹ 62.50 Lacs ending on March, 2018	750.00	-
State bank of India	The Term Loan is secured by first paripassu charge on the fixed assets of the company's fixed assets including mortgage over land & building and hypothecation of plant & machinery located at Bavla and second pari-passu charge on current assets of the company, Repayable in Quarterly installment of ₹ 93.75 Lacs ending on March, 2018	1,125.00	-
Development Bank of Singapore	The Term Loan is secured by first paripassu 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 ₹ 336.88 lacs starting from May 2012 ending on May, 2015.	336.88	1,526.63
Indiabulls Housing Finance	The Term Loan is secured by Charge on Dishman House, besides Hira Rupa Hall, Bopal Ahmedabad Repayable in monthly structured installment ending on April 2019.	1,768.55	-
Bank of India	The Term Loan is secured by first paripassu charge on the fixed assets of the company's fixed assets including mortgage over land & building and hypothecation of plant & machinery located at Bavla and second pari-passu charge on current assets of the company, Quarterly installment of ₹ 51.88 Lacs ending on December, 2018	778.13	-

₹ in lacs

Particulars	Terms of repayment and security	Balance As at 31st March, 2014	Balance As at 31st March, 2013
Bank of Baroda	The Term Loan is secured by first pari-passu charge on the fixed assets of the company's fixed assets including mortgage over land & building and hypothecation of plant & machinery located at Bavla and second pari-passu charge on current assets of the company, Repayment in quarterly installments of ₹ 97.50 Lacs ending on March, 2017	780.00	-
ICICI Bank UK, Plc , Franfurt 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, Franfurt Branch as security against loan availed by its subsidiary company, Dishman Pharma Solutions,AG. The term loan is repayable in equal quarterly installments of ₹ 1065.58 lacs starting from July, 2012 ending on June, 2016.	6,841.13	10,117.42
Royal Bank of Scotland (formerly known as ABN AMRO Bank N.V.)	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 October, 2017	4,562.83	2,608.87
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 January, 2013 and ending on January, 2016.	2,602.86	3,190.80
Total		**23,810.38**	**23,172.85**
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 ₹ 691.04 lacs starting from May, 2012 and ending on May, 2018.	4,837.27	5,636.77
Life Insurance Corporation of India	Unsecured loans availed on the Keyman insurance policies of the key personnel of the Company	967.46	967.47
Total		**5,804.73**	**6,604.24**
Note (iv)			
ICICI Bank Ltd.	Hire Purchase Finances are secured by hypothecation of respective assets	105.17	81.35
HDFC Bank Ltd.	Hire Purchase Finances are secured by hypothecation of respective assets	10.60	5.04
		115.77	**86.39**
Total		**37,980.88**	**43,363.48**

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

6 Other long-term liabilities

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Others:		
(a) Payables on purchase of fixed assets	7.35	556.77
(b) Others	-	**396.65**
Total	**7.35**	**953.42**

7 Long-term provisions

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits:		
(a) Provision for compensated absences	112.49	123.49
(b) Provision for gratuity (net)	6,262.47	4,154.21
Total	**6,374.96**	**4,277.70**

8 Short-term borrowings

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Loans repayable on demand		
From banks:		
Secured	26,247.44	22,031.86
Unsecured	1,559.52	127.78
	27,806.96	22,159.64
(b) Short Term Loans from Banks		
Secured	1,498.00	1,486.92
Unsecured	10.40	8,627.96
	1,508.40	10,114.88
(c) Short Term Loans from Directors		
Unsecured	73.34	-
	73.34	-
(d) Short Term Loans from Others		
Unsecured	2,300.00	785.00
	2,300.00	785.00
Total	**31,688.70**	**33,059.52**

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

₹ in lacs

Particulars	Nature of security	As at 31st March, 2014	As at 31st March, 2013
Loans repayable on demand from banks:			
Corporation Bank	Hypothecation of Inventories, collateral security of book debts, first charge on Company's fixed asset at Naroda DTA plant located at Plot No. 1216/12, 1216/20 to 23, Pharse IV, and Plot No. 67, Phase I ,GIDC Estate, Naroda , Ahmedabad unit and second charge on fixed asset at Bavla.	2,400.42	2,562.58
Bank Of Baroda		2,727.13	3,164.37
Bank Of India		3,316.38	1,674.49
State Bank Of India		3,881.88	3,803.69
Nat west Bank	Hypothecation of inventories, collateral security of book debts of Dishman Europe Ltd.	-	2,064.35

