

33<sup>rd</sup> Annual Report  
2015 - 2016



ENERGISE YOUR  
SCIENCE FOR LIFE

Dishman Pharmaceuticals  
and Chemicals Limited



# Energising Science for Life

We are proud of being in an industry where the purpose is healing. Being globally committed to our patients has become a way of life at Dishman Pharmaceuticals and Chemicals Limited. We have a leading position in global Contract Research and Manufacturing (CRAMS). With this, and with our mission of “Enriching lives globally, with quality”, we remain committed to offer high quality pharmaceuticals to patients.

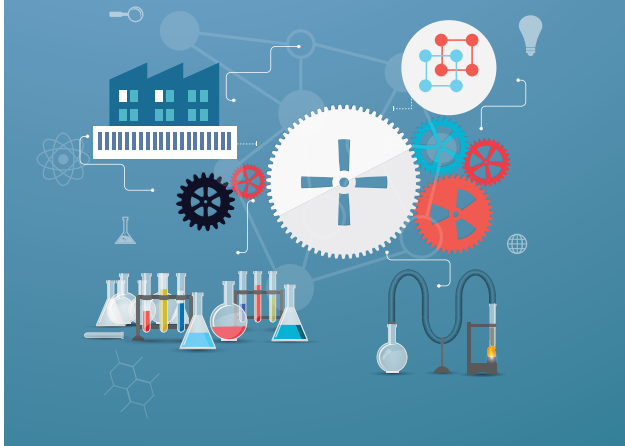
At Dishman, we are making quality the hallmark of all our operations. We are providing products and services of the highest quality. We are seeking opportunities to expand and strengthen our footprint across attractive markets and therapeutic segments.

We have a strong portfolio of specialty and generic products that can be marketed globally. It is this combined potential that will transform our organisation and create a winning formula for growth. Our strong presence in key advanced markets is one of the key drivers for realising the true potential that these fast growing markets offer. We also strive to enhance value for all stakeholders and ensure profitable growth by creating enduring and sustainable value for our stakeholders.

# What's Inside

**Consolidating  
Capabilities**

**28**



**Building for  
the Future**

**30**



**Committed  
to Profit**

**32**



**Bettering  
our R&D**

**34**

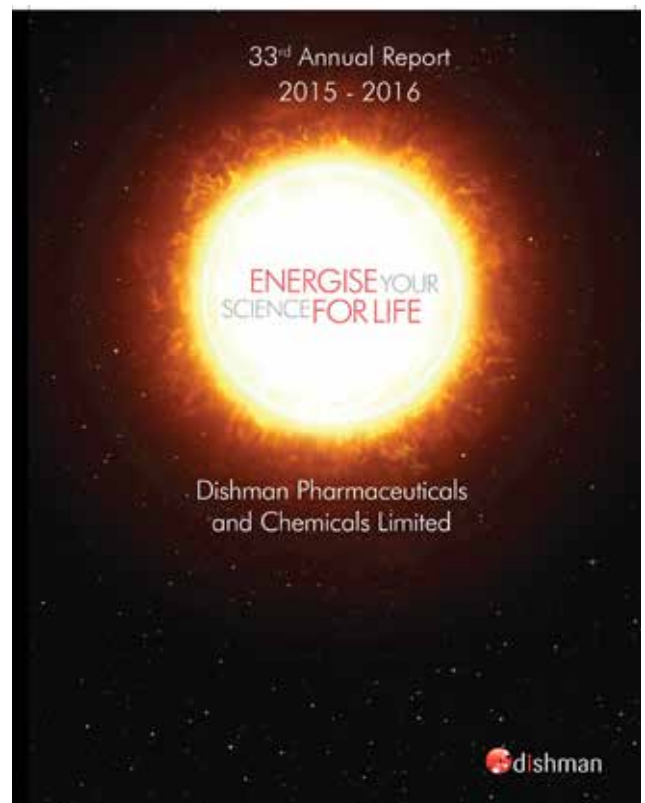


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Energising Science for Life .....	01
What's Inside.....	02
At a Glance.....	04
Our Products.....	05
Bringing your Science to Life.....	06
Corporate Information .....	08
Global Presence.....	09
Our Manufacturing Facilities .....	10
Energise your Science For Life .....	15
Our Business Verticals .....	16
Chairman's Message .....	20
Managing Director's Message .....	22
Global CEO's Message.....	24
Financial Highlights .....	26
Our Competitive Advantages	
Consolidating Capabilities.....	28
Building for the Future.....	30
Committed to Profit.....	32
Bettering our R&D.....	34
Empowering Lives .....	36
Board of Directors .....	38
Management Discussion & Analysis .....	40
Notice.....	58
Directors' Report .....	65
Corporate Governance Report .....	97
Independent Auditors' Report.....	115
Balance Sheet.....	122
Statement of Profit and Loss .....	123
Cash Flow Statement .....	124
Notes to Financial Statements.....	126
Independent Auditors' Report on Consolidated Financial Statements.....	156
Consolidated Balance Sheet.....	160
Consolidated Statement of Profit and Loss .....	161
Consolidated Cash Flow Statement.....	162
Notes to Consolidated Financial Statements .....	164
Form AOC-1 .....	195
Polling Paper .....	197
Attendance Slip and Proxy Form .....	199
Route Map to venue of AGM.....	200

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We continue to be a truly global and end-to-end integrated CRAMS player and a preferred outsourcing partner, specialising in servicing customers across the key advanced markets of U.S., Europe and Asia.



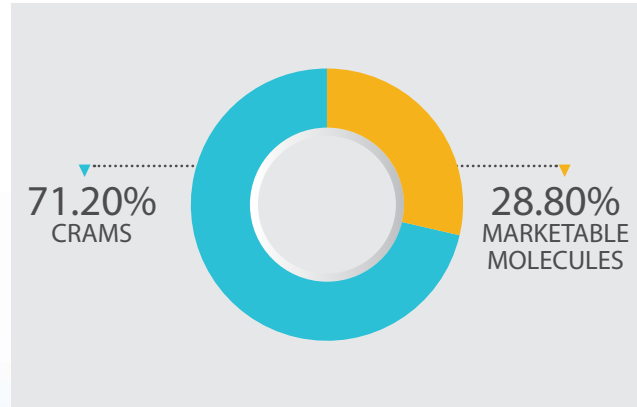
# At a Glance

We are a leading global outsourcing partner for the pharmaceutical industry, head-quartered in Ahmedabad in Gujarat, India. Our cost-effective, high quality research, development, scale-up and manufacturing services that include the production and supply of tailor-made, high-quality Intermediates and innovative and generic Active Pharmaceutical Ingredients (APIs) straddling the entire pharmaceutical value chain.

We provide a range of development and manufacturing solutions at locations in Europe and India. We are committed to deliver cost-competitive technical excellence and to be a reliable partner to our customers.

We have a global presence through multiple development and manufacturing sites in Europe, India and China. Through our end-to-end core competencies and technical capabilities, we have transformed ourselves into a full-fledged Contract Research and Manufacturing (CRAMS) player for innovators from biotech to multinational pharmaceutical companies. CARBOGEN AMCIS

## REVENUE ANALYSIS (as on FY2016)



in Europe represents our relationship with our customers from early to low volume commercial stages of a product lifecycle. Dishman India & China represent our relationship with customers from mid- to- high volume commercial stages of the same product's lifecycle. These two pillars of production deliver complex solutions to suit the varied needs of our global customers – both large and small – more appropriately.



# Our Products



ADDING VALUE



CUSTOMER SERVICE



SECURITY OF SUPPLY

WHY IS DISHMAN A VALUED PARTNER?







BRINGING  
YOUR  
SCIENCE  
TO LIFE

Our work helps clients make critical decisions more efficiently and progresses drug candidates through the development pipeline with greater speed.

# Corporate Information

## BOARD OF DIRECTORS

**Mr. Janmejy R. Vyas**  
Chairman & Managing Director  
(DIN 00004730)

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

**Mr. Arpit J. Vyas**  
Managing Director & CFO  
(DIN 01540057)

**Mr. Mark C. Griffiths**  
Director & Global CEO  
(DIN 06981744)

**Mr. Sanjay S. Majmudar**  
Director (DIN 00091305)

**Mr. Ashok C. Gandhi**  
Director (DIN 00022507)

**Mr. Subir Kumar Das**  
Director (DIN 02237356)

**Mr. Rajendra S. Shah**  
Director (DIN 00061922)

## BOARD COMMITTEES

### AUDIT COMMITTEE

**Mr. Sanjay S. Majmudar**, Chairman  
**Mr. Ashok C. Gandhi**  
**Mr. Subir Kumar Das**

### NOMINATION AND REMUNERATION COMMITTEE

**Mr. Sanjay S. Majmudar**, Chairman  
**Mr. Ashok C. Gandhi**  
**Mr. Subir Kumar Das**

### STAKEHOLDER RELATIONSHIP COMMITTEE

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

**Mr. Janmejy R. Vyas**, Chairman  
**Mr. Arpit J. Vyas**  
**Mr. Sanjay S. Majmudar**

## MANAGEMENT COMMITTEE

**Mr. Janmejy R. Vyas**, Chairman  
**Mr. Arpit J. Vyas**  
**Mrs. Deohooti J. Vyas**

## COMPLIANCE OFFICER

**Ms. Shrima Dave**

## STATUTORY AUDITORS

**V. D. Shukla & Co.**  
Chartered Accountants  
22, Aakruti Society, Satellite Road,  
Ahmedabad – 380 015.

**Haribhakti & Co., LLP**  
Chartered Accountants  
701, Leela Business Park,  
Andheri Kurla Road, Andheri (E),  
Mumbai – 400059.

## INTERNAL AUDITORS

**Shah & Shah Associates**  
Chartered Accountants  
702, Aniket,  
Nr. Municipal Market,  
Navrangpura,  
Ahmedabad 380009.

## 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 – 380 009.  
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 - I 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
- Dena Bank
- DBS Bank Ltd.

## CIN NO.

L24230GJ1983PLC006329

## SUBSIDIARY COMPANIES

- Dishman Europe Ltd.
- Dishman USA. Inc.
- Dishman International Trading (Shanghai) Co. Ltd.
- Dishman Switzerland Ltd.
- Dishman Pharma Solutions AG
- CARBOGEN AMCIS (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)
- CARBOGEN AMCIS SAS, France
- Shanghai Yiqian International Trade Co. Ltd.
- Dishman Biotech Ltd. (Formerly known as Schutz Dishman Biotech Ltd.)

## ASSOCIATE COMPANY

- Bhadra Raj Holding Pvt. Ltd.

# Global Presence

## Our Manufacturing Plants:

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



● Sites  
● Sales Offices

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

# Our Manufacturing Facilities



Besides strong research capabilities, we possess capabilities in scale-up, development and commercial manufacture of highly potent and non potent compounds. We are also engaged in process research and development for APIs.



## 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

- ◆ Multi-purpose 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 <math><1\mu\text{g}/\text{m}^3</math>)
- ◆ 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

- ◆ Multi-product facility
- ◆ 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 plant 10 x 250-1000L
- ◆ Class 100,000 finishing area

## Our Manufacturing Facilities



We have achieved efficient capacity utilisation at our manufacturing facilities by way of an enhanced product mix. We have a keen focus on niche and complex products and resulted in better operating margins.



### **CARBOGEN AMCIS AG, SITE BUBENDORF & HEADQUARTER, SWITZERLAND**

- ◆ Lab, administration and containment facilities with 220 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, SITE VIONNAZ, SWITZERLAND**

- ◆ Significant increase in development and manufacturing capacity on High potent APIs
- ◆ From gram to kilogram scale; Categories 3 and 4
- ◆ GMP compliant; Swissmedic
- ◆ Combination of the initial team knowledge and CARBOGEN AMCIS expertise



### **CARBOGEN AMCIS LTD., SITE MANCHESTER, UK**

- ◆ 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, SITE RIOM, FRANCE**

- ◆ 10,000 m<sup>2</sup> 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 m<sup>2</sup> 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



### CARBOGEN AMCIS AG, SITE AARAU, SWITZERLAND

- ◆ Primary focus on process research and early-phase API supply with 100 employees
- ◆ Primary location for chromatography and product-handling facilities
- ◆ SwissMedic inspected
- ◆ US FDA inspected



### CARBOGEN AMCIS AG, SITE NEULAND, SWITZERLAND

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



### DISHMAN BIOTECH LIMITED

- ◆ 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 B.V., VEENENDAAL, THE NETHERLANDS

- ◆ Primary location for manufacture and marketing of Vitamin D analogues, Vitamin D3, Cholesterol and Lanolin related products
- ◆ Operates under cGMP; ISO 9001 and 14001 certified
- ◆ FDA inspected; Holds Certificate of Suitability by EDQM and DMFs



### CARBOGEN AMCIS (SHANGHAI) CO. LTD., SITE SHANGHAI, CHINA

- ◆ 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





A person wearing a white cleanroom suit, including a hood and mask, is standing in a cleanroom environment. They are interacting with a control panel mounted on a stand. To the left, there is a large stainless steel industrial vessel on a cart, equipped with various gauges and pipes. The room features a polished floor, recessed ceiling lights, and a large white HVAC unit with a control panel on top. The overall atmosphere is clean and professional, typical of a pharmaceutical manufacturing facility.

# ENERGISE YOUR SCIENCE FOR LIFE

Our focus is to add value to the global pharmaceutical industry by serving as a reliable partner. Our business is successful only when our customers are successful.

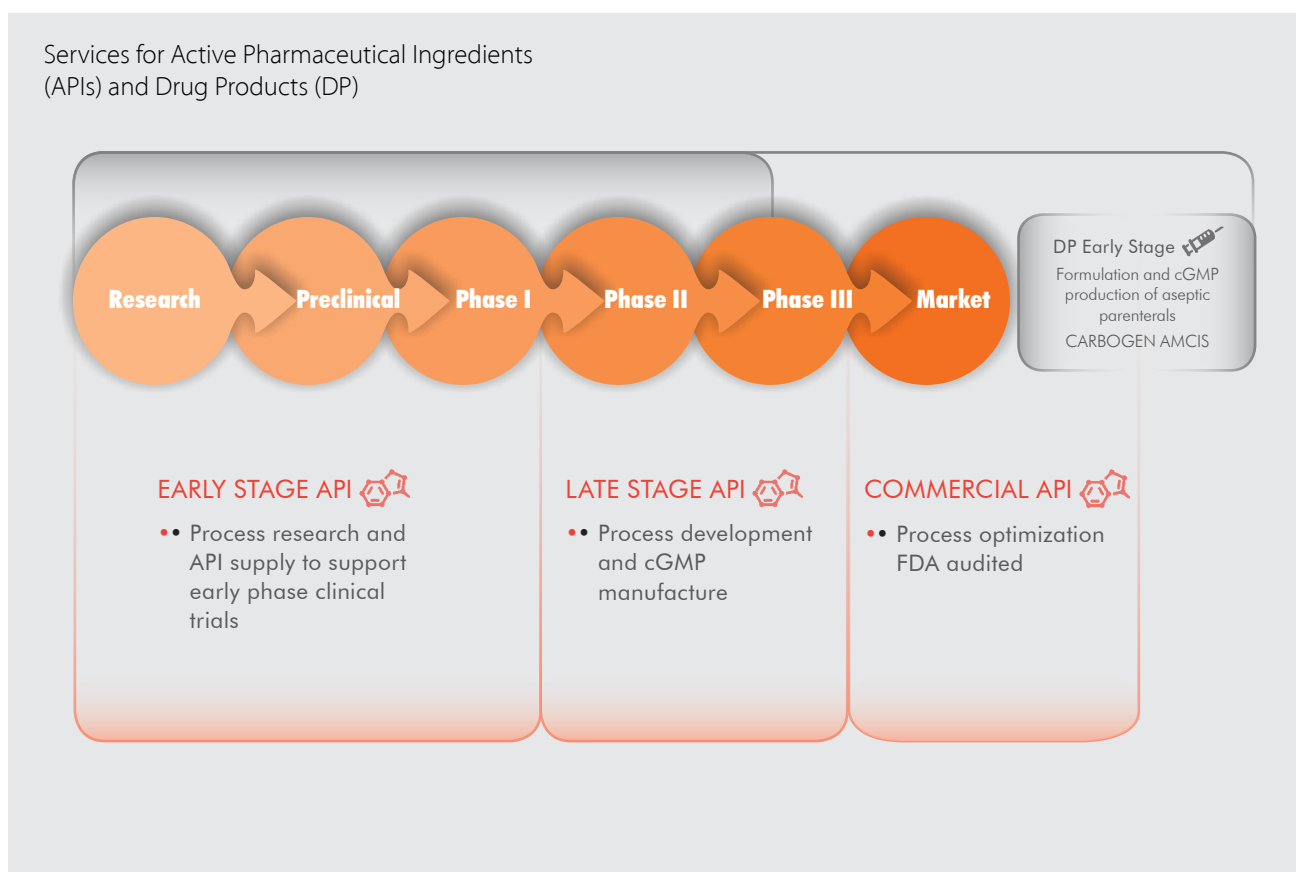
# Our Business Verticals

## 1. CRAMS

Our contract research and manufacturing services are the very core of our business. We are an integrated CRAMS player with strong capabilities across the value chain. We offer a portfolio of services from process R&D, through kilo and pilot supply, to full scale and commercial manufacture from purpose built and dedicated facilities. The CRAMS unit manufactures drug quantities required for conducting clinical trials. Our wholly-owned subsidiary CARBOGEN AMCIS, located in Switzerland, is spearheading our R&D efforts.

Once the innovative molecules are approved, the unit explores the possibility of large-scale commercial supply tie-ups. Through the CRAMS business, we provide assistance to drug innovators in development and optimisation of processes for novel drug molecules in various stages of the development process. CRAMS is our largest business segment which caters to the requirements of biotech to large 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.

## OUR CONTRACT RESEARCH AND MANUFACTURING SERVICES



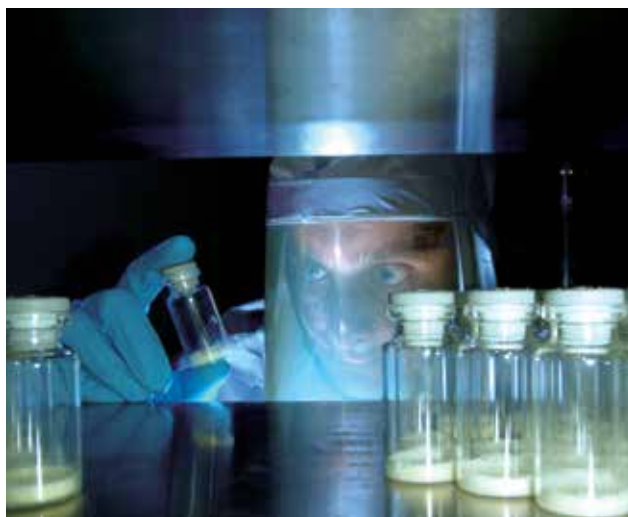
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## A. CARBOGEN AMCIS

CARBOGEN AMCIS AG is our Swiss subsidiary with capabilities for the supply of high potency development and small scale manufacturing targeting niche oncology. Our service offerings range from chemical development to niche scale commercial manufacture and supply of APIs. We cater to the early stage chemical process and development requirements of biotech and pharmaceutical companies. The operations running under this brand are located in Switzerland, France, UK and China.

CARBOGEN AMCIS has a strong presence in the United States and Europe. We leverage our client relationships to penetrate into more profitable CRAMS markets. 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 our US and European customers, we engage by fully supporting their entire drug development cycle – from initial research to late stage API development to small-scale commercial production.

We manufacture highly-potent, high value products



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and produce material for pre-clinical testing, clinical trials and commercial use for the oncology market. Besides strong research capabilities, we possess capabilities in scale-up, development and commercial manufacture of highly potent and non-potent compounds. We are also engaged in process research and development for APIs.

## B. DISHMAN INDIA

Our high-value and Asian cost-base CRAMS offerings, through Dishman India, span right from process research and development to late-stage clinical and commercial manufacturing. We have capabilities across the entire CRAMS value chain, strong chemistry skills and small-to-large scale, multipurpose manufacturing capacities. Our manufacturing plants at Bavla include Asia's most modern and largest HiPo API facility. This enables us gain from the high-margin opportunity in High Potency Services driven by growing research and development work taking place globally in the oncology therapeutics segment.

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Through Dishman India, our high-value and Asian cost-base CRAMS offerings span right from process research and development to late-stage clinical and commercial manufacturing.

Our Business Verticals



**CARBOGEN AMCIS AG, SITE  
VIONNAZ, SWITZERLAND**

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## 2. MARKETABLE MOLECULES

### A. SPECIALTY CHEMICALS (QUATS)

Dishman Specialty Chemicals manufactures and supplies high-quality intermediates, fine chemicals, and various products for pharmaceutical, cosmetic and related industries. We are the global leaders in the specialty chemicals segment and a leading manufacturer of Phase Transfer Catalysts. We possess domain expertise in solids handling technology, which has helped us expand our offerings to include ammonium and phosphonium high purity solid Quarternary Compounds, Phosphoranes and Wittig reagents. Our products find applications as phase transfer catalysts, personal care ingredients, fine chemicals, pharma intermediates and disinfectants.

### B. VITAMINS & CHEMICALS

Dishman Netherlands manufactures and supplies a range of Vitamin D2, Vitamin D3 and Vitamin D analogues. Our cholesterol facility at Veenendaal, The Netherlands, is adding further value to our Vitamin D3 business. We manufacture cholesterol and lanolin related products for pharmaceutical, cosmetic and related markets. We are the market leaders in the advanced regulated sector of the Vitamin D analogue space. We are a fully integrated supplier from wool grease to the finished product.

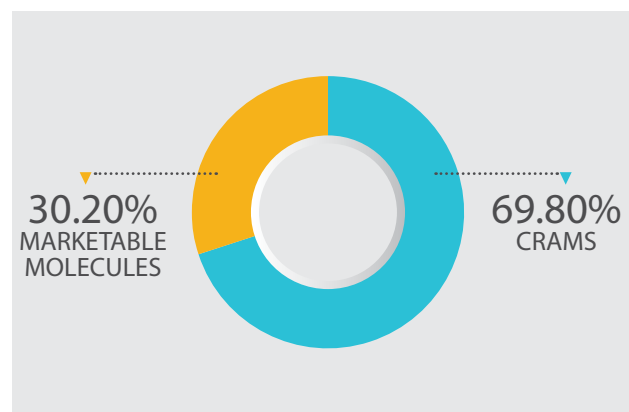
### C. DISINFECTANTS

Our Disinfectants division has been created to offer a range of Antiseptics and Disinfectants for application in healthcare and related industries. We have a 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.

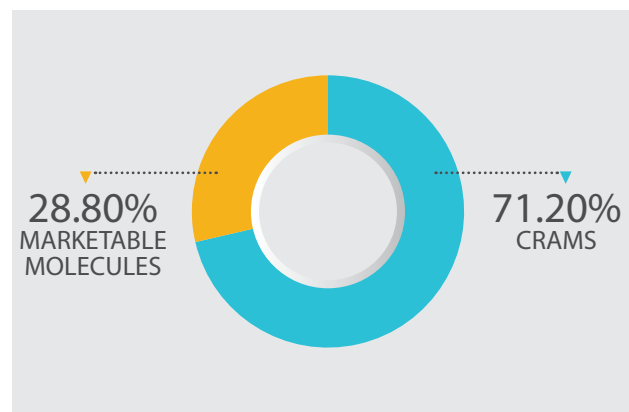
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## OUR REVENUE BREAK-UP

FY2015



FY2016



# Chairman's Message



**Janmejy R. Vyas**  
*Chairman & Managing Director*

Dear Shareholders,

Each year, I have the privilege of writing to you about Dishman Pharmaceuticals Company Limited to recognise our accomplishments, address our challenges and share with you our outlook and plans for the future. And each year, I am more excited about the pace and scale of change that the Company is undertaking to fulfil our unwavering focus on serving our clients.

Our business strategy of the previous year is yielding results. Our top 10 customers now contribute 40% to our revenues from the earlier 60-70% due to new customer additions. Our India order book is healthy due to repeat orders and there is a steady stream of new customers.

## OUR BUSINESS SEGMENTS

Under CRAMS, our key driver continues to be the HIPO facility for oncology at Bavla, Ahmedabad. Under CARBOGEN AMCIS, the business outlook remains robust. A current development order book of CHF 80 million to be executed over next 12 months augurs well for our growth. We have several products in the pipeline to be launched in the next couple of years by our US and European customers. Our products will help us increase our shipment to US, which currently contributes 33% to total sales.

## DELIVERING COMPLEX SOLUTIONS

We continue to be a truly global and end-to-end integrated CRAMS player and a preferred outsourcing partner. We specialise in servicing customers across the key advanced markets of U.S., Europe and Asia, through a wide range of research competencies and manufacturing capacities. Through the "ONE COMPANY, TWO BRANDS" strategy, we continue to deliver complex solutions suiting the diverse needs of our global customers.

CARBOGEN AMCIS continues to be the front-end interface of the Company, engaging customers from the early stages

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of research and clinical trials. We continue to hand hold our customers through their entire drug development cycle. On the other hand, our customer derive further value from Dishman India, by seamlessly getting scaled up towards the Asian cost base, large-scale commercial production through our manufacturing capabilities in India and China. We take comfort from CARBOGEN AMCIS and Dishman's ability to secure large-ticket deals from major companies.

## OUR FINANCIAL SCORECARD

Our financial performance has improved significantly and we have been growing at a healthy pace. During the year under review, we achieved consolidated revenues of ₹ 1,596.05 crore, compared to ₹ 1,575.19 crore in the previous year. Our CRAMS business contributed ₹ 1,111.76 crore or 71.18% to the total revenue, whereas ₹ 450.09 crore or 28.82% was contributed by the Marketable Molecules business. We recorded a higher EBITDA of ₹ 410.32 crore, up by 30.83% vis-à-vis ₹ 313.62 crore earlier. Profit After Tax witnessed a healthy growth at ₹ 171.11 crore, higher by 42.58% compared to ₹ 119.81 crore in FY2015. Going forward, we are confident of sustaining this profitability expansion through our product portfolio and adding new customers.

## OPTIMUM CAPACITY UTILISATION

We have achieved efficient capacity utilisation at our manufacturing facilities by way of an enhanced product mix. This has been achieved through a keen focus on niche and complex products and resulted in better operating margins. Our HiPo unit is also better utilised and moving close to full capacity for the two operating cells and we are now evaluating options to add capacity by operationalising the two non-active cells for debottlenecking and making line enhancements. In the year ahead, we will continue to better utilise our capacities and to sharpen our capabilities in making use of existing manufacturing facilities as multi-purpose blocks. This will result in efficient capacity realisation, improved order-book conversion and add greater stability to our growth.

## MOVING AHEAD

Going ahead, our key emphasis will continue to be on efficient capacity utilisation of our assets by way of an enhanced product mix through a keen focus on niche and complex products, resulting into better operating margins.

As we continue to enhance and implement our strategies to do that, we will simultaneously advance our strategic framework for long-term shareholder value creation.

Sincerely,

**Janmejay R. Vyas**  
*Chairman & Managing Director*

# Managing Director's Message



**Arpit Vyas**  
Managing Director & CFO

Dear Friends,

I will discuss our results from FY2016 and what we expect to achieve this year and beyond. A couple of years ago, we laid out our strategic plan to ensure we meet the changing needs of our clients and capture the highest-value opportunities for our investors. I believe we have reached a turning point in our journey. Today, Dishman is a rapidly expanding business.

## YEAR IN BRIEF

In CARBOGEN AMCIS, our revenues were marginally higher due to our focus of selecting high margin commercial and development orders. Our overall performance is on track, backed by optimum capacity utilisation of 95% and strong order book of minimum ~ CHF 80 million of development orders. We were also backed by healthy capacity utilisation.

Our CRAMS business in India is expected to see healthy pick-up over the next two-three years. About 13 innovative molecules, for which Dishman is the CRAMS partner, are currently in late Phase III trials. We see at least one-third of these getting commercially launched over the next 2-3 years. These being innovative molecules in niche therapeutic areas, our operating profit margins will rise. In CRAMS – India, our revenue growth was driven by strong traction in high-margin product sales and development quantity supplies. The focus was on execution of high-margin commercial and development orders, process improvement and better capacity utilisation.

We consolidate our focus on high-margin, high value products such as Vitamin D analogues (instead of Vitamin D) and direct selling of cholesterol to our end-customers. We also focussed on Calcifediol, a highly concentrated Vitamin D analogue which is much stronger and beneficial than Vitamin D in terms of medical value and resultant profitability.

## EXPANSION OF SWISS OPERATIONS

CARBOGEN AMCIS, which offers process development and manufacturing of active pharmaceutical ingredient (API) to the pharmaceutical industry, is in the process of expanding its development capacities in Bubendorf (Switzerland).





We have turned profitable in our China facility and continue to bring projects, supported by our competitive advantage of a combination of a Global management team and Chinese cost base.

The expansion will allow us to significantly expand our laboratory capacity for highly potent development and small scale production as well as analytical support. It will also allow CARBOGEN AMCIS to keep its position as an industry leader and outsourcing partner for complex highly potent APIs and ADCs (antibody drug conjugates).

### OUR DIVERSIFIED BASE

From being largely dependent on large-scale pharmaceutical innovators, we successfully diversified our customer base for our global CRAMS business. We adopted the strategy to have a wider base of customers to better our margins and lower our risks. This has been possible as we increased our engagement with R&D driven small and mid-sized biotech companies in addition to the large-scale pharmaceutical companies in Europe and North America, with significant business potential. This has not only helped us de-risk our portfolio, but also enabled us gain better order predictability and use our capacities more efficiently.

### RISING ORDER BOOK

The Group has total pipeline of orders exceeding \$150 million for FY2017 and further orders envisaged during the year. The order book for development projects at CARBOGEN AMCIS AG stands at about CHF 80 million, to be executed over FY2017. Our India order book of US\$ 40 million comprises profitable and complex chemistry from larger customers to be executed in the current financial year. The intermediaries for these orders will be manufactured at the China facility to de-risk manufacturing

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at a single location, and the final APIs will mostly be exported from India.

### MOVING AHEAD

We're making good inroads into high-margin, complex products serving the oncology and other niche therapeutic segment, which bodes well for our HiPo business. We will also continue to focus on getting projects out of Switzerland into the Unit-9 (HiPo Plant) of our Bavla facility at Ahmedabad. We have turned profitable in our China facility and continue to bring projects, supported by our competitive advantage of a combination of a Global management team and Chinese cost base. We are close to being GMP ready, presenting a strong opportunity for CARBOGEN AMCIS to extend its manufacturing capacity.

My colleagues and I are excited and confident about the cognitive future, and we are working hard with our clients, partners and peers to build it. I am proud of the Dishman team for bringing us here, and I am grateful to you, our shareholders, for your steadfast support.

With warm regards,

**Arpit Vyas**  
*Managing Director & CFO*

# Global CEO's Message



**Mark Griffiths**  
Global Chief Executive Officer  
Member of the Board

Dear Friends,

As I began to compose this letter, I realised how quickly my second year has passed as the Global Chief Executive Officer. This has been a year with many rewarding moments, as well as some challenges. Though a year of transition, we made solid progress on many fronts, including building out strategic platforms, while establishing exciting new ones.

This legacy of leadership is a tribute to the success and stability of Dishman, and to the belief in the importance of our purpose held in common with us by our shareholders over so many decades. Personally, I am truly humbled to lead the incredibly talented and dedicated people who work for Dishman.

## YEAR IN BRIEF

Our CRAMS business will continue to be our key growth driver. During the year, we focussed on our strategic priorities – that of enhancing efficiency and profitability of our operations. Today, we are recognised as a preferred global outsourcing partner in this segment, with several key projects currently in production. We have developed strong capabilities across the CRAMS value chain, delivering complex end-to-end research and manufacturing solutions to our global customers.

## KEY ACHIEVEMENTS

Our order book at the consolidated group level is strong and the outlook for FY2017 is healthy. Our business strategy has been to enhance profitability. In a key achievement, we continued to drive the value chain between CARBOGEN AMCIS and Dishman India. We continued to support our customers through the lifecycle management of our products.

We continue to hand hold our global customers through the early stages of product development and pilot to small-scale commercial production. Our production facilities in India and China enabled our customers scale up their volumes economically and reliably. We continued to drive profitability by capturing high-value products such

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as HiPo, anti-body conjugates, challenging chemistry, in addition to having a key focus on “complex and difficult to make drugs”. Our flagship HIPO unit at Bavla is now contributing extensively to customers drive to challenge Cancer.

### OPTIMISING OPERATIONS

During the year, we kicked off over 100 new CRAMS projects which are currently under different stages of development. Our current order book at CARBOGEN AMCIS AG is in the region of CHF 80 million for development orders. There is a high level of capacity utilisation at all our manufacturing facilities. The Bavla unit is running close to full capacity.

### SIGNIFICANT TURNAROUND AT SHANGHAI

We made the manufacturing operations profitable for the first time at the Shanghai Chemical Industry Park, China. The unit is almost GMP ready. We are producing at the facility for the global market. Since our other units are falling short of capacity, we are manufacturing some of the complex intermediates at the China facility for the global market. We are taking advantage of chemical and labour costs being cheaper in China, as compared to Switzerland. These intermediates are being brought into Bavla for making the finished products.

### MOVING FORWARD

Going ahead, our key objective is to utilise all our assets to the best advantage of our customers. We will continue to leverage our fundamental strengths through continued innovation and excellence in development and commercialisation. Also, we are significantly enhancing the focus on niche generics APIs to stabilise business and further improve our capacity utilisation.

We will continue to capitalise on increased opportunities through our unparalleled capabilities in HiPo towards scaled-up commercial manufacture of highly potent compounds and vitamins. In the year ahead, we aim to better utilise our capacities and sharpen our capability



Going ahead, our key objective is to utilise all our assets to the best advantage of our customers. We will continue to leverage our fundamental strengths through continued innovation and excellence in development and commercialisation.

to make use of existing manufacturing facilities as multi-purpose blocks. We are confident this will lead to further capacity realisation and improved order-book conversion.

I thank the Dishman Board for providing me the opportunity to lead the Company in a dynamic industry. We are confident to continue our journey of value creation over the long run.

We see our challenges as tremendous opportunities and are tackling them with immense confidence.

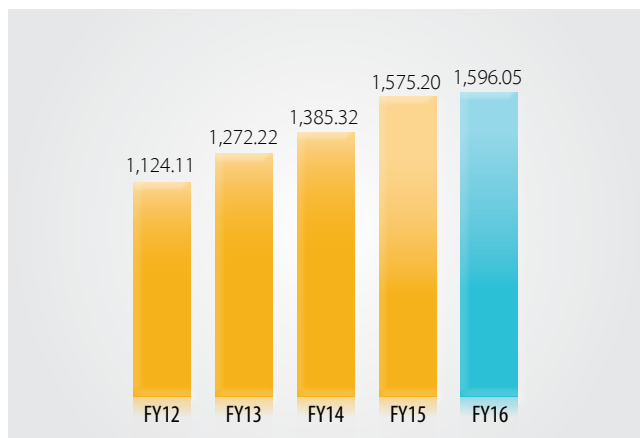
We look forward to continuing along our successful path together with you.

Regards,

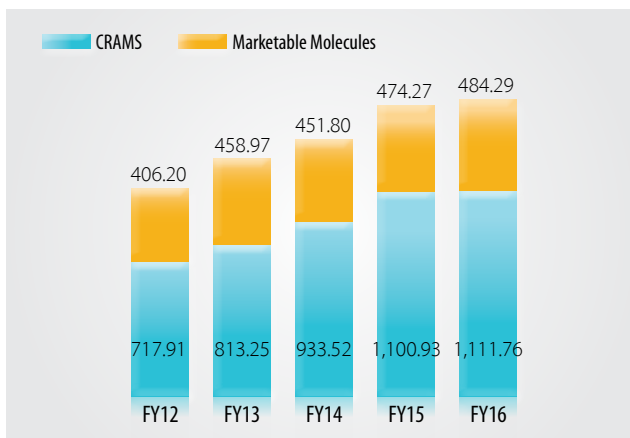
**Mark Griffiths**  
*Global Chief Executive Officer*  
*Member of the Board*

# Financial Highlights

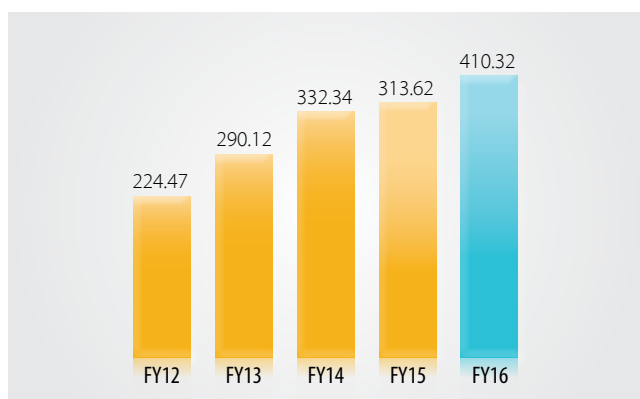
## REVENUES (₹ Crore)



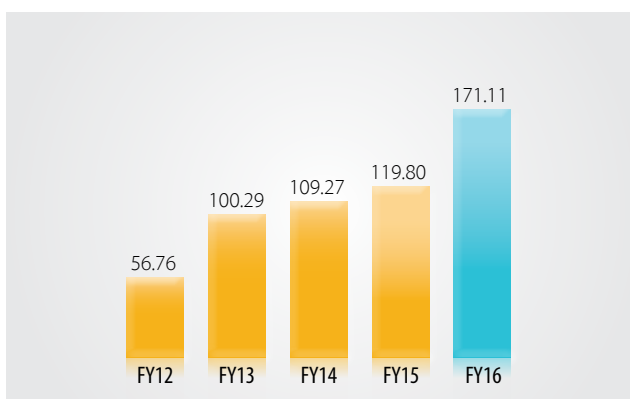
## REVENUE BREAK-UP (₹ Crore)



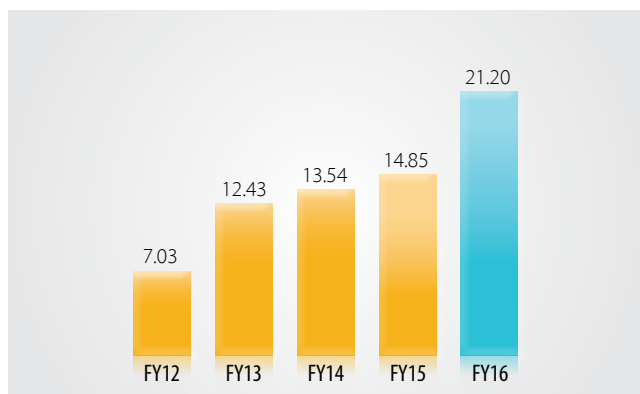
## EBITDA (₹ Crore)



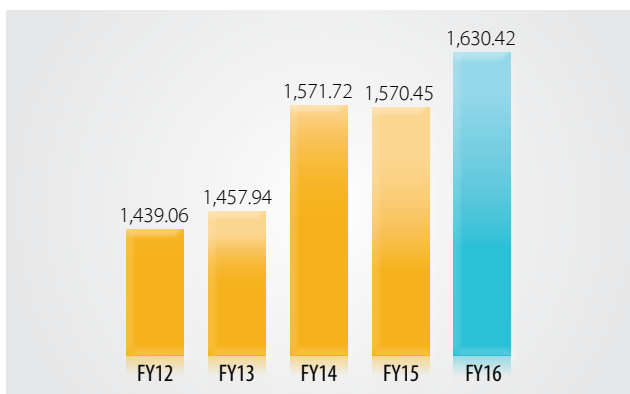
## PAT (₹ Crore)



## EARNINGS PER SHARE (₹)



## NET BLOCK (₹ Crore)



Revenues grew by **1.26%** to  
**₹ 1,596.05 crore**

EBITDA grew by **30.83%** to  
**₹ 410.32 crore**

PAT grew by **42.82%** to  
**₹ 171.11 crore**

Earnings Per Share (EPS) stood at  
**₹ 21.20** per share,  
**higher by 42.76% YoY**

## OUR KEY ACHIEVEMENTS

- Dishman awarded Bronze supplier status with a key client, the only chemistry based supplier receiving this honour.
- Dishman Netherlands BV awarded the Corporate Social Responsibility Prize by the Business Association in Veenendaal. The Award is for demonstrating outstanding performance in CSR and for its capacity to combine economic development with environmental and social criteria.
- Dishman's site at Naroda and CARBOGEN AMCIS AG's sites at Aarau and Neuland in Switzerland successfully pass USFDA inspections.
- Renewal of US FDA inspection of Bavla facility successfully completed.

The Company's financial and operational performance has improved significantly and is growing at a healthy pace over the last five years, driven by high growth opportunities, a wider customer base and focus on segments with better margins. The CRAMS segment contributed 71.2% to the total turnover during FY2016, while Marketable Molecules segment contributed 28.8%. The year under review witnessed a YoY growth of 1.26% in Revenues, 30.83% in EBITDA and 42.82% in PAT.

# Consolidating Capabilities

01

Our Competitive Advantage

We continue to better the churn of our existing capacities to result in an improved order-book conversion and greater stability to growth

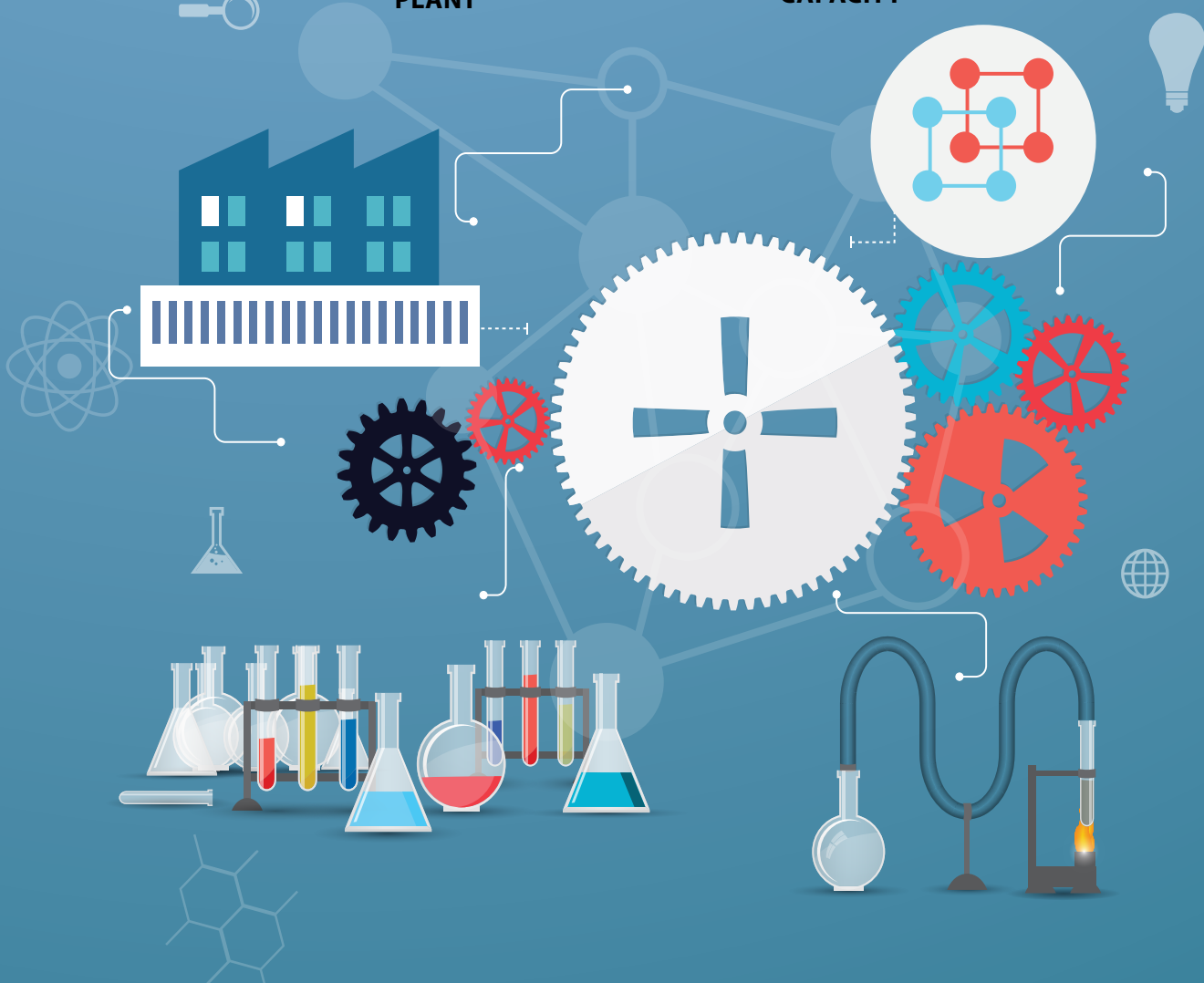
Our capacity utilisation at CARBOGEN AMCIS stands at an all-time high of 95%, which is due to significant order book and low-volume and high-value niche and complex products in our portfolio mix.

**95%**

**CURRENT CAPACITY UTILISATION AT CARBOGEN AMCIS PLANT**

**Unit 9, Bavla** (HIPO Facility)

**MOVING CLOSE TO FULL UTILISATION OF CURRENT OPERATING CAPACITY**



## Better Utilising Capacities to Capitalise on Strong Order Book

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We are moving towards optimum utilisation of capacities across all our manufacturing facilities. This has been achieved due to our enhanced product mix, focus on small and mid-sized companies and our motive to produce niche and complex products. We will continue to better the churn of our existing capacities to result in an improved order-book conversion and greater stability to growth.

Our key emphasis during the year under review has been on efficient and better utilisation of our assets. The capacity utilisation at CARBOGEN AMCIS has been recorded at an all-time high of 95% in FY2016 in both laboratories and production. This has been a result of significant order book and low-volume and high-value niche and complex products in our portfolio mix.

During the year, we paid attention to increasing the number of small and mid-sized companies in our customer portfolio. We targeted at getting projects out of our Switzerland facility into Unit-9 (HiPo Plant) of Bavla facility at Ahmedabad, which is moving close to full utilisation of current operating capacity.

Our CARBOGEN AMCIS business is already operating at 95% utilisation. Encouraged by customer response, we are evaluating options to increase our development capacity for debottlenecking and for making line enhancements. This will help us strengthen our pipeline over the medium term. Further, since our Swiss subsidiary CARBOGEN AMCIS is running at near full capacity, the China facility is gradually being utilised for supplying key intermediates to CARBOGEN AMCIS AG and to India.

# Building for the Future

02 | Our Competitive  
Advantage

Our China facility is well invested and suited for mid-to-large scale production

We are bringing intermediates from Shanghai to India, converting them into API and selling them in the domestic and international market, which will give us a huge cost advantage.





## Leveraging Shanghai Facility to gain Chinese Cost Advantage

The greenfield manufacturing facility at Shanghai Chemical Industry Park, Shanghai, China, came into commercial production during the year, with a steady rise in utilisation levels. The products manufactured at Shanghai are profitable and the facility achieved cash break-even point and started generating profits. On a month-on-month basis, the unit is already breaking even on an operational basis with key projects under production. It is well invested and suited for mid-to-large scale production.

The China facility currently manufactures intermediates for our contract research and development subsidiary, Switzerland-based CARBOGEN AMCIS AG (CA). We are working on getting export GMP certification for the facility. Post-successful completion of the inspection, we will commence Active Pharma Ingredient (API) supplies from the China facility to third parties.

We are also working on approvals to manufacture active pharmaceutical ingredients (APIs) or bulk drugs at the plant, which are building blocks for drug formulations. Further, since the factory is now continuously operational, we aim to bring more projects into the facility. This will be supported by a dual competitive advantage – that of a combination of a global management team and Chinese cost base.

Our Shanghai facility, which started commercial production last year, turned profitable in FY2016. With the facility being continuously operational with several key projects under production, we are beginning to benefit from the advantages of a global management team and a Chinese cost base.

As another strategic decision, we are working towards bringing intermediates from Shanghai to India, converting them into API and sell them in the domestic and international markets. This will give us a huge cost advantage, which will be passed on to the customers and will make Dishman competitive vis-a-vis the other API players. Some high-potency anti-cancer intermediates aimed at the global market are being manufactured here.

Since CARBOGEN AMCIS is falling short of capacity, the China facility is also being utilised for supplying key intermediates to CARBOGEN AMCIS and to India. The APIs will be brought into Bavla, Ahmedabad for making the finished products. This will help us gain the Chinese cost advantage. Chemicals manufactured in the Shanghai factory are, in general, substantially cheaper than in the corresponding other assets.



# Committed to Profit

03 | Our Competitive Advantage

We are making good inroads into this high-margin, complex product segment

We are placing greater concentration on profitability by scaling down our low-margin products and increasing the operating margins.

EBITDA MARGINS AT

**25.71%**

EBITDA HIGHER BY

**30.83%**



# Targeting Low-Volume, High-Value Segments to Further Improve Margins

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We continue to place emphasis on having a strong order book with low-volume, high-value orders and to have an entrenched product mix of niche and complex products. We also aim at consolidating our capabilities and better utilising our existing facilities to further improve our margins.

At Dishman Pharmaceuticals, we continue to leverage the high-margin opportunity in high potency services, driven by growing research & development work taking place in the oncology therapeutics segment. We have made good inroads into this high-margin, complex product segment, which bodes well for our HiPo business and results in margin enhancement. We have managed to increase our incremental revenues from the HiPo business, where operating margins are significant.

During FY2016, our EBITDA margins at 25.71% were 30.83% higher, compared to 19.91% in the previous fiscal year. Higher margins have been a result of our concerted efforts to increase the high-margin commercial and development orders. An emphasis on low-volume, high-value orders and segments with higher margins also helps us utilise our existing facilities more efficiently and optimally.

At our Netherlands facility, we started concentrating on

the high value products and started reducing our focus on the low-value Vitamin D3 production. The analogue is much stronger and beneficial than Vitamin D in terms of medical value and resultant profitability. We are already making a range of Vitamin D analogues and cholesterol at Dishman Vitamins and Chemicals, based in Veenendaal (The Netherlands).

Our focus continues to be to consolidate our capabilities and create enduring and sustainable value for stakeholders. Margin improvement has also been possible due to an increase in value-added order execution from our renovated Vitamin D facility in Netherlands. Besides, our strong order book and optimum utilisation of our assets is also helping us further improve margins. We continue to ensure an enhanced product mix of niche and complex products, resulting into better operating margins.

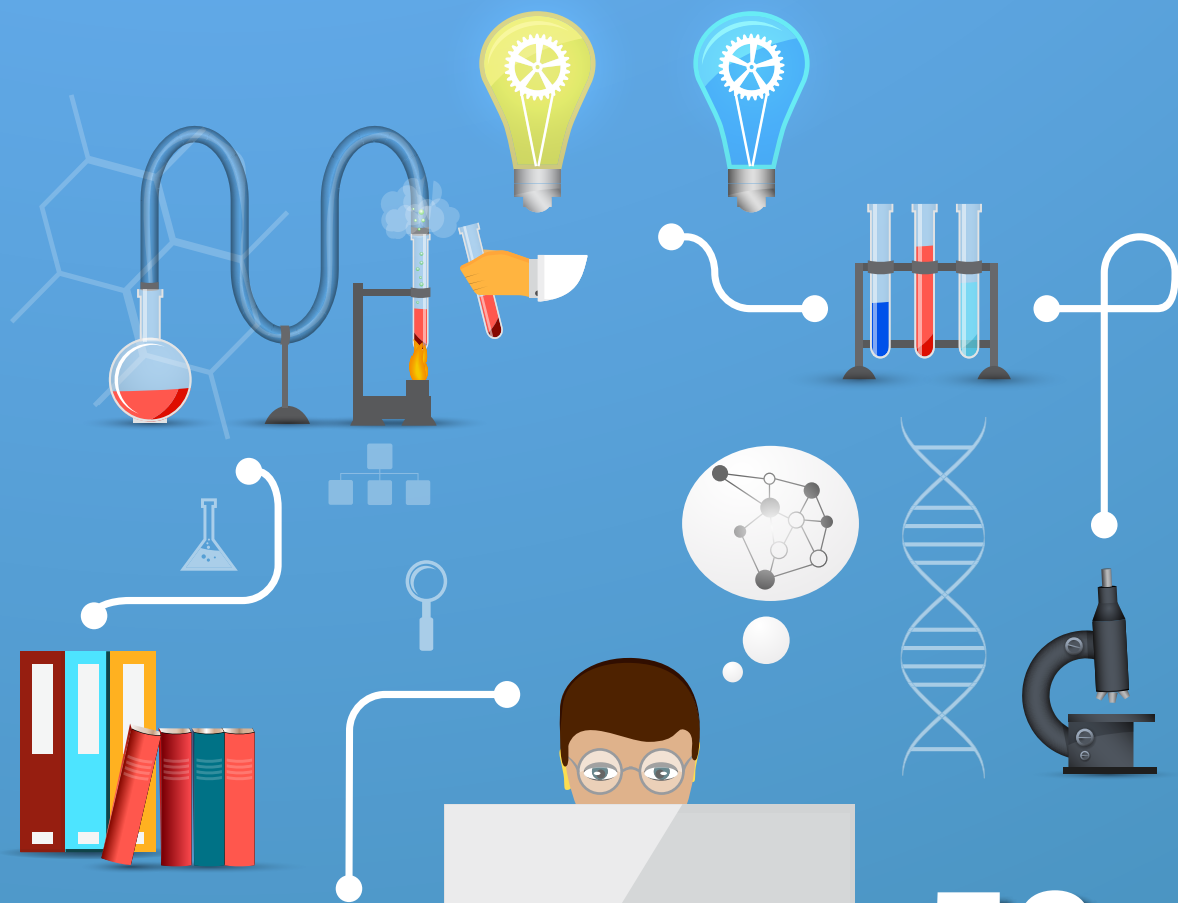
Moving ahead, to further improve margins and minimise the risks, we are following a strategy of widening our customer base and increasing the number of development molecules. Besides de-risking the portfolio, the strategy is enabling us to gain better order predictability and utilise our capacities more efficiently.

# Bettering our R&D

## 04 | Our Competitive Advantage

Undertaking complex and high-cost research projects in steroids and oncology drugs

We have been continuously increasing our number of clients to reduce our dependency on any single client, increase product range and reduce product risk.



**550**  
SCIENTISTS  
GLOBALLY

**50**  
DOCTORATES  
IN INDIA

**200**  
SCIENTISTS  
IN INDIA

**300**  
DOCTORATES  
GLOBALLY

# Acquiring Sophisticated R&D Instruments to undertake Complex Projects

With strong R&D experience and effective relationships with MNC Customers, we are today a premier contract manufacturing organisation. We spent the year acquiring newer and sophisticated analytical instruments which helps us undertake complex and high-cost research projects in steroids and oncology drugs.

Globally, the Dishman Group is driven by research activities. All our development and future projections are based on successful development projects. Globally, we have more than 550 scientists. With more than 50 Doctorates as Senior Scientists and 200 Scientists working under them in India, Dishman Pharmaceuticals is perhaps one of the biggest R&D force in India. Our continued focus is to keep improving the current processes, aimed at better operations and productivity.

We have thirteen multi-purpose R&D cum production units at Bavla and two multi-purpose production units at Naroda, near Ahmedabad, Gujarat. We also have our manufacturing and R&D facilities at Switzerland, France, the UK and Netherlands. Our Greenfield manufacturing facility is located at Shanghai Chemical Industry Park, Shanghai, China.

## R&D Activities in FY2016

During the year, part of the incremental capex was spent on acquiring newer and very sophisticated analytical instruments at the R&D centre at Sanand, Gujarat. This enables the Company undertake extremely complex and high-cost research projects in steroids and oncology drugs, among others. In addition to this, we also equipped our Scientific Department with the latest and comprehensive databases for research and marketable molecules.

As part of the global unification program, we increased the technical exchange between our sites in The Netherlands, Switzerland and India. We are confident this will go a long way in improving our chemistry capabilities worldwide.

## Our Manufacturing Strategies

As part of our business strategy, we have been continuously increasing the number of clients to reduce dependency on any single client. This is also aimed at increasing our product range to reduce product risk and also enter contract manufacturing through contract research of new molecules. Our strategy is also aimed at entering specific markets with relevant marketing innovation and technology transfer in developing markets.

# Empowering Lives

05

Our Competitive Advantage

We are helping the socially and economically backward groups and the marginalised

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We are committed to make a difference to the society by creating economic opportunity, enhancing the sustainability of our operations and the systems we operate in and strengthening local communities.

**10,500**

NUMBER OF CHILDREN BENEFITTING FROM OUR CSR ACTIVITIES IN MUNICIPAL SCHOOLS

**50**

NUMBER OF HOUSES WITH MODROOFS INSTALLED

# Strengthening Local Communities. Creating Economic Opportunities.

Corporate Social Responsibility (CSR) is not just a duty – it is an approach towards existence. We see CSR as a creative opportunity to fundamentally strengthen our business, while contributing to the society and creating social, environmental and economic impact.

Our motto is to build a sustainable life for the weaker and under-privileged sections of the society. Their betterment will lead to a brighter future for us as an organisation. We stretch our aim towards serving humanity in several ways. We care about helping those in need and living our founder's values. Our CSR activities reflect our on-going commitment to innovation and sound business practices.

As an integral part of our commitment to Good Corporate Citizenship, we believe in improving the quality of life of people in our communities. Our motive is to help the socially and economically backward groups, the under-privileged and marginalised, and the society at large.

## **Our Key CSR Activities:**

### **a. SANITATION**

We joined hands with YUVA Unstoppable, an NGO, for transforming sanitation in 30 municipal schools in Bavla and Naroda (Nana Chiloda) area.

### **b. INFRASTRUCTURE**

We worked towards restructuring and refurbishing of the

basic facilities at 30 municipal schools:

- Infrastructure painting
- Clean and separate toilets for girls and boys
- Hygienic drinking water facilities
- Dishwashing area
- Value based paintings

Sessions on "Health and Hygiene" were conducted for children in municipal schools to make the best use of resources.

### **c. INSTALLATION OF MODROOFS**

We also joined hands with Pal ReMaterials India Pvt. Ltd. to provide high-quality roofing to low-income communities. Several families at these communities were formerly living under cement sheets, facing conditions of extreme heat, leakage and breakage. We took a pledge to develop 50 moulded roofs in slum homes for girls. These high-quality roofs are developed such that they keep the house warm in cold and cool in summer – being a perfect solution to the needy. The houses of 50 short listed girl students with excellent attendance and performance in their School were installed with these ModRoofs. This was also aimed at encouraging the parents to provide education to their daughters.

# Board of Directors



**Shri Janmejy R. Vyas**  
*Chairman & Managing Director*



**Mrs. Deohooti J. Vyas**  
*Whole time Director*



**Shri Arpit J. Vyas**  
*Managing Director & CFO*



**Mr. Mark Griffiths**  
*Director & Global CEO*



**Shri Sanjay S. Majmudar**  
*Director*



**Shri Ashok C. Gandhi**  
*Director*



**Shri Rajendra S. Shah**  
*Director*



**Shri Subir Kumar Das**  
*Director*

## **Mr. Janmejy R. Vyas**

*Chairman & Managing Director*

Mr. Vyas promoted the parent company Dishman Pharmaceuticals and Chemicals Ltd in 1983 with 19 subsidiaries worldwide. He heads the R&D and production activities since 29 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 globalization activities since more than 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. 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 extremely instrumental in strategic decision making in the HR policies of the Company.

## **Mr. Arpit J. Vyas**

*Managing Director & CFO*

Mr. 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 the Additional Director of the Company, and thereafter as the Whole-time Director w.e.f. 1st June, 2009 and then as Managing Director since 28th May, 2013 and also appointed as CFO w.e.f. 17th July, 2015.. He has been extremely 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 corporate functions such as finance, legal, IT, marketing, sales, etc.

## **Mr. Mark Griffiths**

*Director & Global CEO*

Mr. Griffiths holds a Master's Degree in Science (Mechanical Engineering) from the University of Bristol. He has extensive background within the Pharma industry and has strong leadership skills. He has more than 33 years of experience in Strategy, Business Operation, Facility & Plant Engineering Design for pharmaceutical and chemical plants. Before joining the Dishman Group as Global CEO, he was the co-founder and joint owner of COSAM Developments Ltd., a multi-discipline pharmaceutical consultancy firm. He has been inducted on the Board from August 2014.



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**Mr. Sanjay S. Majumdar**

*Director*

Mr. Majumdar has a rich experience of over 30 years as a Practicing Chartered Accountant. He is the Proprietor of the firm M/s. Sanjay Majumdar and Associates and also a Partner with M/s. Parikh & Majumdar. 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 NRRRC 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. Ashok C. Gandhi**

*Director*

Mr. 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.

**Mr. Rajendra S. Shah**

*Director*

Mr. Shah is a Mechanical Engineer and the Chairman of Harsha Engineers Limited, which commenced operations in 1972 and manufactures bearing cages of any material and auto components. He is recognised as the "Best Entrepreneur 2001" by the Ahmedabad Management Association, Ahmedabad. He is serving as a President of the Society For The Welfare of The Mentally Retarded, a parents organization working for Welfare of Mentally Challenged Children, running under the name "AASTHA" a vocational rehabilitation center for mentally challenged persons having age above 21 years.

**Mr. Subir Kumar Das**

*Director*

Mr. Das has done his Masters in Management Studies (Finance), from the BHU, Varanasi. He has done his M.Sc. (Chemistry) and is a rank holder from the Lucknow University. He has also done his CAIIB from Indian Institute of Bankers, Mumbai. He has a rich experience of 35 years in the field of Banking, Administration and Management. He is presently working Guest Faculty of the National Institute of Bank Management, Pune, since June 2014, where he conducts sessions on Innovation, Strategy, Human Resource Management and Leadership. He is the retired GM of Bank of Baroda.

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## Leadership Team

### Global Team

**Mr. Mark Griffiths**

Global CEO

**Dr. Alan Fischer**

Global Chief Information Officer

**Mrs. Lizanne Muller**

VP Corporate Compliance and Governance, Dishman Europe

**Mr. Pascal Villemagne**

VP - Commercial, Dishman and CARBOGEN AMCIS AG

**Mr. Martin Schneider**

Global Chief Quality Officer

### India Team

**Mr. Bharat Padia**

Executive Director

**Ms. Himani S. Dhotre**

Sr.VP (R&D) & CEO (Bavla Plant)

**Mr. Mark Ipema**

COO

**Mr. Harshil Dalal**

Sr.VP (Finance & Accounts)

**Mr. Jayesh A. Shah**

VP (Production) & CEO (Naroda Plant)

**Mr. Amish S. Parikh**

VP (IT & Communication)

**Mr. Dharmesh Desai**

Asst. Company Secretary (Legal & Secretarial)

# Management Discussion & Analysis

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India is firmly on its way to catapult into a global growth engine. The rate at which the economy is growing also makes it one of the fastest growing large economies in the world. A positive economic outlook clearly indicates that the Indian growth story is seen gaining strength in the years to come.



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## ECONOMIC OVERVIEW

### Global Economy

The global economy is seen growing by 3.4% in 2016 and 3.6% in 2017, as per the projection of the International Monetary Fund (IMF). The anticipated pick-up in global activity is envisaged to be slower than what was earlier projected in the October 2015 World Economic Outlook (WEO), particularly in developing economies and emerging markets.

Going forward, the progress in advanced economies is seen tepid and volatility is expected to persist. However, the situation in the emerging markets and the developing countries is varied with several challenging scenarios. The slowdown and restructuring of the Chinese economy, correction in commodity prices and pressure on large emerging economies are some factors expected to take a toll on growth prospects in 2016 and 2017.

The projected uptick in growth over the next two years depends on growth rates in countries which are currently going through economic pain, such as Brazil, Russia and some other countries in Middle East. However, any adverse economic or political events can hamper recovery. In conclusion, the underlying risks in the global economy point towards a bleak outlook. Significant challenges such as China's rebalancing, lower commodity prices, and the steady transitioning from monetary easing conditions in the United States have been tackled to ensure global growth does not get disrupted. (Source: IMF)

### Indian Economy

India has long been viewed as a potential economic tiger that is yet to achieve its potential. Myriad regulations and the intricate federal structure of the government inhibited business growth and held back India from achieving its expected economic potential. However, that appears to be changing gradually. India's macro-economic conditions saw an upswing in FY2016. The real Gross Domestic Product (GDP) grew by 7.6% in FY2016, compared to 7.3% in FY2015. Inflationary pressures retreated with the Consumer Price Inflation (CPI) softening to 4.8% in FY2016, from 6.8% in FY2015 and 9.5% in FY2014, primarily driven by falling commodity prices. Fall in oil imports and



gold imports helped the government bring the current account deficit (CAD) under control. Further, reduction in oil subsidies also helped the government improve its fiscal deficit position.

The State Governments, in lockstep with the Central Government, have unveiled several reforms that have made it comparatively easier to do business in India. Some major policy reform initiatives by the government in recent months include passage of Real Estate Bill, bringing transparency to the sector and making it buyer-friendly, and amendments to Mines and Minerals Act, which in effect will increase revenue to the states. The Government has also permitted 100% Foreign Direct Investment (FDI) in the marketplace format of e-commerce retailing to attract greater foreign investments into this high growth Indian market.

On the back of promising monsoon as predicted by Indian Meteorological Department (IMD) and a 7.7% GDP growth forecast for FY2017, India is firmly on its way to catapult into a global growth engine. The rate at which the economy is growing also makes India one of the fastest growing large economies in the world. A positive economic outlook clearly indicates that the Indian growth story is seen gaining strength in the years to come. (Source: KPMG Report, 2016)

## INDUSTRY OVERVIEW

### Global Pharmaceutical Industry

The preceding five years leading up to 2016 have witnessed moderate growth in the global pharmaceuticals industry. The growth has been backed by increasing demand for healthcare and medications worldwide, largely driven by the emerging economies. Improvement in healthcare standards and higher focus on preventing illnesses has led to consumers driving revenues. With an increase in the number of individuals above the age of 65 years, there is a need to treat chronic illnesses leading to higher demand for pharma products. Increasing longevity has encouraged individuals to emphasize on medications to improve health and the overall wellbeing. Further, with a rise in new viruses, diseases and drug resistant infections, there is a drastic increase in Research & Development (R&D) work, boosting the revenues of major pharmaceutical companies.

The global pharma industry is expected to see a spur in personalised medicine development, with leading companies making heavy investments in research. With high level of development in genomics and big data, firms are pushing towards providing dedicated remedies to patients by studying their needs, preferences and genetic characteristics. Industry experts mention that ~ 94% of the large pharmaceutical companies such as AstraZeneca, Pfizer and Roche have invested significantly in personalized medicine research.

## Management Discussion & Analysis

There has been a steady rise in the importance of speciality medicines, with drugs such as Amgen's Repatha and Sanofi's Praluent expected to propel industry growth. According to a report by the IMS Institute for Healthcare Informatics, specialty medicines are projected to account for 28% of the US\$ 1.4 trillion global medicine expenditure by 2020. Further, the Evaluate Pharma World Preview 2015, Outlook to 2020 report, predicts that by 2020, about 9 of the 10 best-selling drugs (by revenue) in the United States will be specialty drugs, compared with 7 in 2014.

However, the arrival of Biosimilars in the US in 2016 has been huge relief to consumers as it comes at much lesser cost vis-à-vis speciality drugs. Four biosimilars are seen gaining approvals, with 50 more presently under review. The advent of biosimilars should alleviate the burden of rising drug prices on consumers. (Kelly Gooch, Senior Reporter, Becker's Healthcare (December 2015))

We live in times of global uncertainty where R&D costs are significant and some large players are looking to de-risk their exposure by pooling pool with companies to explore new sources of income. Considering this, there seems to be significant headroom for mergers and acquisitions (M&A) in the pharma space. Companies are also looking to implement in-licensing of mid-to-late stage drugs for potential high value drugs. This is instead of allocating substantial capital for developing a product from scratch to save on time and money. According to experts in the pharma industry, some of the large companies are seen losing close to ~US\$ 17 billion from patent expiry in 2016. These companies are focusing on keeping up to pace with biotech companies by either acquiring or collaborating with them. Small biotech companies typically struggle to raise funds over time due to volatile economic cycles, so it offers huge potential for large companies. (Source: The Smart Cube)

### Global Medicine Spend

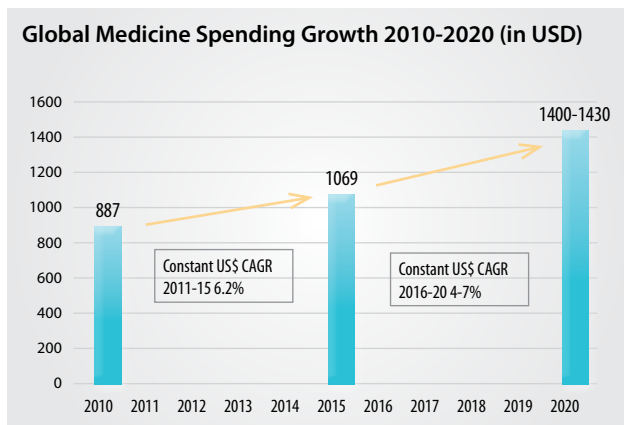
Total spending on medicines is expected to reach US\$ 1.4 trillion by 2020, rising by 29% to 32% since 2015. This is lower compared to a 35% increase in the preceding five years. Key factors that will drive this growth are – an ageing population in developed markets, rising income levels and greater access to healthcare in pharmerging



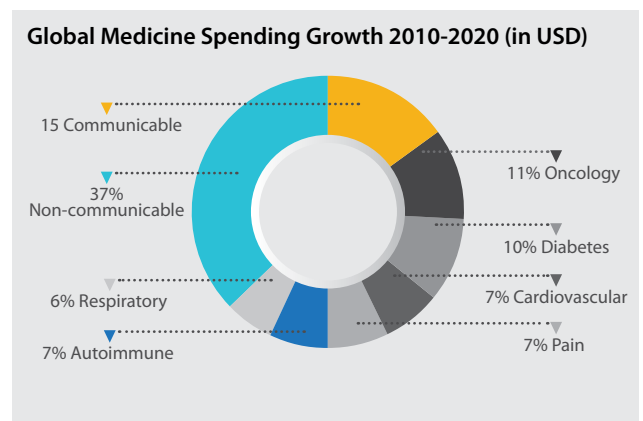
markets. Spending is expected to be largely centred around developed markets, with almost half the spend allocated for original brands, with the focus being on non-communicable diseases. Speciality therapies will be more prevalent and different traditional medicines will continue to be used in the developed markets, as compared to the pharmerging markets. However, patent expiries are expected to balance the level of spending as some brands lose their exclusivity and pricing power as a result.

Small molecule patent expiry in the past has led to a swift change from medicines to generics, especially in the US. The trend is expected to spread across other developed markets too by 2020. Therefore, the emergence of generics will have a significant impact on brand spending over the next few years. Also, with the advent of biosimilar options in addition to the ones present in Europe, contribution from this alternative will be considerable, along with huge influence that these biological patent expiries will have over the next five years. As US spends more on biologics than any of its counterparts in the developed markets, its contribution towards cost reduction will be much greater. Some of the main patents which may expire include – few autoimmune treatments, insulins, and cancer treatments, among others.

However, there is still no clarity on the exact dates as the US biologics patent law situation is still some distance away from being completely in place. There is a high probability that almost every biological patent and biosimilar launch could be challenged in courts over the next few years. This could hamper the evolution of biosimilar products in some way, going forward. However, it is important to note that biosimilars are here to stay and are expected to help in a meaningful amount of savings for healthcare systems in the developed countries.



Source: IMS Institute Report- Global Medicine Use in 2020



Source: IMS Institute Report- Global Medicine Use in 2020

## Developed Markets

### United States

Total spend on medicines in US is expected to reach US\$ 560-590 billion by 2020, indicating a sharp rise of 34% in spending over 2015 (on the basis of invoice price basis). The increase in spending is seen being driven by innovation, premium pricing and from the setback from loss of exclusivity. The pace at which medicine spending will rise over the next five years may not be as robust. This is since in the last four years, 2012 included the largest patent expiry collection ever; and 2014 has been one of the best years for new medicine launches. Of the total US\$ 24 billion spent on new brands in 2014, almost 50% of the allocation was driven by Hepatitis C treatments.

Generic medicines will continue to have a larger share of the prescription medicine market in the US. This is seen rising from 88% to 91% or 92% by 2020. The Affordable Care Act (ACA) in the US will continue to have its influence on medicine spend over the next few years, owing to the increased purview of insurance protection. By 2020, ACA is expected to have comprehensive coverage as per its target and this would bring moderate new demand for new medicines. However, the expenses of incremental spending on medicines will be borne by Medicare, Medicaid and other government funded or mandate programs, ensuring that medicines command a huge discount from list prices.

### Europe

The top five countries in Europe are expected to spend US\$ 180-190 billion on medicines in 2020. This will be mainly driven by Germany and the increasing demand for speciality medicines. Germany is seen spending up to US\$ 57 billion in 2020 from US\$ 41 billion currently. This indicates an increase of US\$ 16 billion, mainly driven by higher acceptance of innovation. Other leading countries in Europe could face spending constraints and France, along with a few others and could see a decline in volume of medicines consumed on a per capita basis.

UK is relooking at the organization of National Health Service (NHS) and its earlier pricing agreements with the pharma industry, after the arrival of the conservative party in national politics. Spain and Italy have been through an extended economic downcycle and are struggling to cope up. In the past, these countries have shifted medicine usage to generics and have tried to gauge the savings associated with this change. Considering these benefits have already been attained through earlier initiatives and fewer patents are expected to expire in the coming years, these efforts prospectively could only have a minimal impact going up to 2020. Governments in Europe were the first ones to integrate the legislation pertaining to biosimilars. They are expected to reap most of the benefits in the developed markets from its early adoption.



Increase in per capita volume and monetary allocation towards medicines suggests there is a conscious desire from governments and private insurance markets in pharmerging countries to increase the bandwidth of healthcare. There is a considerable gap between the per capita and overall spending growth over the next few years, which is an indication of population growth.

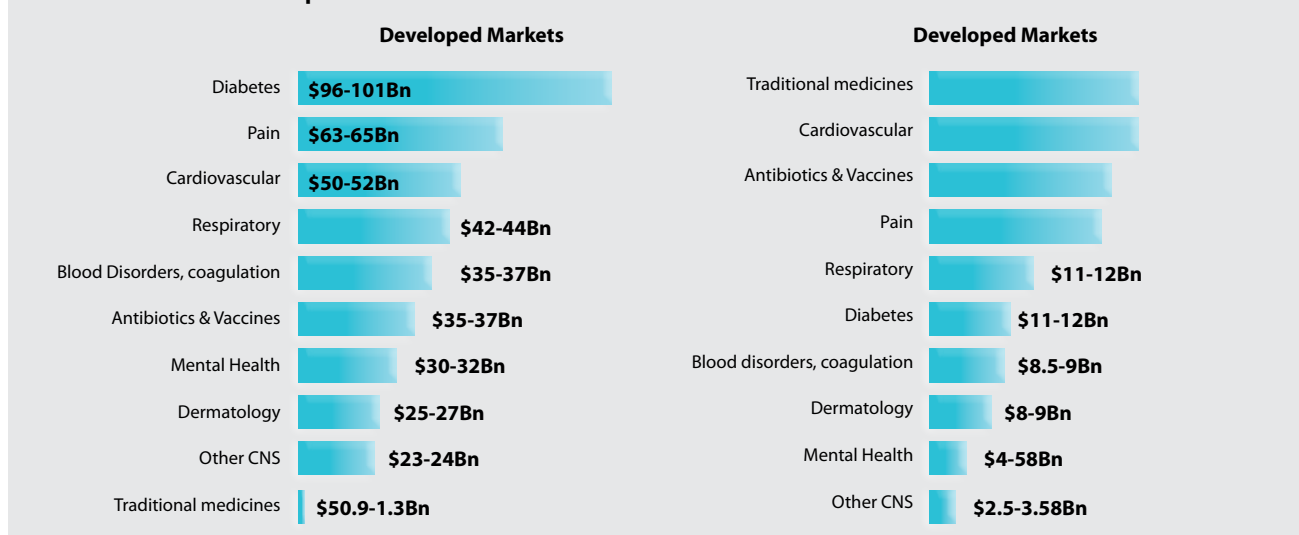
### Pharmerging Markets

There is a huge potential for growth in spending in the pharmerging markets. Spending is expected to touch US\$ 125 billion in 2020, mainly driven by widespread use of medicines. Increase in per capita volume and monetary allocation towards medicines suggests there is a conscious desire from governments and private insurance markets in pharmerging countries to increase the bandwidth of healthcare. There is a considerable gap between the per capita and overall spending growth over the next few years, which is an indication of population growth.

Countries such as Saudi Arabia are taking a major leap in the world of medicine. Its average spend is expected to be US\$ 300 per person in 2020, with almost similar volume of medicine usage per capita as an average developed country. There are a host of countries with the highest per capita spending growth, leading up to 2020. They also have the lowest spend per person, indicating that the healthcare in these countries is far worse than some of the better pharmerging and developed countries. Also, the increased spending on medicines should help them bridge the gap with their superior counterparts, but it may still not be enough to meet acceptable global healthcare standards.

Over the years, China's efforts to increase medical coverage to its massive 1.4 billion population through standard medical insurance will probably ensure incremental spending leading up to 2020 will be limited. Per capita medicine volume growth is expected to stay subdued after the surge over the past few years and spending growth will be around 10%, leading up to 2020. The economy in China has shown signs of a slowdown and it is likely patients will have to contribute significantly towards medicine spending, which will be burdensome and will hamper overall spending. China continues to be the largest pharmerging market. Despite the fact that spending will be slower than earlier in the decade, it is expected to be at or above GDP growth through 2020.

### Traditional Medicine Spend in 2020



Source: IMS Institute Report- Global Medicine Use in 2020

## Prime Drivers for Medical Spend

An anticipated increase in the number and quality of innovative drugs will lead the revolution of disease treatments by 2020. This is as we start seeing the benefits of incessant research and development work being carried out over many years. Some key elements of innovation which will drive the industry are biomarkers, genomics, genetic testing, better output from clinical development and cost rationalization. The provision for development incentives such as quick approvals for “breakthroughs,” and pre competitive tie-ups will boost the overall R&D activity over the next few years.

## New Medicines available in 2020

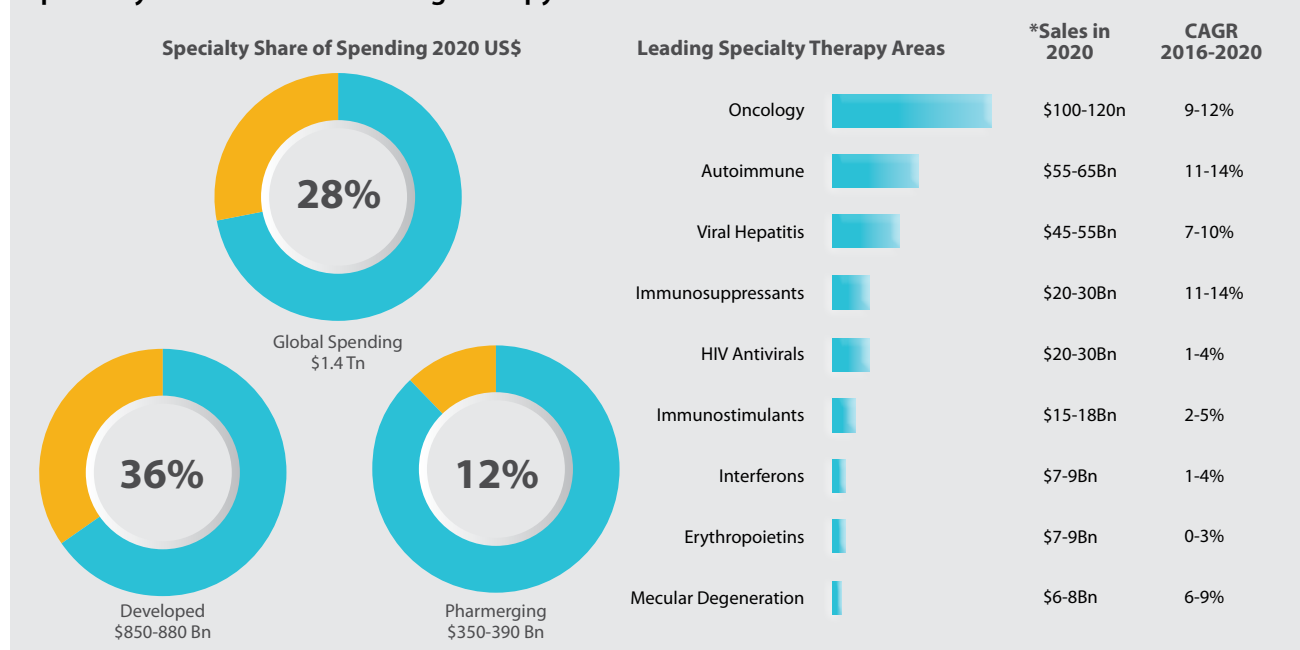
In 2020, there will be approximately 943 New Active Substances (NAS) that have been around over the past quarter century which will be commonly accessible to people around the globe. These curable solutions, more often than not, take a long time to reach patients outside the developed markets. Hence, most innovation over the next five years may not be widely accessible. Prospectively, more of the new medicines would treat



ailments pertaining to oncology and orphan diseases and many of them will include a wide variety of specialty small molecule medicines. Patients can expect to have an opportunity to gain access to path breaking therapies and innovation, which could potentially treat diseases such as hepatitis C, cancer, autoimmune diseases and heart disease by 2020.

Cancer related treatments denote one of the biggest categories of the 225 new medicines expected to be rolled out over the next 3-5 years. For instance, myeloma could see a mortality rate increase above 50% if new treatments are as successful as some of the early experiments suggest. More than 90% of the anticipated new cancer treatments

## Specialty Medicines and Leading Therapy Areas in 2020



Source: IMS Institute Report- Global Medicine Use in 2020

## Management Discussion & Analysis

will be dedicated therapies – ones which will use a cancer cell process, mechanism or genetic marker to select or deliver treatment – of which one-third will use a biomarker. An estimated one-third of cancer treatments will target rare cancers deemed orphan diseases.

More than 470 drugs will be readily available to treat orphans for 7,000 rare diseases with no or limited treatments available. Although the worldwide medicine spending on orphan drugs is expected to be 1-2% of the total global spend, it could be as much as 10% in developed markets such as in the U.S. Many revolutionary treatments are expected to be in place over the next few years. This many include practical cures for hepatitis C, a bunch of small molecule and biologic immunology treatments for rheumatoid arthritis and new treatments for host of diseases which have earlier been catered to with age old, often generic, small molecule treatments. By 2020, there will be few, but extremely critical, cell-based and gene-based therapies in place for patients, often with short or one-time dosing, for treating diseases with significant challenges including, but not limited to, cancers, HIV, genetic disorders and autoimmune diseases.

### **Oncology**

The age of accurate treatment for all cancer types will still be on the radar by 2020. However, important progress will have been made across a number of tumour types. Biomarkers are increasing vital for clinical trials as more approved drugs come together with the instruction to use a biomarker or an accompanying diagnostic to inform and direct their use. Increasing pressure from payers to restrict access or limit the use of expensive targeted treatments can be expected. At the same time, those with biomarkers can expect that eligible patients will be tested and likely be approved for use. Oncology treatments will include more immunotherapies, targeted therapies and personalized medicines, sometimes used together in a regimen. This will improve further survival and life expectancy for many cancers.

Over one-third of new cancer medicines in research are currently testing a biomarker and trials employing biomarkers for patient selection have a higher probability of success. The largest part of research and development activity that will produce new therapies in the next five

years are in larger population tumours such as breast, lung, colorectal, and leukemias and lymphomas. Many of these already have a number of new treatment options in the last five years. In these sections, majority of the advancements will bring the potential of efficacy, safety, and improved dosing administration. A few new cancer medicines will aim to cure cancers including myeloma, pancreatic, aggressive ovarian, and melanomas. This is while often providing diagnostics and anticipating considerable improvements in survival.

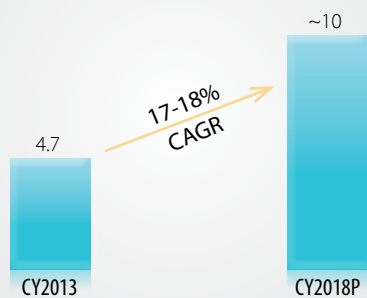
Currently, there are five treatments in the pipeline for myeloma in late stage development. Many of these have advanced functions with one providing an oral option substitute to the currently available infusion treatment which has less than 50% of the 5-year survival prospects. Many new treatments are expected to be approved swiftly based on priority review and breakthrough designations from regulators. This includes the first oral proteasome inhibitor (ixazomib), a Signaling Lymphocytic Activation Molecule F7 (SLAMF7; elotuzumab) and a CD38-targeted monoclonal antibody (daratumumab). Currently, there are 19 immunotherapies under development using the PD-1 or PD-L1 targeting mechanism and many tumours may show results from this approach of marshalling a patient's own immune system in treatment. Many of these treatments will be added to existing targeted treatments, raising the prospect of extremely expensive regimens for some tumours. This will require a strong evidence basis to determine appropriate use, both clinically and financially. (Source: IMS Institute report- Global Medicine Use in 2020)

### **CRAMS Industry – Global & India**

The global CRAMS market grew around 15-16% CAGR for the period 2005 to 2010. On the other hand, the Indian CRAMS market grew around 25-30% CAGR during the same period. During 2009-2011, the pharma industry underwent across the globe consolidation and cost rationalization steps. Along with unfavourable currency impact, this affected the Indian CRAMS industry. However, the growth steadily picked up at 15-16% during 2011-14. Patented drugs worth approximately US\$ 85 billion in potential yearly revenues in the US are expected to go off patent during 2014-2020. The Indian CRAMS companies are expected to receive a boost considering their strong



### Contract Manufacturing Services (USD Bn.)



Source: Care Report: Credit Perspective Indian CRAMS 2015

strategic partnerships with leading pharmaceutical and biotech companies in the world.