₹ in lacs

Particulars	Nature of security	As at 31st March, 2014	As at 31st March, 2013
Society Generale bank	Unsecured	1,458.24	-
HDFC Bank	Unsecured	101.28	127.78
ABN Amro	Mortgage of all Land and Buildings and Investment Property, pledge on all Inventories, pledge on trade receiviables, pledge on plant & equipments of Dishman Netherlands BV	4,030.22	3,447.43
Credit Suisse Bank	Hypothecation of Inventories, collateral security of book debts, Negative Pledge of fixed assets of Carbogen Amcis AG.	8,631.18	5,314.95
Bank of China	Hypothecation of Inventories, Collateral security of book debts,first change on Company's fixed asset at Dishman Pharmaceuticals & Chemical (Shanghai) Co. Ltd.	1,260.23	-
Total		**27,806.96**	**22,159.64**
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.	1,498.00	1,486.92
ICICI Bank	Unsecured	-	6,820.11
HDFC Bank	Unsecured	-	800.00
Bank Of India	Unsecured	-	1,000.00
Axis bank -OD Account	Unsecured	10.40	7.85
Total		**10.40**	**8,627.96**
Short Term Loans from Directors and Relatives			
Mr. Janmejay R Vyas	Unsecured	23.34	-
Mr. Arpit J. Vyas	Unsecured	30.00	-
Mis. Mansi J. Vyas	Unsecured	20.00	-
Total		**73.34**	**-**
Short Term Loans from Others			
Krone Finstock Pvt. Ltd.	Unsecured	135.00	300.00
Ravisha Financial Services Pvt. Ltd.	Unsecured	165.00	485.00
Religare Finvest Ltd.	Unsecured	500.00	-
STCI Finance Ltd.	Unsecured	1,500.00	-
Total		**2,300.00**	**785.00**

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

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Loans repayable on demand from banks	101.00	127.78
Short Term Loans from Banks	-	800.00
Short Term Loans from Others	165.00	485.00

9 Trade payables

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade payables:		
Other than Acceptances	9,286.65	10,555.03
Total	**9,286.65**	**10,555.03**

10 Other current liabilities

₹ in lacs

Particulars		As at 31st March, 2014	As at 31st March, 2013
(a) Current maturities of long-term debt	See Note (i)	18,342.24	8,939.76
(b) Interest accrued but not due on borrowings		947.72	366.93
(c) Interest accrued and due on borrowings		83.05	388.25
(d) Unpaid dividends		6.40	4.57
(e) Other payables			
(i) Statutory remittances		1,581.44	582.82
(ii) Advances from customers		11,947.02	8,656.20
(iii) Provision for Directors Remuneration		276.06	454.54
(iv) Employee related provisions		1,719.11	748.48
(v) Others		5,017.06	3,551.37
Total		**39,920.10**	**23,692.92**

₹ in lacs

Particulars	Terms of repayment and security	As at 31st March, 2014	As at 31st March, 2013
Note (i):-			
(a) Secured Loans from others	Refer Notes (i), (ii), (iii) and (iv) in Note 5 - Long-term borrowings for details of security and guarantee.	18,316.90	8,758.88
		18,316.90	8,758.88
(b) Loans and advances from related parties (Refer Note 26.10)			
Unsecured		25.34	180.88
		25.34	180.88
Total		**18,342.24**	**8,939.76**

11 Short-term provisions

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Provision for employee benefits:		
(i) Provision for compensated absences	1,272.54	1,102.81
(ii) Provision for gratuity (net)	524.29	465.86
	1,796.83	1,568.67
(b) Provision - Others:		
(i) Provision for tax	2,336.87	1,264.82
(ii) Provision for proposed equity dividend	968.37	968.37
(iii) Provision for tax on proposed dividends	164.57	157.09
	3,469.81	2,390.28
Total	**5,266.64**	**3,958.95**

12 Fixed assets

₹ in lacs

	Gross block					Accumulated depreciation					Net block	
	Balance as at 1 April, 2013	Additions	Disposals/ Adjustment	Effect of foreign currency exchange differences	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depre-ciation expense for the year	Eliminated on disposal of assets/ Adjustments	Effect of foreign currency exchange differences	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
A. Tangible assets												
(a) Land												
Freehold	2,506.24	75.83		308.77	2,890.84	-				-	2,890.84	2,506.24
Leasehold	10,778.01				10,778.01	-				-	10,778.01	10,778.01
(b) Buildings												
Own use	31,715.66	2,529.47	0.01	3,541.85	37,786.97	6,177.54	1,604.25		809.86	8,591.65	29,195.32	25,538.12
(c) Plant and Equipment												
Owned	94,719.28	9,358.09	159.49	6,980.69	110,898.57	30,197.42	7,368.76	28.01	3,011.69	40,549.86	70,348.71	64,521.86
(d) Furniture and Fixtures												
Owned	1,554.12	661.78	22.28	84.43	2,278.05	744.44	100.94	18.79	47.81	874.40	1,403.65	809.68
(e) Vehicles												
Owned	1,193.67	57.45	36.42	25.32	1,240.02	500.70	121.98	10.13	10.63	623.18	616.84	692.97
(f) Office equipment & Computer & Printers												
Owned	2,748.01	618.63	11.97	315.55	3,670.22	2,337.18	171.13	13.63	284.53	2,779.21	891.01	410.83
(g) Electric Installations												
Owned	6,190.13	249.94			6,440.07	1,217.89	294.58	-	-	1,512.47	4,927.60	4,972.24
(h) Laboratory Equipments												
Owned	9,402.03	230.47	17.00	1,128.95	10,744.45	5,065.86	269.79	15.27	698.75	6,019.13	4,725.32	4,336.17
Total Tangible Assets (A)	**160,807.15**	**13,781.66**	**247.17**	**12,385.56**	**186,727.20**	**46,241.03**	**9,931.43**	**85.83**	**4,863.27**	**60,949.90**	**125,777.30**	**114,566.12**
B. Intangible assets												
(a) Goodwill	19,867.51	-	0.22	3,607.86	23,475.15	264.06	49.93	-	50.33	364.32	23,110.83	19,603.45
(b) Brands / trademarks	2,344.40	7.89	-	427.58	2,779.87	2,328.98		14.42	424.77	2,739.33	40.54	15.42
(c) Computer software	2,203.91		17.34	326.60	2,513.17	1,797.80	248.55	-	280.66	2,327.01	186.16	406.11
(d) Copyrights, patents and other intellectual property rights, services and operating rights	3,228.13	38.12	1,070.31	393.92	2,589.86	1,761.32	627.99	133.17	161.56	2,417.70	172.16	1,466.81
Total Intangible Assets (B)	**27,643.95**	**46.01**	**1,087.87**	**4,755.96**	**31,358.05**	**6,152.16**	**926.47**	**147.59**	**917.32**	**7,848.36**	**23,509.69**	**21,491.79**
Total Fixed Assets (A+B)	**188,451.10**	**13,827.67**	**1,335.04**	**17,141.52**	**218,085.25**	**52,393.19**	**10,857.90**	**233.42**	**5,780.59**	**68,798.26**	**149,286.99**	**136,057.91**
Previous year	**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**	

C. Depreciation and amortisation:

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2014
Depreciation and amortisation for the year on tangible assets as per Note 12 A	9,931.43	7,820.67
Depreciation and amortisation for the year on intangible assets as per Note 12 B	926.47	563.99
Less: Utilised from revaluation reserve	1.67	0.84
Depreciation and amortisation	**10,856.23**	**8,383.82**

Notes:

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

₹ in lacs

Particulars	Gross block		Net block	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
Cars	413.30	279.81	238.01	231.44
Staff Bus	33.07	150.33	29.28	113.99

(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 ₹ Nil lacs)

(b) Loss of ₹ Nil lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities. (Previous year Loss ₹ 399.75 lacs)

13 Non-current investments

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	No. of Shares		Total	No. of Shares		Total
	Quoted	Unquoted	₹ in lacs	Quoted	Unquoted	₹ in lacs
Investments (At cost):						
Other investments						
Investment in equity instruments						
(a) of associate (Trade)						
Bhadr-Raj Holdings Pvt. Ltd. (Face value of ₹ 10/- each fully paid up)		4,000	0.40		4,000	0.40
(b) of other entities (Non-Trade)						
Nutan Nagrik Sahkari Bank Ltd. (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
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

Particulars	As at 31st March, 2014			As at 31st March, 2013		
	No. of Shares		Total	No. of Shares		Total
	Quoted	Unquoted	₹ in lacs	Quoted	Unquoted	₹ in lacs
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**			**2,491.23**
Aggregate amount of quoted investments			0.95			0.95
Aggregate market value of listed and quoted investments			4.81			6.35
Aggregate amount of unquoted investments			2,490.28			2,490.28

14 Long-term loans and advances

₹ in lacs

Particulars		As at 31st March, 2014	As at 31st March, 2013
(a)	Capital advances		
	Unsecured, considered good	8,825.69	3,189.61
	Doubtful	1,120.53	920.53
		9,946.22	4,110.14
	Less: Provision for doubtful advances	1,120.53	920.53
		8,825.69	3,189.61
(b)	Security deposits		
	Unsecured, considered good	364.82	330.53
		364.82	330.53
(c)	Loans and advances to related parties		
	Unsecured, considered good	3,758.69	3,262.49
		3,758.69	3,262.49
(d)	MAT credit entitlement - Unsecured, considered good	2,633.12	2,286.98
(e)	Balances with government authorities		
	VAT credit receivable		
	Unsecured, considered good	2,652.36	2,916.74
Total		**18,234.68**	**11,986.35**

15 Other non-current assets

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Others		
Insurance claims	245.61	279.74
Total	**245.61**	**279.74**

16 Inventories

(At lower of cost and net realizable value)

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Raw materials	14,677.44	10,269.48
Goods-in-transit	434.26	722.61
	15,111.70	10,992.09
(b) Work-in-progress	11,222.28	12,529.10
(c) Finished goods	12,235.98	8,153.42
(d) Stores and spares	3,755.58	2,152.36
Total	**42,325.54**	**33,826.97**

17 Trade receivables

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	1,027.20	430.24
Doubtful	388.14	326.12
	1,415.34	756.36
Less: Provision for doubtful trade receivables	388.14	326.12
	1,027.20	430.24
Other Trade receivables		
Unsecured, considered good	7,191.77	6,860.73
	7,191.77	6,860.73
Total	**8,218.97**	**7,290.97**

18 Cash and cash equivalents

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Cash on hand	23.19	11.24
(b) Balances with banks		
(i) In current accounts	2,925.63	1,641.12
(ii) In EEFC accounts	122.89	56.91
(iii) In earmarked accounts:		
- Unpaid dividend accounts	6.37	4.55
- Balances held as margin money or security against borrowings, guarantees and other commitments (Refer Note below)	450.92	386.38
Total	**3,529.00**	**2,100.20**

Note:
Balances with banks include margin monies amounting to ₹ 399.56 lacs (As at 31st March, 2013 ₹ 312.03 lacs) which have an original maturity of more than 12 months.