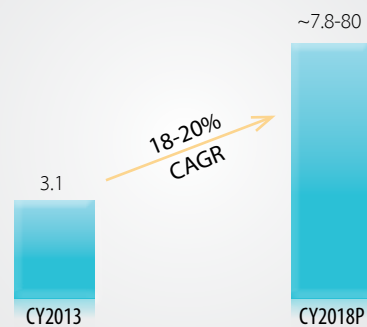
### Key Drivers for the Indian CRAMS Industry

1. New drug development is a time consuming process. It takes ~10-15 years from inception to launch a new drug. Outsourcing research work on complex molecules can help reduce drug development time.
2. As innovator companies are shifting their focus towards core competence, innovator companies are increasingly outsourcing non-core activities to improve cost efficiencies and productivity.
3. With patent expiries forthcoming, innovators are expected to outsource work to low cost destinations.

The Indian CRAMS industry has benefited as global pharma has opened up access and also set up supply chains across the globe. This resulted in higher contribution from exports. Exports constitute more than 75% of revenues in 2014 of the CRAMS industry, up from 62% in 2010. Efficiency in manufacturing and maturity of business models led to containment in cost of manufacturing approximately to 55% of sales. To capture greater global market share, Indian CRAMS companies have added capacity at a rate exceeding growth in sales.

However, the growth of the Indian CRAMS industry may be negatively impacted by regulatory directives. Indian pharma companies have been issued various letters/

### Contract Research Services (USD Bn.)



Source: Care Report: Credit Perspective Indian CRAMS 2015

notices by USFDA regarding non-compliance with the testing, hygiene and cGMP standards.

### 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.

The Group has presence across the world servicing customers from all the key advanced markets including US, Europe and Asia. It possesses a wide range of research



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competencies and nine manufacturing capacities across multiple continents and countries, including Switzerland, UK, France, China, Japan and India. It operates 9 manufacturing sites in total – 4 in Switzerland; 2 in India; and one each in UK, France and China.

The Group recently witnessed profound organisational and operational restructuring. It first added the post of Group CEO and then added the posts of a Group-level Chief Information Officer and a Chief Quality Officer. This includes a particular mandate of integrating the Group's operations and cross-selling its global capabilities to customers across the world.

### **End-to-End Service Offering**

Chemical Development - Commercial Manufacture - Supply of APIs

### **Our Product Portfolio**

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

## Our Business Verticals

### **1. CONTRACT RESEARCH AND MANUFACTURING (CRAMS)**

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 71.18% to our total revenues. With an expanded capacity in place, we are strongly placed to benefit from a revival in the global CRAMS industry.

#### **a. CARBOGEN AMCIS**

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, the UK and China. The Switzerland-based CRAMS business 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 late stage small-scale commercial productions. Most small and large pharmaceutical players prefer to work with partners close by in the early stages of the product development process. Considering this, CARBOGEN AMCIS represents the Group's gateway for customer acquisition and for

maintaining close relations with them throughout a product's lifecycle.

#### **b. Dishman India**

The Dishman brand represents the Group's second part 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, they are able to derive further value with the Group. The Company successfully scales them towards large-scale commercial production using its specialised high capacity operations in India and China. The Indian facility at Bavla, 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, thereby resulting into an end-to-end integrated CRAMS offering.

### **MARKETABLE MOLECULES**

#### **a. Specialty Chemicals**

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 helps 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.

#### **b. Vitamins and Chemicals**

Dishman Vitamins & Chemicals manufactures and supplies a range of Vitamin D and Vitamin



D analogues. It also manufactures cholesterol and lanolin related products for pharmaceutical, cosmetic and related markets. After having acquired our Vitamin D business in Netherlands, we are the market leaders in the advanced regulated markets in the Vitamin D space.

There was a change in strategy of the Company in the year under review, where the Company decided to reduce its focus on the low margin Vitamin D business. Instead, it decided to concentrate on high value Vitamin D analogues and cholesterol business, where the margin realisation was much higher. Moreover, the distributorship channel was done away with and "direct sales to end-customer" strategy was implemented in the year under review. These strategies have worked fantastically well for the Company, as the operating profitability margins have improved dramatically from 19% in FY2014-15 to 30% in FY2015-16. All of the production is now being done at the Netherlands facility and the renewed strategy should help your Company sustain and even improve the profitability margins at the Netherlands operations.

#### **c. Disinfectants**

Dishman Care has a range of hand and body wash, sanitisers and antiseptics, apart from its active pharmaceutical ingredients and formulations businesses. We 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 have a deep 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 aim to provide specialist products for environmental decontamination based on hydrogen peroxide disinfectants.

## OUR COMPETITIVE STRENGTHS

### A. 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 and dedicated production facilities for APIs, intermediates (India, China) with dedicated API manufacturing capacity at India and China.

#### Presence along the Value Chain:

Building Blocks - Commercialisation - Launch Stage

### B. High Potency API Capability

The Dishman Group has invested in world class capabilities to address the Anti-Body Conjugates (ADC) market. Coupled with 14 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.

### C. Unparalleled Capabilities in scaled-up Commercial Manufacture

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 HiPo API facility at Bavla, coupled with the capabilities in HiPo API in Switzerland, provide a customer compelling set of assets and technical skills. The 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'.

### D. Seamless Integration of our Capabilities

We continue to cross sell our multiple broad-based capabilities across geographies and leverage fresh opportunities wherever possible. Our joint Global Sales team continues to project the Group as "One Company - Two Brands" under the CARBOGEN AMCIS and Dishman brands. Our unified approach in projecting the disparate and wide-spread capabilities is already beginning to have a positive impact. We have been successful in integrating our capabilities across our Swiss, India and China development and manufacturing facilities, which has helped to start utilizing our global capacities in an optimal manner. Unit 9 is implementing projects that have been successfully transferred to Bavla, after being developed at the Swiss facility in its early stages.

## OUR PRIME GROWTH DRIVERS IN FY2016

- CRAMS getting back on the growth path
- Turnaround of CARBOGEN AMCIS, led by margin improvement, new products, ADC and Unit 9-HiPo
- China facility becoming profitable



We have added many small and mid-size biotech companies into our customer portfolio, which are largely concentrated on new chemical entity development and eventual commercialisation.

- Vitamin D business moving on track, with key focus on integrating vitamin business
- Focus on high margin products and reduced concentration on the low margin business

## OUR KEY STRATEGIES IN PLAY

### Diversifying our Customer Base

Dishman Pharma earlier had a very high customer concentration in the form of large pharmaceutical MNCs in the US and UK. However, it changed its strategy by diversifying and widening its existing customer base for global CRAMS business

By diversifying our customer mix, we are ensuring we are not over dependent on our business with large pharmaceutical companies. We have added many small and midsize biotech companies into our customer portfolio, which are largely concentrated on new chemical entity development and eventual commercialisation. This also helps us to de-risk our business model and ensure that we are able to develop the molecules at a faster pace and at a lower cost.

### Increasing Focus on Innovative and Niche Generic APIs

We are significantly enhancing our focus on innovative and niche generic APIs in a bid to enhance our business and increase utilisation of spare capacities, without any additional capex. Due to our philosophy of understanding the unmet needs of the society in terms of the critical diseases and addressing them with newly developed chemical entities, we are highly focused on niche therapies

across innovator and generic APIs. During the year, we had a successful FDA scrutiny at Bavla towards the pre-approval inspection of an API ("Bedaquiline") for an innovator, of which we are one of the suppliers.

### Strengthening Order Book and New Product Launches

The group has a strong pipeline of development molecules across different phases. A key driver for CRAMS is the niche development molecules and strong order book at CARBOGEN AMCIS AG and India facilities. The company has currently about 13 late Phase III molecules, which is a very healthy pipeline entering commercial stage. At least a few molecules are expected to go commercial in the next 2-3 years, which are expected to yield significant revenue and profitability growth. The company will ensure that its development pipeline is always full with niche molecules so that there are more chances of the molecule going commercial.

### Focusing on Margin Improvement

The entire management philosophy is to develop and manufacture APIs for new chemical entities and niche generics, which are required by the patients suffering from the critical illness diseases. Keeping this in mind, the company has identified 4-5 key therapeutic areas where it would largely focus its energies. These molecules will add significantly to the profitability parameters of the company. Also, the company has done away with manufacturing certain low margin products and that strategy would continue going forward. This will also help the company in better utilisation of the existing capacities by manufacturing high margin products without incurring any significant capital expenditure.

In addition to the above, the company continues its focus on improving operational efficiencies and cost reduction measures with a view to improving profitability at operational level without impacting the revenue growth. With debt reduction and conversion of rupee debt into foreign currency debt plans in place, the finance cost is expected to reduce over the coming years.

All of the above efforts should help the company improve its profits margins even further going forward.

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We are focusing on contract research and manufacturing services segment of our business, disinfectant business segment as well as on our Vitamin D3 analogues and cholesterol business. The outlook for CRAMS and innovative and niche generic APIs is extremely positive.

### MANAGEMENT OUTLOOK

We are focusing on high-margin, high-value business and expect a sizeable improvement in financial and operational performance in the years ahead. We are focusing on contract research and manufacturing services segment of our business, disinfectant business segment as well as on our Vitamin D3 analogues and cholesterol business. The outlook for CRAMS and innovative and niche generic APIs is extremely positive.

We foresee HiPo API, niche generic API and disinfectants businesses to be our future growth drivers. We are expecting the positive momentum to be maintained due to better performance in CARBOGEN AMCIS, improvement in Vitamin D margins and better realisation in Netherlands facility. About 70% of Dishman's portfolio is geared towards higher-end API supplies with vitamin D3, bulk drugs, generic APIs and disinfectants accounting for balance 30%. In Vitamin D3, the key focus will be on quality rather than volumes, which will protect our EBITDA margin. Interest cost savings due to debt repayment and margin expansion will drive our earnings CAGR in the next few years. Scalability of our HiPo facility at Bavla and approvals from regulatory authorities will gradually lead to better profitability.

### RESEARCH & DEVELOPMENT

With strong R&D experience and effective relationships with MNC Customers, we are today a premier contract manufacturing organisation. We spent the year acquiring newer and sophisticated analytical instruments which helps us undertake complex and high-cost research projects in steroids and oncology drugs. Globally, we have more than 550 scientists. We have more than 50 Doctorates as Senior Scientists and 200 Scientists working under them in India.

Our continued focus is to keep improving the current processes, aimed at better operations and productivity. We have thirteen multi-purpose R&D cum production units at Bavla and two multi-purpose production units at Naroda, near Ahmedabad, Gujarat. We also have our manufacturing and R&D facilities at Switzerland, France, the UK and Netherlands. Our Greenfield manufacturing facility is located at Shanghai Chemical Industry Park, Shanghai, China.

As part of our business strategy, we have been continuously increasing the number of clients to reduce dependency on any single client. This is also aimed at increasing our product range to reduce product risk and also enter contract manufacturing through contract research of new molecules. Our strategy is also aimed at entering specific markets with relevant marketing innovation and technology transfer in developing markets.



## FINANCIAL OVERVIEW

### Business Highlights (Consolidated)

(₹ in Crores)

Particulars	2015-2016	2014-2015	Growth (%)
Net Sales & Operating Income	1,596.05	1,588.74	0.46%
Other Income	26.54	86.91	-69.47%
Total Income	1,622.59	1,675.65	-3.71%
EBITDA	410.32	313.62	30.83%
Depreciation	109.06	150.71	-27.64%
PBIT	327.80	248.96	31.69%
Interest & other Finance charges	94.44	89.71	5.28%
Profit Before Tax	233.36	159.20	46.58%
Tax Expense	62.36	39.44	58.10%
Profit after Tax	171.11	119.81	42.82%

During the year, the turnover has gone up to ₹ 1,596.05 crore, as compared to ₹ 1,588.74 crore, resulting in a growth of 0.46%. CRAMS segment registered a turnover of ₹ 1,142.29 crore compared to ₹ 1,100.93 crore during the previous year. Other segments which include bulk drugs, intermediates, Quats and speciality chemicals and outsourced/traded goods registered growth at ₹ 453.56 crore, against ₹ 474.26 crore in the previous year.

CRAMS is our largest business segment which caters to the requirements of multinational pharmaceutical companies internationally. We develop intermediates/APIs based on our customer's request. This business involves significant R&D efforts to develop the products and processes. Our wholly-owned subsidiary CARBOGEN AMCIS located in Switzerland is spearheading our R&D efforts. Around 72% of our consolidated turnover is generated from CRAMS segment.

Others segment (which includes bulk drugs, intermediates, speciality chemicals and outsourced/trade goods) contributed around 29% of consolidated turnover in 2015-2016. Out of ₹ 1,596.05 crore sales, CARBOGEN AMCIS has

accounted for sales of ₹ 779.46 crore (previous year ₹ 771.25 crore), Vitamin D and speciality chemicals business has accounted for sales of ₹ 223.19 crore (previous year ₹ 227.04 crore) and CARBOGEN UK Ltd. accounted for sales of ₹ 68.86 crore (previous year ₹ 85.35 crore). Remaining sales of ₹ 524.54 crore (previous year ₹ 491.55 crore) was accounted by DPCL and its trading subsidiaries.

#### Material Costs

- Raw material consumption for the year was ₹ 336.30 crore, as against ₹ 551.72 crore in the previous year.
- Inventory of raw materials increased by ₹ 2.08 crore during the year.
- Work in process increased by ₹ 29.18 crore and finished goods decreased by ₹ 23.60 crore, respectively.

#### Manufacturing Expenses

- Manufacturing expenses mainly comprise Power & Fuel ₹ 46.61 crore and Repairs & Maintenance ₹ 84.80 crore. This was against ₹ 51.38 crore and ₹ 71.99 crore, respectively, in the previous year.



- Our Manufacturing Expenses accounted for 9.85% of sales during the year, as against 8.77% 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, and insurance premium, among others.
- Administrative, selling and other expenses for the year amounted to ₹ 160.13 crore, as against ₹ 166.49 crore during the previous year.
- These expenses accounted for 10.25% sales during the year, as against 10.66% during the previous year.

#### Employee Emoluments

- Employee emoluments (other than managerial remuneration) increased to ₹ 535.49 crore during the year, as against ₹ 423.21 crore during the previous year.

#### Interest and Finance Charges

- Interest and Finance charges during the year increased to ₹ 94.44 crore, as against ₹ 89.71 crore during the previous year. This increase of Interest & Finance Charges is due to forex loss of ₹ 17.94 crore.

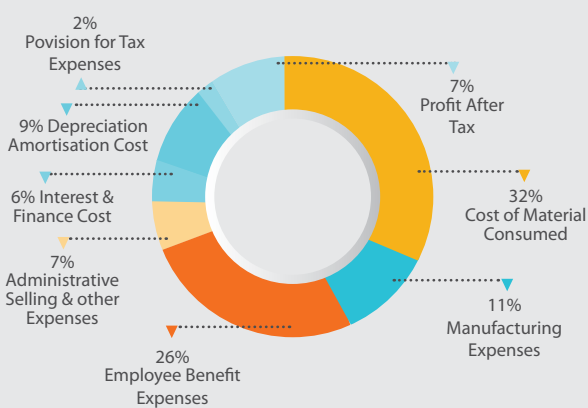
#### Depreciation

- Depreciation charges for the current year amounted to ₹ 109.06 crore, as against ₹ 150.71 crore during the previous year.
- Addition to fixed assets during the year was ₹ 117.04 crore, as against ₹ 193.16 crore during the previous year.

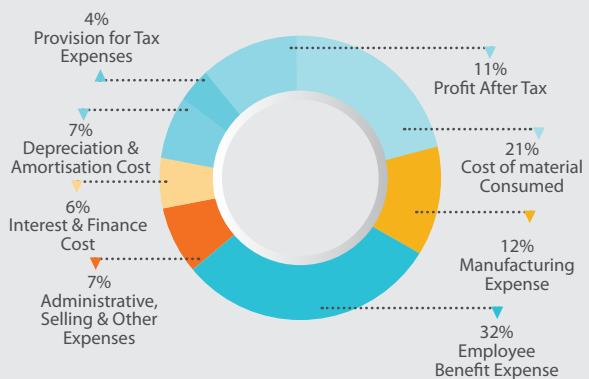
#### Provision for Tax

- A sum of ₹ 48.02 crore (net of MAT entitlement) was provided during the year towards current tax, as against ₹ 40.88 crore during the previous year. The Company has provided provision for deferred tax of ₹ 14.33 crore during the year, as against deferred tax written back of ₹ 1.45 crore during the previous year.

**Composition of Expenses & Profit (% to Consolidated Revenue 2014-2015)**



**Composition of Expenses & Profit (% to Consolidated Revenue 2015-2016)**





### Profit After Tax

- Net Profit after Tax for the current year was ₹ 171.11 crore, as against ₹ 119.81 crore during the previous year.

### Earnings Per Share

- Basic Earnings Per Share for the current year works out to ₹ 21.20, as against ₹ 14.85 during the previous year.

### Financial Condition

#### (i) Secured Loans:

Secured loans stood at ₹ 685.19 crore as at 31<sup>st</sup> March, 2016, as against ₹ 805.95 crore as at 31<sup>st</sup> March, 2015.

#### (ii) Unsecured Loans:

Unsecured loans as on 31<sup>st</sup> March, 2016 were at ₹ 257.62 crore, as against ₹ 126.74 crore as on 31<sup>st</sup> March, 2015.

#### (iii) Inventories:

Major items of inventories as of 31<sup>st</sup> March, 2015 are as under:

(₹ in Crores)

Particulars	2015-16	2014-15
Raw material	147.41	145.33
Work in process	209.25	180.07
Finished Goods	120.70	97.10

Debtors as of 31<sup>st</sup> March, 2016 amounted to ₹ 152.33 crore, as against ₹ 217.11 crore during the previous year.

#### (iv) Cash & Bank Balance:

Cash and Bank Balance as on 31<sup>st</sup> March, 2016 is ₹ 62.20 crore, as against ₹ 36.20 crore as on 31<sup>st</sup> March, 2015.

#### (v) Creditors:

Creditors as of 31<sup>st</sup> March, 2016 is ₹ 86.97 crore as compared to ₹ 151.44 crore as at 31<sup>st</sup> March, 2015.



We have thirteen multi-purpose R&D cum production units at Bavla and two multi-purpose production units at Naroda, near Ahmedabad, Gujarat. We also have our manufacturing and R&D facilities at Switzerland, France, the UK and Netherlands.

### SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Business Segments of the Company comprise the following:

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

The break-up of Company's total income from the product segments – "CRAMS Segment" and "Other Segments" for the last three years is as under:

(₹ in Crores)

Product Segment	March 31 <sup>st</sup> , 2014	March 31 <sup>st</sup> , 2015	March 31 <sup>st</sup> , 2016
CRAMS	933.52	1,100.93	1,142.49
Others	451.80	474.27	453.56
Total	1,385.32	1,575.20	1,596.05

### INTERNAL CONTROL SYSTEMS

Dishman has a comprehensive system of internal control and internal audit, commensurate with its size and complexity of the business and considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial

## Management Discussion & Analysis

Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“the ICAI”). 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.

The Company continually upgrades internal control system by adding better process control, various audit trails and use of external management assurance services, whenever required. The internal control system is supplemented by extensive internal audits, conducted by independent firms 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.

### RISK MANAGEMENT

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

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

Our 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.



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

### OPPORTUNITIES AND THREATS

Most of the innovator companies are facing challenge of depleting research pipeline and losing patent protection for their blockbuster drugs in the next few years. The new drug discovery process is also becoming more difficult with reducing success probabilities and increasing research and development costs. This has opened up opportunities to CRAMS players from low cost destinations like India. Dishman has identified this opportunity very early and started working with innovators with customs synthesis projects and contract manufacturing of APIs, which result into overall growth in turnover.

In view of the huge potential the CRAMS segment offers to Indian companies, many of the big pharmaceutical companies in India started exploring opportunities for a share in CRAMS segment with big investments. This may result in increased competition in the long run.

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 organizations. This has changed the dynamics of this business as the large pharmaceutical players are increasingly become mainly marketing and finished dose form organizations.

The Company believes that it can manufacture various APIs/intermediates and speciality chemicals of best quality at a low cost. Many of innovator companies are outsourcing their products to our Company. Recognizing this opportunity, the Company continued to take initiatives in reducing its costs by employing lean manufacturing techniques & resource management initiatives and broadening the product base.

## INFORMATION TECHNOLOGY

With the changing scenario, your Company is also adopting the best technology from time to time. This year, your Company has implemented a Disaster Recovery Site. The Company has implemented MRP module for in-time inventory control. The Company also plans to upgrade latest available technology in security. After successfully running the SAP, your Company is on the verge of implementing SAP Costing Module, Business Intelligent for taking effective decisions. The Company also wants to start its activities on the E-procurement module, upgrade its network from Megabyte to Gigabyte and upgrade its servers from time to time.

## INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT

Employees are the backbone of the organizations. The organizations which values and appreciates its human resource always succeed in their goal and receive positive feeling of respect from the market. Dishman always believes in the concept of human empowerment. It firmly believes that human resource is the most important



assets of the organization. It is not shown in the corporate balance sheet, but influences appreciably the growth, progress, profits and the shareholders' values. During the year, your Company continued its efforts aimed at improving the HR policies and processes to enhance its performance. The vision and mission of the Company is to create culture and value system and behavioural skills to ensure achievement of its short and long-term objectives.

The Company as on 31<sup>st</sup> March, 2016, has 829 employees on its roll and continues to attract excellent talent both from within and outside India to further its business interests. Industrial Relations continue to be cordial.

## CAUTIONARY STATEMENT

*This document contains statements about expected future events, financial and operating results of Dishman Pharmaceuticals and Chemicals Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Dishman Pharmaceuticals and Chemicals Limited's Annual Report, 2015-16.*

# Notice

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**NOTICE** is hereby given that the **33<sup>rd</sup> Annual General Meeting** of the Members of **DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED** will be held on **Tuesday, the 27<sup>th</sup> September, 2016 at 10:00 a.m.** at H. T. Parekh Hall, 1<sup>st</sup> Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 to transact the following business:

## **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended 31<sup>st</sup> March, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividend on equity shares.
3. To appoint a Director in place of Mr. Janmejy R. Vyas, (DIN : 00004730) who retires by rotation and being eligible, offer himself for reappointment.
4. To ratify appointment of Joint Statutory Auditors of the company and to fix their remuneration, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with the Companies (Audit and Auditors) Rules, 2014 (“Rules”) (including any statutory modification or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the appointment of M/s. V. D. Shukla & Co., Chartered Accountants, Ahmedabad, (Firm Registration No.110240W) and M/s. Haribhakti & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No.103523W) as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in calendar year 2017 at such remuneration, as may be fixed by the board of directors of the company on the recommendation of the Audit Committee.”

## **SPECIAL BUSINESS**

5. To approve the payment of remuneration to Non-Executive Directors, and if though fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of earlier resolution passed by members of the Company through Postal Ballot on 13<sup>th</sup> January, 2015 and pursuant to the provisions of Sections 197,198 and all other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Consent of the Company be and is hereby accorded for the payment of remuneration to the non-executive directors of the Company (i.e. directors other than the Managing Director and/or the Whole-time Directors) as may be determined by the Board of Directors, for each Non-executive Directors for the remaining period of two years for each financial year ending on 31<sup>st</sup> March, 2017 upto and including financial year ending on 31<sup>st</sup> March, 2018 to be calculated in accordance with the provision of section 198 of the Companies Act, 2013, and distributed between such Non-Executive Director (s) and in such a manner as the Board of Directors may from time to time determine within the maximum limit of 1% of net profit of the Company, in addition to the sitting fees being paid by the Company to all the Non-Executive Directors for attending Board / Committee meetings of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is 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-380 009

Date : 19<sup>th</sup> May, 2016

### **By Order of the Board of Directors**

**Janmejy R. Vyas**  
**Chairman & Managing Director**  
**DIN - 00004730**

# Notice (Contd.)

## NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% (ten percent) of the total share capital of the Company. However, a member holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member.

**The instrument appointing the Proxy should, however, be received at the Company's Registered Office not later than 48 hours before the commencement of the meeting.**

2. The relevant Explanatory Statement and reasons in respect of proposed special business pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto and relevant details as stipulated under Regulation 36(3) of SEBI (LODR), 2015 and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, in respect of directors seeking appointment/reappointment as director under Item No. 3, is as under:

Name of the Director	Mr. Janmejy R. Vyas
Age	65 Years
Date of first Appointment on the Board	29 <sup>th</sup> June, 1983
Qualification	He has a bachelor's degree in Chemistry from St. Xavier's College, Ahmedabad and a bachelor's degree in Pharma & Fine Chemical Technology from the UDCT, Mumbai.
Experience	He is a Technocrat having more than 40 years wide experience in Pharma Technology. He was acting as a consultant to various pharmaceutical companies during 1974 to 1983. In 1983, he promoted the parent Company namely M/s. Dishman Pharmaceuticals and Chemicals Ltd. (DPCL). He is managing the affairs of the DPCL since inception. He has been the head of the research and development division of DPCL since 33 years. In 1987, he set-up the Naroda facility of DPCL. Based on his understanding of the potential international outsourcing opportunity developing in the global pharmaceutical industry, he initiated the expansion of DPCL at Bavla in 1996. His emphasis on quality and adhering to international manufacturing standards ensured that Bavla facility was set-up and developed as per internationally accepted standards. He has successfully marketed the DPCL's inhouse technologies and products, research and production capabilities both domestically and internationally. He has been felicitated with (i) the 'Bharatiya Udyog Ratan Award' in September 2000 by the Indian Economic Development & Research Association, New Delhi and (ii) the 'Outstanding Entrepreneur' 1999 by the Federation of Gujarat Industries, Baroda.
Disclosure of Relationship	Mr. Janmejy R. Vyas is Husband of Mrs. Deohooti J. Vyas, Whole Time Director and Father of Mr. Arpit J. Vyas, Managing Director & CFO of the Company.
No. of Shares held in the Company	50559710

## Notice (Contd.)

Terms and Conditions of Re-appointment	As per the resolution passed by the members of the Company through Postal Ballot on 13 <sup>th</sup> January, 2015, Mr. J. R. Vyas has been re-appointed as Chairman & Managing Director for a period five years w.e.f. 1 <sup>st</sup> March, 2015. In terms of Section 152 of the Companies Act, 2013, he retires by rotation at the Meeting and being eligible offer himself for re-appointment.
Remuneration last drawn	₹ 5.46 crores
Remuneration proposed to be paid	As per existing terms and conditions
Number of meetings of the Board attended during the financial year	Pl. refer Corporate Governance Report section of the Annual Report 2015-16
Directorship held in other Companies	
Chairmanship/Membership of Committees of other Boards	

3. The Registrar of members and share transfer books of the Company will remain closed from **Tuesday, the 20<sup>th</sup> day of September, 2016 to Tuesday, the 27<sup>th</sup> day of September, 2016 (both days inclusive)** for the purpose of Annual General Meeting.
4. Shareholders holding shares in electronic mode are requested to notify immediately any change in their address, to their DP and Shareholders holding shares in physical mode are requested to notify any change in their address to the Registrar & Share Transfer Agent of the Company.
5. **To support 'Green Initiative' shareholders who hold shares in electronic mode and who have not registered their email addresses, so far, are requested to register their email address and changes therein from time to time, with their concerned Depository Participant. Shareholders who holds share in physical mode are requested to register their email addresses with the Company/ Registrar.**
6. Members/Proxies attending the meeting are requested to bring the duly completed Attendance Slip to the Meeting. Members, who have registered their email addresses for receipt of documents in electronic mode under the Green Initiative of Ministry of Corporate Affairs, are being sent Notice of AGM by email and others are being sent by permitted mode.
7. Electronic copy of the notice of the Annual General Meeting along with Annual Report *inter-alia*, including remote e-voting instructions, proxy form and attendance slip is being sent to all the shareholders whose name appears in the prelist furnished by NSDL and CDSL as Beneficial Owner as on 26<sup>th</sup> August, 2016 at the email Ids registered with the Company/DP for communication purposes. For those shareholders whose name stand registered in the Register of Members as on 26<sup>th</sup> August, 2016 and who have not registered their email address, physical copies of the Notice of the Annual General Meeting along with Annual Report *inter-alia*, including remote e-voting instructions, proxy form and attendance slip is being sent to them in the permitted mode.
8. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner as on the cut-off date i.e. **Tuesday, 20<sup>th</sup> September, 2016.**
9. **E-Voting**  
In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (LODR), 2015, the Company is pleased to provide the e-voting facility through Central Depository Services Limited (CDSL) to its Members holding shares in physical or dematerialized form, as on the cut-off date to exercise their right to vote by electronic means on any or all of the business specified in the accompanying Notice (the "Remote e-voting"). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility and a member may avail the facility at his / her discretion, subject to compliance with the instructions for Remote e-voting.

# Notice (Contd.)

In case of Members who are entitled to vote, amongst members present in person at the meeting, but have not exercised their right to vote by electronic means, the Chairman of the Company shall allow voting by way of poll in terms of Rule 20 (4) (xi) of the said Rules for the business specified in the accompanying Notice. For abundant clarity, in the event of poll, please note that the Members who have exercised their right to vote by electronic means shall not be eligible to vote by way of poll at the Meeting.

The information with respect to Voting Process and other instructions regarding Remote e-voting are detailed hereinafter under "Instruction for e-voting".

## 10. General information on E-voting

- (i) The e-voting period commence on, **Saturday, 24<sup>th</sup> September, 2016 at 9.00 a.m. and ends on Monday, 26<sup>th</sup> September, 2016 at 5.00 p.m.** During this period, shareholders holding shares either in physical form or in dematerialised mode as on **Tuesday, 20<sup>th</sup> September, 2016 (cut-off date)** may cast their vote electronically. The e-voting module will be disabled by CDSL for voting thereafter. Once the vote on resolution is casted by the shareholder, he shall not be allowed to change it subsequently.
  - (ii) Mr. Ashok P. Pathak, Practicing Company Secretary (Membership No. ACS: 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 Remote e-Voting process in a fair and transparent manner.
  - (iii) The scrutinizer shall count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company.
  - (iv) The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the AGM make a Consolidated Scrutinizer's Report of the votes cast in favour or against, if any, and submit the same to the Chairman of the meeting or a person so authorised by him in writing, who shall countersign the same.
  - (v) The results shall be declared forthwith by the Chairman or a person so authorised by him in writing on receipt of consolidated report from the Scrutinizer. The Results declared along with Scrutinizer's Report shall be placed on the Company's website [www.dishmangroup.com](http://www.dishmangroup.com) and shall also be communicated to the BSE Limited and National Stock Exchange of India Limited.
11. 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.
  12. Annual Report for the FY 2015-16 of the Company has been uploaded on website of the Company i.e. [www.dishmangroup.com](http://www.dishmangroup.com)
  13. Pursuant to the provisions of Section 124(5) and 125 of the Companies Act, 2013, the Company has transferred the unpaid or unclaimed dividend upto and for the financial year 2007-2008, 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 125 of the Companies Act, 2013, is available on the Company's website: [www.dishmangroup.com](http://www.dishmangroup.com)
  14. 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.
  15. 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 duly filled in and signed by them to the Depository Participants in case the shares are held in electronic form.
  16. The route map showing directions to reach the venue of the 33<sup>rd</sup> Annual General Meeting is annexed.

# Notice (Contd.)

## THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ELECTRONICALLY ARE AS UNDER:

- (i) The voting period begins on **Saturday, 24<sup>th</sup> September, 2016 at 9.00 a.m.** and ends on **Monday, 26<sup>th</sup> September, 2016 at 5.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date** (record date) i.e. **Tuesday, 20<sup>th</sup> September, 2016** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	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 sequence number which is printed on Notice/Attendance Slip indicated in the PAN field.
<b>DOB</b>	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.
<b>Dividend Bank Details</b>	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 member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSN 160829015** for the relevant "**Dishman Pharmaceuticals and Chemicals Limited**" on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.



## Notice (Contd.)

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- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### Contact Details

#### Company

Registrar & Transfer Agent  
Ahmedabad Office

e-Voting Agency

Scrutinizer

#### Dishman Pharmaceuticals and Chemicals Ltd.

##### 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.  
Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

##### Central Depository Services (India) Limited

Email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

##### Mr. Ashok P. Pathak, Practicing Company Secretary

Email: [csashokppathak@gmail.com](mailto:csashokppathak@gmail.com)

# Notice (Contd.)

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## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

The following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 19<sup>th</sup> May, 2016.

### **ITEM NO. 5**

Section 198 of the Companies Act, 2013 provides for payment of remuneration by way of commission to a Director who is neither in whole time employment nor a Managing Director, up to a limit of one percent of the net profits, if the Company has a Managing or Whole-time Director or three percent, in case the Company is managed by the Board of Directors having no whole time or managing director without the approval of the Central Government, if the Company by special resolution authorizes such payment.

As the members are aware that, on 30<sup>th</sup> July, 2013 by passing a special resolution as such, Members of the Company given their consent and authorized Board of Directors for payment of commission to Non-Executive Director(s) as may be determined by the Board of Directors for each such Non-Executive Director for each financial year ending on 31st March, 2014 up to and including financial year ending on 31st March, 2018 within a maximum limit of one per cent of the net profits of the Company, subject to maximum of ₹18.00 Lacs in aggregate. Thereafter, looking to the new responsibilities entrusted to the Non-executive Directors under the new Companies Act, 2013 to make their role more objective and purposeful, the said limit of ₹18.00 lacs has been increased to ₹25.00 lacs and approved by the members of the Company vide special resolution passed through postal ballot on 13th January, 2015.

As mentioned above the Non-executive Directors have been entrusted with new responsibilities under the Companies Act, 2013 to make their role more objective and purposeful and keeping in view the enhanced role, responsibilities and duties of directors and simultaneously increase in number of Non-executive Directors of the Company, the present limit of ₹25.00 lacs is not enough and it is considered appropriate that the remuneration payable to the Non-Executive Directors by the Company should be commensurate with their increased role, responsibilities and duties. Therefore the Board of Directors of the Company at its meeting held on 19<sup>th</sup> May, 2016 has decided to remove the limit of ₹25.00 lacs and approved the payment of remuneration by way of commission to the Non-executive Directors of the Company (i.e. Director who is neither in whole time employment nor a Managing Director), subject to approval of the members in general meeting, up to a maximum permissible limit of one per cent of the net profits of the Company as the Board may determine keeping in view and after considering the contribution of and valuable services rendered by each such Non-Executive Director(s), for the remaining period of two years for each financial year ending on 31st March, 2017 up to and including financial year ending on 31st March, 2018. Apart from the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is presently entitled to sitting fees of ₹20,000/- per meeting of the Board/ Committee of the Board attended by them.

The Board of Directors recommends the special resolution as set out in item No.5 of the Notice for approval by the Members. Except Mr. Sanjay S. Majmudar; Mr. Ashok C. Gandhi; Mr. Subir Kumar Das; Mr. Rajendra S. Shah and their relatives, none of the other Directors or key managerial personnel or their relatives, are in any way, concerned or interested in this resolution.

### **Registered Office**

Bhadr Raj Chambers,  
Swastik Cross Roads  
Navrangpura, Ahmedabad-380 009

Date : 19<sup>th</sup> May, 2016

### **By Order of the Board of Directors**

**Janmejay R. Vyas**  
**Chairman & Managing Director**  
**DIN - 00004730**

# 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, 2016.

## FINANCIAL RESULTS

(₹ In Crores)

Particulars	Standalone		Consolidated	
	2015-2016	2014-2015	2015-2016	2014-2015
<b>Net Sales</b>	<b>510.39</b>	492.24	<b>1596.05</b>	1575.19
Profit before tax & other adjustments	<b>120.25</b>	103.83	<b>233.35</b>	159.20
Net current tax expenses	<b>20.89</b>	27.02	<b>48.02</b>	40.88
Deferred tax liability / (Assets)	<b>12.21</b>	18.33	<b>14.33</b>	(1.45)
<b>Profit for the year</b>	<b>87.15</b>	58.48	<b>171.11</b>	119.81
Balance of profit brought forward	<b>141.48</b>	118.53	<b>505.21</b>	421.14
Amount available for appropriation	<b>228.63</b>	177.01	<b>676.32</b>	540.95
Adjustment of Depreciation	-	(1.11)	-	(1.32)
<b>Appropriations:</b>				
Transfer to debenture redemption Reserve	-	-	-	-
Transfer to general reserve	<b>15.00</b>	15.00	<b>15.00</b>	15.00
Interim Dividend	<b>16.14</b>	-	<b>16.14</b>	-
Proposed dividend	-	16.14	-	16.14
Tax on proposed dividend	<b>(3.29)</b>	3.29	<b>(3.29)</b>	3.29
Balance carried to balance sheet	<b>200.77</b>	141.48	<b>648.47</b>	505.21

## PERFORMANCE AND OPERATION REVIEW

### Standalone Financial Results

In FY2015-16, your Company achieved revenue of ₹ 510.39 crores as compared to ₹ 492.24 crores in FY2014-15. Profit before tax stood at ₹ 120.25 crores in FY2015-16 as against ₹ 103.83 crores in FY2014-15. Profit for the year remains at ₹ 87.15 crores in FY2015-16 as compared to ₹ 58.48 crores in FY2014-15.

Earning per share for the FY2015-16 remains at ₹ 10.80 per share as against ₹ 7.25 per share in FY2014-15.

### Consolidated Financial Results

In FY2015-16, your Company achieved revenue of ₹ 1596.05 crores as compared to ₹ 1575.19 crores in FY2014-15. Profit before tax stood at ₹ 233.35 crores in FY2015-16 as against ₹ 159.20 crores in FY2014-15. Profit for the year remains at ₹ 171.11 crores in FY2015-16 as compared to ₹ 119.81 crores in FY2014-15.

Earning per share for the FY2015-16 remains at ₹ 21.20 per share as against ₹ 14.85 per share in FY2014-15.

A detail analysis of the performance of the company, its subsidiaries and financial results is given in the Management Discussion and Analysis Report, which forms part of this report.

## DIVIDEND

On March 10, 2016, the Board of Directors of the Company has declared an interim dividend of ₹ 2.00 (i.e. @ 100%) per equity share on 8,06,97,136 Equity Shares of ₹ 2.00 each, amounting to ₹ 16.14 crores and paid to the members, whose names appeared on the Register of Members of the Company on March 18, 2016. Your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company and therefore no final dividend has been recommended and the interim dividend declared is the dividend on equity shares of the Company for the financial year ended March 31, 2016.

## TRANSFER TO RESERVES

The Company proposes to transfer ₹ 15.00 crores (previous year ₹ 15.00 crores) to the General Reserves out of the amount available for appropriation

# Directors' Report (Contd.)

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## DEPOSIT

The Company has neither accepted nor invited any deposit from public, falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

## OPERATIONS

During the year, your company's focus was on improvement of profitability parameters by achieving operational efficiencies, reduction in costs and consciously reducing the sales of low-margin products. Your company has been able to achieve this objective due to which the operating margin has improved significantly from 20% in FY 2015 to 26% in FY 2016. All key business verticals of the Company and also all major subsidiaries of the Company have performed exceedingly well.

## CRAMS

The CRAMS segment across India, Switzerland, France, UK and China manufacturing facilities has performed very well during the year under review on account of addition of new clients, not just big pharma companies but also lot of midsize and small size global pharma companies. This has resulted in diversified portfolio of customers in this segment in the CRAMS segment, diversified the customer concentration for the company and hence mitigated the risks associated with dependency on a few large customers. Moreover, the close integration between the Swiss, India and China operations has yielded rich dividends as your company has been able to successfully transfer molecules from the company's wholly owned subsidiary, Carbogen Amcis AG, to the parent and the company's other wholly owned subsidiary, Carbogen Amcis (Shanghai) Co. Limited to cater to high volume business in the product development and commercial stage of production. This strategy has helped the company's Shanghai subsidiary to turn profitable for the first time in the history of the company. The Shanghai subsidiary has been put under the management of Carbogen Amcis AG, the company's wholly owned Swiss subsidiary, and it has become strategically a very important subsidiary of the company. The company's wholly owned subsidiary, Carbogen Amcis France, which develops and manufactures injectable drugs in small quantities, has also performed quite well in terms of profitability and is expected to see some good traction in revenues going forward.

Your company along with its subsidiaries had worked on about 400 molecules across different stages of development during the year under review and it currently has a significant pipeline of products in Phase III, of which many molecules are expected to go into commercial manufacturing in the next 2-3 years. Your company had started commercial supplies of one such molecule in the year under review by entering into a 23 years long term contract with Johnson & Johnson for a Multi Drug Resistant Tuberculosis molecule, which would help eradicate the cases of tuberculosis to a large extent.

Your company has identified certain key therapeutic areas for product development and commercialization, focusing on the necessity of these new chemical entities (NCEs) for curing or combating the critical diseases in the world. Your company also focuses on reducing the cost of manufacturing the molecule to the best extent possible in an attempt to make the final drug affordable for all those who are in need of the same.

Your Company's above mentioned philosophy has resulted in improved product basket and it would improve even further going forward, which would help your company in achieving a significant 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 repeated orders from major global pharma MNCs as well as many mid-size and small-size biotech companies, 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.

Currently, one of the molecule is under validation and some of the molecules are in Phase III, while some are under Phase I and Phase II. Your company supplied development quantities of the molecules during the year under review. Two out of the four cells in this plant are completely booked for the next 12 months and the third cell is under implementation. This unit contributed a turnover of around US\$ 10 million during the year under review. This plant would be one of the key growth drivers for your company in the coming years as oncology is one of the major therapeutic focus areas for your company. Moreover, the molecules developed and manufactured in this plant are extremely high margin products due to the complexities involved, which would help significantly in improving the profitability parameters of your company even further.

## Vitamin D3

During the year under review, the Vitamin D3 unit has also performed exceedingly well in terms of the profitability parameters. 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. There was a change in strategy of the company in the year under review, where the company decided to reduce its focus on the low margin Vitamin D3 business and instead concentrate on the

# Directors' Report (Contd.)

high value Vitamin D analogues and cholesterol business, where the margins realization were much higher. Moreover, the distributorship channel was done away with and direct sales to end customer strategy was implemented in the year under review. These strategies have worked fantastically well for your company, as the operating profitability margins have improved dramatically from 19% in FY 2014-15 to 30% in FY 2015-16. All of the production is now being done at the Netherlands facility and the renewed strategy should help your company to sustain and even improve the profitability margins at Netherlands operations.

## **Generic API and Disinfectant Business**

Your company has changed the strategy around generic APIs during the year, where it has decided to focus only on niche generic APIs and not run of the mill generics. Since there is a huge traction in the CRAMS segment, where margin realizations are extremely high, your company does not want to utilize its energy in manufacturing generic APIs where the margin realizations are low. The existing and new capacities would be dedicated for CRAMS and niche generic APIs. Your company is already working on three or four niche generic molecules, which are complex to manufacture but would cater to the unmet needs of the society and also yield higher profitability for the company.

Your company has a dedicated manufacturing unit for its disinfectant business. Your company currently manufactures certain disinfectant products for some large global pharmaceutical companies. Your company has entered into a long term contract with one such pharmaceutical company, which would utilize almost 80% of the capacity of this unit. Your company expects the disinfectant business to grow significantly in the next 2-3 years due to the increased sales of existing products as well as new products that would be developed and manufactured by your company's disinfectant unit. In the year under review, your company did a turnover of ₹ 12 crores for the disinfectant business, which is expected to increase to ₹ 100 crores in the next 2-3 years.