19 Short-term loans and advances

₹ in lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(a) Security deposits		
Unsecured, considered good	37.53	124.53
	37.53	124.53
(b) Loans and advances to employees		
Unsecured, considered good	86.82	18.19
	86.82	18.19
(c) Prepaid expenses - Unsecured, considered good	3413.56	1,273.00
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	850.18	299.67
(ii) Service Tax credit receivable	692.79	473.15
(e) Share Application pending allotment	-	500.00
(f) Other Loans & Advances		
Unsecured, considered good	16892.14	21,423.63
Doubtful	184.00	184.00
	17076.14	21,607.63
Less: Provision for other doubtful loans and advances	184.00	184.00
	16892.14	21,423.63
Total	**21,973.02**	**24,112.17**

20 Revenue from operations (gross)

₹ in lacs

	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a)	Sale of products (Refer Note (i) below)	132,958.49	119,158.88
(b)	Sale of services (Refer Note (ii) below)	4,913.18	8,155.59
(c)	Other operating revenues (Refer Note (iii) below)	1,208.26	465.50
		139,079.93	127,779.97
	Less:		
(d)	Excise duty	547.93	557.80
Total		**138,532.00**	**127,222.17**

₹ in lacs

Note	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(i)	Sale of products comprises :		
	Sales of Manufactured Goods	132,024.05	118,142.54
	Sale of Traded Goods	934.44	1,016.34
	Total	**132,958.49**	**119,158.88**
(ii)	Sale of services comprises :		
	Sales Commission	3,755.34	1,790.91
	Export Services	1,157.84	6,364.68
	Total	**4,913.18**	**8,155.59**
(iii)	Other operating revenues comprises:		
	Sale of scrap	27.53	16.80
	Export Incentive	(0.38)	8.90
	Net gain on foreign currency transactions and translation (other than considered as finance cost)	940.06	-
	Others	169.84	358.20
	Income from Travel Business	71.21	81.60
	Total	**1,208.26**	**465.50**

21 Other income

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a) Interest income (Refer Note below)	2,016.08	1,532.58
(b) Dividend income from long term investments :	471.51	0.23
(c) Net gain on sale of Fixed Assets	-	245.02
(d) Miscellaneous Income	3.71	4.07
Total	**2,491.30**	**1,781.90**

₹ in lacs

Note Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Interest income comprises		
(a) Interest from banks on deposits	140.31	37.40
(b) Interest on loans and advances given to others	1,843.46	1,494.68
(c) Other interest	32.31	0.50
Total	**2,016.08**	**1,532.58**

22.a Cost of materials consumed

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Opening stock	10,992.09	10,553.91
Add: Purchases	43,713.95	41,358.31
	54,706.04	51,912.22
Less: Closing stock	15,111.70	10,992.09
Total	**39,594.34**	**40,920.13**

22.b Purchase of Stock-in-trade (traded goods)

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Purchase of Stock-in-trade (traded goods)	516.09	1,685.76

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

₹ in lacs

	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a)	Inventories at the end of the year:		
	Finished goods	12,235.98	8,153.42
	Work-in-progress	11,222.28	12,529.10
		23,458.26	20,682.52
(b)	Inventories at the beginning 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
	Net (increase)	**(2,775.74)**	**(5,021.04)**

23 Employee benefits expense

₹ in lacs

	Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a)	Salaries and wages	34,867.90	30,542.56
(b)	Contributions to provident and other funds	5,643.44	3,926.92
(c)	Staff welfare expenses	722.02	621.68
	Total	**41,233.36**	**35,091.16**

24 Finance costs

₹ in lacs

Particulars		For the year ended 31st March, 2014	For the year ended 31st March, 2013
(a)	Interest expense on borrowings	7,070.14	7,280.36
(b)	Other borrowing costs	824.69	490.60
(c)	Net loss on foreign currency transactions (considered as finance cost)	1,310.54	111.13
Total		**9,205.37**	**7,882.09**

25 Other expenses

₹ in lacs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Consumption of stores and spare parts	98.56	124.75
Excise duty	7.18	0.39
Other Manufacturing Exp.	376.18	300.20
Power and fuel	4,583.65	5,044.86
Research & Development Expenses	114.99	27.08
Laboratory Expenses	323.16	274.87
ETP Expenses	292.73	252.20
Rent including lease rentals	4,498.77	3,830.03
Repairs and maintenance: Buildings	1,295.60	864.28
Repairs and maintenance: Machinery	3,439.17	3,529.82
Repairs and maintenance - Others	1,111.05	438.45
Insurance	823.44	813.82
Communication	475.63	380.57
Travelling and conveyance	2,161.75	1,860.94
Printing and stationery	154.31	92.37
Freight and forwarding	1,938.92	1,640.65
Sales commission	400.07	186.80
Business promotion	934.18	1,107.13
Donations and contributions	58.02	101.46
Legal and professional	1,585.70	1,284.17
Payments to auditors (Refer Note (i) below)	191.24	150.35
Bad debt and other receivables, loans and advances written off	438.28	79.37
Membership & Subscription	243.12	70.80
ECGC Premium	41.83	29.55
Office Electricity	136.48	25.73
Recruitment Expenses	103.24	3.25
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	810.21
Loss on fixed assets sold / scrapped / written off	23.26	8.22
Provision for debt and other receivables, loans and advances (net)	200.00	610.17
Prior period items (net) (Refer Note (ii) below)	10.56	3.09
Miscellaneous expenses	692.35	1,588.15
Total	**26,753.42**	**25,533.73**

Note Particulars			For the year ended 31st March, 2014	For the year ended 31st March, 2013
(i)	Payments to the auditors comprises (net of service tax input credit, where applicable):			
	(a)	To Statutory auditor (#Include audit fees to auditor of subsidiaries, joint ventures and Associate)		
		For audit	174.79	143.67
		For taxation matters	-	1.54
		For company law matters	-	0.94
		For management services	-	4.04
		For other services	1.95	-
		Reimbursement of expenses	0.11	-
	(b)	To tax auditor for tax audit	14.39	0.16
	Total		**191.24**	**150.35**
(ii)	Details of Prior period items (net:)			
	Document & Processing Charges		9.72	-
	Freight Inward		0.22	1.13
	Other Expenses		0.62	0.91
	Travelling Expenses		-	1.05
	Total		**10.56**	**3.09**

26 Notes to Consolidated Financial Statements

26.1 The subsidiaries considered in the consolidated financial statement as at 31st March 2014 are:

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

* Through Dishman Europe Ltd.
^ Through Dishman Pharma Solutions AG
@ Through Dishman Netherlands B.V
** Through Dishman Europe Ltd. and Dishman Switzerland Ltd.
# Year End for the Subsidiary is December

26.2 The associate company considered in the consolidated financial statements is:

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

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

Name of the Joint Venture Companies	Country of incorporation	% of holding
Schutz Dishman Biotech Ltd.	India	22.33%
Dishman Arabia Ltd.#	Saudi Arabia	50%
Dishman Japan Ltd.	Japan	85%

Year End for the Subsidiary is December

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

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
(i) Contingent liabilities		
a) Claims against the Company not acknowledged as debt	4.51	3.49
b) Guarantees		
Outstanding guarantees furnished to the bank in respect of former subsidairy and joint venture company.	11,777.89	9,264.58
c) Disputed central excise duty (including service tax) liability	433.94	435.45
d) 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 ₹ 747.24 Lacs (Previous Year ₹ 712.26 Lacs) under protest.	6,027.22	6,002.75
e) Disputed sales tax and central sales tax liability	559.56	433.96
f) Bills discounted with banks	6,177.56	4,248.30
(ii) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets	581.82	863.74

26.5 Earnings per share

	As at 31st March, 2014	As at 31st March, 2013
Basic and Diluted		
Net profit for the year attributable to the equity shareholders (₹ In lacs)	10,927.22	10,029.39
Weighted average number of equity shares	80,697,136	80,697,136
Nominal Value of equity share (In ₹)	2.00	2.00
Earnings per share - Basic and Diluted (In ₹)	13.54	12.43

26.6 Deferred tax liability (Net)

₹ in Lacs

	As at 31st March, 2014	As at 31st March, 2013
(A) Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	7,964.59	7,303.69
On expenditure deferred in the books but allowable for tax purposes	650.37	509.30
On items included in Reserves and surplus pending amortisation into the Statement of Profit and Loss	15.71	19.14
Others	631.86	353.55
	9,262.53	8,185.68
(B) Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	910.36	589.18
Provision for doubtful debts / advances	345.91	384.55
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	1,237.22	1,247.24
Brought forward business losses	-	162.95
	2,493.49	2,383.92
Net deferred tax liabilities(A)-(B)	**6,769.04**	**5,801.76**

26 .7 Retirement Benefit Obligation

In accordance with the Swiss laws, Carbogen AMCIS AG (CAAG), has formulated an employees retirement benefit plan wherein part of the contribution is made by the employee and part of the contribution is made by the employer. CAAG has insured future obligation payable on retirement to the employee with an insurance company. As per terms of the retirement benefit plan, the employee would get retirement benefit sum along with the interest earned by the insurance company based on the returns on the assets in which it has invested. CAAG has no further obligation towards the employee except for payment of higher premium (to new insurance company) in a situation where the Insurance Company is not able to fulfill its obligation.

The above stated retirement benefit plan would meet the requirements of defined benefit obligations as defined in Accounting Standard 15 Employee Benefits and accordingly actuarial gains and losses as at March 31, 2014 amounting to ₹5,287.75 lacs should be recognised in the Statement of Profit and Loss. However, the Management of the Group believes that having insured the employees retirement benefit with Insurance company it has no further obligation except in a remote circumstances of insurance company unable to fulfill its obligation, it would have to pay higher premium to new insurance company. Accordingly, CAAG has not provided for the actuarial gains or losses.

26.8 Details of leasing arrangements

₹ in Lacs

		As at 31st March, 2014	As at 31st March, 2013
(i)	As Lessee		
	Future minimum lease payments :		
	not later than one year	3,719.59	3,060.25
	later than one year and not later than five years	14,936.23	12,309.10
	later than five years	6,661.34	2,416.03
		25,317.16	**17,785.38**
(ii)	Lease payments recognised in the statement of profit and loss	3,680.26	3,185.97

26.9 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 activities.