## **Performance of Major Subsidiary Associates**

The major subsidiary Companies have performed quite satisfactorily during the year under review. Carbogen Amcis AG Switzerland has performed quite satisfactorily during the year under review. It has reported a healthy revenue of ₹800.00 crores and Profit after tax ₹ 78.82 crores. The other marketing subsidiaries viz. Dishman USA reported revenue of ₹ 102.62 crores and Profit after tax of ₹ 2.15 crores. Dishman Europe reported a revenue of ₹ 305.76 crores and Profit after tax of ₹ 51.92 crores during the year under review.

Dishman Netherland BV., perform well during the year, reported revenue of ₹ 233.32 crores and Profit after tax of ₹ 47.82 crores. Carbogen Amcis Ltd.(U.K.) reported a revenue of ₹ 64.01 crores and Profit after tax of ₹ 10.60 crores. Carbogen Amcis (Shanghai) Co. Ltd. (Dishman China) also perform well compared to the previous year, it was reported revenue of ₹ 51.07 crores and Profit after tax of ₹ 3.46 crores. Other Subsidiaries has also performed reasonably well during the year under review.

## **RESEARCH AND DEVELOPMENT**

Research is a critical thrust area for the Company because it is the foundation upon which Company's strategy of manufacturing and marketing stands. As you know your company offers process development and optimization services from its Ahmedabad-based state-of-the-art R&D centre as well as from other locations outside India.

Company's Process research and development scientists work in well equipped laboratories. These laboratories have an excellent analytical set up for monitoring the reactions. The development programs are designed to meet customer expectations which vary from project to project. Majority of the process development activities are aimed at optimizing the existing processes with an objective to make them economically and environmentally viable. During development, the safety and efficiency of the process is given the utmost importance.

With the ongoing changing regulatory scenario on drug design, we develop processes which are capable of producing very pure APIs with impurities well below the acceptable levels. In this year, about 150 projects are at various stages of development. Of these, 100 are CRAMS, 25 are Generic APIs, 20 are Niche APIs and 5 NCE molecules are currently under laboratory/pilot scale and commercial production IPR for some of them are given to customers against agree-upon payments but for many of them IPR is owned by Dishman.

In generic APIs segment, we are focusing on new niche therapeutic areas. For all the development activities, our research scientists have access to online databases for all types of information requirement. At present more than 50 Doctorates as senior scientists and 200 scientists working at the Company's R & D at Bavla Plant.

Like every fiscal year, substantial incremental capex was spent on acquiring newer and very sophisticated analytical instruments for the Bavla site which enables the company to undertake extremely complex and high cost research projects in steroids, oncology drugs, etc. In addition to this, we have equipped our scientific department with latest and comprehensive databases for research and marketable molecules.

The company's focus continued to remain in improving current processes for better operations and productivity which can be visible from continuously improving EBITDA growth. In our global unification program, we have increased the technical exchange between our sites in the Netherlands, Switzerland and India. This will certainly go a long way in improving chemistry capabilities world wide.

# Directors' Report (Contd.)

## QUALITY, HEALTH, SAFETY & ENVIRONMENT (QHSE)

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

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.

Dishman's products and processes are developed in accordance with strictly defined local and international rules to ensure safety and Health of workers as well as the environment. This is achieved by conducting the Risk Assessment, Qualitative Risk Assessment, Process Hazard Assessment, Identification of significant environmental aspects, Safety Audits, customer audits, HAZOP study and Environment audits. Safety & Environment Management Program are being taken to reduce the Significant Risk & Environment Aspects.

The Company's QHSE policy is being implemented, among others, through (i) Maintaining the "Zero Discharge" of waste water by series of treatment; (ii) Stripper system, Multiple effect evaporator and ATFD for concentrated effluent stream; (iii) Biological Effluent Treatment System (iv) Practicing On-site emergency plan by conducting mock-drills; (v) Replacement of hazardous process / chemical to non-hazardous process for converting to low hazards; (vi) Fire detection and protection system available at site; (vii) Conducting intensive QHSE Training programs including contractor employees and monitoring the effectiveness of the same (viii) Participation of employees in Safety committee meetings at all levels and celebrating the National Safety Day / Week and World Environment Day as well as observing Fire Service Day (ix) Tree plantation to increase the green cover at site (x) Independent safety and environment audits at regular intervals by third party and also in-house by cross functional team; (xi) In-house medical and health facility at site for pre-employment & periodical medical check-up of all employees including contract employees; (xii) Additional health checkup for employees based on their occupational needs (xiii) Blood Donation Camp at site in association with the Ahmedabad Red Cross Society for social cause; (xiv) Participation and paper presentation on good practices adopted by dishman on SHE management in National and International Conferences. (xv) Rated low risk facility by various international Customer by conducting in depth EHS audit .

Dishman continues to pursue world class operational excellence on Process Safety Management (PSM). Dishman has established the capabilities within the Company and developed in-house 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 14001:2004 EMS, ISO 9001:2008 QMS and ISO 18001:2007 OSHA management systems and certified for HACCP and FAMI-Qs for Vitamin D3 plant. The company is also certified EN/ISO 13485:2012 for Medical Disinfectant Products. The adopted systems are being monitored for continual improvements.

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) Indian Chemical Council (ICC) has authorized the Company for use of Responsible Care Logo.
- 2) The company is also winner of Safety award for Bavla and Naroda site given by Gujarat Safety Council and Department of Health and Safety, Government of Gujarat.

## NON CONVERTIBLE DEBENTURES (NCDs)

- As you are aware, in February, 2010 your Company has issued Secured Redeemable Non-Convertible Debentures of ₹ 75.00 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 from the date of issue.

During the year, as per the terms of said NCD, on 18th February, 2016, the Company has redeem 30% of the Non-convertible Debenture (first Tranche) issued by the Company in February, 2010 and accordingly; Company has paid ₹ 27.16 Cr. towards principal payment and interest thereon to the Debenture holders. Now, as on 31st March, 2016, there is an outstanding NCD -I (first tranche) amounting to ₹ 22.50 crores.

- In June, 2010, the Company has issued second tranche of its Secured Redeemable Non- convertible Debentures (NCD) of ₹ 75.00 crores in the form of Separately Transferable Redeemable Principle Parts ("STRPPs") of ₹ 1.00 lac each fully paid-up on private placement basis and the said NCDs have also 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 from the date of issue.

# Directors' Report (Contd.)

During the year, as per the terms of said NCD, on 16th June, 2015, the Company has redeemed remaining 50% of the NCD-II (second tranche) issued by the Company in June, 2010 and accordingly; Company has paid ₹ 38.25 crores towards principal payment and interest thereon to the Debenture holders. Now, as on 31st March, 2016, there is no outstanding NCD-II (second tranche) and it has been fully repaid as per the terms.

The Company is regularly paying principal and interest on the said NCDs on the due date. As per the Circular No. 04/2013 dated 11th February, 2013 issued by Ministry of Corporate Affairs, Government of India, Company had created Debenture Redemption Reserve (DRR), in respect of both tranches of NCDs issued by the Company. The Company is maintaining requisite DRR and has deposited an amount of ₹ 3.38 Crores, by way of fixed deposit with Corporation Bank, being 15% of the maturing amount of ₹ 22.50 Crores, which is going to be matured during the Financial Year 2016-2017.

## **BONUS SHARES**

During the year, Board of Directors of the Company in its meeting held on 24th February, 2016 recommended a Bonus issue of Equity shares in the ratio of 1 (one) equity share for every 1 (one) equity share held, as on the record date to be determined by the Board. Subsequent to 31st March, 2016, the Company has issued and allotted 8,06,97,136 equity shares of ₹ 2/- each, as fully paid-up bonus shares in the ratio of 1 (one) equity share for every 1 (one) equity share held to those shareholders whose names appear in the Register of Members / List of Beneficial owners as on the Record Date i.e. on May 3, 2016. With this allotment, the total issued and paid-up capital of the Company has increased to ₹ 32,27,88,544/- and new allotted bonus shares has been listed and admitted to dealings on National Stock Exchange of India Ltd., Mumbai (NSE) and Bombay Stock Exchange Ltd., Mumbai (BSE) w.e.f. 13th May, 2016.

## **SCHEME OF ARRANGEMENT AND AMALGAMATION**

Board of Directors of the Company at their meeting held on 24th February, 2016 approved a Scheme of Arrangement and Amalgamation amongst the Company; Carbogen Amcis (India) Limited; Dishman Care Limited and their respective shareholders and Creditors ("Scheme"). This Amalgamation will, amongst others, consolidate the business which will provide a high level of synergistic integration, better operational management and provide value addition. It would re-emphasise the strategy of "One Company, Two Brands" with both "Dishman" and "Carbogen Amcis" brands being reflected in one company. Synergies arising out of consolidation of business will lead to enhancement of net worth of the combined business and reflection of true net-worth in the financial statements improved alignment of debt and enhancement in earnings and cash flow.

The Scheme involves the following, subject to the approval of statutory authorities/shareholders etc., as required under the Companies Act and Securities and Exchange Board of India:

- (i) Slump Sale of the Effluent Treatment Plants Undertaking ("ETP Undertaking") from the Company to Carbogen Amcis (India) Ltd ("CAIL"), a wholly owned subsidiary of the Company, as a going concern, together with all its properties, assets, liabilities, rights, benefits and interest therein, without assigning value to individual assets and liabilities; ("Slump Sale");
- (ii) Amalgamation of Dishman Care Ltd ("DCL"), a wholly owned subsidiary of the Company, with the Company and;
- (iii) thereafter amalgamation of the Company with CAIL,
- (iv) change in name of "Carbogen Amcis (India) Limited" to "Dishman Carbogen Amcis Limited"

Upon Amalgamation of the Company into CAIL, Shareholders of the Company shall be issued 1 (One) fully paid up equity share of CAIL of face value ₹ 2/- (Rupee Two Only) each for every 1 (One) fully paid up equity share of ₹ 2 (Rupee Two only) each held in the Company. Pursuant to amalgamation, the shareholding of CAIL shall be the mirror image of the shareholding of the Company and equity shares issued by CAIL on amalgamation shall be listed and admitted for trading in BSE & NSE in accordance with the prescribed SEBI Regulations.

Details of Scheme are available on the Company's website link: <http://www.dishmangroup.com/investor-relations.asp>.

The Company has received Observation letter without any adverse comments from both Stock Exchanges i.e. National Stock Exchange of India Ltd., and Bombay Stock Exchange Ltd., and Company is in process of filing Draft Scheme with Honorable High Court of Gujarat.

## **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 2016-2017, as applicable, have been paid before due date to the concerned Stock Exchanges.

The Secured Redeemable Non-Convertible Debentures (NCDs) issued by the Company is also listed at Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the FY 2016-2017, as applicable, have also been paid before due date to the BSE.

## **FORMATION OF VARIOUS COMMITTEES:**

Your Company has several Committees which have been established as part of the best Corporate Governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

# Directors' Report (Contd.)

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## The Company has following Committees of the Board:

- Audit Committee
- Stakeholder Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Management Committee
- Sexual Harassment Committee

During the year, the Board has accepted all the recommendations made by various committees including Audit Committee. The details with respect to the compositions, powers, terms of reference etc. of relevant committees are given in details in the Corporate Governance Report which forms part of this Annual Report.

## DISCLOSURES UNDER THE COMPANIES ACT, 2013

### i) Extract of Annual Return

The extracts of Annual Return pursuant to the provisions of sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is annexed herewith as **Annexure A** to this Report.

### ii) Board Meetings

Regular meetings of the Board are held inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened to discuss and decide on various business policies, strategies and other businesses. Due to business exigencies, certain business decisions are taken by the board through circulation from time to time.

During the FY 2015-16, the Board met Eight (8) times i.e. on 28th May, 2015, 17th July, 2015, 22nd August, 2015, 31st August, 2015, 29th October, 2015, 5th February, 2016, 24th February, 2016 and 10th March, 2016. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

### iii) Related Party Transactions

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Since all the related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure B** to this Board's report. The policy on Related Party Transactions has been approved by the Board and uploaded on the website of the Company. The details of the transactions with Related Party are provided in the accompanying financial statements vide note no. 27.16 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.

### iv) Particulars of Loans, Guarantees or Investments under Section 186

During the year under review, the Company has made investments, Loan, guarantee in compliance of Section 186 of the Companies Act, 2013, the said details are given in the notes to the financial statements.

### v) Material Changes and Commitments Affecting the Financial Position of the Company occurred after the end of Financial year

The Company has increased its Authorised Share Capital vide Ordinary Resolution passed on 21st April, 2016 by means of Postal Ballot to ₹ 33,00,00,000 (Rupees thirty three crores only) divided into 16,50,00,000 (sixteen crores fifty lacs) equity shares of ₹ 2/- (Rupees two only) each from ₹ 20,00,00,000 (Rupees twenty crores only) divided into 10,00,00,000 (ten crores) equity shares of ₹ 2/- (Rupees two only) each by creating an additional 6,50,00,000 (six crores fifty lacs) equity shares of ₹ 2/- (Rupees two only), each aggregating to ₹ 13,00,00,000 (Rupees thirteen crores only).

Consequential amendments in Clause V of Memorandum of Association regarding increase in Authorised Share Capital of the Company from ₹ 20.00 crore to ₹ 33.00 crore has been made vide Special Resolution passed on 21st April, 2016 by means of Postal Ballot.

On 5th May, 2016, the Company has made allotment of 80697136 bonus shares of face value of ₹ 2/- each in ratio of 1:1 (i.e. one equity share for every one equity share held by the Members) to the Members. With this allotment, the total issued and paid-up capital of the Company has increased to ₹ 32,27,88,544/- (Rupees Thirty Two Cores Twenty Seven Lacs Eighty Eight Thousand Five Hundred Forty Four only) comprising of 16,13,94,272 (Sixteen Crores Thirteen Lacs Ninety Four Thousand Two Hundred Seventy Two) equity shares of face value of ₹ 2/- (Rupees Two only) each.



# Directors' Report (Contd.)

## vi) Subsidiaries, Joint Ventures and Associate Companies

During the year following changes happened in Subsidiary, Joint Ventures and Associate Companies:

During the year, the Company has acquired further 50% stake in Schutz Dishman Biotech Ltd. (SDBL), a Joint Venture Indian Company, from the existing JV Partner i.e. SCHUTZ & CO. BETEILIGUNGSGESELLSCHAFT MBH, Germany. Earlier, Company is holding 22.33% stake in SDBL and after acquisition of further 50% stake, SDBL become a subsidiary of the Company.

In view of the above, the total number of subsidiaries including wholly owned subsidiaries as on 31 March, 2016 was Nineteen (19) and one (1) Associate company.

## CONSOLIDATED FINANCIAL STATEMENT

Pursuant to the provisions of Section 129, 134 and 136 of the Companies Act, 2013 read with rules framed thereunder and pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015, your Company had prepared consolidated financial statements of the company and its subsidiaries and a separate statement containing the salient features of financial statement of subsidiaries, joint ventures and associates in Form AOC-1 forms part of the Annual Report.

The annual financial statements and related detailed information of the subsidiary companies will be provided on specific request made by any shareholders and the said financial statements and information of subsidiary companies are open for inspection at the registered office of the company during office hours on all working day except Sunday and holidays between 2 p.m. to 4 p.m. The separate audited financial statement in respect of each of the subsidiary companies is also available on the website of the Company.

As required under Regulation 33 of SEBI (LODR) Regulations, 2015 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 one Joint Venture company namely Schutz Dishman Biotech Ltd. (22.33% holding by the Company upto 30th March, 2016) 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.

## GENERAL DISCLOSURE

- i) Issue of Equity Shares with differential rights as to dividend, voting or otherwise.  
During the year 2015-2016, the Company has not issue any of Equity Shares with differential rights as to dividend, voting or otherwise.
- ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS :  
During the year, the Company has not issued any shares under Employee Stock Option Scheme.
- iii) Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries :  
Managing Director and Whole time Director of the Company has not received any remuneration and commission from any Indian subsidiaries during the year under review.
- iv) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.  
There are no significant and material orders passed by the Regulators or Courts or Tribunals which could impact the going concern status and the Company's future operations.

## DIRECTORS & KMPs

### Retire by Rotation

Mr. Janmejay R. Vyas, Chairman & Managing Director of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

### Statement of Declaration by Independent Directors

The Independent Directors have submitted the Declaration of their Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub section (6).

### Key Managerial Personnel

During the year under review, Mr. Arpit J. Vyas, Managing Director of the Company has also been appointed as Chief Financial Officer (CFO) of the Company w.e.f. 17th July, 2015. Mr. Tushar D. Shah, Company Secretary has resigned from the Company w.e.f. 26th February, 2016.

# Directors' Report (Contd.)

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## **Board Evaluation & Criteria**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (LODR) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its committees. The Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The Board of Directors expressed their satisfaction with the evaluation process.

## **Board diversity**

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help to retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, [www.dishmangroup.com](http://www.dishmangroup.com).

## **Policy on Director's appointment and remuneration**

The Company's Policy on Directors' appointment and remuneration of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is available on the website of the Company.

## **DISCLOSURE UNDER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in separate annexure forming part of this Report as **Annexure C**.

The statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report as **Annexure D**.

## **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTOR**

The independent Directors are provided with necessary documents, brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Company undertook various steps to make the Independent Directors have full understanding about the Company. The details of such familiarisation programmes have been disclosed on the Company's website at [www.dishmangroup.com](http://www.dishmangroup.com).

## **INDEPENDENT DIRECTORS' MEETING**

A Separate meeting of Independent Directors held on 5th February, 2016 without the attendance of Non-Independent Directors and members of the Management. In the said meeting, Independent Directors reviewed the followings:

- Performance evaluation of Non Independent Directors and Board of Directors as a whole;
- Performance evaluation of the Chairperson of the Company taking into account the views of executive directors and nonexecutive directors;
- Evaluation of the quality of flow of information between the Management and Board for effective performance by the Board.

The Board of Directors expressed their satisfaction with the evaluation process.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, state that :

- that in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected 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 that period;
- 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis;
- the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

# Directors' Report (Contd.)

- the director have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **INTERNAL FINANCIAL CONTROL SYSTEM**

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

## **INSURANCE**

Assets of your Company are adequately insured against various perils.

## **RISK MANAGEMENT POLICY**

As per Regulation 17(9) of SEBI (LODR), 2015, 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 has additional oversight in the area of financial risks and control.

## **VIGIL MECHANISM**

The Company has adopted a Whistle Blower Policy pursuant to the requirements of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The Policy empowers all the stakeholders to raise concerns by making protected disclosures as defined in the Policy.

The policy also provides for adequate safeguards against victimization of whistle blower who avail of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The details of the Whistle Blower Policy are explained in the Report on Corporate Governance and the Policy is available on the website of the Company at [www.dishmangroup.com](http://www.dishmangroup.com).

## **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

There were no incidences of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **AUDITORS AND AUDITORS' REPORT**

### **Statutory Auditors**

As per the provisions of the Act, M/s. V. D. Shukla & Co., Chartered Accountants, Ahmedabad, (Firm Registration No. 110240W) and M/s. Haribhakti & Co., LLP, Chartered Accountants, Mumbai, (Firm Registration No. 103523W) are proposed to be re-appointed as Joint Statutory Auditors of the Company provided that the appointment of M/s. V. D. Shukla & Co., shall be from the conclusion of this 33rd Annual General Meeting till the conclusion of 36th Annual General Meeting and the appointment of M/s. Haribhakti & Co. LLP, shall be from the conclusion of this 33rd Annual General Meeting till the conclusion of 37th Annual General Meeting, subject to ratification of the appointment by the members at every AGM held after the ensuing 33rd Annual General Meeting.

As required under Section 139 of the Companies Act, 2013, the Company has received a written consent from M/s. V. D. Shukla & Co., Chartered Accountants, Ahmedabad, (Firm Registration No. 110240W) and M/s. Haribhakti & Co., LLP, Chartered Accountants, Mumbai, (Firm Registration No. 103523W) for such re-appointment and also a certificate to the effect that their re-appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made thereunder.

The Audit Committee and Board of Directors recommend the re-appointment of statutory auditors as mentioned in item no.4 of the accompanying notice of ensuing Annual General Meeting.

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

### **Internal Auditors**

M/s. Shah & Shah Associates, (Firm Registration No. 113742W) Chartered Accountants, Ahmedabad has been internal auditor of the Company. Internal auditors are appointed by the Board of Directors of the Company on a yearly basis, based on the recommendation of the Audit Committee. The Internal Auditor's reports and their findings on the internal audit, has been reviewed by the Audit Committee on a quarterly basis. The scope of internal audit is also reviewed and approved by the Audit Committee.

# Directors' Report (Contd.)

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## Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company had appointed Mr. Ashok P. Pathak, Practicing Company Secretary (Membership No. ACS: 9939; CP No: 2662), as Secretarial Auditors to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended in the **Annexure E** to the Directors' Report. The observations and comments, if any, appearing in the Secretarial Audit Report are self-explanatory and further explain/clarify in note no.10(b) of Corporate Governance Report attached to the Directors' Report.

## Cost Audit

Central Government has notified rules for Cost Audit and as per new Companies (Cost Records and Audit) Rules, 2014 issued by Ministry of Corporate Affairs; Company is not falling under the Industries, which will subject to Cost Audit. Therefore filing of cost audit report for the FY 2016-17 is not applicable to the Company.

## CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS REPORT

As per Regulation 34 of SEBI (LODR) Regulations, 2015, a separate section on corporate governance practices followed by the Company, as well as "Management Discussion and Analysis" confirming compliance, is set out in the Annexure forming an integral part of this Report. A certificate from Practicing Company Secretary regarding compliance with corporate governance norms stipulated in Regulation 34 of SEBI (LODR) Regulations, 2015 is annexed to the report on Corporate Governance.

In compliance with one of the Corporate Governance requirements as per Regulation 34 of the SEBI (LODR) Regulations, 2015, 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.

## 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 134 (3) (m) of the Companies Act, 2013 read with rule 8 of The Companies (Accounts) Rules, 2014, is given in the **Annexure F** and forms part of this Report.

## CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is not just a duty; it is an approach towards existence. The Company sees CSR as a creative opportunity to fundamentally strengthen the Company's business, while contributing to the society and creating social, environmental and economic impact. The Company's motto is to build a sustainable life for the weaker and under-privileged sections of the Society. 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.

The Company has constituted Corporate Social Responsibility (CSR) Committee and has framed a CSR Policy. The brief details of CSR Committee and contents of CSR policy is provided in the Corporate Governance Report. The details of CSR activities carried out by the Company are appended in the **Annexure G** to the Director's Report. The CSR Policy is available on the website of the Company.

## 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.

**By Order of the Board of Directors**

Date : 19th May, 2016  
Place : Ahmedabad

**Janmejy R. Vyas**  
**Chairman & Managing Director**  
**DIN - 00004730**

# Directors' Report (Contd.)

ANNEXURE A

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2016**  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	L24230GJ1983PLC006329
2.	Registration Date	29 <sup>th</sup> June, 1983
3.	Name of the Company	Dishman Pharmaceuticals and Chemicals Limited
4.	Category / Sub-Category of the Company	Public Company Limited by Shares
5.	Address of the Registered office and contact details	Bhadr-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad - 380009, Gujarat Contact No. : +91 (0) 79 26443053 / 26445807 Fax : +91 (0) 79 26420198
6.	Whether listed company Yes / No	Yes, Listed Company.
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main Products / Services	NIC Code Of The Product/ Service	% to total turnover of the Company
1	Bulk Drugs & API	21001	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Dishman Europe Ltd. Suite 4 De Walden Court, 85 New Cavendish Street, London, W1W 6XD United Kingdom	N.A.	Subsidiary	100%	2(87)
2	Dishman USA. Inc. 476, Union Avenue, Second Floor, Middlesex, NJ 08846	N.A.	Subsidiary	100%	2(87)
3	CARBOGEN AMCIS (Shanghai) Co., Ltd. No. 69 Shungong Road, Shanghai Chemical Industry Park, Shanghai 201507, China	N.A.	Subsidiary	100%	2(87)
4	Dishman Switzerland Ltd. Les Vernets 2, CH-2035 Corcelles, Switzerland	N.A.	Subsidiary	100%	2(87)
5	Dishman Pharma Solutions AG Hauptstrasse 171, CH-4416 Bubendorf, Switzerland	N.A.	Subsidiary	100%	2(87)
6	Dishman International Trading (Shanghai) Co., Ltd. Room 6003, Level 6, 333 Fute West First Road, Free Trade Zone District, Shanghai 200131, China	N.A.	Subsidiary	100%	2(87)

# Directors' Report (Contd.)

<b>Sr. No.</b>	<b>Name and Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary / Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
7	CARBOGEN AMCIS AG Hauptstrasse 171 CH-4416 Bubendorf, Switzerland	N.A.	Subsidiary	100%	2(87)
8	CARBOGEN AMCIS Ltd. 303 Clayton Lane, Clayton, Manchester, M11 4SX UK	N.A.	Subsidiary	100%	2(87)
9	Innovative Ozone Services Inc. (IO3S) Les Vernets 2, CH-2035 Corcelles, Switzerland	N.A.	Subsidiary	100%	2(87)
10	Dishman Netherlands B. V. Nieuweweg 2A, 3901BE, Veenendaal, The Netherlands	N.A.	Subsidiary	100%	2(87)
11	Cohecie Fine Chemicals B. V. Mondriaanlaan 25, 6708NE Wageningen, The Netherlands	N.A.	Subsidiary	100%	2(87)
12	Dishman Japan Ltd. Tokyo Club Bldg. 11F, 3-2-6 Kasumigaseki, Chiyoda-ku, Tokyo 100-0013, Japan	N.A.	Subsidiary	100%	2(87)
13	Dishman Australasia Pty. Ltd. Unit 1012 3, Herbert Street, ST LEONARDS, NSW 2065	N.A.	Subsidiary	100%	2(87)
14	Dishman Middle East (FZE) P.O.Box No. 122685, Sharjah – U.A.E.	N.A.	Subsidiary	100%	2(87)
15	CARBOGEN AMCIS SAS, France 10 Rue des Boules, F-63200 RiomFrance	N.A.	Subsidiary	100%	2(87)
16	Shanghai Yiqian International Trade Co., Ltd. Room 1101, Building 3, 215 Lianhe Road, Fengxian District, Shanghai 201417, China	N.A.	Subsidiary	100%	2(87)
17	CARBOGEN AMCIS (India) Ltd. Bhadra Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad - 380009	U74900GJ2007PLC051338	Subsidiary	100%	2(87)
18	Dishman Care Ltd. 516, 5th Floor, Bhadr-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad – 380009	U24233GJ2010PLC059935	Subsidiary	100%	2(87)
19	Schutz Dishman Biotech Ltd. 2 <sup>nd</sup> Floor Bhadr-Raj Chmabers, Nr Swastik Cross Road, Navrangpura, Ahmedabad - 380009	U24231GJ1995PLC028060	Subsidiary	72.33%	2(87)
20	Bhadra Raj Holding Private Limited Bhadra-Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad – 380009	U17119GJ1984PTC007507	Associate Company	40%	2(6)

# Directors' Report (Contd.)

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

### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promotes</b>									
<b>1. Indian</b>									
a. Individual/ HUF	48948449	0	48948449	60.66	48948449	0	48948449	60.66	0.00
b. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c. State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corp.	600000	0	600000	0.74	600000	0	600000	0.74	0.00
e. Bank/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f. Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total A-(1)</b>	<b>49548449</b>	<b>0</b>	<b>49548449</b>	<b>61.40</b>	<b>49548449</b>	<b>0</b>	<b>49548449</b>	<b>61.40</b>	<b>0.00</b>
<b>2. Foreign</b>									
a. NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b. Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Body Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d. Bank/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e. Any Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total- A-(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholder of Promoter (1+ 2)</b>	<b>49548449</b>	<b>0</b>	<b>49548449</b>	<b>61.40</b>	<b>49548449</b>	<b>0</b>	<b>49548449</b>	<b>61.40</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds / UTI	886198	0	886198	1.10	3020570	0	3020570	3.74	2.64
b. Bank / FIs	1917394	0	1917394	2.37	715526	0	715526	0.89	-1.48
c. Cent. Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e. Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Co.	0	0	0	0.00	0	0	0	0.00	0.00
g. FIs	11893089	0	11893089	14.74	7791102	0	7791102	9.65	-5.09
h. Foreign Portfolio Investors	656646	0	656646	0.81	8815192	0	8815192	10.92	10.11
i. Any others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total- B-(1)</b>	<b>15353327</b>	<b>0</b>	<b>15353327</b>	<b>19.02</b>	<b>20342390</b>	<b>0</b>	<b>20342390</b>	<b>25.20</b>	<b>6.18</b>
<b>2. Non - Institution</b>									
a. Body Corp.	3074681	0	3074681	3.81	1280331	0	1280331	1.59	-2.22
<b>b. Individual</b>									
<b>i. Individual Shareholders holding nominal share capital upto ₹1 Lakh</b>									
	10766111	1621	10767732	13.34	8072083	1620	8073703	10.00	-3.34
<b>ii. Individual Shareholders holding nominal share capital in excess of ₹1 Lakh</b>									
	782000	0	782000	0.97	359000	0	359000	0.44	-0.53
<b>c. Others</b>									
(i) NRI	607114	0	607114	0.75	456173	0	456173	0.57	-0.18
(ii) Foreign National	0	0	0	0.00	0	0	0	0.00	0.00
(iii) OCB	0	0	0	0.00	0	0	0	0.00	0.00
(iv) Trust	0	0	0	0.00	0	0	0	0.00	0.00
(v) In Transit	526483	0	526483	0.65	326562	0	326562	0.40	-0.25
(vi) Independent Directors & Relatives and their holding	37350	0	37350	0.05	37350	0	37350	0.05	0.00
(vii) HUF	0	0	0	0.00	273178	0	273178	0.34	0.34
<b>Sub Total- B-(2)</b>	<b>15793739</b>	<b>1621</b>	<b>15795360</b>	<b>19.57</b>	<b>10804677</b>	<b>1620</b>	<b>10806297</b>	<b>13.39</b>	<b>-6.18</b>
<b>Net Total (1 + 2)</b>	<b>31147066</b>	<b>1621</b>	<b>31148687</b>	<b>38.60</b>	<b>31147067</b>	<b>1620</b>	<b>31148687</b>	<b>38.60</b>	<b>0.00</b>
<b>Total (A+B)</b>	<b>80695515</b>	<b>1621</b>	<b>80697136</b>	<b>100.00</b>	<b>80695516</b>	<b>1620</b>	<b>80697136</b>	<b>100.00</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A + B + C)</b>	<b>80695515</b>	<b>1621</b>	<b>80697136</b>	<b>100.00</b>	<b>80695516</b>	<b>1620</b>	<b>80697136</b>	<b>100.00</b>	<b>0.00</b>

# Directors' Report (Contd.)

## ii. Shareholding of Promoters:

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares Held	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	JANMEJAY RAJNIKANT VYAS	25279855	31.33	14.02	25279855	31.33	2.42	0.00
2	ARPIT JANMEJAY VYAS	12563975	15.57	4.59	12563975	15.57	0.00	0.00
3	DEOHOOTI JANMEJAY VYAS	10964500	13.59	0.00	10964500	13.59	0.00	0.00
4	BHADRA RAJ HOLDINGS PRIVATE LIMITED	600000	0.74	0.00	600000	0.74	0.00	0.00
5	ADITI JANMEJAY VYAS	103619	0.13	0.00	103619	0.13	0.00	0.00
6	MANSI JANMEJAY VYAS	36500	0.05	0.00	36500	0.05	0.00	0.00
	<b>Total</b>	<b>49548449</b>	<b>61.40</b>	<b>18.61</b>	<b>49548449</b>	<b>61.40</b>	<b>2.42</b>	<b>0.00</b>

## iii. Change in Promoters Shareholding

Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
• At the beginning of the year	49548449	61.40	49548449	61.40
• Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc):	No change	No change	No change	No change
• At the end of the year	49548449	61.40	49548449	61.40

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

Sr. No.	Top Ten Shareholders	Shareholding			Cumulative Shareholding during the year (01-04-15 to 31-03-16)			
		No. of Shares the beginning (1-4-2015) /end of the year (31-3-2016)	% of total Shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
1	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE EQUITY FUND	524000	0.65				524000	0.65
				03 Jul 2015	171000	Transfer	695000	0.86
				10 Jul 2015	537000	Transfer	1232000	1.53
				17 Jul 2015	127000	Transfer	1359000	1.68
				24 Jul 2015	243600	Transfer	1602600	1.99
				31 Jul 2015	223500	Transfer	1826100	2.26
				07 Aug 2015	161000	Transfer	1987100	2.46
				21 Aug 2015	120300	Transfer	2107400	2.61
				28 Aug 2015	67000	Transfer	2174400	2.69
				04 Sep 2015	100000	Transfer	2274400	2.82



# Directors' Report (Contd.)

				11 Sep 2015	90000	Transfer	2364400	2.93
				18 Sep 2015	50000	Transfer	2414400	2.99
				09 Oct 2015	(5100)	Transfer	2409300	2.99
				06 Nov 2015	27700	Transfer	2437000	3.02
				11 Dec 2015	200000	Transfer	2637000	3.27
				18 Dec 2015	100000	Transfer	2737000	3.39
				08 Jan 2016	200000	Transfer	2937000	3.64
				22 Jan 2016	40000	Transfer	2977000	3.69
				29 Jan 2016	10232	Transfer	2987232	3.70
				05 Feb 2016	111000	Transfer	3098232	3.84
				12 Feb 2016	80000	Transfer	3178232	3.94
				19 Feb 2016	50000	Transfer	3228232	4.00
				04 Mar 2016	(75000)	Transfer	3153232	3.91
				11 Mar 2016	(220500)	Transfer	2932732	3.63
				31 Mar 2016	(55200)	Transfer	2877532	3.57
					2877532	3.57		
2	GOLDMAN SACHS (SINGAPORE) PTE	2055579	2.55				2055579	2.55
				10 Apr 2015	(259785)	Transfer	1795794	2.23
				17 Apr 2015	(64472)	Transfer	1731322	2.15
				24 Apr 2015	(21409)	Transfer	1709913	2.12
				01 May 2015	(2004)	Transfer	1707909	2.12
				08 May 2015	43690	Transfer	1751599	2.17
				05 Jun 2015	11507	Transfer	1763106	2.18
				12 Jun 2015	135693	Transfer	1898799	2.35
				19 Jun 2015	75054	Transfer	1973853	2.45
				26 Jun 2015	60697	Transfer	2034550	2.52
				30 Jun 2015	(38958)	Transfer	1995592	2.47
				03 Jul 2015	(12481)	Transfer	1983111	2.46
				10 Jul 2015	(34695)	Transfer	1948416	2.41
				17 Jul 2015	(40973)	Transfer	1907443	2.36
				24 Jul 2015	4364	Transfer	1911807	2.37
				31 Jul 2015	(115303)	Transfer	1796504	2.23
				07 Aug 2015	(141328)	Transfer	1655176	2.05
				21 Aug 2015	77650	Transfer	1732826	2.15
				28 Aug 2015	(170167)	Transfer	1562659	1.94
				04 Sep 2015	(29848)	Transfer	1532811	1.90
				11 Sep 2015	66124	Transfer	1598935	1.98
				18 Sep 2015	(3609)	Transfer	1595326	1.98
				25 Sep 2015	108600	Transfer	1703926	2.11
				30 Sep 2015	(60068)	Transfer	1643858	2.04
				09 Oct 2015	(43982)	Transfer	1599876	1.98
				16 Oct 2015	9511	Transfer	1609387	1.99
				23 Oct 2015	193117	Transfer	1802504	2.23
				30 Oct 2015	207054	Transfer	2009558	2.49
				06 Nov 2015	87606	Transfer	2097164	2.60
				13 Nov 2015	(46166)	Transfer	2050998	2.54
				20 Nov 2015	(139484)	Transfer	1911514	2.37
				04 Dec 2015	15843	Transfer	1927357	2.39
				11 Dec 2015	109043	Transfer	2036400	2.52
				18 Dec 2015	(25909)	Transfer	2010491	2.49
				25 Dec 2015	45918	Transfer	2056409	2.55
				31 Dec 2015	58830	Transfer	2115239	2.62
				01 Jan 2016	86681	Transfer	2201920	2.73
				08 Jan 2016	21113	Transfer	2223033	2.75
				15 Jan 2016	(63997)	Transfer	2159036	2.68
				22 Jan 2016	125136	Transfer	2284172	2.83
				29 Jan 2016	106948	Transfer	2391120	2.96
				05 Feb 2016	153813	Transfer	2544933	3.15
				12 Feb 2016	(39030)	Transfer	2505903	3.11
				19 Feb 2016	101949	Transfer	2607852	3.23
				26 Feb 2016	(64455)	Transfer	2543397	3.15
				04 Mar 2016	132407	Transfer	2675804	3.32
				11 Mar 2016	(41709)	Transfer	2634095	3.26
				18 Mar 2016	(34334)	Transfer	2599761	3.22
				31 Mar 2016	(34074)	Transfer	2565687	3.18
					2565687	3.18		

# Directors' Report (Contd.)

3	LSV EMERGING MARKETS EQUITY FUND LP**	0	0.00			0	0.00
				06 Nov 2015	647704	Transfer	0.80
				18 Dec 2015	145796	Transfer	0.98
				11 Mar 2016	91700	Transfer	1.10
		893600	1.11	18 Mar 2016	8400	Transfer	1.11
4	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS TRUSTEE FOR THE STAFF RETIREMENT PLAN AND TRUST**	0	0.00			0	0.00
				06 Nov 2015	282031	Transfer	0.35
				20 Nov 2015	(25622)	Transfer	0.32
				11 Dec 2015	250607	Transfer	0.63
				29 Jan 2016	139037	Transfer	0.80
				05 Feb 2016	4290	Transfer	0.81
				04 Mar 2016	(1124)	Transfer	0.80
				11 Mar 2016	227313	Transfer	1.09
		876532	1.09	31 Mar 2016			1.09
5	DIMENSIONAL EMERGING MARKETS VALUE FUND	690743	0.86				0.86
				10 Apr 2015	21914	Transfer	0.88
				17 Apr 2015	36859	Transfer	0.93
				24 Apr 2015	29345	Transfer	0.97
				01 May 2015	17881	Transfer	0.99
				17 Jul 2015	44580	Transfer	1.04
				31 Jul 2015	7506	Transfer	1.05
				14 Aug 2015	36070	Transfer	1.10
				28 Aug 2015	9643	Transfer	1.11
				18 Dec 2015	(49617)	Transfer	1.05
		844924	1.05	31 Mar 2016			1.05
6	POLUNIN EMERGING MARKETS SMALL CAP FUND, LLC**	0	0.00			0	0.00
				24 Jul 2015	203299	Transfer	0.25
				31 Jul 2015	352701	Transfer	0.69
				18 Sep 2015	49236	Transfer	0.75
				25 Sep 2015	15024	Transfer	0.77
				06 Nov 2015	52067	Transfer	0.83
		672327	0.83	31 Mar 2016			0.83
7	LIC OF INDIA MARKET PLUS 1 GROWTH FUND	1659531	2.06				2.06
				18 Sep 2015	(97745)	Transfer	1.94
				25 Sep 2015	(317154)	Transfer	1.54
				30 Sep 2015	(28907)	Transfer	1.51
				09 Oct 2015	(344826)	Transfer	1.08
				16 Oct 2015	(161382)	Transfer	0.88
				23 Oct 2015	(43127)	Transfer	0.83
		666390	0.83	31 Mar 2016			0.83
8	GOVERNMENT OF THE PROVINCE OF ALBERTA MANAGED BY COMGEST S.A	699100	0.87				0.87
				23 Oct 2015	(44900)	Transfer	0.81
				30 Oct 2015	(86400)	Transfer	0.70
		567800	0.70	31 Mar 2016			0.70
9	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY	289350	0.36				0.36
				10 Apr 2015	13763	Transfer	0.38
				17 Apr 2015	7006	Transfer	0.38
				24 Apr 2015	26901	Transfer	0.42
				08 May 2015	23723	Transfer	0.45
				15 May 2015	13511	Transfer	0.46
				22 May 2015	48670	Transfer	0.52
				29 May 2015	8648	Transfer	0.53
				30 Sep 2015	71146	Transfer	0.62
				09 Oct 2015	41377	Transfer	0.67
		544095	0.67	31 Mar 2016			0.67
10	BUMA-UNIVERSAL-FONDS I	746400	0.92				0.92
				09 Oct 2015	(236198)	Transfer	0.63
				16 Oct 2015	(1502)	Transfer	0.63
		508700	0.63	31 Mar 2016			0.63

# Directors' Report (Contd.)

11	4A FINANCIAL SECURITIES LTD	815000	1.01		815000	1.01		
				01 May 2015	(60000)	Transfer	755000	0.94
				07 Aug 2015	(25000)	Transfer	730000	0.90
				28 Aug 2015	(30058)	Transfer	699942	0.87
				18 Sep 2015	(8000)	Transfer	691942	0.86
				30 Sep 2015	(10000)	Transfer	681942	0.85
				09 Oct 2015	(45000)	Transfer	636942	0.79
				23 Oct 2015	(15000)	Transfer	621942	0.77
				30 Oct 2015	(55000)	Transfer	566942	0.70
				20 Nov 2015	(75000)	Transfer	491942	0.61
				04 Mar 2016	(25000)	Transfer	466942	0.58
				11 Mar 2016	(8000)	Transfer	458942	0.57
				18 Mar 2016	(18942)	Transfer	440000	0.55
		455000	0.56	31 Mar 2016	15000	Transfer	455000	0.56
12	AVTAR INSTALMENTS PRIVATE LIMITED	1163500	1.44				1163500	1.44
				01 May 2015	(165000)	Transfer	998500	1.24
				22 May 2015	(708500)	Transfer	290000	0.36
				17 Jul 2015	97701	Transfer	387701	0.48
				07 Aug 2015	(29500)	Transfer	358201	0.44
				28 Aug 2015	(30000)	Transfer	328201	0.41
				25 Sep 2015	(15000)	Transfer	313201	0.39
				09 Oct 2015	(10000)	Transfer	303201	0.38
				23 Oct 2015	(30000)	Transfer	273201	0.34
				13 Nov 2015	(20000)	Transfer	253201	0.31
				20 Nov 2015	(30000)	Transfer	223201	0.28
				29 Jan 2016	(18700)	Transfer	204501	0.25
				18 Mar 2016	(8500)	Transfer	196001	0.24
		181001	0.22	31 Mar 2016	(15000)	Transfer	181001	0.22
13	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED*	1000000	1.24				1000000	1.24
				24 Apr 2015	(171611)	Transfer	828389	1.03
				01 May 2015	(28389)	Transfer	800000	0.99
				29 May 2015	(183342)	Transfer	616658	0.76
				12 Jun 2015	(566255)	Transfer	50403	0.06
				19 Jun 2015	50095	Transfer	100498	0.12
				26 Jun 2015	46268	Transfer	146766	0.18
				30 Jun 2015	17963	Transfer	164729	0.20
				03 Jul 2015	39740	Transfer	204469	0.25
				10 Jul 2015	27099	Transfer	231568	0.29
				17 Jul 2015	26865	Transfer	258433	0.32
				04 Sep 2015	(12628)	Transfer	245805	0.30
				30 Sep 2015	(235478)	Transfer	10327	0.01
				16 Oct 2015	(10327)	Transfer	0	0.00
				31 Mar 2016			0	0.00
14	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD. *	666793	0.83				666793	0.83
				24 Apr 2015	(200000)	Transfer	466793	0.58
				08 May 2015	(100000)	Transfer	366793	0.45
				05 Jun 2015	(100000)	Transfer	266793	0.33
				17 Jul 2015	(25000)	Transfer	241793	0.30
				07 Aug 2015	(82053)	Transfer	159740	0.20
				14 Aug 2015	(159740)	Transfer	0	0.00
				31 Mar 2016			0	0.00

\* During the year ceased to be in the list of top ten shareholders.