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, Intermediates, Quats, Speciality Chemicals and traded goods	Unallocated / Others	Total
Revenue from Operations	93,352.48	45,179.52	-	138,532.00
	(81,325.44)	(45,896.73)	-	(127,222.17)
Other Income	2,041.43	446.17	3.70	2,491.30
	(739.46)	(1,038.37)	(4.07)	(1,781.90)
Total Revenue	95,393.91	45,625.69	3.70	141,023.30
	(82,064.90)	(46,935.10)	(4.07)	(129,004.07)
Results	12,340.37	3,296.15	3.71	15,640.23
	(16,216.08)	(6,190.37)	(-7878.03)	(14,528.42)
Assets	137,715.70	91,256.91	26,447.33	255,419.94
	(118,907.79)	(55,744.38)	(54,459.00)	(229,111.17)
Liability	33,944.74	12,688.01	3,055.16	49,687.91
	(20,588.34)	(8,655.78)	(7,509.77)	(36,753.89)

₹ in Lacs

(ii)	Particulars	Domestic	Export	Total
	Revenue	11,543.62	129,479.68	141,023.30
		(6,687.98)	(120,534.19)	(127,222.17)
	Total Assets	154,937.43	100,482.51	255,419.94
		(151,295.31)	(77,815.86)	(229,111.17)

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.

26.10 Related party transactions

(i) Details of related parties:

Description of relationship	
Key Management Personnel (KMP)	Mr. Janmejay 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 Ltd.
Company in which KMP / Relatives of KMP can exercise significant influence	Azafran Innovacion Ltd.
Company in which KMP / Relatives of KMP can exercise significant influence	Leon Hospitality Pvt. Ltd.
Company in which KMP / Relatives of KMP can exercise significant influence	Dishman Infrastructure Ltd.

(ii) Details of related party transactions during the year ended 31st March, 2014 and balances outstanding as at 31st March, 2014:

₹ in lacs

Particulars	Associates/ Joint Ventures	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Purchase of goods	13.90	-	-	51.48	65.38
	(14.60)	(-)	(-)	(168.51)	(183.11)
Sale of goods/ Export of Services	392.19	-	-	0.12	392.31
	(2,348.52)	(-)	(-)	-	(2,348.52)
Rendering of services	-	-	-	-	-
	(-)	(-)	(-)	(2.05)	(2.05)
Receiving of services	-	6.66	6.06	-	12.72
	(-)	(6.23)	(5.66)	(-)	(11.89)
Interest Income	-	-	-	405.32	405.32
	(-)	(-)	(-)	(166.66)	(166.66)
Loans and Advances Given	7.77	-	-	-	7.77
	(-)	(-)	(-)	(-)	(-)
Loans and Advances Received	-	290.00	20.00	-	310.00
	(-)	(240.00)	(-)	(-)	(240.00)
Repayment of Loans and Advances Received	-	391.66	-	-	391.66
	(-)	(115.00)	(-)	(-)	(115.00)
Remuneration	-	862.04	35.45	-	897.49
	(-)	(925.60)	(35.45)	(-)	(961.05)
Dividend Paid	7.20	584.95	1.68	-	593.83
	(7.20)	(584.87)	(1.68)	(-)	(593.75)
Balances outstanding at the end of the year					
Receivables	33.24	-	-	0.08	33.32
	(3.05)	(-)	(-)	(-)	(3.05)
Loans and advances	8.78	-53.34	(20.00)	3,758.70	3,694.14
	(-)	(-)	(-)	(3,100.20)	(3,100.20)
Payable	22.01	-	-	-4.74	17.27
	(12.19)	(-)	(-)	(163.51)	(175.70)

Note: Figures in bracket relates to the previous year

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

₹ in Lacs

Particulars	Name of the related party	2013-2014	2012-2013
Purchase of Goods	B. R. laboratories Ltd.	6.46	5.34
	Azafran Innovacion Ltd.	45.02	163.17
	Schutz Dishman Biotech Ltd.	13.78	14.60
Sale of goods/Export of Services	Schutz Dishman Biotech Ltd.	82.56	80.09
	Dishman Japan Ltd.	309.63	438.09
Interest income	Dishman Infrastructure Ltd.	405.32	166.66
	Mr. Janmejay R. Vyas	260.00	240.00
Loans and advances received	Mr. Arpit J. Vyas	30.00	-
	Ms. Mansi J. Vyas	20.00	-
Repayment of Loans and Advances received	Mr. Janmejay R. Vyas	391.66	115.00
Loans and advances given	Schutz Dishman Biotech Ltd.	7.77	-
Remuneration	Mr. Janmejay R. Vyas	609.90	585.00
	Mrs. Deohooti J. Vyas	120.00	120.00
	Mr. Arpit J. Vyas	111.00	185.14
Dividends paid	Bhadra-Raj Holdings Pvt. Ltd.	7.20	7.20
	Mr. Janmejay R. Vyas	305.06	304.98
	Mrs. Deohooti J. Vyas	131.57	131.57
	Mr. Arpit J. Vyas	148.32	148.32

In terms of our report attached.

For **Deloitte Haskins & Sells**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad
Date : 28-May-2014

For and on behalf of the Board of Directors

Janmejay R. Vyas
Chairman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
Company Secretary

Ahmedabad
Date : 28-May-2014

Statement pursuant to General Circular No. 2/11 dated 8th February, 2011 by Central Government and Section 212(8) of the Companies Act, 2013, relating to Subsidiary Companies.

Statement pursuant to General Circular No. 2/11 dated 8th February, 2011 by Central Government and Section 212(8) of the Companies Act, 2013, relating to Subsidiary Companies.

Sr. No.	Name of the Subsidiary	Dishman Europe Ltd. (DEL)	Dishman USA Inc. (DUS)	Dishman Pharma Solutions AG (DPSL)	Carbogen Amcis AG (CA AG)	Dishman Switzerland Ltd.	Dishman International Trading (Shangai) Co. Ltd.	Dishman Pharmaceuticals and Chemicals (Shanghai) Co. Ltd.	Carbogen Amcis Ltd. (UK)	Dishman Care Ltd.	Cohecie Fine Chemicals B.V.	Dishman Netherlands B.V. (DNBV)	Innovative Ozone Services Inc. (IO3S)	Dishman Australasia (Pty) Ltd.	Dishman Middleast FZE	Dishman Japan Ltd.	Carbogen Amcis (India) Ltd.
	Currency of presentation	British Pound	US Dollar	CHF	CHF	CHF	CNY	CNY	British Pound	Rupees	Euro	Euro	CHF	AU $	UAE Dirhams	JPY	Ru pees
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	4,257,284	190,000	100,000	950,496	149,600,000	500,000
	In Indian Rupees	15,866,610	17,967,000	1,891,960,000	97,976,500	69,597,100	16,031,276	641,068,439	100	500,000	1,484,280	351,055,663	12,838,300	5,548,000	15,502,590	86,244,400	500,000
2	**Reserve**																
	In Foreign Currency	3,871,712	1,566,938	40,614,650	46,605,085	628,938	4,401,425	(55,956,840)	1,268,616	70,906	1,590	7,571,216	(1,976,576)	(194,359)	(89,573)	(181,275,405)	(1,176,274)
	In Indian Rupees	386,358,150	93,843,920	2,744,331,898	3,149,105,577	42,497,310	42,649,804	(542,221,784)	126,595,165	70,906	131,111	624,322,458	(133,557,209)	(10,783,011)	(1,460,937)	(104,505,271)	(1,176,274)
3	**Total Assets**																
	In Foreign Currency	8,063,099	6,177,540	94,920,084	88,791,070	1,660,438	21,822,125	140,543,010	3,879,787	336,601	19,590	29,941,820	508,587	488,380	927,284	63,375,787	(1,299,718)
	In Indian Rupees	804,616,650	369,972,857	6,413,750,058	5,999,612,598	112,195,794	211,456,393	1,361,861,770	387,163,935	336,601	1,615,391	2,469,002,440	34,365,207	27,095,306	15,124,003	36,536,141	(1,299,718)
4	**Total Liabilities**																
	In Foreign Currency	4,032,387	4,310,602	26,305,434	40,735,985	1,500	15,766,286	130,342,117	2,611,170	(234,305)	-	18,113,319	2,295,162	582,738	66,361	95,051,192	(623,443)
	In Indian Rupees	402,391,890	258,161,937	1,777,458,160	2,752,530,521	101,384	152,775,313	1,263,015,116	260,568,670	(234,305)	-	1,493,624,319	155,084,116	32,330,317	1,082,350	54,797,012	(623,443)
5	**Investments**																
	In Foreign Currency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Indian Rupees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Turnover**																
	In Foreign Currency	27,494,439	14,742,522	-	91,946,291	-	19,490,145	809,861	5,238,316	-	-	26,412,405	87,894	648,350	-	560,181,489	-
	In Indian Rupees	2,743,670,106	882,929,666	-	6,212,810,906	-	188,859,507	7,847,551	522,731,521	-	-	2,177,966,933	5,938,969	35,970,463	-	322,944,628	-
7	**Profit Before Tax**																
	In Foreign Currency	874,470	220,919	8,466,191	8,305,080	4,722	117,780	(29,614,269)	835,830	(126,109)	-	808,488	74,763	54,722	(12,144)	(3,127,721)	(1,358,238)
	In Indian Rupees	87,263,345	13,230,848	572,060,497	561,174,241	319,083	1,141,290	(286,962,266)	83,407,499	(126,109)	-	66,667,907	5,051,766	3,035,958	(198,069)	(1,803,131)	(1,358,238)
8	**Provision for Tax**																
	In Foreign Currency	120,949	-	(30,123)	1,601,745	3,210	-	-	(14,733)	-	-	192,851	(304)	-	-	34,052,425	-
	In Indian Rupees	12,069,478	-	(2,035,425)	108,229,912	216,900	-	-	(1,470,206)	-	-	15,902,493	(20,528)	-	-	19,631,223	-
9	**Profit After Tax**																
	In Foreign Currency	753,521	220,919	8,496,314	6,703,335	1,512	117,780	(29,614,269)	850,563	(126,109)	-	615,637	75,067	54,722	(12,144)	(37,180,146)	(1,358,238)
	In Indian Rupees	75,193,868	13,230,848	574,095,923	452,944,329	102,183	1,141,290	(286,962,266)	84,877,705	(126,109)	-	50,765,414	5,072,293	3,035,958	(198,069)	(21,434,354)	(1,358,238)
10	**Proposed Dividend**																
	In Foreign Currency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Indian Rupees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note:-

The Foreign Currency Figures (including Capital) have been converted into Indian Rupees using the exchange rates prevailing as on 31.03.2014.