\*\* Not in the list of top ten shareholders as on 01/04/2015. The same has been reflected above since the shareholder was one of the top ten shareholders as on 31/03/2016.

# Directors' Report (Contd.)

## v. Shareholding of Directors and Key Managerial Personnel

(There is no change in the shareholding of Directors and KMPs during the year):

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 1st April, 2015		Shareholding at the end of the year 31st March, 2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Name of the Director/KMP</b>				
1	Janmejy R. Vyas	25279855	31.33	25279855	31.33
2	Arpit J. Vyas	12563975	15.57	12563975	15.57
3	Deohooti J. Vyas	10964500	13.59	10964500	13.59
4	Sanjay S. Majmudar	24650	0.03	24650	0.03
5	Ashok C. Gandhi	150	0	150	0
6	Subir Kumar Das	-	-	-	-
7	Mark C. Griffiths	-	-	-	-
8	Rajendra S. Shah	-	-	-	-
9	Mr. Tushar D. Shah*	-	-	-	-

\* Resigned w.e.f. 26/02/2016

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ In Crores)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtness
<b>Indebtedness at the beginning of the financial year 01.04.2015</b>				
1) Principal Amount	536.35	95.17	-	631.52
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	2.65	-	-	2.65
<b>Total of (1+2+3)</b>	<b>539.00</b>	<b>95.17</b>	<b>-</b>	<b>634.17</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	178.15	83.83	-	261.98
- Reduction	194.08	69.54	-	263.61
<b>Net change</b>	<b>(15.93)</b>	<b>14.29</b>	<b>-</b>	<b>(1.64)</b>
<b>Indebtedness at the end of the financial year-31.03.2016</b>				
1) Principal Amount	520.42	109.46	-	629.87
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	1.58	-	-	1.58
<b>Total of (1+2+3)</b>	<b>522.00</b>	<b>109.46</b>	<b>-</b>	<b>631.46</b>

# Directors' Report (Contd.)

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (₹ In Lacs)
		Mr. Janmejay R. Vyas (Chairman & Managing Director)	Mr. Arpit J. Vyas (Managing Director & CFO)	Mrs. Deohooti J. Vyas (Whole-time Director)	
1	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	174.00	175.00	<b>349.00</b>
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission- As % of Profit	545.66	-	-	<b>545.66</b>
	- Others, specify	-	-	-	-
5	Others, please specify Provident Fund & other Funds	-	-	-	-
	Performance Bonus	-	-	-	-
	<b>Total (A)</b>	<b>545.66</b>	<b>174.00</b>	<b>175.00</b>	<b>894.66</b>
	Ceiling as per the Act	10% of the net profits of the Company			

### B. Remuneration of other directors:

#### I. Independent Directors :-

Particulars of Remuneration	Name of Directors				Total Amount (₹ In Lacs)
	Mr. Sanjay S. Majmudar	Mr. Ashok C. Gandhi	Mr. Subir Kumar Das	Mr. Rajendra S. Shah	
Fee for attending board committee meetings	4.40	4.20	3.40	1.20	<b>13.20</b>
Commission	8.00	7.00	6.00	4.00	<b>25.00</b>
Others					-
<b>Total (1)</b>	<b>12.40</b>	<b>11.20</b>	<b>9.40</b>	<b>5.20</b>	<b>38.20</b>

#### II. Other Non-Executive Directors :-

Particulars of Remuneration	Name of Directors	Total Amount (₹ In Lacs)
	Mr. Mark C. Griffiths	
Fee for attending board committee meetings	0	0
Commission	0	0
Others	0	0
<b>Total (2)</b>	<b>0</b>	<b>0</b>
Ceiling as per the Act	11% of the net profits of the Company	

# Directors' Report (Contd.)

## C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Sr. No.	Particulars of Remuneration	Name of KMP	
		Mr. Tushar D. Shah (Company Secretary) (resigned w.e.f. 26/02/2016)	Total Amount (₹ In Lacs)
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	11.48	11.48
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- As % of Profit	-	-
	- Others, specify	-	-
5	Others, please specify Contribution to Provident Fund	0.29	0.29
	Performance Bonus	-	-
	<b>Total (C)</b>	<b>11.77</b>	<b>11.77</b>

## VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):

Type	Section of Companies Act	Brief description	Details of penalty / punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any give details
<b>A. COMPANY</b>					
			Nil		
			Nil		
			Nil		
<b>B. DIRECTORS</b>					
			Nil		
			Nil		
			Nil		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
			Nil		
			Nil		
			Nil		

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis									
Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts /arrangements /transactions	Duration of the contracts / arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Amount involved during the year (₹ in Crores)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)		
<b>Not Applicable</b>									
2. Details of material contracts or arrangement or transactions at arm's length basis									
Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts /arrangements /transactions	Duration of the contracts / arrangements /transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Dates) of approval by the Board and Audit Committee, if any	Amount paid as advances, if any:	Date on which the special resolution was passed in general meeting u/s 188(1)	Amount involved during the year (₹ in Crores)	
1.	Dishman Europe Ltd. (Wholly owned subsidiary)	Sale of Goods/Export of Services	On going	Based on transfer pricing guidelines	As per Companies Act, 2013 and as per clause 49 of the Listing agreement and SEBI (LODR) Regulations, 2015, all transaction are being placed before the Audit Committee and Board on quarterly basis and at regular intervals	Advance paid have been adjusted against billings/invoice/debit note etc. wherever applicable	As the transactions were wholly owned subsidiary companies are being exempt under Companies Act, 2013 and Listing Agreement and SEBI (LODR) Regulations, 2015, therefore no approval of shareholder is required. However, as per Clause 49 of the Listing Agreement and Regulation 23 of SEBI (LODR) Regulations, 2015, material contracts or arrangements above 10% of the Turnover, if any, are being shown as material transactions at arm length prices.	292.99	
2.	CARBOKEN AMCS AG (Wholly owned subsidiary)	Sale of Goods/Export of Services	On going	Based on transfer pricing guidelines	SEBI (LODR) Regulations, 2015, all transaction are being placed before the Audit Committee and Board on quarterly basis and at regular intervals	Advance paid have been adjusted against billings/invoice/debit note etc. wherever applicable	As the transactions were wholly owned subsidiary companies are being exempt under Companies Act, 2013 and Listing Agreement and SEBI (LODR) Regulations, 2015, therefore no approval of shareholder is required. However, as per Clause 49 of the Listing Agreement and Regulation 23 of SEBI (LODR) Regulations, 2015, material contracts or arrangements above 10% of the Turnover, if any, are being shown as material transactions at arm length prices.	33.86	
3.	Dishman USA Inc (Wholly owned subsidiary)	Sale of Goods/Export of Services	On going	Based on transfer pricing guidelines	SEBI (LODR) Regulations, 2015, all transaction are being placed before the Audit Committee and Board on quarterly basis and at regular intervals	Advance paid have been adjusted against billings/invoice/debit note etc. wherever applicable	As the transactions were wholly owned subsidiary companies are being exempt under Companies Act, 2013 and Listing Agreement and SEBI (LODR) Regulations, 2015, therefore no approval of shareholder is required. However, as per Clause 49 of the Listing Agreement and Regulation 23 of SEBI (LODR) Regulations, 2015, material contracts or arrangements above 10% of the Turnover, if any, are being shown as material transactions at arm length prices.	71.09	

# Directors' Report (Contd.)

## ANNEXURE C

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

1. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2015-16, the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during FY 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name & Designation	Ratio of Remuneration of Director to Medians Remuneration of employees (Sub-clause (i) of Rule 5(1))	% increase in Remuneration In FY 2015-16 (\$) (Sub-clause (ii) of Rule 5(1))	Comparison of the Remuneration of the KMP against the performance of the Company (Sub-clause (ix) of Rule 5(1))
<b>Executive Directors</b>				
1.	Mr. Janmejay R. Vyas, Chairman & Managing Director	175.10:1	13.10%	See Point 5 below
2.	Mr. Arpit J. Vyas, Managing Director & CFO <sup>+</sup>	55.84 : 1	61.11%	See Point 5 below
3.	Mrs. Deohooti J. Vyas, Whole-time Director	56.16 : 1	45.83%	See Point 5 below
<b>Non-executive Director &amp; Independent Directors</b>				
4.	Mr. Sanjay S. Majmudar, Independent Director	2.57:1	-7.46%	N.A.
5.	Mr. Ashok C. Gandhi, Independent Director	2.25:1	-8.20%	N.A.
6.	Mr. Mark C. Griffiths, Non-Executive Director & Global CEO	-	-	N.A.
7.	Mr. Subir Kumar Das, Independent Director*	1.93:1	*	N.A.
8.	Mr. Rajendra S. Shah, Independent Director *** (Appointed w.e.f. 02/04/2015)	1.28:1	***	N.A.
<b>Key Managerial Personnel</b>				
9.	Mr. Tushar D. Shah, Company Secretary #(Resigned w.e.f. 26/02/2016)	N.A.	28.35	See Point 5 below

+ Appointed as CFO w.e.f. 17th July, 2015

\* Mr. Subir Kumar Das appointed as Additional Director (Independent) w.e.f. 15<sup>th</sup> December, 2014; hence no comparison has been done.

\*\*\* Mr. Rajendra Shah appointed as Additional Director (Independent) w.e.f. 2nd April, 2015. He was not director in FY2014-15; hence no comparison has been done.

# Mr. Tushar D. Shah has resigned as Company Secretary w.e.f. 26<sup>th</sup> February, 2016.

§ Percentage decrease reflects sitting fees and commission (excluding leave encashment of earlier years, if any)

2. Sub-clause (iii) of Rule 5(1): The median remuneration of the employees in FY 2015-16 increased by 3.87%. The calculation of % increase in Median Remuneration is done based on permanent employees. Also, the unionized employee's/Contract labour whose remuneration is based on periodic settlements has been excluded for this purpose.

3. Sub-clause (iv) of Rule 5(1): The number of permanent employees on the rolls of Company as on 31st March, 2016 was 829.

4. Sub-clause (viii) of Rule 5(1): The average percentage increase already made in the salaries of employees other than the managerial personnel in FY 2015-16 was 10.58% (excluding rewards in cash or kinds), whereas the total managerial remuneration (including independent Directors) for the same financial year has increased by 25.55%. Increase/decrease in salary of employees other than managerial personnel is decided based criteria like Company's policy and Performance, Individual Performance, inflation, prevailing industry trends, while managerial remuneration is mostly linked to the Company's net profit calculated as per the provisions of Section 198 of the Companies Act, 2013.



# Directors' Report (Contd.)

5. Sub-clause (v) of Rule 5(1): The Standalone and Consolidated Profit before Tax of the Company stood at ₹ 120.25 crores as against 103.83 crores increased by 15.81% and ₹ 233.35 crores as against ₹ 159.25 crores increased by 46.58% respectively for FY 2015-16. For the same period, the average increase in the remuneration of employee other than the managerial personnel was 10.58% (excluding rewards in cash or kinds).
6. Sub-clause (vi) of Rule 5(1): The Standalone and Consolidated Profit before Tax of the Company stood at ₹ 120.25 crores as against ₹ 103.83 crores increased by 15.81% and ₹ 233.35 crores as against ₹ 159.25 crores increased by 46.58% respectively for FY 2015-16. For the same period, the total remuneration of KMP was increased 12.35%.
7. Sub-clause (vii) of Rule 5(1):
- (a) Variations in the market capitalisation of the Company and the price earnings ratio is as under:

<b>Market Capitalization</b>	<b>BSE</b>	<b>NSE</b>
31st March, 2016	₹ 2710.21 Cr. (@335.85 per share)	₹ 2702.14 Cr. (@334.85 per share)
31st March, 2015	₹ 1347.24 Cr. (@166.95 per share)	₹ 1346.84 Cr. (@166.90 per share)
<b>P/E Ratio</b>	<b>BSE</b>	<b>NSE</b>
31 <sup>st</sup> March, 2016	32.95 times (335.85 /10.80)	31.00 times (334.85 /10.80)
31 <sup>st</sup> March, 2015	23.03 times (166.95/7.25)	23.02 times (166.90/7.25)

- (b) The Company has not come out with any public offer hence percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer is not applicable.
8. Sub-clause (x) of Rule 5(1): The variable component of remuneration is Commission which is paid to Chairman and Managing Directors (MD) within the ceiling limit of 5% of net profit of the Company as approved by the shareholder. Such commission is paid in lieu of full or part of their annual remuneration. The amount of commission is determined based on the operational performance of the Company. For, MDs/WTD, who are generally entitled to salary and perquisites as approved by shareholders. The Non-executive Directors of the Company are entitled to sitting fees and also for annual commission within the ceiling of 1% of net profit of the Company as approved by the shareholders.
9. Sub-clause (xi) of Rule 5(1): The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: None
10. Sub-clause (xii) of Rule 5(1): It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company.

# Directors' Report (Contd.)

## ANNEXURE D

### Statement of particulars of employees pursuant to provisions of 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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
<b>A) Personnel who are in receipt of Remuneration aggregating not less than ₹ 60,00,000 per annum and employed through out the year:</b>								
1.	Mr. Janmejay R. Vyas	65	Chairman & Managing Director	B.Sc. (Chemistry) B.Sc. (Tech.)	42	5,45,66,198	29/06/1983	Consultant to various Pharmaceutical Co's during 1974 to 1983
2.	Mrs. Deohooti J. Vyas	65	Whole-time Director	B.Sc. (Chemistry)	32	1,75,00,000	01/12/1997	B. R. Laboratories, Proprietress
3.	Mr. Arpit J. Vyas	30	Managing Director & CFO	Chemical Engineer from University of Aston	9	1,74,00,000	01/06/2009	Has been associated with Azafran Innovacion Ltd., in which he holds Directorship and handling Marketing division of the Company.
<b>B) Personnel who are in receipt of Remuneration aggregating not less than ₹ 5,00,000 per month and employed for part of the year :</b>								
4.	Aditi J. Vyas	39	Management Representative (Technical Services)	B.Sc. (Chemistry), B.E. (Chemical Engineer)	11	30,00,000*	25/07/2005	-
5.	Mansi J. Vyas	37	Management Representative (Finance)	B.Sc., MBA (International Hospitality and Tourism management)	11	43,75,000*	25/07/2005	-

\*Remuneration increased from 01/10/2015 vide Special Resolution passed by members in Annual General Meeting held on 29/09/2015.

#### 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.
- Mr. J. R. Vyas, Mrs. D. J. Vyas, Mr Arpit J. Vyas, Ms. Aditi J. Vyas and Ms. Mansi J. Vyas mentioned at Sr. No. 1, 2, 3, 4 and 5 holds 25279855 (31.33%), 10964500 (13.59%), 12563975 (15.57%), 103619 (0.13%) and 36,500 (0.05%) equity shares of ₹ 2/- each in the Company, respectively.
- The above employees mentioned at Sr. No. 1, 2, and 3 viz. Mr. J. R. Vyas, Mrs. D. J. Vyas and Mr. Arpit J. Vyas, who are Directors and relatives of each other.
- The above employees mentioned at Sr. No. 4 and 5 viz. Ms. Aditi Vyas and Ms. Mansi J. Vyas are relatives of Directors. Both are daughters of Mr. J. R. Vyas and Mrs. D. J. Vyas and sisters of Mr Arpit J. Vyas.

# Directors' Report (Contd.)

ANNEXURE E

## FORM NO. MR. 3 SECRETARIAL AUDIT REPORT

For the Financial Year Ended on 31<sup>st</sup> March, 2016

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

To,

**The Members,**

**Dishman Pharmaceuticals and Chemicals Limited**

Bhadra-Raj Chambers, Swastik Cross Roads,  
Navrangpura, Ahmedabad – 380 009.

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

Based on our verification of the Dishman Pharmaceuticals and Chemicals Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering **the financial year ended on 31<sup>st</sup> March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Dishman Pharmaceuticals and Chemicals Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses / regulations of the following

- (i) Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013 and made effective from 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited effective upto 30th November, 2015;
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective from 1st December, 2015.

# Directors' Report (Contd.)

We hereby report that during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation(s) :

1. The Board of Directors of the company, at its meeting held on 28th May, 2015, had deferred the agenda pertaining to approval of Audited Financial Statements for the year ended on 31st March, 2015. The company has submitted the Audited Financial Results for the financial year ended on 31st March, 2015 and unaudited financial results of the last quarter to the Stock Exchanges on 22nd August, 2015.
2. The company has submitted Unaudited Financial Results for the quarter ended on 30th June, 2015 to the Stock Exchanges on 31st August, 2015.

## **We further report that**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director.
2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent at least seven days in advance, and a system exists for directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting member's views, if any, are captured and recorded as part of the minutes.

Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Respective Plant Heads / Department Heads of the company and take on record by the Board of Directors at their meeting(s), we are of the opinion that the management has :

- a. Adequate systems and processes commensurate with its size and operation, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- b. Identified and complied with following laws applicable to the company :
  - i. Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
  - ii. The Patents Act, 1970
  - iii. The Trade Marks Act, 1999
  - iv. Indian Boilers Act, 1923

## **We further report that** during the period under review

- a) The company has redeemed remaining 50% of Non Convertible Debenture (Second Trench) issued in June, 2010 on 16th June, 2015 by way of payment of ₹38.25 Crore towards principal and interest. There is no outstanding Non Convertible Debentures (NCD - Second Trench) as it has been fully repaid as per the terms of said NCD.
- b) The company has redeemed 30% of Non Convertible Debenture (First Trench) issued in February, 2010 on 18th February, 2016 by way of payment of ₹27.16 Crore towards principal and interest. There is an outstanding Non Convertible Debentures (NCD-First Trench) amounting to ₹22.50 Crore as on 31st March, 2016.
- c) The Board of Directors of the company on 24th February, 2016 has considered and approved the following proposal amongst Dishman Pharmaceuticals and Chemicals Limited (DPCL), Dishman Care Limited (DCL), Wholly Owned Subsidiary of DPCL and Carbogen Amcis (India) Limited (CAIL), Wholly Owned Subsidiary of DPCL, in terms of a draft scheme of arrangement and amalgamation under sections 391 - 394 read with Section 100 of the Companies Act, 1956 or under sections 230-234 of the Companies Act, 2013 :
  - i. Slump Sale of Effluent Treatment Plants ("ETP" Undertaking) from the company to CAIL, a Wholly Owned Subsidiary of the company, as a going concern together with all its properties, assets, liabilities, rights, benefits and interest therein, without assigning value to individual assets and liabilities ("slump sale"), and the total consideration for the transfer of "ETP undertaking" shall be ₹15 Crores, arrived at on the basis of valuation report of an Independent Chartered Accountant and confirmed by a fairness opinion prepared by an independent Merchant Banker.
  - ii. Amalgamation of DCL, a wholly owned subsidiary with the company (DPCL), and
  - iii. Followed by amalgamation of DPCL with CAIL
  - iv. Change in name of "Carbogen Amcis (India) Limited" to "Dishman Carbogen Amcis Limited"

# Directors' Report (Contd.)

The draft scheme shall be subject to the approval of the Shareholders, Secured Creditors, Unsecured Creditors and the Hon'ble High Court of Gujarat and other authorities as may be required under applicable laws.

- d) The company has acquired further 50% stake in Schutz Dishman Biotech Limited ("Schutz Dishman"), a Joint Venture Indian Company from the existing Joint Partner i.e. Schutz & Co., Germany for a consideration of EURO 300000. Before this acquisition the company was holding 22.33% stake in Schutz Dishman and after acquisition of further 50% stake, Schutz Dishman has become subsidiary of the company.
- e) The company has issued and allotted 80697136 Bonus Equity Shares in the ratio of 1 (one) equity share for every 1 (one) equity share having distinctive No. 80697137 to 161394272 on 05th May, 2016, pursuant to the special resolution passed by means of Postal Ballot on 21st April, 2016 in accordance with Section 63 read with Rule 14 of the Companies (Share Capital and Debenture) Rules, 2014 vide Postal Ballot Notice dated 10th March, 2016.

Place : Ahmedabad  
Date : 19/05/2016

**For, Ashok P. Pathak & Co.**  
Company Secretaries

**Ashok P. Pathak**  
ACS No. 9939  
C P No.: 2662

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure I** and forms an integral part of this report.

## ANNEXURE- I TO SECRETARIAL AUDIT REPORT

To,

**The Members**

**Dishman Pharmaceuticals and Chemicals Limited**

Bhadra-Raj Chambers, Swastik Cross Roads,  
Navrangpura, Ahmedabad - 380 009.

Our report of 19th May, 2016 is to be read along with this letter

1. Maintenance of Secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain responsible assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we follow provide a responsible basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Ahmedabad  
Date : 19/05/2016

**For, Ashok P. Pathak & Co.**  
Company Secretaries

**Ashok P. Pathak**  
ACS No. 9939  
C P No.: 2662

# Directors' Report (Contd.)

## ANNEXURE F

### 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 2<sup>nd</sup> April, 2012. 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 ₹150.38 lacs without any capital investment.

#### • DETAILS OF TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION

a) POWER AND FUEL CONSUMPTION	2015-16	2014-15
<b>1. ELECTRICITY</b>		
<b>a. Purchased</b>		
Unit [KWH]	26924543	29873617
Total Amount [₹]	217834094	225040582
Rate/ Unit [₹]	8.09	7.53
<b>b. Own Generation [through D.G. Unit]</b>		
Unit [KWH]	171920	273064
Unit Per ltr. of Diesel oil [KWH]	2.94	3.29
Cost/Unit [₹]	17.41	18.52
<b>2. DOC</b>		
Quantity [MT]	12190.44	14099
Total Amount [₹]	77692030.94	99674100
Average rate [₹/MT]	6373.19	7069.58
<b>3. FUEL [LDO+FO+HSD]</b>		
Quantity (LTRs.)	123464	130408
Total amount (₹)	3539712.88	5176134
Average rate (₹/ LTR.)	28.67	39.69
<b>4. CNG GAS</b>		
Quantity (KG.)	58470	332382
Total cost (₹)	2993356	23983945
Average rate/kg.	51.19	72.15
<b>5. Briquette</b>		
Quantity [MT]	46392	405.915
Total Amount [₹]	2681546	2129977
Average rate [₹/MT]	57.80	5259

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.

# Directors' Report (Contd.)

## B. TECHNOLOGY ABSORPTION

### Efforts made in Technology absorption - Research & Development (R & D)

#### • SPECIFIC AREAS IN WHICH R&D CARRIED OUT AND BENEFITS DERIVED:

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

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

#### • FUTURE PLAN OF ACTION

Your Company has created a state-of-the-art R & D center and cGMP pilot facility at Bavla plant. The Company has been investing aggressively in its R & D activities to the level of 2.32% of its turnover and continues augmenting R & D capabilities & productivity through technological innovations, use of modern scientific and technological techniques, training and development.

<b>EXPENDITURE ON R &amp; D</b>	(₹ in Crores)
Capital	0.18
Recurring	11.66
<b>Total</b>	<b>11.84</b>
Total R & D Expenditure as a percentage of Total Turnover	2.32%

#### • 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 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 was on site 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 increased to ₹458.74 Crores during the year from ₹417.96 Crores during the previous year, reflecting a growth of 9.76% which constitute 94.71% of the total net sales of the Company during financial year 2015-2016. The Company is exporting mainly to USA, UK, Germany, Netherland and Japan. Your Company is making aggressive efforts to increase exports and develop new export markets.

#### FOREIGN EXCHANGE EARNING AND OUTGO

The particulars have been given under Note nos. "27.05" and "27.08" of Notes Forming Part of the Financial Statements.

## Corporate Social Responsibilities (CSR) Report

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

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same has been approved by the Board at the meeting held on 28<sup>th</sup> May, 2014.

### Overview:

Outline of CSR Policy – Dishman Pharmaceuticals and Chemicals Limited have always been committed to the cause of social service and have repeatedly channelized a part of its resources and activities, such that it positively affects the society socially, ethically and also environmentally.

As an integral part of our commitment to Good Corporate Citizenship, we at DISHMAN believe in actively assisting in improvement of the quality of life of people in communities, giving preference to local areas around our business operations. Towards achieving long-term stakeholder value creation, we shall always continue to respect the interests of and be responsive towards our key stakeholders - the communities, especially those from socially and economically backward groups, the underprivileged and marginalized; and the society at large.

### (ii) CSR Projects:

#### 1. Community healthcare, sanitation and hygiene, including, but not limited to:

- (1) Providing financial and/or other assistance to the Agencies involved in exclusive medical research, public health, nursing etc.
- (2) Providing financial assistance to deserving people for specialized medical treatment in any medical institution.
- (3) Establishment and management of state-of-the-art healthcare infrastructure with high level of excellence.
- (4) Activities concerning or promoting:
  - a. General health care including preventive health care
  - b. Safe motherhood
  - c. Child survival support programs
  - d. Health / medical camps
  - e. Better hygiene and sanitation
  - f. Adequate and potable water supply, etc.

#### 2. Education and knowledge enhancement, including, but not limited to:

- (1) Establishment and management of educational and knowledge enhancement infrastructure.
- (2) Providing financial and/or other assistance to the needy and/or deserving students.
- (3) Providing financial assistance to any Agency involved in education, knowledge enhancement and sports.



# Directors' Report (Contd.)

		(4) Facilitate enhancement of knowledge and innovation in the educational Agencies.
		(5) Contribution to technology incubators located within academic institutions which are approved by the Central Government.
		<b>3 Social care and concern, including, but not limited to:</b>
		(1) Creating Public awareness
		(2) Protection and upgradation of environment including ensuring ecological balance and related activities.
		(3) Rural development projects
		(4) Others:
		a. Establishment and management of orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.
		b. Providing assistance to institutes of credibility involved in areas of social care, including:
		• Preservation of heritage
		• Animal welfare, social welfare and related matters
		• Orphanages, old age homes, Sanatoriums, Dharmashalas and institutions of similar nature.
		c. Other humanitarian activities.
2	The Composition of the CSR Committee	1. Mr. Janmejy R. Vyas (Chairman – Managing Director) 2. Mr. Arpit J. Vyas (Managing Director & CFO) 3. Mr. Sanjay S. Majmudar (Independent Director)
3	Average net profit of the company for last three financial years	₹ 95.86 crores
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 1.92 crores
5	Details of CSR spent during the financial year.	
	(1) Total amount to be spent for the F.Y.	₹ 2.10 crores
	(2) Amount unspent, if any;	NIL
	(3) Manner in which the amount spent during the financial year :	The manner in which the amount is spent is detailed in the Annexure I.
6	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report	Not Applicable
7	A responsibility statement of CSR Committee that the implementation and monitoring of CSR Policy, is in compliance of CSR objectives and Policy of the Company	Yes, The CSR Committee of the Company's Board states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

# Directors' Report (Contd.)

The Board of Directors at their meeting held on 28<sup>th</sup> May, 2014 also approved the CSR Policy. Brief outline of the Policy is as under: While the Company is eligible to undertake any suitable / rightful activity as specified in Schedule VII of the Companies Act, 2013, however, at present, it proposes to undertake its Projects (Direct / through implementing agency) on priority basis in its Thrust Areas. The Company, in every financial year shall endeavor to spend the feasible amount for its CSR Projects and shall not be restricted by the statutory limit, the minimum spend being 2% of the Company's average Net Profits for three immediately preceding financial years. The Policy provides for identification of the CSR Projects and approval by the CSR Committee, with estimated expenditure and phase wise implementation schedules in the form of CSR Plan.

The total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee. The CSR Projects may be implemented as under:

1. Direct Method whereby the Company may implement the CSR Projects on its own or through its Trust / Society / Section 8 Company or Group Company Trust / Society / Section 8 Company and
2. Indirect Method whereby the Company may implement the CSR Projects through an external Trust / Society / Section 8 Company fulfilling the criteria under the Act.

The Policy also provides for monitoring of the CSR Projects at regular intervals.

The CSR Policy further lists the duties and responsibilities of the Board, the CSR Committee; details about allocation of funds for CSR activities; and the review periodicity / amendment of the CSR Policy and CSR Plan.

The CSR Policy can be accessed at – [www.dishmangroup.com](http://www.dishmangroup.com)

(URL: [www.dishmangroup.com/investorrelations/policies/csr-policy.pdf](http://www.dishmangroup.com/investorrelations/policies/csr-policy.pdf))

## Annexure I

### CSR ACTIVITIES AT DISHMAN

(in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Sector in which the project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Sanitation and restructuring and refurbishing all basic facilities in 30 municipal schools	Bavla & Naroda, Gujarat	Healthcare & Sanitation	1,50,00,000	1,50,00,000	1,50,00,000	Through YUVA Unstoppable (NGO)
2.	Provide high-quality roofing to low-income communities	Ahmedabad Dist., Gujarat	Slum Area Development	60,00,000	60,00,000	60,00,000	Joint project of YUVA Unstoppable; Pal Re Materials India Pvt. Ltd. and Company
<b>Total</b>				<b>2,10,00,000</b>	<b>2,10,00,000</b>	<b>2,10,00,000</b>	

**Note:** The details of CSR activities / projects are also described on Page No. 36 & 37 of this Annual Report.

In terms of Section 134(1)(o) of the Companies Act, 2013, The CSR Committee confirms that the implementation and governance of CSR Programs are as per the Company's CSR policy.

# 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 ensured by taking ethical business decisions 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.

The Company follows Corporate Governance practices in accordance with the provisions of the Schedule V of SEBI (LODR) Regulations, 2015

## 1. 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 shareholders' value, over a sustained period of time. The Company continues to take necessary steps towards achieving this goal.

## 2. BOARD OF DIRECTORS

### (a) Composition

The Company has a very balanced structure of Board of Directors. As on date, the Company has eight (8) directors with an Executive Chairman on its Board. Out of these, four (4), [50%] are Executive Directors including Woman Director and four (4) [50%] are Non-Executive & Independent Directors. The composition of the board is in conformity with Regulation 17 of SEBI (LODR) Regulations, 2015.

All Non-Executive & Independent Directors on the Board are highly experienced, competent and renowned persons from their respective field. They actively participate in the Board and Committee Meetings which is a great value addition in the decision making process.

Independent Directors are non-executive directors as defined under Regulation 16 (1) (b) of SEBI (LODR) Regulations, 2015. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013. All the Independent Directors have confirmed that they meet the criteria as mentioned Regulation 16 (1) (b) of SEBI (LODR) Regulations, 2015 and Section 149 of the Companies Act, 2013.

### (b) 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. None of the Independent Directors serve as an independent director in more than seven listed entities provided that any Independent Director who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three listed entities. Necessary disclosures regarding their Directorship/Membership in other companies have been made by all directors. For the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

Names and Categories of the Directors on the Board, Number of other directorship & chairmanship/membership held by them in other companies during the year 2015- 2016 is given below:

Name of Director	Category	India Listed Companies*	No. of Directorship in all Co. including overseas Companies®	No. of Chairmanship/ Membership in other Companies#	
				Chairmanships	Memberships
Mr. Janmejy R. Vyas	Promoter & Executive Director	-	15	-	1
Mrs. Deohooti J. Vyas	Promoter & Executive Director	-	8	-	-
Mr. Arpit J. Vyas	Promoter & Executive Director	-	9	-	-
Mr. Mark C. Griffiths	Non-Executive & Non-Independent Director	-	6	-	-
Mr. Sanjay S. Majmudar	Non-Executive & Independent Director	3	9	3	4
Mr. Ashok C. Gandhi	Non-Executive & Independent Director	4	6	1	7
Mr. Subir Kumar Das	Non-Executive & Independent Director	-	-	-	-
Mr. Rajendra S. Shah	Non-Executive & Independent Director	3	11	3	3

\* Excluding Directorship in DPCL.

@ Directorship in Companies including overseas companies (listed, unlisted and private limited companies), including DPCL and its subsidiaries.

# As required by Regulation 26 of SEBI (LODR) Regulations, 2015, the disclosure includes chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee in Indian public companies (listed and unlisted)

# Corporate Governance Report (Contd.)

## (c) 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 experience to manage and guide a high growth.

## (d) Number of meetings of the board of directors held and dates on which held

Eight (8) Board Meetings were held during the year 2015-2016. The dates on which the Board meetings were held are: 28<sup>th</sup> May, 2015, 17<sup>th</sup> July, 2015, 22<sup>nd</sup> August, 2015, 31<sup>st</sup> August, 2015, 29<sup>th</sup> October, 2015, 5<sup>th</sup> February, 2016, 24<sup>th</sup> February, 2016 and 10<sup>th</sup> March, 2016. The Company has passed circular resolution on 2<sup>nd</sup> April, 2015 pertaining to the appointment of Mr. Rajendra S. Shah as an additional director w.e.f. 2<sup>nd</sup> April, 2015.

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 Regulation 17 of SEBI (LODR) Regulations, 2015, the Board meets at least four times in every quarter and the maximum time gap between any two meetings was not more than one hundred and twenty days.

The information as required under Regulation 17 (7) of SEBI (LODR) Regulations, 2015 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. As required under Regulation 17 (7) of SEBI (LODR) Regulations, 2015, the Board periodically reviews compliances of various laws applicable to the Company.

Name of Director	No. of Board Meeting held & attended during 2015-2016								Total attended	% of attendance	Whether attended Last AGM held on 29th September, 2015
	28.05.15 (1)	17.07.15 (2)	22.08.15 (3)	31.08.15 (4)	29.10.15 (5)	05.02.16 (6)	24.02.16 (7)	10.03.16 (8)			
Mr. Janmejy R. Vyas	✓	✓	✓	✓	✓	✓	✓	✓	8	100	Yes
Mrs. Deohooti J. Vyas	✓	✓	✓	✓	✓	✓	✓	✓	8	100	No
Mr. Arpit J. Vyas	✓	✓	x	✓	✓	✓	✓	x	6	75	Yes
Mr. Mark C. Griffiths	✓	x	x	x	✓	✓	x	x	3	37.5	Yes
Mr. Sanjay S. Majmudar	✓	✓	✓	✓	✓	✓	✓	✓	8	100	Yes
Mr. Ashok C. Gandhi	✓	✓	✓	✓	✓	✓	✓	✓	8	100	Yes
Mr. Subir Kumar Das	✓	✓	✓	✓	✓	✓	✓	✓	8	100	Yes
Mr. Rajendra S. Shah	x	✓	✓	x	x	✓	✓	✓	5	62.5	Yes

✓ = Attended in person

x = Leave of Absence

## (e) Disclosure of Relationship between Directors inter se

Name of Directors	Relationship with other Directors
Mr. Janmejy R. Vyas	Husband of Mrs. Deohooti J. Vyas, Whole-time Director and Father of Mr. Arpit J. Vyas, Managing Director and CFO of the Company
Mrs. Deohooti J. Vyas	Wife of Mr. Janmejy R. Vyas, Chairman & Managing Director and Mother of Mr. Arpit J. Vyas, Managing Director and CFO of the Company
Mr. Arpit J. Vyas	Son of Mr. Janmejy R. Vyas, Chairman & Managing Director and Mrs. Deohooti J. Vyas, Whole-time Director of the Company
Mr. Mark C. Griffiths	He is a Global CEO of Dishman Group.
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.
Mr. Subir Kumar Das	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company.
Mr. Rajendra S. Shah	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company.

# Corporate Governance Report (Contd.)

## (f) Shareholding of Non-Executive Directors

Name of Non-Executive Directors	No. of Equity Shares held	Convertible Securities held
Mr. Sanjay S. Majmudar	24650	Nil
Mr. Ashok C. Gandhi	150	Nil
Mr. Subir Kumar Das	Nil	Nil
Mr. Rajendra S. Shah(appointed w.e.f. 02/04/2015)	Nil	Nil
Mr. Mark C. Griffiths	Nil	Nil

## (g) 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 Regulation 17(5) of the SEBI (LODR) Regulations, 2015. The said Code of Conduct has been posted on the Company's website [www.dishmangroup.com](http://www.dishmangroup.com). A declaration to this effect duly signed by Chairman & Managing Director of the Company is attached herewith and forms part of Corporate Governance Report. The Board has also adopted separate code of conduct with respect to duties of Independent Directors as per the provisions of the Companies Act, 2013.

## (h) Disclosures regarding appointment/re-appointment of Directors

Mr. Janmejy R. Vyas, Chairman & Managing Director is retiring at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

The brief resume and other information required to be disclosed under this Section is provided in the Notice of the Annual General Meeting.

The Board had, at its meeting held on 17<sup>th</sup> July, 2015 appointed Mr. Arpit J. Vyas, Managing Director of the Company as CFO of the Company.

## (i) FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTOR

The Company undertook various steps to make the Independent Directors have full understanding about the Company. The details of such familiarisation programmes have been disclosed on the Company's website at [www.dishmangroup.com](http://www.dishmangroup.com).

## 3. AUDIT COMMITTEE

The Audit Committee serves as the link between the Statutory and internal auditors and the Board of Directors. The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting process with the view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

### (a) 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 Regulation 18 of SEBI (LODR) Regulations, 2015 as well as under Section 177 of the Companies Act, 2013.

The Committee reviews the information as listed under Regulation 18(3) of SEBI (LODR) Regulations, 2015 read with Schedule II Part C (B) as well as under Section 177 of the Companies Act, 2013.

### (b) Composition

The Board of Directors of the Company has constituted an Audit Committee and has been reconstituted from time to time to comply with statutory requirement. 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 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015. The present composition of the Audit committee during the financial year 2015-2016 is as follow:

Name	Designation	Category
Mr. Sanjay S. Majmudar	Chairman	Non-Executive and Independent Director
Mr. Ashok C. Gandhi	Member	Non-Executive and Independent Director
Mr. Subir Kumar Das	Member	Non-Executive and Independent Director

# Corporate Governance Report (Contd.)

## (c) Audit Committee Meetings

Seven [7] Audit Committee Meetings were held during the year 2015-2016. The dates on which the Audit Committee Meetings were held are: 28<sup>th</sup> May, 2015, 17<sup>th</sup> July, 2015, 22<sup>nd</sup> August, 2015, 31<sup>st</sup> August, 2015, 29<sup>th</sup> October, 2015, 5<sup>th</sup> February, 2016 and 24<sup>th</sup> February, 2016.

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.

Company Secretary acts as Secretary to the Committee.

Mr. Sanjay S. Majmudar, Chairman of Audit Committee, attended the last Annual General Meeting held on 29<sup>th</sup> September, 2015.

Names of the members on the Committee, their Attendance in the Audit Committee Meetings, % of attendance during the year 2015- 2016 is given below:

Name of Member	No. of Audit Committee Meeting held & attended during 2015-2016							Total attended	% of attendance
	28.05.15 (1)	17.07.15 (2)	22.08.15 (3)	31.08.15 (4)	29.10.15 (5)	05.02.16 (6)	24.02.16 (7)		
Mr. Sanjay S. Majmudar	✓	✓	✓	✓	✓	✓	✓	7	100
Mr. Ashok C. Gandhi	✓	✓	✓	✓	✓	✓	✓	7	100
Mr. Subir Kumar Das	✓	✓	✓	✓	✓	✓	✓	7	100

✓ = Attended in person

x = Leave of Absence

## 4. NOMINATION AND REMUNERATION COMMITTEE

### (a) Composition

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulation, 2015, this Committee has constituted by the Board of Directors and has been reconstituted from time to time. Presently the "Nomination and Remuneration Committee" comprises following qualified and independent Directors being a member of the Committee.

Name	Designation	Category
Mr. Sanjay S. Majmudar	Chairman	Non-Executive and Independent Director
Mr. Ashok C. Gandhi	Member	Non-Executive and Independent Director
Mr. Subir Kumar Das	Member	Non-Executive and Independent Director

### (b) Nomination and Remuneration Committee Meeting

During the year, one [1] Nomination and Remuneration Committee meetings was held on 28<sup>th</sup> May, 2015, which was attended by all the three Members. The Chairman of the Nomination and Remuneration Committee, Mr. Sanjay S. Majmudar was present at the last Annual General Meeting of the Company held on 29<sup>th</sup> September, 2015.

### (c) Terms of reference and Powers of the committee inter alia, includes the following :

- formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

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.

# Corporate Governance Report (Contd.)

## (d) Performance evaluation criteria for independent directors:

Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independent Directors. The said criteria provides certain parameters like attendance, effective participation, domain knowledge and so on, which are considered by the Committee and/or Board while evaluating the performance of each Director. The performance evaluation of the Independent Directors was carried out by the entire Board.

## 5. Remuneration of Directors

### (a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity

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

### (b) disclosures with respect to remuneration:

#### (i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

##### Executive & Whole-Time Directors

The Nomination and 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 nature of employment of all executive and whole time directors is contractual as per the Company's policy.

The details of remuneration paid to Managing and Whole-time Directors during the year 2015-2016 are as follows : (₹ In Lacs):

Name & Designation of the Director	Salary/ Remuneration (p.a.)	Perquisites & Allowances	Performance Linked Bonus/ Commission	Stock Options
1. Mr. Janmejy R. Vyas, Chairman & Managing Director	545.66	Nil	Nil	Nil
2. Mrs. Deohooti J. Vyas, Whole-time Director	175.00	Nil	Nil	Nil
3. Mr. Arpit J. Vyas, Managing Director & CFO	174.00	Nil	Nil	Nil

### Terms of Appointment Directors

As required under Regulation 36(3) of SEBI (LODR) Regulations, 2015, particulars of Directors seeking appointment/reappointment are given in Notice of the 33rd Annual General Meeting. Terms of Appointment of the Managing and Whole-time Directors as per the resolutions passed by Board and Shareholders are as under:

#### I. Executive Directors

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

**Tenure:** 5 (Five) years w.e.f. 1<sup>st</sup> March, 2015. The period of office of Mr. Janmejy R. Vyas shall be liable to determination by retirement of Director by rotation.

**Remuneration:** Subject to overall limit on remuneration payable to all the managerial personnel taken together, as laid down in the Companies Act, 2013, the remuneration payable to Mr. Janmejy R. Vyas shall be 5% of the net profits of the Company, computed in the manner laid down in Section 198 of the Companies Act, 2013 and may or may not comprise salary, allowances and perquisites as may be determined by the Board of Directors from time to time and agreed to by Mr. J.R. Vyas, provided that the perquisites shall be evaluated as per Income Tax Act and Rules whenever applicable. The remuneration for the Part of the year shall be computed on pro rata basis

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

##### 2. Mrs. Deohooti J. Vyas, Whole -Time Director

**Tenure :** Five Years w.e.f. 3<sup>rd</sup> September, 2011. The period of office of Mrs. Deohooti J. Vyas shall be liable to determination by retirement of Director by rotation.

**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

# Corporate Governance Report (Contd.)

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.

**Note :**

- (1) Re-appointment of Mrs. D. J. Vyas as Whole-time Director of the Company for a further period five(5) years w.e.f. 3rd September, 2016 has been approved by the members by passing a special resolution at 32nd Annual General Meeting of the Company held on 29th September, 2015.
- (2) During the year, upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 28th May, 2015 has increased remuneration of Mrs. D. J. Vyas from ₹10.00 lacs to ₹15.00 lacs per month w.e.f. 1st May, 2015, which is well within the limit prescribed in the Special Resolution passed by the members.