Conversion Rate	British Pound	US Dollar	CHF	CHF	CHF	CNY	CNY	British Pound	Indian ₹	Euro	Euro	CHF	AUS $	Dhiram	Japanese Yen	Indian ₹
Foreign Currency into INR as on 31.03.2014	99.79	59.89	67.57	67.57	67.57	9.69	9.69	99.79	1.00	82.46	82.46	67.57	55.48	16.31	0.58	1.00

Place : Ahemdabad
Date : 28th May 2014

Janmejay R. Vyas
Chirman & Managing Director

Deohooti J. Vyas
Whole Time Director

Rajashekhar Bhat
Global CFO

Tushar D. Shah
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 the circular issued by MCA, members are requested to register their email address and changes therein from time to time with the company in the following form attached herewith, to receive the Notices calling general meetings, audited financial statements, auditors' report, directors' report, explanatory statement etc. in electronic mode. The said form is also available on the Company's website www.dishmangroup.com.

Keeping in view the underlying theme and to support this green initiative of Government in full measure, members who have not registered their Email addresses, so far, are requested to register their email address and changes therein from time to time, in respect of electronic holdings, with the Depository through their concerned Depository Participants.

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 statement of profit & loss 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.

dishman

Email Address Registration Form
Dishman Pharmaceuticals And Chemicals Limited

CIN : L24230GJ1983PLC006329

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

Ledger Folio No. ________________________ No. of Shares Held: ______________________________

NAME OF THE SHAREHOLDER/ JOINT HOLDER: ____

____

____

EMAIL ADDRESS: 1. ____________________________________ 2. ____________________________________

CONTACT NO. (R) ____________________________________ (M) ____________________________________

I hereby given 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 in electronic mode at my/our above mentioned email ID.

Signed this __________________________day of __________________________, 2014.

____

Signature of the shareholder(s)

Note:

1) Members are requested to send their duly completed form as above to Company's 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 their Depository Participants.
3) This form is also available on the Company's website www.dishmangroup.com.

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Dishman Pharmaceuticals And Chemicals Limited

CIN : L24230GJ1983PLC006329

Registered Office: Bhadr Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380009

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

Joint shareholders may obtain additional Slip on request.

* DP. ID. No. ____________________ *Client Id. No. ____________________ Ledger Folio No. ____________________

NAME AND ADDRESS OF THE SHAREHOLDER: ____

____

____

No. of Share(s) held: ____________________

I hereby record my presence at the 31st ANNUAL GENERAL MEETING of the company held on Thursday the 4th day of September, 2014 at 09.30 a.m at H. T. Parekh Hall, 1st Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

- I certify that I am member/proxy of the Company.

____

Signature of the shareholder or proxy

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Dishman Pharmaceuticals And Chemicals Limited

CIN : L24230GJ1983PLC006329

Registered Office: Bhadr Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380009

PROXY FORM

Name of the member(s): ____

Registered address: ____________________ E-mail ID: ____________________

Folio No/DP ID-Client ID: ____________________

I/We, being the member (s) of ____________________ shares of the above named company, hereby appoint

1 Name: Address: ____
E-mail Id: ____________________ Signature: ____________________or failing him;

2 Name: Address: ____
E-mail Id: ____________________ Signature: ____________________or failing him;

3 Name: Address: ____
E-mail Id: ____________________ Signature: ____________________or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Thursday the 4th day of September, 2014 at 09.30 a.m at H. T. Parekh Hall, 1st Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional*		
		For	Against	Abstain
ORDINARY BUSINESS				
1	Adoption of Financial Statements for the year ended March 31, 2014.			
2	Declaration of Dividend on equity shares.			
3	Reappointment of Mrs. Deohooti J. Vyas who retires by rotation.			
4	Appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as Statutory Auditors and fix their remuneration.			
SPECIAL BUSINESS				
5	Appointment of Mr. Ashok C. Gandhi as an Independent Director.			
6	Appointment of Mr. Yagneshkumar B. Desai as an Independent Director.			
7	Appointment of Mr. Sanjay S. Majmudar as an Independent Director.			
8	Approval of the remuneration of cost auditor.			

Signed this ____________________ day of ____________________ 2014

____________________ Signature of shareholder

____________________ Signature of Proxy holder(s)

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. A Proxy need not be a member of the Company.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 31st Annual General Meeting.
3. *. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

Affix Revenue Stamp not less than ₹ 1

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Our state-of-the-art Pharma Development Unit of Carbogen Amcis SAS at Riom, France

ENERGISE YOUR
SCIENCE FOR LIFE
dishman
Dishman Pharmaceuticals and Chemicals Ltd.
Bhadr-Raj Chambers
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