### 3. Mr. Arpit J. Vyas, Managing Director

**Tenure :** Five Years w.e.f. 1st June, 2014. The period of office of Mr. Arpit J. Vyas shall be liable to determination by retirement of Director by rotation.

**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 Fifteen 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.

**Note :** During the year, upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 28th May, 2015 has increased remuneration of Mrs. D. J. Vyas from ₹10.00 lacs to ₹15.00 lacs per month w.e.f. 1st May, 2015, which is well within the limit prescribed in the Special Resolution passed by the members at the Annual General Meeting of the Company held on 30th July, 2013.

## II. Non-Executive & Independent Directors

On 30<sup>th</sup> July, 2013 by passing a special resolution as such, Members of the Company given their consent and authorized Board of Directors for payment of commission to Non-Executive Director(s) as may be determined by the Board of Directors for each such Non-Executive Director for each financial year ending on 31st March, 2015 up to and including financial year ending on 31st March, 2018 within a maximum limit of one per cent of the net profits of the Company, subject to maximum of ₹18.00 Lacs in aggregate in addition to payment of sitting fees. Thereafter, looking to the new responsibilities entrusted to the Non-executive Directors under the new Companies Act, 2013 to make their role more objective and purposeful, the said limit of ₹18.00 lacs has been increased to ₹25.00 lacs and approved by the members of the Company vide special resolution passed through postal ballot on 13th January, 2015.

The Board of Directors at its Meeting held on 19<sup>th</sup> May, 2016 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 FY2015-16 as follows.

### Commission & Sitting fees to Non-executive Directors

The details of payment of commission and sitting fees paid to Non-Executive Directors for the FY 2015-16 are as under :

(₹ In lacs)			
Sr. No.	Name of Director	Commission	Sitting Fees
1.	Mr. Sanjay S. Majmudar	8.00	4.40
2.	Mr. Ashok C. Gandhi	7.00	4.20
3.	Mr. Subir Kumar Das	6.00	3.40
4.	Mr. Rajendra S. Shah (appointed w.e.f. 02/04/2015)	4.00	1.20

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

### (c) Stock Option

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



# Corporate Governance Report (Contd.)

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

### (a) Composition

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations, 2015 the Committee has constituted by the Board of Directors and has been reconstituted from time to time to comply with statutory requirement. The Committee specifically looks into issues relating to investors including share related matters and redressal of grievances of Security holders. The Committee comprises three [3] directors and committee functions under the Chairmanship of an independent director. The present composition of the Stakeholders Relationship Committee during the financial year 2015-2016, is as follow:

Name	Designation	Category
Mr. Sanjay S. Majmudar	Chairman	Non-Executive and Independent Director
Mr. Ashok C. Gandhi	Member	Non-Executive and Independent Director
Mr. Janmejy R. Vyas	Member	Promoter and Executive Director

### (b) Stakeholders' Relationship Committee Meetings:

Four [4] meetings were held during the year 2015-2016. The dates on which the Stakeholders' Relationship Committee Meetings were held are: 28<sup>th</sup> May, 2015, 31<sup>st</sup> August, 2015, 29<sup>th</sup> October, 2015, and 5<sup>th</sup> February, 2016.

Names of the members on the Committee, their Attendance in the Stakeholders' Relationship Committee Meetings, % of attendance during the year 2015- 2016 is given below:

Name of Member	No. of Stakeholders Relationship Committee Meeting held & attended during 2015-2016				Total attended	% of attendance
	28.05.15(1)	31.08.15(2)	29.10.15(3)	05.02.16(4)		
Mr. Sanjay S. Majmudar	✓	✓	✓	✓	4	100
Mr. Ashok C. Gandhi	✓	✓	✓	✓	4	100
Mr. Janmejy R. Vyas	✓	✓	✓	✓	4	100

✓ = Attended in person

x = Leave of Absence

### (c) 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 and as per provisions of the Act and Listing Agreement.
- 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, nonreceipt 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.

### (d) 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/Compliance Officer of the Company, 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, 2015, the Board has approved the Code of Conduct for Prevention of Insider Trading for complying with the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the requirements under the SEBI (LODR) Regulations, 2015.

#### Name, Designation and address of the Compliance Officer

Ms. Shrima Dave\*, Compliance Officer

Dishman Pharmaceuticals and Chemicals Ltd.

Bhadra-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380009

Phone No.: [079] 26443053, Fax No. [079] 26420198, Email : grievance@dishmangroup.com

# Corporate Governance Report (Contd.)

The Company has designated the email Id (grievance@dishmangroup.com) for grievances redressal and registering complaints by investor.

\*Ms. Shrima Dave has been appointed as Compliance Officer w.e.f. 20/05/2016 in place of Ms. Pinaz Pithadia who served as Compliance Officer from 26/02/2016 to 19/05/2016.

## 1. Quarter-wise Summary of Investors Complaints received and resolved during the Financial Year 2015-2016

Quarter-wise Summary of Investors' Complaints received and resolved						
Quarter Period		Opening	Received	Resolved	Pending	
From	To					
01/04/2015	30/06/2015	NIL	NIL	NIL	NIL	
01/07/2015	30/09/2015	NIL	NIL	NIL	NIL	
01/10/2015	31/12/2015	NIL	2	2	NIL	
01/01/2016	31/03/2016	NIL	NIL	NIL	NIL	

### (e) Non-receipt/Unclaimed dividends or Securities

In case of non-receipt of dividend or request for unclaimed dividend of FY 2008-09 till FY 2014-15 and Interim Dividend for FY2015-16 and any unclaimed shares, shareholders are requested to write an application on plain paper to the Company at following address.

Company Secretary/Compliance Officer,  
Dishman Pharmaceuticals and Chemicals Ltd.  
Bhadr-Raj Chambers, Swastik Cross Roads,  
Navrangpura, Ahmedabad - 380 009  
Contact No.: 079-26443053 / 5807 Fax No. 079-26420198  
Email : [grievance@dishmangroup.com](mailto:grievance@dishmangroup.com)

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](http://www.dishmangroup.com)

### (f) Amount Transferred to IEPF Account

As per the provision of Section 125 of the Companies Act, 2013, 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 2007-2008, the seven years completed on 30<sup>th</sup> August, 2015, the Company has transferred the unpaid or unclaimed dividend amount for the financial year 2007-2008, to the IEPF on 30<sup>th</sup> August, 2015.

### (g) 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 Dividend to the IEPF
2008-09	4th August, 2009	30th August, 2016
2009-10	3rd August, 2010	29th August, 2017
2010-11	2nd August, 2011	28th August, 2018
2011-12	28th September, 2012	25th October, 2019
2012-13	3rd August, 2013	29th August, 2020
2013-14	8th September, 2014	3rd October, 2021
2014-15	30 <sup>th</sup> September, 2015	28 <sup>th</sup> October, 2022
2015-16 (Interim Dividend)	10 <sup>th</sup> March, 2016	9 <sup>th</sup> April, 2023

**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.

### (h) Details of Unclaimed Shares

As per the Clause 5A of the erstwhile Listing agreement, as on 1<sup>st</sup> April, 2015, the Company has one case consists of 250 unclaimed shares, allotted under the Initial Public Offer (IPO) of the Company, completed during the year 2004. The Company has opened

# Corporate Governance Report (Contd.)

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. As on 31<sup>st</sup> March, 2016 there was one case outstanding consists of 250 unclaimed shares in demat suspense account.

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

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

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

## 7. Corporate Social Responsibility (CSR) Committee

### a) Constitution & Composition of CSR Committee

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013 and rules framed there under.

The composition of the CSR Committee are given below:

Name	Designation	Category
Mr. Janmejy R. Vyas	Chairman	Non-Independent
Mr. Arpit J. Vyas	Member	Non-Independent
Mr. Sanjay S. Majmudar	Member	Independent

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

### b) Corporate Social Responsibility (CSR) Committee Meetings:

During the year under review, CSR Committee Meetings were held on 28th May, 2015 where all members were present. The Company has passed circular resolutions on 20th February, 2016.

### c) Terms of reference of the Committee, inter alia, includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and rules made there under;
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the implementation of framework of CSR Policy.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

### d) CSR Policy

Your Company has developed a CSR Policy, which is reviewed from time to time and uploaded on the Company's website [www.dishmangroup.com](http://www.dishmangroup.com).

## 8. Information about General body meetings:

### (a) Annual General Meeting

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

Year	Venue	Date	Time
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.
2013-2014	H. T. Parekh Hall, 1st Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015	04/09/2014	9.30 a.m.
2014-2015	H. T. Parekh Hall, 1st Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015	29/09/2015	10:00 a.m.

# Corporate Governance Report (Contd.)

## (b) Special Resolution (without postal ballot) passed at the Last Three AGM

Year	Date of AGM	No. of Resolutions Passed	Particulars
2012-2013	30/07/2013	2	<ul style="list-style-type: none"> <li>To appoint Whole Time Director Mr. Arpit J. Vyas as Managing Director of the Company w.e.f 28<sup>th</sup> May, 2013 and also re-appoint him for the further period of five years w.e.f. 1<sup>st</sup> June, 2014.</li> <li>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</li> </ul>
2013-2014	04/09/2014	Nil	-
2014-2015	29/09/2015	1	<ul style="list-style-type: none"> <li>To re-appoint Ms. Deohooti J. Vyas as Whole Time Director for further period of five years w.e.f. 3<sup>rd</sup> September, 2016.</li> </ul>

## (c) Postal Ballot Resolutions

Company did not pass any resolution through postal ballot during last year 2015 – 2016. However, the Company successfully completed the process of obtaining approval of its Members on the following resolution through Postal Ballots as per provisions of Section 110 of the Companies Act, 2013 as on 21/04/2016:

- Increase in Authorized Share Capital
- Alteration of Capital Clause of Memorandum of Association
- Approval for the Issue of Bonus Shares

### Voting Pattern and Procedure for Postal Ballot:

- The Board of Directors of the Company at its meetings held on March 10, 2016 appointed Mr. Ashok P. Pathak, Practicing Company Secretary, Ahmedabad, as the Scrutiniser for conducting the postal ballot voting process;
- Process for the Postal Ballot was carried out in a fair and transparent manner. The postal ballot forms had been kept under safe custody of Scrutiniser in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms;
- All postal forms received up to the close of working hours on April 19, 2016, the last date and time fixed by the Company for receipt of the postal ballot forms, had been considered by Scrutiniser in his scrutiny;
- Envelopes containing postal ballot forms received after April 19, 2016 for the postal ballot had not been considered for the scrutiny;
- The result of the Postal Ballots were announced by the Chairman on April 21, 2016 at the Registered Office of the Company as per scrutinizer's Report is as under:

### ITEM NO. 1 ORDINARY RESOLUTION: INCREASE IN AUTHORIZED SHARE CAPITAL

Promoter/ Public	No. of Shares held - 1	No. of votes polled - 2	% of Votes Polled on outstanding shares (3)= (2)/(1)*100	No. of Votes in favour - 4	No. of Votes against - 5	% of Votes in favour on votes polled (6)= (4)/(2)*100	% of votes against on Votes polled (7)=(5)/(2)*100
	1	2	3	4	5	6	7
Promoter and Promoter Group	49548449	48714949	98.32%	48714949	0	100.00%	0.00%
Public Institutional holders	22020530	14705391#	66.78%	14688968	16423	99.89%	0.11%
Public- Others	9128157	24735*	0.27%	24735	0	100.00%	0.00%
<b>Total</b>	<b>80697136</b>	<b>63445075</b>	<b>78.62%</b>	<b>63428652</b>	<b>16423</b>	<b>99.97%</b>	<b>0.03%</b>

# Excluding 20210 shares. Out of which one Shareholder who had partially voted for 865000 shares and not voted for 20200 shares and one Shareholder holding 10 Shares who had not provided Board Resolution for voting through Physical Ballot.

\* Excluding 7805 shares as the Votes caste for 7805 shares were invalid [On account of both options (for/against) selected, no option selected and Signature Mismatch]

# Corporate Governance Report (Contd.)

## ITEM NO. 2 SPECIAL RESOLUTION : ALTERATION OF CAPITAL CLAUSE OF MEMORANDUM OF ASSOCIATION

Promoter/ Public	No. of Shares held - 1	No. of votes polled - 2	% of Votes Polled on outstanding shares (3)= (2)/(1)*100	No. of Votes in favour - 4	No. of Votes against - 5	% of Votes in favour on votes polled (6)= (4)/(2)*100	% of votes against on Votes polled (7)=(5)/(2)*100
	1	2	3	4	5	6	7
Promoter and Promoter Group	49548449	48714949	98.32%	48714949	0	100.00%	0.00%
Public Institutional holders	22020530	14705391#	66.78%	14705391	0	100.00%	0.00%
Public- Others	9128157	24735*	0.27%	24663	72	99.71%	0.29%
<b>Total</b>	<b>80697136</b>	<b>63445075</b>	<b>78.62%</b>	<b>63445003</b>	<b>72</b>	<b>99.99%</b>	<b>Negligible</b>

# Excluding 20210 shares. Out of which one Shareholder who had partially voted for 865000 shares and not voted for 20200 shares and one Shareholder holding 10 Shares who had not provided Board Resolution for voting through Physical Ballot.

\* Excluding 7805 shares as the Votes caste for 7805 shares were invalid [On account of both options (for/against) selected, no option selected and Signature Mismatch]

## ITEM NO. 3 SPECIAL RESOLUTION : APPROVAL FOR THE ISSUE OF BONUS SHARES

Promoter/ Public	No. of Shares held - 1	No. of votes polled - 2	% of Votes Polled on outstanding shares (3)= (2)/(1)*100	No. of Votes in favour - 4	No. of Votes against - 5	% of Votes in favour on votes polled (6)= (4)/(2)*100	% of votes against on Votes polled (7)=(5)/(2)*100
	1	2	3	4	5	6	7
Promoter and Promoter Group	49548449	48714949	98.32%	48714949	0	100.00%	0.00%
Public Institutional holders	22020530	14705391#	66.78%	14705391	0	100.00%	0.00%
Public- Others	9128157	24760*	0.27%	24760	0	100.00%	0.00%
<b>Total</b>	<b>80697136</b>	<b>63445100</b>	<b>78.62%</b>	<b>63445100</b>	<b>0</b>	<b>100.00%</b>	<b>0.00%</b>

# Excluding 20210 shares. Out of which one Shareholder who had partially voted for 865000 shares and not voted for 20200 shares and one Shareholder holding 10 Shares who had not provided Board Resolution for voting through Physical Ballot.

\* Excluding 7780 shares as the Votes caste for 7780 shares were invalid [On account of both options (for/against) selected, no option selected and Signature Mismatch]

### (d) Whether any resolution are proposed to be conducted through postal ballot

No Special resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting of the Company.

## 9. MEANS OF COMMUNICATION

### (a) Financial Results:

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.

### (b) Newspapers wherein results normally published

Results are normally published in Indian Express (English edition) and in Financial Express (Gujarati edition). These are not sent individually to the shareholders.

# Corporate Governance Report (Contd.)

## (c) Website, News Releases, Presentation etc.

The Company's results, annual reports and official news releases are displayed on the Company's web-site [www.dishmangroup.com](http://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 and the presentation made to analysts and investors are uploaded on the website of the Company. Also transcripts of Con-call made with institutional investors and analysts are made available on website of the company.

### **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.

## **10. Other Disclosures:**

### **(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large**

There were no materially significant related party transactions that may have potential conflict with the interests of the Company.

### **(b) details of non-compliance by the Company, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years**

Due to unavoidable circumstances Statutory Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, has resign from the office of the Statutory Auditors for the financial year 2014-15. Hence, company has not able to file audited financial results for the year ended 31st March, 2015 and unaudited financial results for the quarter ended 30th June, 2016 to the Stock Exchanges within a stipulated time. Due to this, BSE and NSE have penalized the Company as per Listing Agreement for the same. Thereafter, Company has appointed M/s. V. D. Shukla & Co., new Statutory Auditors vide ordinary resolution passed at the extra ordinary general meeting of the members of the Company held on 14<sup>th</sup> August, 2015 and filed the said financial results. Other than that there is no penalty/strictures were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital market during the last three years.

### **(c) Whistleblower Policy**

The Company has adopted the Whistleblower Policy and has established the necessary vigil mechanism for employees and directors 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 and allows direct access to the Chairman of the Audit Committee. No person has been denied access to the Chairman of Audit Committee. The said policy is uploaded on the Company's website [www.dishmangroup.com](http://www.dishmangroup.com).

### **(d) Material Subsidiary**

The Company has policy for determining "Material Subsidiary" which is uploaded on the website of the Company on [www.dishmangroup.com](http://www.dishmangroup.com)

# Corporate Governance Report (Contd.)

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## (e) Basis of Related Party Transaction

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large in the financial year 2015-16. Related party transaction during the year have been disclosed vide note no. 27.16 of notes on financial statement as per requirement of Accounting Standard 18 on 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. The Board has approved a policy for related party transactions which is uploaded on the website of the Company [www.dishmangroup.com](http://www.dishmangroup.com).

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

## (f) Reporting of Internal Auditor

The Internal Auditor of the Company is regularly invited to the Audit Committee meeting and regularly attends the meeting. The Internal Auditors give quarterly presentation on their audit observation to the Audit Committee.

## (g) Compliance with the Corporate Governance Code

The Company has complied with all the mandatory Corporate Governance requirements specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation 46 of SEBI (LODR) Regulations, 2015.

## (h) Discretionary Requirements specified in Part E of Schedule II:

- **Shareholder's Rights:** Quarterly, Half yearly and 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.
- **Modified Opinion(s) in Audit Report:** there is no qualification on Auditor's report on standalone and consolidated financial statement to the shareholder of the Company.
- **Reporting of Internal Auditor:** The Board has appointed Internal Auditor of the Company who directly reporting to Audit Committee.

## (i) 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.

## (j) MDA

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.

## (k) CEO/CFO Certificate

The Chairman and Managing Director and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2016 in compliance with as per the Regulation 17 of SEBI (LODR) Regulations, 2015.

In compliance of the Regulation 17(8) of SEBI (LODR) Regulations, 2015, the Chairman & Managing Director and Managing Director & CFO of the Company give annual Certification on financial reporting and internal Control to the Board. As per the requirement of Regulation 33(2)(b) of SEBI (LODR) Regulations, 2015 the Chairman & Managing Director and Managing Director & CFO also gives quarterly Certification on financial results while placing the financial results before the Board.

## (l) Risk Management Policy

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.

## (m) Other Policies

During the year, Company has formulated a policy for preservation & Archival of documents and a policy for determining materiality of event and information for disclosures as per Listing Regulation, 2015. The said policies are available on the website of the Company.

## (n) Conflict of Interest

The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and

# Corporate Governance Report (Contd.)

commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

## 11. General shareholder information

### (a) 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.

### (b) 33<sup>rd</sup> Annual General Meeting

Date & Time	Venue
27 <sup>th</sup> day of September, 2016 at 10.00 a.m.	H.T. Parekh Convention Centre, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad - 380015

### (c) Financial Year

Financial year is commencing from 1<sup>st</sup> April to 31<sup>st</sup> March and financial results will be declared as per the following schedule.

Financial Results ended	Timeline
30 <sup>th</sup> June, 2016	- 45 days from end of Quarter 30 <sup>th</sup> June, 2016
30 <sup>th</sup> September, 2016	- 45 days from end of Quarter 30 <sup>th</sup> September, 2016
31 <sup>st</sup> December, 2016	- 45 days from end of Quarter 31 <sup>st</sup> December, 2016
Audited Results for the year ended on 31 <sup>st</sup> March, 2017	- 60 days from end of Financial Year (i.e. on or before 30 <sup>th</sup> May, 2017)

### (d) Date of Book Closure

The Register of Members and Share Transfer Books of the Company were closed from **Tuesday, the 20<sup>th</sup> day of September, 2016 to Tuesday, the 27<sup>th</sup> day of September, 2016 (both days inclusive)** for the purpose of Annual General Meeting.

### (e) Dividend Payment Date

Not Applicable. The Company has declared interim dividend on equity shares of the Company for the FY 2015-2016 and therefore no final dividend has been recommended.

### (f) Listing on Stock Exchanges

#### A. Equity Shares

The shares of the Company are listed on following two Stock Exchanges 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),

#### B. Debt Security

The Secured Redeemable Non-Convertible Debentures (NCD) of ₹ 150.00 crores issued by the Company in two tranches is also listed at Bombay Stock Exchange Ltd., Mumbai (BSE). As on 31<sup>st</sup> March, 2016, 30% of NCD-I i.e. NCD of ₹22.50 crores is outstanding.

- Annual listing fees for the year 2016-2017 as applicable have been paid to both the Stock Exchanges.
- The Company has also paid Annual custodial fees for the year 2015-2016 as applicable, to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- As on 31<sup>st</sup> March, 2016, there were 39824 shareholders of the Company.

### (g) Stock Code

<b>A. Equity Shares :</b> 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



# Corporate Governance Report (Contd.)

## 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	946681#	INE353G07035
		946682	INE353G07043
2	NCD-II @ 9.65% p.a. of face value of ₹ 1.00 lac each*	946836	INE353G07068

\* On 16<sup>th</sup> June, 2015 the Company has redeemed remaining 50% of the NCD-II (second tranche) issued by the Company in June, 2010. Now, as on 31<sup>st</sup> March, 2016, there is no outstanding NCD-II (second tranche) and it has been fully repaid as per the terms.

# On 18<sup>th</sup> February, 2016, the Company has redeemed 30% of the NCD-I (first tranche) issued by the Company in February, 2010. Now, as on 31<sup>st</sup> March, 2016, ₹22.50 crores (30%) is outstanding.

### (h) Name of the Debenture Trustee

#### IDBI Trusteeship Services Ltd.

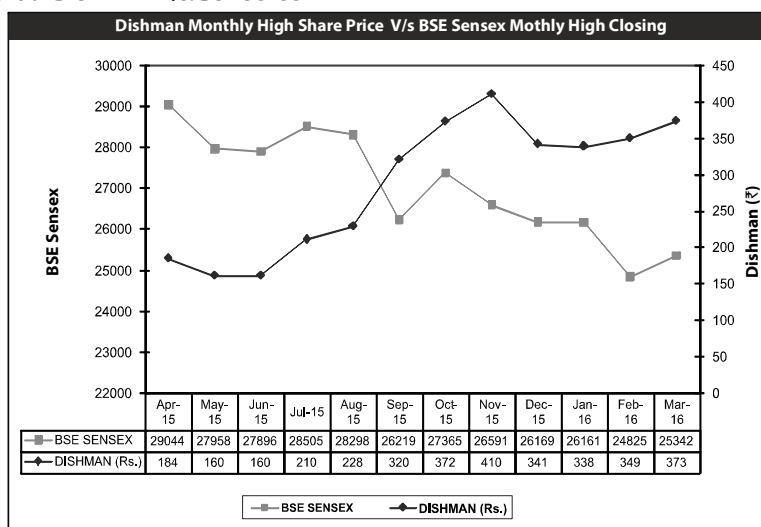
Asian Building, Ground Floor, 17<sup>th</sup> R. Kamani Marg, Ballard Estate, Mumbai – 400 001

### (i) Market Price Data

The table below sets forth, for the periods indicated, the Closing high and low, volume and total volume of trading activity on the BSE and NSE for the equity shares of the Company. **(Price in ₹ Per share)**

Month	NSE			BSE			Total (NSE & BSE)
	High	Low	Volume	High	Low	Volume	
Apr-15	184.15	145.25	17,89,702	184	144.85	391580.00	2181282.00
May-15	159.75	141.75	13,88,394	159.95	140.9	274507.00	1662901.00
Jun-15	159.45	128.85	21,82,864	159.65	129.65	560453.00	2743317.00
Jul-15	209.95	160.2	59,59,491	209.75	160.5	1280086.00	7239577.00
Aug-15	228.2	185.1	25,59,296	228	185.15	449629.00	3008925.00
Sep-15	319.7	225.4	1,04,61,935	320	225.05	1893465.00	12355400.00
Oct-15	374.35	341.75	80,94,378	372.2	345.55	1831767.00	9926145.00
Nov-15	411.5	310.4	80,19,853	410.45	309.65	1681373.00	9701226.00
Dec-15	341.6	306.9	66,76,134	341.05	308.2	1347523.00	8023657.00
Jan-16	350.1	292.1	20,88,496	338.05	291.5	440885.00	2529381.00
Feb-16	349.2	294.45	49,03,691	349.3	294.8	962758.00	5866449.00
Mar-16	372.65	320.7	25,43,149	372.7	320.4	554324.00	3097473.00

### (j) Price Movement Chart of DISHMAN V/s. BSE Sensex



# Corporate Governance Report (Contd.)

## (k) Distribution of Shareholding Pattern as on 31<sup>st</sup> March, 2016

No. of Equity Shares Held	No. of ShareHolders	% of ShareHolders	No. of EquityShares Held	% of totalHolding
1 - 500	36749	92.28	3625014	4.4921
501 - 1000	1626	4.08	1283570	1.5906
1001 - 2000	730	1.83	1080409	1.3388
2001 - 3000	212	0.53	545193	0.6756
3001 - 4000	98	0.25	359927	0.4460
4001 - 5000	88	0.22	415399	0.5148
5001 - 10000	134	0.34	1013909	1.2564
10001 and Above	187	0.47	72373715	89.6856
<b>Total</b>	<b>39824</b>	<b>100.00</b>	<b>80697136</b>	<b>100.0000</b>

## (l) Shareholding pattern as on March 31, 2016

Sr. No.	Category	No. of Shares Held	% of Holding
1	Promoters	49548449	61.40
2	Mutual Fund & UTI	3020570	3.74
3	Bank, Financial Institutions (FI's), Insurance Companies	715526	0.88
4	Foreign Institutional Investors (FII's)	16606294	20.57
5	Private Bodies Corporate	1280331	1.59
6	Indian Public	8432703	10.45
7	Any Other		
	(i) Non Resident Indian	456173	0.57
	(ii) HUF	273178	0.35
	(iii) Clearing Members	326562	0.40
	(iv) Independent Directors & Relatives and their holding	37350	0.05
	<b>Total</b>	<b>80697136</b>	<b>100.00</b>

## (m) Dematerialization of Shares & Liquidity

The Company's shares are in compulsory demat segment and as on 31<sup>st</sup> March, 2016, 80695516 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.

## (n) Corporate Benefits to Investors - Last Ten years' dividend track record of the Company

Financial Year	Dividend (%)	Div. Amount (in lacs)	Dividend Per Share (In ₹)
2006-07	50	762.65	1.00
2007-08	50	806.97	1.00
2008-09	60	968.37	1.20
2009-10	60	968.37	1.20
2010-11	60	968.37	1.20
2011-12	60	968.37	1.20
2012-13	60	968.37	1.20
2013-14	60	968.37	1.20
2014-15	100	1613.94	2.00
2015-16*	100	1613.94	2.00

\* Interim Dividend declared by the Board for the FY 2015 - 2016.

## (o) 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 31<sup>st</sup> March, 2016.

# Corporate Governance Report (Contd.)

## (p) 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, rematerialisation and dematerialisation etc. of securities of the Company, the Board of Directors has delegated the power of approving the same to the Company's RTA under the supervision and control of the Company Secretary, who is placing a summary statement of transfer/transmission, etc. of securities of the Company at the meetings of the Stakeholders Relationship 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 and Clause 40(9) of SEBI ( LODR) Regulations, 2015.

## (q) 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 Stakeholders Relationship Committee and Meeting of Board of Directors every quarter and also submitted to the Stock Exchange(s) every quarter.

## (r) 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](mailto:mumbai@linkintime.co.in)

### Branch Offices:

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

**Bangalore:** 543/A, 7<sup>th</sup> Main, 3<sup>rd</sup> Cross, Hanumanthnagar, Bangalore - 560 019 Telefax: 080-26509004 Email: [bangalore@linkintime.co.in](mailto:bangalore@linkintime.co.in)

**Coimbatore:** Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore-641028, Tel:0422-2314792, Email: [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

**Kolkata:** 59 C, Chowringhee Road, 3rd Floor, Kolkata-700020 Tel:033-22890540, Fax:033-22890539 Email: [kolkata@linkintime.co.in](mailto: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](mailto: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](mailto: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](mailto:vadodara@linkintime.co.in)

## (s) 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).

## (t) Address of the Correspondence

### For Share Transfers / Dematerialization or other queries relating to shares/debentures of the Company (RTA)

**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](mailto:mumbai@linkintime.co.in)

### Company Address (Secretarial Department)

**Dishman Pharmaceuticals and Chemicals Limited**  
Bhadra-Raj Chambers, Swastik Cross Road, Navrangpura,  
Ahmedabad - 380 009.  
Phone No.: 91-79-26443053, Fax No.: 91-79-26420198  
Email: [grievance@dishmangroup.com](mailto:grievance@dishmangroup.com)

# Corporate Governance Report (Contd.)

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## **CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**

### **Schedule V(D) of Regulation 34(3) of SEBI (LODR) Regulations, 2015**

This is to certify that the Company has laid down the rules for Code of Conduct for the members of the Board and senior management, as per the Regulation 17 of SEBI (LODR) Regulations, 2015.

I hereby further certify that the Company has received affirmation on compliance with rules of Code of Conduct, from the Board Members and senior management personnel for the financial year ended on March 31, 2016, as per the requirement of Regulation 26(3) of SEBI (LODR) Regulations, 2015.

Date : 19 May, 2016

Place : Ahmedabad

**Janmejay R. Vyas**  
Chairman & Managing Director  
DIN – 00004730

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## **CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members  
Dishman Pharmaceuticals and Chemicals Limited

We have examined the compliance of condition of corporate governance by Dishman Pharmaceuticals and Chemicals Limited ('the Company') for the year ended 31st March, 2016 as stipulated in Clause 49 of Listings Agreement for the period from 1st April, 2015 to 30th November, 2015 and as stipulated in the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of condition 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 the compliance with the conditions of the corporate governance as stipulated in the Clause 49 / Regulation 34 of Listing Regulations. It is neither an audit nor an expression of opinion of 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 the above mentioned Listing Agreement / Listing Regulations, as applicable.

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

For **Ashok P. Pathak & Co.**  
Company Secretaries

**Ashok P. Pathak\***  
Proprietor

**Place : Ahmedabad**  
**Date : 19<sup>th</sup> May, 2016**

Membership No. 9939  
COP No. 2662

\*Associate Member of the Institute of Company Secretaries of India, ICSI House, 22 Institutional Area, Lodhi Road, New Delhi-110003.  
website : [www.icsi.edu](http://www.icsi.edu)

# Independent Auditors' Report

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## To the Members of Dishman Pharmaceuticals and Chemicals Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Dishman Pharmaceuticals and Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2016, its profit and its cash flows for the year ended on that date.

### Other Matter

The figures for the year ended March 31, 2015 in the standalone financial statements were audited by one of the joint statutory auditor, V. D. Shukla & Co., Chartered Accountants, who vide their report dated August 22, 2015, had expressed an unmodified opinion thereon.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

# Independent Auditors' Report (Contd.)

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- 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 27.01 to the standalone financial statements;
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6, 10 and 27.04 to the standalone financial statements;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W

For V. D. Shukla & Co.  
Chartered Accountants  
ICAI Firm Registration No.110240W

Bhavik L. Shah  
Partner  
Membership No.122071  
Place : Ahmedabad  
Date : May 19, 2016

Vimal D. Shukla  
Proprietor  
Membership No.036416  
Place : Ahmedabad  
Date : May 19, 2016

# Independent Auditors' Report (Contd.)

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## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Dishman Pharmaceuticals and Chemicals Limited on the standalone financial statements for the year ended March 31, 2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, certain fixed assets have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us, the title deeds of immovable properties other than self-constructed properties recorded as fixed assets in the books of account of the Company as on March 31, 2016 are held in the name of the Company. However, in respect of one lease hold land with gross block and net block of ₹ 104.70 crores, the lease deed has been executed but not registered with the relevant authorities.
- (ii) The inventory (excluding stock lying with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) The Company has granted unsecured loan in earlier years to one company covered in the register maintained under Section 189 of the Act whose outstanding balance as on March 31, 2016 is ₹ 38 Crore.
  - (a) According to the information and explanations given to us, the Company has not granted any loan during the year to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act..
  - (b) The schedule of repayment of principal and payment of interest in respect of above loan granted in earlier years has been stipulated. As per the terms of agreement, no repayment of principal or interest was due during the year.
  - (c) In respect of the aforesaid loan, no amount is overdue as per the terms of agreement.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end for a period of more than six months from the date they became payable.

# Independent Auditors' Report (Contd.)

(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, service tax, value added tax, customs duty, excise duty on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Service Tax	0.13	2003-04	High Court
		2.20	2006-07, 2008-09, 2009-10, 2012-13	Central Excise and Service Tax Appellate Tribunal
		2.17	2006-07, 2008-09 to 2015-16	Commissioner of Central Excise (Appeals)
Central Sales Tax Act, 1956	Sales tax	0.24	2001-02	Joint Commissioner, Commercial Tax
		1.18	2006-07	Commercial Tax Gujarat VAT Tribunal
Gujarat Sales Tax, Act	Sales tax	1.43	2001-02, 2007-08	Joint Commissioner, Commercial Tax
		1.46	2006-07	Commercial Tax Gujarat VAT Tribunal
Income Tax Act, 1961	Demand under section 143(3)	2.01	FY 2001-02	High Court of Gujarat
Income Tax Act, 1961	Demand under section 143(3)	4.06	FY 2002-03	High Court of Gujarat
Income Tax Act, 1961	Demand under section 143(3)	1.56	FY 2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 143(3)	7.62	FY 2004-05	High Court of Gujarat
Income Tax Act, 1961	Demand under section 143(3)	14.32	FY 2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 271(1)(c)	3.04	FY 2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 143(3)	14.69	FY 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 271(1)(c)	4.73	FY 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 143(3)	8.42	FY 2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 143(3)	0.25	FY 2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Demand under section 271(1)(c)	0.47	FY 2008-09	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand under section 147 r.w.s. 143(3)	1.53	FY 2009-10	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand under section 143(3)	13.98	FY 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Demand under section 143(3)	24.49	FY 2011-12	Commissioner of Income Tax (Appeals)

Out of the above, ₹22.88 Crores have been paid under protest in respect of Income Tax Dues.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the Company has utilised the money raised by way of term loans during the year for the purposes for which they were raised.



# Independent Auditors' Report (Contd.)

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- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable.
- The details of related party transactions as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 have been disclosed in the financial statements.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W

For V. D. Shukla & Co.  
Chartered Accountants  
ICAI Firm Registration No.110240W

Bhavik L. Shah  
Partner  
Membership No.122071  
Place : Ahmedabad  
Date : May 19, 2016

Vimal D. Shukla  
Proprietor  
Membership No.036416  
Place : Ahmedabad  
Date : May 19, 2016

# Independent Auditors' Report (Contd.)

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## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Dishman Pharmaceuticals and Chemicals Limited on the standalone financial statements for the year ended March 31, 2016]

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

We have audited the internal financial controls over financial reporting of Dishman Pharmaceuticals and Chemicals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

# Independent Auditors' Report (Contd.)

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## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W

For V. D. Shukla & Co.  
Chartered Accountants  
ICAI Firm Registration No.110240W

Bhavik L. Shah  
Partner  
Membership No.122071  
Place : Ahmedabad  
Date : May 19, 2016

Vimal D. Shukla  
Proprietor  
Membership No.036416  
Place : Ahmedabad  
Date : May 19, 2016

# Balance Sheet

as at 31st March, 2016

Particulars	Note No.	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	16.14	16.14
(b) Reserves and surplus	4	895.36	820.29
		<b>911.50</b>	<b>836.43</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	274.43	242.96
(b) Deferred tax liabilities (net)	27.10	80.54	68.33
(c) Long-term provisions	6	5.74	6.83
		<b>360.71</b>	<b>318.12</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	268.08	262.59
(b) Trade payables	8		
- Due to Micro and Small Enterprises		4.82	2.83
- Due to others		71.28	96.76
(c) Other current liabilities	9	96.87	146.03
(d) Short-term provisions	10	1.20	20.23
		<b>442.25</b>	<b>528.44</b>
<b>TOTAL</b>		<b>1,714.46</b>	<b>1,682.99</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11.A	668.07	693.00
(ii) Intangible assets	11.B	1.56	0.62
(iii) Capital work-in-progress		22.14	10.15
(b) Non-current investments	12	147.32	210.16
(c) Long-term loans and advances	13	196.25	227.36
(d) Other non-current assets	14	3.16	-
		<b>1,038.50</b>	<b>1,141.29</b>
<b>2 Current assets</b>			
(a) Current Investments	15	103.46	-
(b) Inventories	16	145.37	171.90
(c) Trade receivables	17	87.87	97.65
(d) Cash and bank balances	18	9.27	22.62
(e) Short-term loans and advances	19	300.55	227.72
(f) Other current assets	20	29.44	21.81
		<b>675.96</b>	<b>541.70</b>
<b>TOTAL</b>		<b>1,714.46</b>	<b>1,682.99</b>
Significant accounting policies	1 & 2		
The notes from 1 to 27 form an integral part of the financial statements			

As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

**Janmejay R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)

# Statement of Profit and Loss

for the year ended 31st March, 2016

		(₹ in crores)	
Particulars	Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>1</b>	Revenue from operations (gross)	516.03	497.02
	Less: Excise duty	5.64	4.78
	Revenue from operations (net)	<b>510.39</b>	<b>492.24</b>
<b>2</b>	Other income	62.38	67.91
<b>3</b>	<b>Total revenue (1+2)</b>	<b>572.77</b>	<b>560.15</b>
<b>4</b>	<b>Expenses</b>		
(a)	Cost of materials consumed	179.07	210.69
(b)	Purchases of stock-in-trade	5.91	25.87
(c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	8.86	(22.69)
(d)	Employee benefits expense	65.89	58.88
(e)	Finance costs	68.66	68.13
(f)	Depreciation and amortisation expense	44.25	44.13
(g)	Other expenses	79.88	71.32
	<b>Total expenses</b>	<b>452.52</b>	<b>456.33</b>
<b>5</b>	<b>Profit before tax (3-4)</b>	<b>120.25</b>	<b>103.82</b>
<b>6</b>	<b>Tax expense:</b>		
(a)	Current tax (MAT payable)	25.66	23.55
(b)	Minimum Alternate Tax credit	(4.69)	3.46
(c)	(Excess) / Short provision of tax for earlier years	(0.08)	-
		<b>20.89</b>	<b>27.01</b>
(d)	Deferred tax (credit) / charge	12.21	18.33
		<b>33.10</b>	<b>45.34</b>
<b>7</b>	<b>Profit after tax (5 - 6)</b>	<b>87.15</b>	<b>58.48</b>
<b>8.</b>	<b>Earnings per share face value of ₹ 2.00 each</b>		
(a)	Basic ₹	27.09	10.80
(b)	Diluted ₹	27.09	10.80
	Significant accounting policies	1 & 2	

The notes from 1 to 27 form an integral part of the financial statements

As per our report of even date attached.

**For Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**  
Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**  
Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**  
Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

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

**Arpit J. Vyas**  
Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**  
Whole Time Director  
(DIN: 00004876)

# Cash Flow Statement

for the year ended 31st March, 2016

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax</b>	<b>120.25</b>	<b>103.83</b>
Adjustment for :		
Depreciation and Amortisation	44.25	44.13
Interest Expenses	68.66	68.13
Dividend Income	(36.31)	(20.75)
Interest Income	(9.62)	(19.12)
Guarantee commission Income	(11.01)	(9.55)
Loss /(Gain) on Sale of Investments	-	(1.52)
Loss /(Gain) on Sale of Fixed Assets (Net)	(0.02)	0.08
Unrealised Foreign Exchange Loss / (Gain)	(1.84)	0.92
Provision for doubtful debts and advances	-	(8.10)
Sundry balance written off	(0.76)	-
<b>Operating Profit before Working capital Changes</b>	<b>173.60</b>	<b>158.05</b>
Adjustment for (Increase) / Decrease in Working Capital :		
Inventories	26.53	(38.04)
Trade Receivables	9.92	(34.72)
Loans and Advances	(11.82)	(41.35)
Trade Payables and Provisions	(32.40)	1.43
<b>Cash generated from Operations</b>	<b>165.83</b>	<b>45.37</b>
Direct Taxes Paid (Net)	(40.89)	(30.86)
<b>Net Cash from Operating Activities</b>	<b>124.94</b>	<b>14.51</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(38.91)	(59.41)
Proceeds from Sale of Fixed Assets	0.08	0.20
Investments in subsidiaries	(40.62)	(24.59)
Proceeds from Sales of Investments	-	3.02
Interest received	2.27	9.90
Guarantee Commission received	9.22	-

# Cash Flow Statement (Contd.)

for the year ended 31st March, 2016

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Dividend Received	36.31	20.75
Loans and Advances given to related parties	(3.61)	-
Loans and Advances repaid by related parties	2.57	21.64
Margin Money and Fixed Deposit	2.47	(7.30)
<b>Net Cash used in Investing Activities</b>	<b>(30.22)</b>	<b>(35.81)</b>
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from Long Term Borrowings	115.89	125.72
Repayment of Long Term Borrowings	(121.83)	(106.34)
Proceeds from Short Term Loans (Net)	5.49	85.87
Interest Paid	(69.73)	(68.55)
Dividend Paid	(32.27)	(9.68)
Dividend Tax Paid	-	(1.65)
<b>Net Cash used in / from Financing Activities</b>	<b>(102.45)</b>	<b>25.37</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(7.72)</b>	<b>4.07</b>
<b>Cash and Cash Equivalents as at 1st April (Opening Balance)</b>	<b>10.83</b>	<b>6.76</b>
<b>Cash and Cash Equivalents as at 31st March (Closing Balance)</b>	<b>3.11</b>	<b>10.83</b>
<b>Reconciliation of Cash and Cash Equivalents with the balance sheet</b>		
Cash and bank balances (Refer Note 18)	9.27	22.62
Balance held as margin money and fixed deposit	6.16	11.79
Cash and cash equivalent (Refer Note 18)	3.11	10.83

As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

**Janmejay R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)

# Notes

forming part of the financial statements

## 1.0 Background of the Company

Dishman Pharmaceuticals and Chemicals Ltd. (CIN: L24230GJ1983PLC006329) is a public company limited by shares incorporated on 29th June, 1983 under the provisions of the Companies Act, 1956, having its registered office at Bhadr-Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad- 380009, Gujarat and is engaged in Contract Research and Manufacturing Services (CRAMS) and manufacture and supply of marketable molecules such as specialty chemicals, vitamins & chemicals and disinfectants. The equity shares of Dishman Pharmaceuticals and Chemicals Limited are listed on National Stock Exchange of India Ltd. ("NSE") and BSE Ltd. ("BSE") (collectively, the "Stock Exchanges").

## 2.0 Significant accounting policies

### 2.1 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 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, unless otherwise stated.

### 2.2 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.

### 2.3 Inventories

Inventories are valued at cost as per moving weighted average price or net realisable value, whichever is lower 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.

Inventories of stores and spare parts are valued at cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

### 2.4 Depreciation and amortization

Depreciation has been provided on straight line method and in the manner specified in Schedule II of the Companies Act, 2013 based on the useful life specified in Schedule II except where management estimate of useful life is different. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use. In accordance with the provisions of the Companies Act 2013, effective from 1st April 2014, the company has reassessed the remaining useful life of its plant and machinery, electrical installation and laboratory equipments based on technical assessment done by the management. The estimated useful lives in respect of the above assets followed by the Company are as follows:

Assets	Estimated useful life
Plant and Machinery	20 / 13 / 10 years
Electrical Installation	15 years
Laboratory Equipments	20 / 13 / 10 years

### 2.5 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.



# Notes (Contd.)

forming part of the financial statements

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## Export Incentives

Duty drawback and Focus marketing scheme (FMS) benefits are recognized at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognized as and when goods are imported against them.

## Other Income :

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

## **2.6 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.

## **2.7 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 differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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".

## **2.8 Investments**

Long-term investments (excluding investment properties), 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.

## **2.9 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.

# Notes (Contd.)

forming part of the financial statements

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## 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.

## **2.10 Derivative Financial Instruments**

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, if any, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

## **2.11 Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## **2.12 Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes and preference dividends) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares. Options on unissued equity share capital are deemed to have been converted into equity shares.

## **2.13 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. Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to Statement of Profit and Loss. Initial direct costs are recognised immediately as an expense.

# Notes (Contd.)

forming part of the financial statements

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## **2.14 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. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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 unabsorbed 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.

## **2.15 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.

## **2.16 Impairment of assets**

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

## **2.17 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 liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

## **2.18 Operating cycle**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

## **2.19 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.

# Notes (Contd.)

forming part of the financial statements

## 3 Share capital

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	₹ in crores	Number of shares	₹ in crores
(a) Authorised				
Equity shares of ₹2.00 each with voting rights	100,000,000	20.00	100,000,000	20.00
	100,000,000	20.00	100,000,000	20.00
(b) Issued, Subscribed and fully paid up Equity shares of ₹2.00 each with voting rights	80,697,136	16.14	80,697,136	16.14
	80,697,136	16.14	80,697,136	16.14
<b>Total</b>		<b>16.14</b>		<b>16.14</b>

### Notes:

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

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2016			
- Number of shares	80,697,136	-	80,697,136
- Amount (₹ in crores)	16.14	-	16.14
Year ended 31 March, 2015			
- Number of shares	80,697,136	-	80,697,136
- Amount (₹ in crores)	16.14	-	16.14

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

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Shri Janmejy R Vyas	25,279,855	31.33	25,279,855	31.33
Shri Arpit J. Vyas	12,563,975	15.57	12,563,975	15.57
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/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. All shares rank equally with regard to the Company's residual assets.

(iv) During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 16.14 crores (at ₹ 2/- per share) on 80,697,136 equity shares. The board recommends the said interim dividend of 100% as final dividend for the financial year 2015-16.

# Notes (Contd.)

forming part of the financial statements

## 4 Reserves and surplus

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Securities premium reserve	247.55	247.55
(b) Debenture redemption reserve		
Opening balance	20.63	33.75
Less: Transfer to General reserve	15.00	13.13
Closing balance	5.63	20.63
(c) Revaluation reserve	1.68	1.68
(d) General reserve		
Opening balance	412.76	384.64
Add: Transferred from Debenture redemption reserve	15.00	13.13
Add: Transferred from surplus in Statement of Profit and Loss	15.00	15.00
Closing balance	442.76	412.76
(e) Foreign Currency Monetary Item Translation Difference	(3.03)	(3.81)
(f) Surplus in Statement of Profit and Loss		
Opening balance	141.48	118.53
Add: Net Profit for the year	87.15	58.48
Add/(Less) : Adjustment of depreciation upon revision of useful life of tangible assets	-	(1.11)
Less: Dividend		
Dividends proposed to be distributed to equity shareholders (₹ 2.00 per share)	-	16.14
Interim Dividends distributed to equity shareholders (₹ 2.00 per share)	16.14	-
Tax on dividend	(3.29)	3.29
Transferred to:		
General reserve	15.00	15.00
Closing balance	200.78	141.48
<b>Total</b>	<b>895.36</b>	<b>820.29</b>

# Notes (Contd.)

forming part of the financial statements

## 5 Long-term borrowings

Particulars		(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
(a) Redeemable Non-Convertible Debentures			
Secured	See Note (i)	-	22.50
		-	22.50
(b) Term loans			
From banks			
Secured	See Note (ii)	125.54	144.82
		125.54	144.82
From financial institutions			
Secured	See Note (iii)	138.22	65.26
		138.22	65.26
From other parties			
Unsecured	See Note (iv)	9.76	9.76
		9.76	9.76
(c) Long-term maturities of Hire purchase obligations			
Secured	See Note (v)	0.91	0.62
		0.91	0.62
<b>Total</b>		<b>274.43</b>	<b>242.96</b>

Particulars Note (i)	Terms of repayment and security	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
10.35% Redeemable Debentures	Secured Redeemable Non-Convertible Debentures – First Tranche 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.	-	22.50
		-	<b>22.50</b>

Particulars Note (ii)	Terms of repayment and security	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
Bank of Maharashtra	The Term Loan is Secured by first pari-passu 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 ₹ 1.05 crores starting from Sept 2013 and ending on June 2019.	9.43	13.45
State Bank of India	The Term Loan is secured by first pari-passu charge on the movable and immovable fixed assets of the Company both present and future located at Bavla and Naroda (DTA) and second pari-passu charge on current assets of the Company, repayable in quarterly installment of ₹ 0.94 crores and ending on March, 2018.	3.91	7.50

# Notes (Contd.)

forming part of the financial statements

Particulars Note (i)	Terms of repayment and security	₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
Corporation Bank	The Term Loan is secured by first pari-passu charge on fixed assets of the Company including mortgage over land & building and hypothecation of Plant & Machinery located at Bavla along with existing term lenders/NCD holders and second pari-passu charge on current assets of the Company, repayable in quarterly installment of ₹ 0.63 crores and ending on March, 2018.	2.58	5.00
Bank of Baroda	The Corporate Loan is secured by first Pari-passu charge on Company's immovable and movable fixed assets at Bavla unit and 2nd charge on SEZ land of M/s Dishman Infrastructure Ltd and Corporate Guarantee of M/s Dishman Infrastructure Ltd, repayable in 24 quarterly installment starting from June 2015 in ballooning fashion and ending on 31 March 2020.	62.50	68.75
Bank of Baroda	The Term Loan is secured by first pari-passu charge on fixed assets of the Company including mortgage over land & building and hypothecation of Plant & Machinery located at Bavla along with existing term lenders/NCD holders and second pari-passu charge on current assets of the Company, repayable in quarterly installment of ₹ 0.98 crores and ending on March, 2018	-	3.90
Societe Generale Bank	The term loan secured by first pari-passu charge on Company's immovable and movable fixed assets at Bavla unit and second pari-passu charge on the entire current assets of the Company both present and future, repayable in 19 quarterly installment starting from February 2015 in ballooning fashion and ending on September 2019.	30.00	40.00
Tamilnad Mercantile Bank Ltd.	The term loan is secured by first pari-passu charge (with Existing Term Lenders) on all present and future, movable and immovable fixed assets of the Company located at Bavla Unit and second pari-passu charge (with Existing Term Lenders) on all present and future current assets of the Company, repayable in 16 quarterly installment starting from September 2016 and ending on June 2020.	13.13	-
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 hypothecation of Plant & Machinery located at Bavla and Naroda (DTA) and second pari-passu charge on current assets of the Company, repayable in 16 quarterly installment starting from June 2015 of ₹ 0.52 crores and ending on March 2019.	3.99	6.23
		<b>125.54</b>	<b>144.82</b>

# Notes (Contd.)

forming part of the financial statements

Particulars Note (iii)	Terms of repayment and security	₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
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 installments of USD 1.15 Million and ending on May, 2018.	22.93	36.06
Indo Star Capital Finance	The term loan is secured by first pari-passu charge (with Existing Term Lenders) on all present and future, movable and immovable fixed assets of the Borrower located at Bavla Unit and second pari-passu charge (with Existing Term Lenders) on all present and future current assets of the Company. Repayable in 36 monthly installments of ₹ 2.77 crores starting from June 2017 and ending on May 2020.	100.00	-
Exim Bank	The 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 USD 0.38 Million every quarter starting from February, 2014 and ending on August, 2018.	5.06	15.00
Indiabulls Housing Finance	The Term Loan is secured by first Charge on Dishman House besides Hira Rupa Hall, Bopal, Ahemdabad. Structured monthly payment starting from May 2014 and ending on April 2019	10.22	14.21
		<b>138.22</b>	<b>65.26</b>

Particulars Note (iv)	Terms of repayment and security	₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
Life Insurance Corporation of India	Unsecured loans availed on the Keyman insurance policies of the key management personnel of the Company.	9.76	9.76
		<b>9.76</b>	<b>9.76</b>
ICICI Bank Limited	Hire Purchase Finances are secured by hypothecation of respective assets	0.05	0.35
HDFC Bank Ltd.	Hire Purchase Finances are secured by hypothecation of respective assets	0.18	0.27
Corporation Bank	Hire Purchase Finances are secured by hypothecation of respective assets	0.68	-
		<b>0.91</b>	<b>0.62</b>

(vi) The interest from banks range from Libor+325 BPS (in foreign currency loans) To Base Rate+300 BPS (in rupee currency loans). The interest from financial institutions range from Libor+425 BPS (in foreign currency loans) To 13.50% (in rupee currency loans). Unsecured term loans from other parties have been borrowed at interest rate of 10.00% per annum.

(v) For the current maturities of long-term borrowings, refer item (a) in Note 9 - Other current liabilities.



# Notes (Contd.)

forming part of the financial statements

## 6 Long-term provisions

Particulars	₹ in crores	
	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits: (Refer Note 27.15)		
(i) Provision for compensated absences	0.91	1.74
(ii) Provision for gratuity	4.83	5.09
<b>Total</b>	<b>5.74</b>	<b>6.83</b>

## 7 Short-term borrowings

Particulars	₹ in crores	
	As at 31 March, 2016	As at 31 March, 2015
Loans repayable on demand		
Working capital facility from banks		
Secured	153.88	158.07
	<b>153.88</b>	<b>158.07</b>
Other Loans from Banks		
Secured	14.50	20.30
Unsecured	97.59	25.87
	<b>112.09</b>	<b>46.17</b>
Short Term Loans from Directors (Refer Note 27.16)		
Unsecured	2.11	-
	<b>2.11</b>	<b>-</b>
Short Term Loans from Others		
Unsecured	-	58.35
	<b>-</b>	<b>58.35</b>
<b>Total</b>	<b>268.08</b>	<b>262.59</b>

### Notes:

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

Particulars	Nature of security	₹ in crores	
		As at 31 March, 2016	As at 31 March, 2015
<b>Loans repayable on demand from banks:</b>			
Corporation Bank	Hypothecation of Inventories, collateral security of book debts, first	20.17	28.94
Bank of Baroda	charge on Company's fixed asset at Naroda DTA plant located at	17.09	36.90
Bank of India	Plot No. 1216/12, 1216/20 to 23, Phase IV, and Plot No. 67, Phase I,	19.04	25.43
State Bank of India	GIDC Estate, Naroda, Ahmedabad unit and second charge on fixed	35.08	41.73
Dena Bank	asset at Bavla.	14.73	25.06
DBS Bank *		47.78	-
	<b>Total- Loans repayable on demand from banks:</b>	<b>153.88</b>	<b>158.07</b>

\* The creation of security is pending.

# Notes (Contd.)

forming part of the financial statements

## Short Term Loans from Banks

Particulars	Nature of security	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
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.	-	14.93
Corporation Bank	OD Against FD	-	5.00
Dena Bank	OD Against FD	-	0.38
Citi Bank *	Exclusive charge by way of mortgage on property of Dishman House besides Hira Rupa Hall, Bopal, Ahmedabad.	14.50	-
Societe Generale bank	Unsecured	48.43	25.87
Deutsche Bank	Unsecured	49.16	-
<b>Total Short Term Loans from Banks:</b>		<b>112.09</b>	<b>46.17</b>

\* Securities created on 21<sup>st</sup> April, 2016

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

One of the directors has given guarantee against secured working capital loans to the extent of market value of his specified office premise.

## 8 Trade payables

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
Trade payables:		
- Due to Micro and Small Enterprises (Refer Note 27.02)	4.82	2.83
- Due to others	71.28	96.76
<b>Total</b>	<b>76.10</b>	<b>99.59</b>

## 9 Other current liabilities

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Current maturities of long-term debt (Refer Note 5)	87.36	124.77
(b) Interest accrued but not due on borrowings	1.58	2.65
(c) Unpaid dividends	0.09	0.08
(d) Creditors for capital goods	0.18	1.52
(e) Other payables		
(i) Statutory remittances	1.22	1.37
(ii) Advances from customers	0.17	6.59
(iii) Provision for Directors Remuneration	-	1.64
(iv) Employee related provisions	5.32	5.03
(v) Other liabilities	0.95	2.38
<b>Total</b>	<b>96.87</b>	<b>146.03</b>

## 10 Short-term provisions

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits: (Refer Note 27.15)		
(i) Provision for compensated absences	0.14	0.23
(ii) Provision for gratuity (net)	1.06	0.57
	<b>1.20</b>	<b>0.80</b>
(b) Provision - Others:		
(i) Provision for proposed equity dividend	-	16.14
(ii) Provision for tax on proposed dividends	-	3.29
	-	<b>19.43</b>
<b>Total</b>	<b>1.20</b>	<b>20.23</b>

# Notes (Contd.)

forming part of the financial statements

## Note 11 Fixed assets

Particulars	Gross block			Accumulated depreciation			Net block		
	Balance as at 1 April, 2015	Balance as at 31 March, 2016	Deductions/Adjustment	Balance as at 1st April, 2015	Depreciation expense for the year	Eliminated on disposal of assets	Adjustment against opening surplus	Balance as at 31 March, 2016	Balance as at 31 March, 2015
<b>A Tangible assets</b>									
(a) Land									
Freehold	2.43	-	2.43	-	-	-	-	2.43	2.43
Leasehold	107.78	-	107.78	-	-	-	-	107.78	107.78
(b) Buildings	115.10	0.50	-	23.44	3.82	-	-	27.26	88.34
(c) Plant and Equipment	615.89	12.78	-	196.82	31.61	-	-	228.42	419.07
(d) Furniture and Fixtures	10.52	0.49	-	6.87	1.06	-	-	7.93	3.65
(e) Vehicles	10.52	2.84	0.45	6.08	1.21	0.38	-	6.91	4.44
(f) Office equipment & Computer & Printers	9.31	1.00	-	8.58	0.33	-	-	8.91	1.40
(g) Electric Installations	64.61	0.52	-	20.16	4.54	-	-	24.70	44.44
(h) Laboratory Equipments	34.95	1.03	-	16.18	1.46	-	-	17.63	18.78
<b>Total Tangible Assets (A)</b>	<b>971.11</b>	<b>19.16</b>	<b>0.45</b>	<b>278.13</b>	<b>44.03</b>	<b>0.38</b>	<b>-</b>	<b>321.76</b>	<b>693.00</b>
<b>B Intangible assets</b>									
(a) Computer software	4.16	1.16	-	3.83	0.16	-	-	3.99	1.33
(b) Copyrights, patents and other intellectual property rights, services and operating rights	11.20	-	-	10.91	0.06	-	-	10.97	0.29
<b>Total Intangible (B)</b>	<b>15.36</b>	<b>1.16</b>	<b>-</b>	<b>14.74</b>	<b>0.22</b>	<b>-</b>	<b>-</b>	<b>14.96</b>	<b>0.62</b>
<b>Total Fixed Assets (A+B)</b>	<b>986.47</b>	<b>20.32</b>	<b>0.45</b>	<b>292.87</b>	<b>44.25</b>	<b>0.38</b>	<b>-</b>	<b>336.72</b>	<b>693.62</b>
<b>Previous year</b>	<b>942.27</b>	<b>45.10</b>	<b>0.88</b>	<b>247.65</b>	<b>44.13</b>	<b>0.61</b>	<b>1.69</b>	<b>292.87</b>	<b>693.62</b>

Notes :

- Addition to Capital Work in Progress includes expenditure incurred during construction period pending allocation aggregating ₹ 2.12 crores (Previous year ₹ Nil ). These expenses include Interest expense of ₹ 1.34 crores (Previous year ₹ Nil) and Foreign Exchange Fluctuation ₹ 0.78 crores (Previous year ₹ Nil)
- Leasehold land have been obtained on lease for a period for 99 years. Accordingly, no amortisation has been provided for such lease.

# Notes (Contd.)

forming part of the financial statements

## Note 11 Fixed assets in respect of previous year

Particulars	Gross block (At Cost)				Accumulated depreciation				Net block	
	Balance as at 1 April, 2014	Additions	Deductions/ Adjustment	Balance as at 31 March, 2015	Balance as at 1st April, 2014	Depreciation expense for the year	Eliminated on disposal of assets	Adjusted against opening surplus	Balance as at 31 March, 2015	Balance as at 31 March, 2014
<b>A Tangible assets</b>										
(a) Land										
Freehold	2.43	-	-	2.43	-	-	-	-	2.43	2.43
Leasehold	107.78	-	-	107.78	-	-	-	-	107.78	107.78
(b) Buildings	114.42	0.68	-	115.10	19.66	3.78	-	-	23.44	91.66
(c) Plant and Equipment	575.45	40.56	0.12	615.89	167.45	29.48	0.11	-	196.82	419.07
(d) Furniture and Fixtures	10.37	0.15	-	10.52	5.05	1.51	-	0.31	6.87	3.65
(e) Vehicles	10.44	0.85	0.77	10.52	5.18	1.28	0.50	0.13	6.08	4.44
(f) Office equipment & Computer & Printers	9.13	0.19	-	9.31	7.35	0.39	-	0.83	8.58	0.74
(g) Electric Installations	64.19	0.42	-	64.61	15.00	4.73	-	0.43	20.16	44.44
(h) Laboratory Equipments	32.98	1.97	-	34.95	14.83	1.34	-	-	16.18	18.78
<b>Total Tangible Assets (A)</b>	<b>927.20</b>	<b>44.81</b>	<b>0.88</b>	<b>971.12</b>	<b>234.53</b>	<b>42.51</b>	<b>0.61</b>	<b>1.69</b>	<b>278.13</b>	<b>692.67</b>
<b>B Intangible assets</b>										
(a) Computer software	4.16	-	-	4.16	3.19	0.64	-	-	3.83	0.33
(b) Copyrights, patents and other intellectual property rights, services and operating rights	10.90	0.29	-	11.20	9.92	0.98	-	-	10.91	0.29
<b>Total Intangible (B)</b>	<b>15.07</b>	<b>0.29</b>	<b>-</b>	<b>15.36</b>	<b>13.12</b>	<b>1.62</b>	<b>-</b>	<b>-</b>	<b>14.74</b>	<b>0.62</b>
<b>Total Fixed Assets (A+B)</b>	<b>942.27</b>	<b>45.10</b>	<b>0.88</b>	<b>986.48</b>	<b>247.65</b>	<b>44.13</b>	<b>0.61</b>	<b>1.69</b>	<b>292.87</b>	<b>694.61</b>
<b>Previous year</b>	<b>886.14</b>	<b>56.75</b>	<b>0.63</b>	<b>942.27</b>	<b>203.59</b>	<b>44.15</b>	<b>0.09</b>	<b>-</b>	<b>247.65</b>	<b>694.61</b>

# Notes (Contd.)

forming part of the financial statements

## 12 Non-current investments

Particulars	% of Holding	As at 31 March, 2016			As at 31 March, 2015		
		No. of Shares		₹ in crores	No. of Shares		₹ in crores
		Quoted	Unquoted		Quoted	Unquoted	
Investments (At cost):							
(a) Trade Investment							
(i) wholly owned subsidiaries							
Dishman Europe Ltd. (Face Value of GBP 1/- each fully paid up)	100.00	-	159,000	1.05	-	159,000	1.05
Dishman Australasia Pty Ltd. (Face Value of AUD 1/- each fully paid up)	100.00	-	100,000	0.38	-	100,000	0.38
Dishman International Trade (Shanghai) Co. Ltd. (No. of Shares not specified)	100.00	-	1	0.88	-	1	0.88
Dishman USA Inc. (Face value of US\$ 1/- each fully paid up)	100.00	-	300,000	1.36	-	300,000	1.36
Dishman Switzerland Ltd. (Face value of CHF 1/- each fully paid up)	100.00	-	1,030,000	3.57	-	1,030,000	3.57
Dishman Pharma Solutions AG (Face value of CHF 1/- each fully paid up)*	100.00	-	28,000,000	105.08	-	28,000,000	105.08
CARBOGEN AMCIS (Shanghai) Co. Ltd. (No. of shares not specified)	100.00	-	-	-	-	1	65.10
Dishman Japan Ltd. (Face value of JPY 50,000/- each fully paid up)	100.00	-	2,992	6.25	-	2,992	6.25
Dishman Middle East FZE (Face value of AED 150,000/- each fully paid up)	100.00	-	6	1.15	-	6	1.15
Dishman Care Ltd. (Face value of ₹ 2/- (P.Y. ₹ 10/-) each fully paid up) (including 249,500 no. of shares held in the name of nominees of the Company.)	100.00	-	250,000	0.05	-	50,000	0.05
Carbogen-Amcis India Ltd. (Face value of ₹ 2/- (P.Y. ₹ 10/-) each fully paid up) (including 249,500 no. of shares held in the name of nominees of the company.)	100.00	-	250,000	0.05	-	50,000	0.05
(ii) Subsidiary Company							
Schutz Dishman Biotech Ltd. (Face value of ₹10/- each fully paid up) (P.Y. 22.33%)	72.33	-	1,084,980	2.59	-	334,980	0.33
(iii) of other entities							
CAD Middle East Pharmaceuticals Industries LLC (Face value of SAR 1000/- each fully paid up)	10.95	-	21,900	24.81	-	21,900	24.81
(b) Other than Trade Investment							
(i) of associates							
Bhadr-Raj Holdings Pvt Ltd (Face value of ₹ 10/- each fully paid up)	40.00	-	4,000	-	-	4,000	-
(ii) of other entities							
Dishman Infrastructure Ltd. (Face value of ₹ 10/- each fully paid up)	1.00	-	50,000	0.05	-	50,000	0.05

# Notes (Contd.)

forming part of the financial statements

Particulars	% of Holding	As at 31 March, 2016			As at 31 March, 2015		
		Quoted	Unquoted	Total ₹ in crores	Quoted	Unquoted	Total ₹ in crores
B R Laboratories Pvt Ltd (Face value of ₹ 10/- each fully paid up)	0.03	-	130	-	-	130	-
Nami Trading Co-FZE LLC (Face value of AED 1000/- each fully paid up)	-	-	15	0.02	-	15	0.02
Stuti(Ambawadi) Owners' Association (Face value of ₹100/- each fully paid up)	-	-	30	-	-	30	-
Sangeeta Plaza iflex Office Premises Co-op Society Ltd. (Face value of ₹ 50/- each fully paid up)	-	-	50	-	-	50	-
Bank of India (Face value of ₹ 10/- each fully paid up)	-	2,100	-	0.01	2,100	-	0.01
<b>Total</b>				<b>147.32</b>			<b>210.16</b>
Aggregate amount of quoted investments				<b>0.01</b>			<b>0.01</b>
Aggregate market value of quoted investments				<b>0.02</b>			<b>0.04</b>
Aggregate amount of unquoted investments				<b>147.31</b>			<b>210.15</b>

\* 28,000,000 (28,000,000) Shares of Dishman Pharma Solutions AG are pledged with the lenders of the investee Company.

## 13 Long-term loans and advances

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Capital advances		
Unsecured, considered good	85.17	79.91
Doubtful	3.10	3.10
	88.27	83.01
Less: Provision for doubtful advances	3.10	3.10
	85.17	79.91
(b) Security deposits		
Unsecured, considered good	1.17	3.49
	1.17	3.49
(c) Loans to related parties (Refer Note 27.16)		
Unsecured, considered good	49.93	104.81
	49.93	104.81
(d) Prepaid Expenses, considered good	2.53	1.10
(d) Minimum Alternate Tax Credit Entitlement	20.33	15.65
(f) Balances with government authorities		
Unsecured, considered good		
(i) VAT credit receivable	16.18	16.77
(ii) Advance Income Tax (Net of Provision for taxation ₹ 160.19 crores, P.Y. ₹ 135.09 crores)	20.87	5.57
(iii) Others	0.07	0.07
<b>Total</b>	<b>196.25</b>	<b>227.36</b>

# Notes (Contd.)

forming part of the financial statements

## 14 Other non-current assets

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Others		
(i) Fixed deposits having maturity of more than one year (under lien)	3.16	-
(ii) Insurance claims	1.22	1.22
Less: Provisions for Doubtful Advances	1.22	1.22
<b>Total</b>	<b>3.16</b>	<b>0.00</b>

## 15 Current Investments

Particulars	(₹ in crores)			
	As at 31 March, 2016		As at 31 March, 2015	
	Unquoted No. of shares	Amount	Unquoted No. of shares	Amount
Investments: Trade (At cost or fair value whichever is lower)				
Investment in equity instruments				
wholly owned subsidiaries				
CARBOGEN AMCIS (Shanghai) Co. Ltd. (No. of shares not specified)	1.00	103.46	-	-
<b>Total</b>		<b>103.46</b>		<b>-</b>

## 16 Inventories

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Raw materials and Packing Materials	48.42	62.80
Goods-in-transit	-	2.80
	48.42	65.59
(b) Work-in-progress	73.83	85.56
	73.83	85.56
(c) Finished goods (other than those acquired for trading)	18.62	15.77
	18.62	15.77
(d) Stores and spares	4.50	4.98
	4.50	4.98
<b>Total</b>	<b>145.37</b>	<b>171.90</b>

Inventories are valued at cost or net realisable value, whichever is lower.

# Notes (Contd.)

forming part of the financial statements

## 17 Trade receivables

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	19.27	16.04
Doubtful	0.46	0.46
	<u>19.73</u>	<u>16.50</u>
Less: Provision for doubtful trade receivables	0.46	0.46
	<u>19.27</u>	<u>16.04</u>
Other Trade receivables		
Unsecured, considered good	68.60	81.61
	<u>68.60</u>	<u>81.61</u>
<b>Total</b>	<b>87.87</b>	<b>97.65</b>

## 18 Cash and bank balances

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
Cash and cash equivalents		
(a) Balances with banks		
(i) In current accounts	2.36	10.48
(ii) In EEFC accounts	0.64	0.22
(iii) Unpaid dividend accounts	0.09	0.08
(b) Cash on hand	0.02	0.05
<b>Sub Total</b>	<u>3.11</u>	<u>10.83</u>
Other Bank Balances		
- Deposits with original maturity equal to 12months (under lien in respect of current year)	3.53	6.53
- Deposits with original maturity more than 12months	0.10	-
- Margin money (under lien)	2.53	5.26
<b>Sub Total</b>	<u>6.16</u>	<u>10.79</u>
<b>Total</b>	<b>9.27</b>	<b>22.62</b>

## 19 Short-term loans and advances

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Security deposits		
Unsecured, considered good	0.21	0.21
	<u>0.21</u>	<u>0.21</u>
(b) Loans and advances to employees		
Unsecured, considered good	0.39	0.24
	<u>0.39</u>	<u>0.24</u>
(c) Loans to Related Party (Refer Note 27.16)		
Unsecured, considered good	64.67	8.75
	<u>64.67</u>	<u>8.75</u>
(d) Prepaid expenses - Unsecured, considered good	2.05	2.26
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	3.21	7.61
(ii) Service Tax credit receivable	6.62	10.53
(f) Other Loans & Advances		
Unsecured, considered good	223.41	198.12
Doubtful	0.15	0.15
	<u>223.56</u>	<u>198.27</u>
Less: Provision for other doubtful loans and advances	0.15	0.15
	<u>223.41</u>	<u>198.12</u>
<b>Total</b>	<b>300.55</b>	<b>227.72</b>



# Notes (Contd.)

forming part of the financial statements

## 20 Other current assets

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Others		
Interest Receivable	16.60	9.26
Guarantee Commission Receivable	11.34	9.55
Receivable against sale of shares	-	3.00
Other receivables	1.50	-
<b>Total</b>	<b>29.44</b>	<b>21.81</b>

## 21 Revenue from operations

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Sale of products (Refer Note (i) below)	430.33	402.36
(b) Sale of services (Refer Note (ii) below)	55.54	75.09
(c) Other operating revenues (Refer Note (iii) below)	24.52	14.79
<b>Total</b>	<b>510.39</b>	<b>492.24</b>

### Note

(i) Sale of manufactured goods	429.97	379.26
<u>Traded goods</u>		
Sale of traded goods	6.00	27.88
	<b>435.97</b>	<b>407.14</b>
<u>Less:</u>		
Excise duty	5.64	4.78
<b>Total - Sale of products</b>	<b>430.33</b>	<b>402.36</b>

### Note:

#### Sale of major products

API & Intermediates	366.45	304.52
Others	57.88	69.96
Manufactured Goods	424.33	374.48
Traded Goods-API	6.00	27.88
<b>Total</b>	<b>430.33</b>	<b>402.36</b>

#### (ii) Sale of services comprises :

Sales Commission	0.14	11.63
Domestic Services	5.23	-
Export Services - Contract Research	50.17	63.46
<b>Total - Sale of services</b>	<b>55.54</b>	<b>75.09</b>

#### (iii) Other operating revenues comprises:

Sale of scrap	0.07	0.05
Export incentive	12.53	0.24
Sales of Raw Material	11.76	14.47
Others	0.16	0.04
<b>Total - Other operating revenues</b>	<b>24.52</b>	<b>14.79</b>

# Notes (Contd.)

forming part of the financial statements

## 22 Other income

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Interest income (Refer Note (i) below)	9.61	19.12
(b) Dividend income on long-term investment	36.31	20.75
(c) Net gain on sale of long-term investments	-	1.52
(d) Excess Provision Written back	0.76	9.61
(e) Net gain on foreign currency transactions and translation	4.17	6.45
(f) Net gain on Sale of Assets	0.02	-
(g) Guarantee Commission Received	11.01	9.55
(h) Income from Travel Business	0.50	0.92
<b>Total</b>	<b>62.38</b>	<b>67.91</b>
<b>Note</b>		
(i) Interest income comprises:		
Interest from banks on:		
deposits	1.68	1.02
Interest on loans and advances		
subsidiaries	7.93	9.79
others	-	8.30
<b>Total - Interest income</b>	<b>9.61</b>	<b>19.12</b>

## 23.a Cost of materials consumed

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Opening stock	65.59	51.18
Add: Purchases	161.88	225.11
	227.49	276.29
Less: Closing stock	48.42	65.59
<b>Cost of material consumed</b>	<b>179.07</b>	<b>210.69</b>
<b>Detail of Major Raw Materials Consumed</b>		
2-Butyl 4-Formyl Imidazol	20.51	11.04
Others	158.56	199.65
<b>Total Raw Materials Consumed</b>	<b>179.07</b>	<b>210.69</b>

## 23.b Purchase of traded goods

Purchase of Traded Goods	5.91	25.87
<b>Total</b>	<b>5.91</b>	<b>25.87</b>

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

<u>Inventories at the end of the year:</u>		
Finished goods	(18.63)	(15.77)
Work-in-progress	(73.83)	(85.56)
	(92.46)	(101.32)
<u>Inventories at the beginning of the year:</u>		
Finished goods	15.77	14.84
Work-in-progress	85.56	63.79
	101.33	78.63
<b>Net (increase) / decrease</b>	<b>8.86</b>	<b>(22.69)</b>

# Notes (Contd.)

forming part of the financial statements

## 24 Employee benefits expense

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Salaries and wages (Refer note 27.15 )	62.68	55.73
Contributions to provident and other funds (Refer note 27.15 )	1.86	1.68
Staff welfare expenses	1.35	1.47
<b>Total</b>	<b>65.89</b>	<b>58.88</b>

## 25 Finance costs

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Interest expense	57.09	60.22
(b) Other borrowing costs	3.49	7.92
(c) Net loss on foreign currency transactions and translation (considered as finance cost)	8.08	-
<b>Total</b>	<b>68.66</b>	<b>68.13</b>

## 26 Other expenses

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Consumption of stores and spare parts	0.53	0.50
Increase / (decrease) of excise duty on inventory	0.64	(0.02)
Other Manufacturing Expenses	4.01	3.62
Power and fuel	29.74	31.67
Laboratory Expenses	3.26	3.06
ETP Expenses	2.41	2.15
Rent including lease rentals (Refer Note 27.12)	1.64	0.73
Repairs and maintenance - Buildings	1.34	1.86
Repairs and maintenance - Machinery	10.23	4.39
Repairs and maintenance - Others	1.99	1.62
Insurance	1.31	1.55
Communication	0.36	0.53
Travelling and conveyance	3.08	4.52
Printing and stationery	0.69	0.65
Freight and forwarding	6.36	7.31
Sales commission	1.19	0.82
Business promotion	0.06	0.05
Donations and contributions (Refer Note 27.13)	2.12	1.03
Legal and professional	5.50	1.76
Payments to auditors (Refer Note (i) below)	0.38	0.18
Bad trade and other receivables, loans and advances written off	-	0.12
Membership & Subscription	0.58	0.74
ECGC Premium	0.50	0.38
Office Electricity	0.30	0.31
Recruitment Expenses	0.24	0.06
Loss on fixed assets sold / scrapped / written off	-	0.08
Miscellaneous expenses	1.42	1.66
<b>Total</b>	<b>79.88</b>	<b>71.32</b>

# Notes (Contd.)

forming part of the financial statements

## 26 Other expenses (contd.)

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Notes:</b>		
(i) Payments to the auditors comprises (excluding service tax) :		
As auditors - statutory audit	0.29	0.16
For taxation matters	-	0.02
For other services	0.09	-
<b>Total</b>	<b>0.38</b>	<b>0.18</b>

### Note

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
<b>27.01 Contingent liabilities and commitments (to the extent not provided for)</b>		
(i) Contingent liabilities :		
a) Labour law claims against the Company not acknowledged as debt	0.12	0.11
b) Guarantees		
(i) Outstanding guarantees furnished to the bank in respect of wholly owned subsidiaries	151.81	143.75
(ii) Outstanding guarantees furnished to the bank in respect of former subsidiary and former joint venture company	120.05	120.32
c) Disputed central excise duty (including service tax) liability	4.52	4.41
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 ₹ 22.88 crores (Previous Year ₹ 11.91 crores) under protest.	101.16	75.15
e) Disputed sales tax and central sales tax liability	4.34	4.34
f) Bills discounted with banks	37.24	38.70
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for tangible assets	7.51	8.96
<b>27.02 Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :</b>		
a) Principal amount due to suppliers under MSMED Act, 2006	4.82	2.83
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	8.15	4.85
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	-	-

The above information is given to the extent available with the Company and relied upon by the auditor.

# Notes (Contd.)

forming part of the financial statements

## 27.03 Information Pertaining to Loans and Guarantees given to Subsidiaries (Information Pursuant to Regulation 34(3) of SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 and section 186(4) of Companies Act, 2013):

### (A) Loans and advances in the nature of loans to subsidiaries / others : (₹ in crores)

	Outstanding as at the beginning of the year	Given during the year	Other adjustments	Adjusted / repaid during the year	Closing at the end of the year	maximum amount outstanding during the year	Purpose
Dishman Australasia Pte. Ltd.	0.95	-	0.06	-	1.01	1.01	Business purpose
(Previous Year)	(1.66)	-	(0.25)	(0.47)	(0.95)	(1.66)	
CARBOGEN AMCIS (Shanghai) Co. Ltd	52.38	-	3.54	-	55.92	55.92	Business purpose
(Previous Year)	(71.69)	(2.01)	(2.08)	(23.40)	(52.38)	(73.71)	
Dishman Care Ltd.	12.76	-	-	0.40	12.36	12.76	Business purpose
(Previous Year)	(12.76)	-	-	-	(12.76)	(12.98)	
Carbogen Amcis (I) Ltd.	9.41	-	-	2.17	7.24	9.41	Business purpose
(Previous Year)	(9.41)	-	-	-	(9.41)	(10.26)	
Dishman Infrastructure Ltd.	38.06	-	-	-	38.06	38.06	Business purpose
(Previous Year)	(37.59)	(0.47)	-	-	(38.06)	(42.15)	

### (B) Guarantees given to subsidiaries :

	As at March 31, 2016 (₹ in crores)		As at March 31, 2015 (₹ in crores)		Purpose
CARBOGEN AMCIS (Shanghai) Co. Ltd	CNY 1.29 cr.	13.23	CNY 2.69 cr.	27.40	For guaranteeing loan taken by wholly owned subsidiary.
Dishman Netherland B.V.	EUR 0.30 cr.	21.55	EUR 0.55 cr.	37.11	For guaranteeing loan taken by wholly owned subsidiary.
Dishman Pharma Solutions AG	CHF 1.70 cr.	117.03	CHF 0.94 cr.	60.73	For guaranteeing loan taken by wholly owned subsidiary.

## 27.04 Details on derivatives instruments and unhedged foreign currency exposures

- (i) The following derivative positions are open as at 31 March, 2016. 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 31 March, 2016 ₹ NIL (As at 31 March, 2015: ₹ 3.52 crores)

- (ii) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes. Outstanding short-term forward exchange contracts entered into by the Company on account of Receivable including forecast receivable:

Particulars	As at 31 March, 2016	As at 31 March, 2015
No. of contracts	8.00	NIL
US Dollar equivalent (million)	7.79	NIL
INR equivalent (crores)	51.60	NIL

# Notes (Contd.)

forming part of the financial statements

- (iii) The company's foreign currency borrowings and derivative contracts act as a hedge against its current and future receivables. The table below gives the total outstanding receivables, including loans and advances given, in foreign currency as on 31.03.2016 and the total outstanding payables, including loans and advances received, in foreign currency as on 31.03.2016.

As at 31 March, 2016		As at 31 March, 2015	
Receivable/ (Payable) INR in crores	Receivable/ (Payable) in Foreign currency FC in million	Receivable/ (Payable) INR in crores	Receivable/ (Payable) in Foreign currency FC in million
241.19 INR	AUD 0.37 EUR 3.17 USD 31.84 NZE 0.003 CHF 0.37 GBP 0.20	164.16 INR	AUD 0.20 EUR 2.40 USD 23.63 NZE 0.003 -
(408.58) INR	CHF (1.00) EUR (6.39) GBP (0.18) USD (53.09) -	(193.18) INR	CHF (2.55) EUR (9.54) GBP (0.0002) USD (1.80) JPY (0.76)

## 27.05 Value of imports calculated on CIF basis :

Particulars	₹ in crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Raw materials	59.39	87.02
Capital goods	0.20	2.04
Components of spares and stores	0.04	-

## 27.06 Expenditure in foreign currency :

Particulars	₹ in crores	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Subscription Membership Fees	0.48	0.73
Sales Commission	0.36	0.32
Foreign Travelling	0.03	0.08
Bank interest & Charges	0.67	1.28
Interest on Foreign Currency Loans	5.09	5.90
Legal Expenses	2.86	-
License fees	0.55	-
Other Expenses	-	0.04
<b>Total</b>	<b>10.05</b>	<b>8.34</b>

## 27.07 Details of consumption of imported and indigenous items

Particulars	₹ in crores			
	Imported		Indigenous	
Raw materials	70.68 (98.39)	39.47% (46.70%)	108.39 (112.31)	60.53% (53.30%)
Spare parts	- -	- -	0.53 (0.50)	100% (100%)
<b>Total</b>	<b>70.68</b> <b>(98.39)</b>		<b>108.91</b> <b>(112.81)</b>	

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

# Notes (Contd.)

forming part of the financial statements

## 27.08 Earnings in foreign exchange (on accrual basis):

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Export of Goods on FOB	395.62	359.75
Contract Research Services	50.17	63.44
Dividend Income	36.31	20.74
Guarantee Commission Income	11.01	9.55
Interest Income	2.04	4.07

## 27.09 Earnings per share

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<u>Basic &amp; Diluted</u>		
Net profit for the year attributable to the equity shareholders (₹ in crores)	87.15	58.48
Weighted average number of equity shares	80,697,136	80,697,136
Face value per share (in ₹)	2.00	2.00
Earnings per share - Basic and Diluted (in ₹)	10.80	7.25

## 27.10 Deferred tax (liability) / asset

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(A) Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	84.94	73.04
Tax effect of items constituting deferred tax liability	84.94	73.04
(B) Tax effect of items constituting deferred tax assets		
Provision for doubtful debts / advances	1.71	1.71
Provision for bonus	0.36	0.33
Provision for gratuity	2.04	2.00
Provision for leave encashment	-	0.68
Provision for interest	0.30	-
Tax effect of items constituting deferred tax assets	4.40	4.71
<b>Net deferred tax liability (A) - (B)</b>	<b>80.54</b>	<b>68.33</b>

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Annual Maintenance	0.01	0.04
Consumables	0.16	0.45
Conveyance	0.05	0.15
Laboratory Expenses	2.58	1.03
Others	0.22	0.14
Power & Fuel	0.09	1.81
Repair & maintenance	0.50	0.28
Raw Material Consumption	0.90	1.50
Salary & Wages	6.66	9.72
Subscription Expenses	0.49	0.68
<b>Total</b>	<b>11.66</b>	<b>15.81</b>

# Notes (Contd.)

forming part of the financial statements

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Buildings	0.01	-
Plant & Machinery	0.15	-
Office Equipments and Computers	0.02	-
Intangible Assets	-	0.11
<b>Total Capital Expenditure</b>	<b>0.18</b>	<b>0.11</b>

## 27.12 Disclosures in respect of Assets acquired under Hire Purchase Arrangements

The total of minimum hire instalments payable for vehicle acquired at the Balance sheet date are as under

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
For a period not later than 1 year	0.53	0.99
For a period later than 1 year but not later than 5 years.	0.91	0.62
For a period later than 5 years	-	-
Hire charges recognized in the statement of profit and loss is ₹ 0.13 crores (Previous Year ₹ 0.16 crores)		

## 27.13 Corporate Social Responsibility (CSR)

- (a) Gross amount required to be spent by the Company during the year 2015-16 - ₹ 1.97 crores (Previous year ₹ 2.08 crores)  
 (b) Amount spent during the year on:

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(i) Construction / Acquisition of any Assets	-	-
(ii) Purposes other than (i) above	2.12	1.03
<b>Total</b>	<b>2.12</b>	<b>1.03</b>

- (c) Related party transactions in relation to Corporate Social Responsibility : Nil

## 27.14 Segmental Reporting

As the Company's annual report contains both Consolidated and Standalone Financial Statements, segmental information is presented only on the basis of Consolidated Financial Statement. (Refer note 26.12 of Consolidated Financial Statements).

## 27.15 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 & Loss.  
 ii) The Company has an obligation towards gratuity, a defined benefit obligation. The company makes lumpsum 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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Current service cost	0.52	0.48
Interest Cost	0.42	0.35
Expected return on plan assets	-	-
Net actuarial losses (gains)	0.60	1.46
<b>Total</b>	<b>1.54</b>	<b>2.30</b>



# Notes (Contd.)

forming part of the financial statements

## II. Reconciliation of Opening and Closing balances of defined benefit obligation

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Defined benefit obligation at beginning of the year	5.66	4.06
Current Service cost	0.52	0.48
Interest cost	0.42	0.35
Actuarial losses (gains)	0.61	1.46
Benefits paid	(1.32)	(0.69)
Defined benefit obligation at end of the year	5.89	5.66

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Fair value of plan assets at beginning of the year	N.A.	N.A.
Expected return on plan assets	N.A.	N.A.
Actuarial gains and (losses)	N.A.	N.A.
Contributions by employer	N.A.	N.A.
Benefits paid	N.A.	N.A.
Fair value of plan assets at year end	N.A.	N.A.

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Present value of defined benefit obligations at the end of the year	5.89	5.66
Fair value of plan assets at the end of the year	-	-
Net assets / (liability) at the end of year	(5.89)	(5.66)

## V. Actuarial Assumptions

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.75%	7.80%
Expected Return on plan assets (per annum)	-	-
Rate of escalation in salary (per annum)	6%	6%
Withdrawal rates	15% at younger ages reducing to 3% at older ages	5% at all ages
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.

# Notes (Contd.)

forming part of the financial statements

## VI. Experience History (₹ in crores)

Particulars	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Present value of defined benefit obligations at the end of the year	5.89	5.66	4.06	4.47	4.08
Fair value of plan assets at the end of the year	-	-	-	0.01	0.02
Net liability at the end of year	5.89	5.66	4.06	4.46	4.07
Experience Adjustments on plan liabilities (gain)/loss	0.41	0.41	0.43	(0.11)	(0.22)

**Notes:** Amount recognised as an expense in the Statement of Profit and Loss and included in note no. 24 under Salary and Wages are gratuity ₹ 1.54 crores (Previous Year ₹ 2.30 crores) and leave encashment ₹ (0.59) crores (Previous Year ₹ 0.98 crores).

### b) Defined Contribution Plans

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

Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	1.43	1.26
Employer's Contribution to Superannuation Fund	0.24	0.25

## 27.16 Related party Disclosure

As per Accounting Standard 18, the disclosure of transactions with the related parties are given below:

### 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	CARBOGEN AMCIS (Shanghai) Co. Ltd. [formerly known as Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd.]
Subsidiary	Dishman Pharma Solutions AG
Subsidiary	Dishman Australasia Pty Ltd.
Subsidiary	CARBOGEN AMCIS Ltd., U.K.
Subsidiary	Carbogen Amcis (India) Ltd.
Subsidiary	Dishman Care Ltd.
Subsidiary	Dishman Middle East FZE
Subsidiary	Dishman Japan Ltd. (w.e.f. to 10-12-2014)
Subsidiary	Schutz Dishman Biotech Ltd. (w.e.f. 31-03-2016)
Step Down Subsidiary	CARBOGEN AMCIS AG
Step Down Subsidiary	Cohecie Fine Chemicals B.V.
Step Down Subsidiary	Dishman Netherlands B.V.
Step Down Subsidiary	Innovative Ozone Service Inc.
Step Down Subsidiary	CARBOGEN AMCIS SAS
Step Down Subsidiary	Shanghai Yiqian International Trade Co. Ltd.
Associates	Bhadra Raj Holding Pvt. Ltd.
Joint Venture	Schutz Dishman Biotech Ltd. (upto 30-03-2016)
Joint Venture	Dishman Arebia Ltd. (Liquidated w.e.f. 05-01-2015)
Joint Venture	Dishman Japan Ltd. (up to 09-12-2014)
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
Entity in which KMP can exercise significant influence*	B. R. Laboratories Ltd.
Entity in which KMP can exercise significant influence*	Azafran Innovacion Ltd.
Entity in which KMP can exercise significant influence*	Dishman Infrastructure Ltd.
Entity in which Relatives of KMP can exercise significant influence*	Discus IT Pvt. Ltd.

\* Only where transactions have taken place during the year.

# Notes (Contd.)

forming part of the financial statements

## b) Details of related party transactions for the year ended on 31st March, 2016 and balances outstanding as at 31st March, 2016:

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	8.23 (0.35)	1.57 (-)	0.03 (0.20)	- (-)	- (-)	- (1.48)	9.83 (2.04)
Sale of goods / services	375.47 (295.74)	44.23 (75.41)	0.89 (11.97)	- -	- -	- (-)	420.60 (383.12)
Rendering of services	- (-)	0.02 (0.04)	- (-)	- (-)	- (-)	- (0.47)	0.02 (0.51)
Purchase of capital goods	- (-)	- (-)	- (-)	- (-)	- (-)	0.12 (-)	0.12 (-)
Receiving of services	3.49 (0.05)	- (-)	- (-)	0.08 (0.07)	0.07 (0.06)	0.37 (0.24)	4.00 (0.43)
Investment	40.62 (24.59)	- (-)	- (-)	- (-)	- (-)	- (-)	40.62 (24.59)
Sale of long term investments	- (-)	- (-)	- (1.48)	- (-)	- (-)	- (-)	- (1.48)
Interest income	3.37 (5.25)	- (-)	- (-)	- (-)	- (-)	4.57 (4.55)	7.94 (9.79)
Dividend income	36.31 (20.74)	- (-)	- (-)	- (-)	- (-)	- (-)	36.31 (20.74)
Loan & advances given	- (2.01)	- (-)	- (-)	- (-)	- (-)	- (-)	- (2.01)
Repayment loans & advances given	2.57 (23.87)	- (-)	- (-)	- (-)	- (-)	- (-)	2.57 (23.87)
Loans & advances received	- (-)	- (-)	- (-)	3.75 (11.76)	- (-)	- (-)	3.75 (11.76)
Repayment of loans & advances received	- (-)	- (-)	- (-)	1.65 (13.43)	- (0.20)	- (-)	1.65 (13.63)
Remuneration	- (-)	- (-)	- (-)	8.95 (7.10)	0.71 (0.33)	- (-)	9.66 (7.43)
Guarantee commission income	8.36 (5.96)	0.87 (1.71)	- (-)	- (-)	- (-)	- (-)	9.23 (7.67)
Guarantees and collaterals given during the year	117.03 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	117.03 (-)
Guarantees and collaterals withdrawn during the year	93.42 (56.89)	15.56 (18.42)	- (-)	- (-)	- (-)	- (-)	108.98 (75.31)
Dividend paid	- (-)	- (-)	0.24 (0.07)	19.52 (5.58)	0.06 (0.02)	- (-)	19.82 (5.67)
<b>Balances outstanding at the end of the year</b>							
Trade receivables	72.35 (56.73)	10.22 (32.83)	0.04 (-)	- (-)	- (-)	- (0.00)	82.61 (89.56)
Trade advances given	22.42 (28.25)	- (-)	- (-)	- (-)	- (-)	- (-)	22.42 (28.25)
Guarantees and collaterals given	130.26 (106.64)	21.55 (37.11)	- -	- -	- -	- -	151.81 (143.75)
Guarantees given by Dishman Infrastructure Ltd. on behalf of the Company	- (-)	- (-)	- (-)	- (-)	- (-)	62.50 (68.75)	62.50 (68.75)
Loans and advances given	84.91 (84.35)	- -	- -	- (-1.77)	- -	46.28 (42.15)	131.18 (124.72)
Trade payables	0.45 (0.44)	0.23 (1.89)	- (0.03)	- -	- -	- (0.17)	0.68 (2.52)

Note: Figures in bracket relates to the previous year

# Notes (Contd.)

forming part of the financial statements

c) Disclosure in respect of material transactions with related parties		(₹ in crores)	
Particulars	Name of the related party	2015-16	2014-15
Purchase of goods	Azafran Innovacion Ltd.	-	1.48
	Cohecie Fine Chemicals B.V.	1.57	-
	CARBOGEN AMCIS (Shanghai) Co. Ltd.	5.83	-
	Shanghai Yiqian International Trade Co. Ltd.	2.40	-
Sale of goods / services	Dishman Europe Ltd.	292.99	218.44
	CARBOGEN AMCIS AG	33.86	71.95
	Dishman USA Inc.	70.28	70.68
Rendering of services	Dishman Infrastructure Ltd.	-	0.47
Purchase of capital goods	B. R. Laboratories Ltd.	0.12	-
Receiving of services	Dishman USA Inc.	2.86	-
	Dishman Care Ltd.	0.60	-
Investment	CARBOGEN AMCIS (Shanghai) Co. Ltd.	38.37	23.40
Sales of long term investment	Dishman Arebia Ltd.	-	1.48
Interest income	Carbogen Amcis (India) Ltd.	0.99	0.94
	CARBOGEN AMCIS (Shanghai) Co. Ltd.	2.04	4.07
	Dishman Infrastructure Ltd.	4.57	4.55
Guarantee commission income	Dishman Netherlands B.V.	0.87	1.71
	Dishman Pharma Solutions AG	1.49	3.35
	CARBOGEN AMCIS (Shanghai) Co. Ltd.	2.26	2.61
	Dishman Europe Ltd.	4.61	-
Dividend income	Dishman Pharma Solutions AG	18.56	20.74
	Dishman Europe Ltd.	17.75	-
Loans and advances given	CARBOGEN AMCIS (Shanghai) Co. Ltd.	-	2.01
Repayment of loans and advances given	Carbogen Amcis (India) Ltd.	2.17	-
	CARBOGEN AMCIS (Shanghai) Co. Ltd.	-	23.40
	Dishman Care Ltd.	0.40	-
Loans and advances recived	Mr. Janmejy R.Vyas	1.65	10.90
	Mrs. Deohooti J.Vyas	2.10	0.71
	Mr. Arpit J.Vyas	-	0.15
Repayment of loans and advances recived	Mr. Janmejy R.Vyas	1.65	12.24
	Mrs. Deohooti J.Vyas	-	0.71
	Mr. Arpit J.Vyas	-	0.48
Guarantees and collaterals given during the year	Dishman Pharma Solutions AG	117.03	-
Guarantees and collaterals withdrawn during the year	Dishman Europe Ltd	18.52	1.44
	Dishman Netherlands B.V.	15.56	18.42
	CARBOGEN AMCIS (Shanghai) Co. Ltd.	14.17	9.50
	Dishman Pharma Solutions AG	60.73	45.95
Dividends paid	Mr. Janmejy R.Vyas	10.11	2.76
	Mrs. Deohooti J.Vyas	4.39	1.32
	Mr. Arpit J.Vyas	5.03	1.51

# Notes (Contd.)

forming part of the financial statements

Particulars	Name of the related party	2015-16	2014-15
Remuneration	Mr. Janmejy R.Vyas	5.46	4.82
	Mrs. Deohooti J.Vyas	1.75	1.20
	Mr. Arpit J.Vyas	1.74	1.08
Outstanding balance of trade receivables	Dishman Europe Ltd.	57.37	38.20
	CARBOGEN AMCIS AG	5.80	30.46
	Dishman USA Inc.	7.30	12.11
Outstanding trade advances given	CARBOGEN AMCIS (Shanghai) Co. Ltd.	22.42	28.25
Outstanding balance of Loans and advance given	CARBOGEN AMCIS (Shanghai) Co. Ltd.	62.03	59.06
	Dishman Infrastructure Ltd.	46.26	42.15
Outstanding balances of guarantees and collaterals given	CARBOGEN AMCIS (Shanghai) Co. Ltd.	13.23	27.40
	Dishman Pharma Solutions AG	117.03	60.73
	Dishman Netherlands B.V.	21.55	37.11
	Dishman Europe Ltd.	-	18.52
Guarantees given by Dishman Infrastructure Ltd. on behalf of the company	Dishman Infrastructure Ltd.	62.50	68.75

- 27.17** During the year, Mr. Tushar D. Shah, Company Secretary has resigned w.e.f. 26th February, 2016 and Company is in process of appointing befitting candidate as Company Secretary. As per the provisions of Section 203 of Companies Act, 2013, the Company is required to fill-up such vacancy within a period of six months from the date of such vacancy.
- 27.18** The Board of Directors of the Company at their meeting held on 24th February, 2016 approved a Scheme of Arrangement and Amalgamation amongst the Company with its subsidiaries Dishman Care Limited and Carbogen Amcis (India) Limited. The Company has received Observation letter without any adverse comments from both Stock Exchanges i.e. National Stock Exchange of India Ltd., and Bombay Stock Exchange Ltd., and Company is in process of filing Draft Scheme with Honorable High Court of Gujarat.
- 27.19** Subsequent to 31st March, 2016, the Company has issued and allotted 80,697,136 equity shares of ₹2/- each, as fully paid up bonus shares in the ratio of 1 (one) equity share for every 1 (one) Equity share held to those shareholders whose names appear in the Register of Members / List of Beneficial owners as on the Record Date i.e. on 3rd May, 2016.
- 27.20** The Company has acquired further 50% stake in Schutz Dishman Biotech Ltd., a Joint Venture Indian Company, from the existing JV Partner i.e. SCHUTZ & CO. BETEILIGUNGSGESELLSCHAFT GMBH, Germany. Hence, with a stake of 72.33% Schutz Dishman Biotech Ltd., becomes a subsidiary of the Company.
- 27.21** Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year.

As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

**Janmejy R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)

# Consolidated Independent Auditors' Report

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## To the Members of Dishman Pharmaceuticals and Chemicals Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dishman Pharmaceuticals and Chemicals Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and jointly controlled entity comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group, its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at 31<sup>st</sup> March, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matter

- (a) We did not audit the financial statements of 10 subsidiaries included in the Statement, whose financial statements reflects total assets of ₹703.14 Crore as at March 31, 2016, total revenue of ₹807.63 Crore and net cash inflows amounting to ₹26.43 Crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include Group's share of net profit of ₹0.11 Crore for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of 1 associate, whose financial statement have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect

# Consolidated Independent Auditors' Report (Contd.)

of these subsidiaries, associate and jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and jointly controlled entity, is based solely on the reports of the other auditors.

- (b) Financial Statement of 6 subsidiaries and 1 jointly controlled entity included in the Statement, whose financial statements reflects total assets of ₹1,213.97 Crores as at March 31, 2016, total revenues of ₹797.46 Crores and net cash inflows amounting ₹13.84 Crores for the year ended on that date, as considered in the consolidated financial statements, have been audited by one of the joint auditor and reliance has been placed by other auditor in respect of this report.
- (c) The figures for the year ended March 31, 2015 in the consolidated financial statements were audited by one of the joint statutory auditor, V. D. Shukla & Co., Chartered Accountants, who vide their report dated August 22, 2015, had expressed an unmodified opinion thereon.

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

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate company and jointly controlled entity incorporated in India, none of the directors of the Group companies, its associate company and jointly controlled entity incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group, its associate and jointly controlled entity and the operating effectiveness of such controls, we give our separate Report in the "Annexure 1".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity – Refer Note 26.04 to the consolidated financial statements;
  - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6, 10 and 26.06 to the consolidated financial statements;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, associate company and jointly controlled entity incorporated in India.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W

For V. D. Shukla & Co.  
Chartered Accountants  
ICAI Firm Registration No.110240W

Bhavik L. Shah  
Partner  
Membership No.122071  
Place : Ahmedabad  
Date : May 19, 2016

Vimal D. Shukla  
Proprietor  
Membership No.036416  
Place : Ahmedabad  
Date : May 19, 2016

# Consolidated Independent Auditors' Report (Contd.)

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## **ANNEXURE 1 TO THE INDEPENDENT AUDITORS' REPORT**

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Dishman Pharmaceuticals and Chemicals Limited on the consolidated financial statements for the year ended March 31, 2016]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Group, its associate company and jointly controlled entity, which are incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries, associate and jointly controlled entity incorporated in India, in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that



# Consolidated Independent Auditors' Report (Contd.)

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the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Group, its associate and jointly controlled entity, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by each Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

## **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to

- a) 1 associate company incorporated in India, which has not been audited by us, is based on the corresponding report of the other auditor of such company incorporated in India.
- b) 2 subsidiary companies and 1 jointly controlled entity incorporated in India, which have been audited by one of us, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W

For V. D. Shukla & Co.  
Chartered Accountants  
ICAI Firm Registration No.110240W

Bhavik L. Shah  
Partner  
Membership No.122071  
Place : Ahmedabad  
Date : May 19, 2016

Vimal D. Shukla  
Proprietor  
Membership No.036416  
Place : Ahmedabad  
Date : May 19, 2016

# Consolidated Balance Sheet

as at 31st March, 2016

		(₹ in crores)	
Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	16.14	16.14
(b) Reserves and surplus	4	1,435.41	1,221.65
		<u>1,451.55</u>	<u>1,237.79</u>
<b>2 Minority Interest</b>		0.44	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	418.94	330.19
(b) Deferred tax liabilities (Net)	26.08	77.39	62.86
(c) Long-term provisions	6	80.51	73.31
		<u>576.84</u>	<u>466.36</u>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	422.38	406.82
(b) Trade payables	8		
- Due to Micro and Small Enterprises		4.83	2.83
- Due to others		82.14	148.61
(c) Other current liabilities	9	362.48	475.19
(d) Short-term provisions	10	79.87	71.34
		<u>951.70</u>	<u>1,104.78</u>
<b>TOTAL</b>		<b><u>2,980.53</u></b>	<b><u>2,808.93</u></b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11.A	1,253.64	1,184.45
(ii) Intangible assets	11.B	291.37	256.47
(iii) Capital work-in-progress		85.40	141.81
		<u>1,630.41</u>	<u>1,582.73</u>
(b) Non-current investments	12	25.04	24.95
(c) Long-term loans and advances	13	220.12	187.13
(d) Other non-current assets	14	3.17	0.59
		<u>248.33</u>	<u>212.67</u>
<b>2 Current assets</b>			
(a) Inventories	15	483.11	448.26
(b) Trade receivables	16	152.33	217.11
(c) Cash and bank balances	17	62.20	36.20
(d) Short-term loans and advances	18	379.47	302.95
(e) Other current assets	19	24.68	9.01
		<u>1,101.79</u>	<u>1,013.53</u>
<b>TOTAL</b>		<b><u>2,980.53</u></b>	<b><u>2,808.93</u></b>

Significant accounting policies

1 & 2

The notes from 1 to 26 form an integral part of the financial statements

As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

**Janmejy R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)

# Consolidated Statement of Profit and Loss

for the year ended 31st March, 2016

		(₹ in crores)		
Particulars	Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015	
<b>1</b>	Revenue from operations (gross)	20	1,602.33	1,595.97
	Less: Excise duty		6.28	7.23
	Revenue from operations (net)		<b>1,596.05</b>	<b>1588.74</b>
<b>2</b>	Other income	21	26.54	86.91
<b>3</b>	<b>Total revenue (1+2)</b>		<b>1,622.59</b>	<b>1,675.65</b>
<b>4</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	22.a	373.55	566.20
	(b) Purchases of stock-in-trade	22.b	15.52	25.87
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	22.c	(52.77)	(42.59)
	(d) Employee benefits expense	23	535.49	423.21
	(e) Finance costs	24	94.44	89.71
	(f) Depreciation and amortization expense	11A & B	109.06	150.71
	(g) Other expenses	25	313.94	303.35
	<b>Total expenses</b>		<b>1,389.23</b>	<b>1,516.45</b>
<b>5</b>	<b>Profit before tax (3-4)</b>		<b>233.36</b>	<b>159.20</b>
<b>6</b>	<b>Tax expense:</b>			
	(a) Current tax expense		52.61	33.86
	(b) Minimum Alternate Tax credit		(4.58)	3.56
	(c) Short Provision of current tax of previous year		-	3.46
			<b>48.03</b>	<b>40.88</b>
	(d) Deferred tax (credit) / charge		14.33	(1.45)
			<b>62.36</b>	<b>39.44</b>
<b>7</b>	<b>Profit after tax (5 - 6)</b>		<b>171.00</b>	<b>119.76</b>
	Add : Share in Profit of Associate Company		0.11	0.05
<b>8</b>	<b>Profit for the year before Minority Interest</b>		<b>171.11</b>	<b>119.81</b>
	Minority Interest - Profit / (Loss)		-	-
<b>9</b>	<b>Profit for the year</b>		<b>171.11</b>	<b>119.81</b>
<b>10</b>	<b>Earnings per share face value of ₹ 2.00 each</b>			
	(a) Basic ₹	26.07	21.20	14.85
	(b) Diluted ₹	26.07	21.20	14.85
	Significant accounting policies	1 & 2		
	The notes from 1 to 26 form an integral part of the financial statements			

As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

**Janmejay R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)

# Consolidated Cash Flow Statement

for the year ended 31st March, 2016

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax</b>	233.36	159.20
Adjustment for :		
Depreciation and Amortization	109.06	150.71
Gain on foreign exchange fluctuations	(11.69)	(9.89)
Interest Expenses	94.44	89.71
Interest Income	(9.82)	(17.15)
Guarantee Commission Income	(1.89)	(1.88)
Sundry Balance Written off (Net)	(1.25)	(10.39)
Gain on sale of Investments	-	(1.52)
Gain on Sale of Fixed Assets (Net)	(2.14)	1.25
Foreign Currency Translation Difference	9.58	(39.89)
<b>Operating Profit before Working capital Changes</b>	<b>419.66</b>	<b>320.14</b>
Adjustment for (Increase) / Decrease in Working Capital :		
Trade Receivables	47.16	(80.27)
Inventories	(34.85)	(25.00)
Loans and Advances	(5.64)	(61.26)
Trade Payables and Provisions	(90.16)	184.17
<b>Cash Generated From Operations</b>	<b>336.18</b>	<b>337.77</b>
Net income tax (paid)	(57.54)	(44.08)
<b>Net Cash flow From Operating Activities</b>	<b>278.64</b>	<b>293.69</b>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(123.87)	(142.43)
Proceeds from Sale of Fixed Assets	3.01	4.74
Investments made	-	(14.76)
Loan and advances given (net)	(40.11)	(15.46)
Share application money pending allotment	-	-
Guarantee Commission Income	0.10	-
Interest Received	5.49	17.15
Balance Held as Margin Money	2.49	(7.30)
<b>Net Cash used in Investing Activities</b>	<b>(152.89)</b>	<b>(158.06)</b>

# Consolidated Cash Flow Statement (Contd.)

for the year ended 31st March, 2016

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from long term borrowing	232.91	125.72
Repayment of long term borrowing	(238.35)	(195.36)
Proceeds/ (Repayment) from Short Term Loans (net)	15.56	28.16
Interest Paid	(71.97)	(89.23)
Dividend Paid	(32.27)	(9.67)
Dividend Tax Paid	-	(1.65)
<b>Net Cash used in Financing Activities</b>	<b>(94.11)</b>	<b>(142.02)</b>
<b>Net changes in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>31.64</b>	<b>(6.39)</b>
<b>Cash and Cash Equivalents as at 1st April (Opening Balance)</b>	24.39	30.78
<b>Cash and Cash Equivalents as at 31st March (Closing Balance)</b>	56.04	24.39
<u>Reconciliation of Cash and Cash Equivalents with the balance sheet</u>		
Cash and bank balances (Refer Note 17)	62.20	36.20
Balance held as margin money and fixed deposit	6.16	11.81
Cash and cash equivalent (Refer Note 17)	56.04	24.39

As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad  
Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

**For and on behalf of the Board of Directors**

**Janmejy R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad  
Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)

# Notes

forming part of the consolidated financial statements

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## 1.0 Background of the Company

Dishman Pharmaceuticals and Chemicals Ltd. (CIN: L24230GJ1983PLC006329) is a public company limited by shares incorporated on 29th June, 1983 under the provisions of the Companies Act, 1956, having its registered office at Bhadr-Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad- 380009, Gujarat and is engaged in Contract Research and Manufacturing Services (CRAMS) and manufacture and supply of marketable molecules such as specialty chemicals, vitamins & chemicals and disinfectants. The equity shares of Dishman Pharmaceuticals and Chemicals Limited are listed on National Stock Exchange of India Ltd. ("NSE") and BSE Ltd. ("BSE") (collectively, the "Stock Exchanges")

## 2.0 Summary of Group's Significant accounting policies

### 2.1 Basis of accounting and preparation of financial statements

The financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 and relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, unless otherwise stated.

### 2.2 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.

### 2.3 Inventories

Inventories are valued at cost as per moving weighted average price or net realisable value, whichever is lower 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.

Inventories of stores and spare parts are valued at cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

### 2.4 Depreciation and amortization

Depreciation has been provided on straight line method and in the manner specified in Schedule II of the Companies Act, 2013 based on the useful life specified in Schedule II except where management estimate of useful life is different. Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use.

### 2.5 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.

#### Export Incentives

Duty drawback and Focus marketing scheme (FMS) benefits are recognized at the time of exports and the benefits in respect of advance license received by the Company against export made by it are recognized as and when goods are imported against them.

#### Other Income :

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

# Notes

forming part of the consolidated financial statements

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## 2.6 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.

### **Intangible assets:**

Intangible assets except goodwill are amortised on a straight line basis up to the period of ten years, which is based on their estimated useful life.

Goodwill is tested for impairment.

## 2.7 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 differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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".

### Translation of Non-integral foreign operation:

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non integral foreign operation are translated at the closing rate; income and expenses item of the non-integral operation are translated at exchange rates at the date of the transaction; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expense in the same period in which the gain or loss on disposal is recognised.

### Translation of Integral foreign operations:

In respect of representative offices and branches, monetary items are translated using the closing rate; non-monetary items are translated using the monthly average rate which is expected to approximate the actual rate on the date of transaction; items of income and expenses are translated at the respective monthly average rates; and the net exchange difference resulting from the translation of items in the financial statements of foreign integral operations is recognised as income or as expense for the year.

# Notes

forming part of the consolidated financial statements

## 2.8 Investments

Long-term investments (excluding investment properties), 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.

Investments in associates, accounted under the equity method of accounting, are initially recorded at cost, identifying any goodwill / capital reserve at the time of acquisition. The carrying amount of such investments is adjusted thereafter for the post acquisition change in the Group's share of net assets of the investee unless there is an agreement to the contrary. The carrying amount of investment in an associate is reduced to recognise a decline, other than temporary, in the value of the investment, such reduction being determined and made for each investment individually.

## 2.9 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.

## 2.10 Derivative Financial Instruments

As per the Institute of Chartered Accountants of India (ICAI) Announcement, accounting for derivative contracts, if any, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

## 2.11 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

## 2.12 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes and preference dividends) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares. Options on unissued equity share capital are deemed to have been converted into equity shares.



# Notes

forming part of the consolidated financial statements

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## 2.13 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. Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to Statement of Profit and Loss. Initial direct costs are recognised immediately as an expense.

## 2.14 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. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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 unabsorbed 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.

Income tax charge is the simple aggregation of the tax charge appearing in the group companies.

## 2.15 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.

## 2.16 Impairment of assets

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

## 2.17 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 liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

## 2.18 Operating cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

## 2.19 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.

# Notes

forming part of the consolidated financial statements

3 Share capital Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	₹ in crores	Number of shares	₹ in crores
(a) Authorised				
Equity shares of ₹2.00 each with voting rights	100,000,000	20.00	100,000,000	20.00
	100,000,000	20.00	100,000,000	20.00
(b) Issued Subscribed and fully paid up Equity shares of ₹ 2.00 each with voting rights	80,697,136	16.14	80,697,136	16.14
	80,697,136	16.14	80,697,136	16.14
<b>Total</b>		<b>16.14</b>		<b>16.14</b>

## Notes:

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

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2016			
- Number of shares	80,697,136	-	80,697,136
- Amount (₹ in crores)	16.14	-	16.14
Year ended 31 March, 2015			
- Number of shares	80,697,136	-	80,697,136
- Amount (₹ in crores)	16.14	-	16.14

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

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Shri Janmejy R Vyas	25,279,855	31.33	25,279,855	31.33
Shri Arpit J. Vyas	12,563,975	15.57	12,563,975	15.57
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/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. All shares rank equally with regard to the Company's residual assets.

(iv) During the year, the Board of Directors of the Company has declared and paid interim dividend of ₹ 16.14/- crores (at ₹ 2/- per share) on 8,06,97,136 equity shares. The Board recommended the said interim dividend of 100% as final dividend for the financial year 2015-16.

# Notes

forming part of the consolidated financial statements

## 4 Reserves and surplus

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Securities premium reserve	247.55	247.55
(b) Debenture redemption reserve		
Opening balance	20.63	33.75
Add : Additions during the year	-	-
Less : Transfer to general reserve	15.00	13.13
Closing balance	5.63	20.63
(c) Revaluation reserve		
Opening balance	5.33	5.33
Less : Utilised for set off against depreciation	-	-
Closing balance	5.33	5.33
(d) General reserve		
Opening balance	367.69	339.57
Add: Transferred from Debenture redemption reserve	15.00	13.13
Add: Transferred from surplus in Statement of Profit and Loss	15.00	15.00
Closing balance	397.69	367.69
(e) Foreign Currency Monetary Item Translation Difference	(3.03)	(3.81)
(f) Foreign currency translation reserve		
Opening balance	79.05	118.94
Add : Effect of foreign exchange rate variations during the year	54.73	(39.89)
Closing balance	133.78	79.05
(g) Surplus in Statement of Profit and Loss		
Opening balance	505.21	421.14
Add: Profit for the year	171.11	119.81
Add: Adjustment of depreciation upon revision of useful life of tangible assets	-	(1.32)
Less: Dividend		
Dividends proposed to be distributed to equity shareholders (₹ 2.00 per share)	-	16.14
Interim dividend distributed to equity shareholders (₹ 2.00 per share)	16.14	-
Tax on dividend	(3.29)	3.29
Transferred to:		
General reserve	15.00	15.00
Closing balance	648.46	505.21
<b>Total</b>	<b>1,435.41</b>	<b>1,221.65</b>

# Notes (Contd.)

forming part of the consolidated financial statements

## 5 Long-term borrowings

Particulars		(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
(a) Redeemable Non-Convertible Debentures Secured	See Note (i)	-	22.50
		-	22.50
(b) Term loans	See Note (ii)		
(i) From banks			
Secured		153.53	203.40
Unsecured		117.03	-
		270.56	203.40
(ii) From financial institutions	See Note (iii)		
Secured		138.22	65.26
		138.22	65.26
(iii) From other parties	See Note (iv)		
Unsecured		9.76	38.41
		9.76	38.41
(c) Long-term maturities of Hire purchase obligations	See Note (v)		
Secured		0.40	0.62
		0.40	0.62
<b>Total</b>		<b>418.94</b>	<b>330.19</b>

Particulars Note (i)	Terms of repayment and security	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
10.35% Redeemable Debentures	Secured Redeemable Non-Convertible Debentures – First Tranche 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.	-	22.50
		-	22.50

Particulars Note (ii)	Terms of repayment and security	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
Bank of Maharashtra	The Term Loan is Secured by first pari-passu 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 ₹ 1.05 crores starting from Sept 2013 and ending on June 2019.	9.43	13.45
Corporation Bank	The Term Loan is secured by first pari-passu charge on fixed assets of the Company including mortgage over land & building and hypothecation of Plant & Machinery located at Bavla along with existing term lenders/NCD holders and second pari-passu charge on current assets of the Company, repayable in quarterly installment of ₹ 0.63 crores and ending on March, 2018.	2.58	5.00

# Notes (Contd.)

forming part of the consolidated financial statements

Particulars Note (i)	Terms of repayment and security	(₹ in crores)	
		As at 31 March, 2016	As at 31 March, 2015
State Bank of India	The Term Loan is secured by first pari-passu charge on the movable and immovable fixed assets of the Company both present and future located at Bavla and Naroda (DTA) and second pari-passu charge on current assets of the Company, repayable in quarterly installment of USD 0.15 Million and ending on March, 2018.	3.91	7.50
Bank of India	The Term Loan is secured by first pari-passu charge on the movable and immovable fixed assets of the Company both present and future located at Bavla and Naroda (DTA) and second pari-passu charge on current assets of the Company, repayable in quarterly installment of Rs. 0.52 Crores and ending on March, 2018.	3.99	6.23
Bank of Baroda	The Term Loan is secured by first pari-passu charge on fixed assets of the Company including mortgage over land & building and hypothecation of Plant & Machinery located at Bavla along with existing term lenders/NCD holders and second pari-passu charge on current assets of the Company, repayable in quarterly installment of ₹ 0.98 crores and ending on March, 2018	-	3.90
Bank of Baroda	The Corporate Loan is secured by first Pari-passu charge on Company's immovable and movable fixed assets at Bavla unit and 2nd charge on SEZ land of M/s Dishman Infrastructure Ltd and Corporate Guarantee of M/s Dishman Infrastructure Ltd, repayable in 24 quarterly installment starting from June 2015 in ballooning fashion and ending on 31 March 2020.	62.50	68.75
Societe Generale Bank	The Term Loan is secured by first pari-passu charge on Company's immovable and movable fixed assets at Bavla unit and second pari-passu charge on the entire current assets of the Company both present and future, repayable in 19 quarterly installment starting from February 2015 in ballooning fashion and ending on September 2019.	30.00	40.00
ICICI Bank UK, Plc	The Term Loan is secured against pledged of 28,000,000 (Twenty Eight Millions) equity shares of Dishman Pharma Solutions AG, Switzerland with ICICI Bank UK, Plc, Frankfurt Branch as security against loan availed by its subsidiary Company, Dishman Pharma Solutions, AG. The term loan is repayable in equal quarterly installment of CHF 1.89 Million starting from July, 2012 and ending on June, 2016.	-	16.35
Royal Bank of Scotland and Investment (formerly known as ABN AMRO Bank N.V.)	The Term Loan is Secured by mortgage of all Land and Buildings & 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 EURO 0.25 Million crores and ending on October, 2017	10.04	11.74

# Notes (Contd.)

forming part of the consolidated financial statements

		(₹ in crores)	
Particulars Note (ii)	Terms of repayment and security	As at 31 March, 2016	As at 31 March, 2015
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 monthly installments of EURO 0.02 Million and ending on February, 2029.	17.96	17.32
State Bank of India, (Shanghai)	The Term Loan is secured by Mortgage of Land, Building and Machinery of CARBOGEN AMCIS (Shanghai) Co Ltd.. The Term loan is repayable in quarterly equal installments of CNY 3.50 Million starting from January, 2013 and ending on January, 2016.	-	13.17
Tamilnad Mercantile Bank Ltd.	The Term Loan is secured by first pari-passu charge (with Existing Term Lenders) on all present and future, movable and immovable fixed assets of the Company located at Bavla Unit and second pari-passu charge (with Existing Term Lenders) on all present and future current assets of the Company, repayable in 16 quarterly installment starting from September 2016 and ending on June 2020.	13.13	-
ICICI Bank Ltd	Unsecured	117.03	-
		<b>270.56</b>	<b>203.40</b>

		(₹ in crores)	
Particulars Note (iii)	Terms of repayment and security	As at 31 March, 2016	As at 31 March, 2015
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 installments of USD 1.15 Million and ending on May, 2018.	22.93	36.06
Indo Star Capital Finance Ltd.	The Term Loan is secured by first pari-passu charge (with Existing Term Lenders) on all present and future, movable and immovable fixed assets of the Borrower located at Bavla Unit and second pari-passu charge (with Existing Term Lenders) on all present and future current assets of the Company. Repayable in 36 monthly installments of ₹ 2.78 crores starting from June 2017 and ending on May 2020.	100.00	-
Exim Bank	The 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 USD 0.38 Million every quarter starting from February, 2014 and ending on August, 2018.	5.06	15.00
Indiabulls Housing Finance	The Term Loan is secured by Charge on Dishman House besides Hira Rupa Hall. Bopal, Ahemdabad. Structured monthly payment starting from May 2014 and ending on April 2019	10.22	14.21
		<b>138.22</b>	<b>65.26</b>

# Notes (Contd.)

forming part of the consolidated financial statements

		(₹ in crores)	
Particulars Note (iv)	Terms of repayment and security	As at 31 March, 2016	As at 31 March, 2015
Life Insurance Corporation of India	Unsecured loans availed on the Keyman insurance policies of the key management personnel of the Company.	9.76	9.76
From Others	Unsecured	-	28.65
		<b>9.76</b>	<b>38.41</b>
Particulars Note (v)	Terms of repayment and security	As at 31 March, 2016	As at 31 March, 2015
ICICI Bank Limited	Hire Purchase Finances are secured by hypothecation of respective assets	0.05	0.35
Corporation Bank	Hire Purchase Finances are secured by hypothecation of respective assets	0.17	-
HDFC Bank Ltd.	Hire Purchase Finances are secured by hypothecation of respective assets	0.18	0.27
		<b>0.40</b>	<b>0.62</b>
	<b>Total Long Term Borrowings</b>	<b>409.18</b>	<b>291.78</b>
<p>(vi) The interest from banks range from EURIBOR+1.598 BPS (in foreign currency loans) To Base Rate+300 BPS (in rupee currency loans). The interest from financial institutions range from Libor+425 BPS (in foreign currency loans) To 13.50% (in rupee currency loans). Unsecured term loans from other parties have been borrowed at interest rate of 10.00% per annum.</p> <p>(vii) For the current maturities of long-term borrowings, refer item (a) in Note 9 - Other current liabilities.</p>			
6 Long-term provisions		(₹ in crores)	
Particulars		As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits: (Refer Note 26.13)			
(i) Provision for compensated absences		9.14	1.80
(ii) Provision for gratuity		6.34	7.33
(iii) Provision for other incentive		16.34	13.96
		31.82	23.10
(b) Asset retirement obligation		48.69	50.21
<b>Total</b>		<b>80.51</b>	<b>73.31</b>
7 Short-term borrowings		(₹ in crores)	
Particulars		As at 31 March, 2016	As at 31 March, 2015
(a) Loans repayable on demand			
Working Capital Facility from banks			
Secured		277.06	289.63
		277.06	289.63
(b) Short Term Loans from Banks			
Secured		24.42	28.86
Unsecured		113.20	29.76
		137.62	58.62
(c) Short Term Loans from Directors (Refer Note 26.14)			
Unsecured		7.70	-
		7.70	-
(d) Short Term Loans from Others			
Unsecured		-	58.57
		-	58.57
<b>Total</b>		<b>422.38</b>	<b>406.82</b>

# Notes (Contd.)

forming part of the consolidated financial statements

## Notes:

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

Particulars	Nature of security	₹ in crores	
		As at 31 March, 2016	As at 31 March, 2015
<b>Loans repayable on demand from banks:</b>			
Corporation Bank	Hypothecation of Inventories, collateral security of book debts, first charge on Company's fixed asset at Naroda DTA plant located at	32.29	44.79
Bank of Baroda	Plot No. 1216/12, 1216/20 to 23, Phase IV, and Plot No. 67, Phase I ,	25.27	45.45
Bank of India	GIDC Estate, Naroda , Ahmedabad unit and second charge on fixed	22.31	30.60
State Bank of India	asset at Bavla.	50.20	47.79
Dena Bank		14.73	25.06
DBS Bank*		47.78	-
ABN Amro	Mortgage of all Land and Buildings and Investment Property, pledge on all Inventories, pledge on trade receivables, pledge on plant & equipments of Dishman Netherlands BV	8.22	10.93
Credit Suisse Bank	Hypothecation of Inventories, collateral security of book debts, Negative Pledge of fixed assets of CARBOGEN AMCIS AG.	60.97	71.76
Bank of China	Hypothecation of Inventories, Collateral security of book debts, first charge on Company's fixed asset at CARBOGEN AMCIS (Shanghai) Co. Ltd.	-	13.26
ICBC Bank, China	Hypothecation of Inventories, Collateral security of book debts, first charge on Company's fixed asset at CARBOGEN AMCIS (Shanghai) Co. Ltd.	15.31	-
	<b>Total- Loans repayable on demand from banks:</b>	<b>277.06</b>	<b>289.63</b>

\* The approval of Consortium Members and creation of security is pending.

### Short Term Loans from Banks

Particulars	Nature of security	₹ in crores	
		As at 31 March, 2016	As at 31 March, 2015
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.	-	15.94
Corporation Bank	OD against FD	-	5.00
Dena Bank	OD against FD	-	0.38
Citi Bank *	Exclusive charge by way of mortgage on propoerty at Dishman House, besides Hira Rupa Hall.Bopal, Ahemdabad.	14.48	-
Bank of America (USA)	Personal Property, Equipments and Furnitures, Inventories & Receivables.	9.94	7.55
Societe Generale bank	Unsecured	49.05	29.76
Deutsche Bank	Unsecured	49.16	-
Shanghai Pudong Development Bank Co. Ltd.	Unsecured	14.99	-
	<b>Total - Short Term Loans from Banks:</b>	<b>137.62</b>	<b>58.62</b>

\* Securities created on 21<sup>st</sup> April, 2016

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

One of the directors has given guarantee against the working capital loans of the Company to the extent of market value of specified office premise.



# Notes (Contd.)

forming part of the consolidated financial statements

## 8 Trade payables

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
Trade payables:		
- Due to Micro and Small Enterprises (Refer Note 26.05)	4.83	2.83
- Due to other than Micro and Small Enterprises	82.14	148.61
<b>Total</b>	<b>86.97</b>	<b>151.44</b>

## 9 Other current liabilities

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Current maturities of long-term debt (Refer Note 5)	101.49	195.68
(b) Interest accrued but not due on borrowings	2.72	6.92
(c) Unpaid dividends	0.09	0.08
(d) Creditor for Capital Goods	0.19	1.52
(e) Other payables		
(i) Statutory remittances	3.37	22.66
(ii) Advances from customers	147.94	115.41
(iii) Provision for Directors Remuneration	-	1.64
(iv) Employee related provisions	19.31	26.43
(v) Other liabilities	87.37	104.85
<b>Total</b>	<b>362.48</b>	<b>475.19</b>

## 10 Short-term provisions

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits: (Refer Note 26.13)		
(i) Provision for compensated absences	29.51	18.14
(ii) Provision for gratuity	1.36	0.58
(iii) Provision for other incentives	5.95	5.24
	36.83	23.96
(b) Provision - Others:		
(i) Provision for tax	43.04	27.95
(ii) Provision for proposed equity dividend	-	16.14
(iii) Provision for tax on proposed dividends	-	3.29
	43.04	47.38
<b>Total</b>	<b>79.87</b>	<b>71.34</b>

# Notes (Contd.)

forming part of the consolidated financial statements

## Note 11 Fixed assets

Particulars	Gross block			Accumulated depreciation				Net block				
	Balance as at 1 April, 2015	Additions	Deduction/Adjustment	Effect of foreign currency exchange differences	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation expense for the year 2015	Eliminated on disposal of assets/ Adjustments	Adjusted against general reserve	Effect of foreign currency exchange differences	Balance as at 31 March, 2016	Balance as at 31 March, 2015
<b>A. Tangible assets</b>												
(a) Land												
Freehold	28.88	-	-	(4.01)	24.87	-	-	-	-	-	24.87	28.88
Leasehold	107.78	-	-	-	107.78	-	-	-	-	-	107.78	107.78
(b) Buildings (including Asset Retirement Obligation)	379.09	42.35	-	19.49	440.93	100.40	16.60	-	-	3.59	120.59	278.69
(c) Plant and Equipment	1,148.03	63.32	1.92	38.35	1,247.78	500.44	50.68	1.23	-	18.82	568.71	647.59
(d) Furniture and Fixtures	26.95	14.76	0.20	(4.50)	37.01	10.91	1.61	0.11	-	0.21	12.62	24.39
(e) Vehicles	12.77	2.84	0.45	(0.25)	14.91	7.38	1.37	0.38	-	0.06	8.43	5.39
(f) Office equipment & Computer & Printers	36.65	1.38	0.08	(4.47)	33.48	29.05	1.09	0.05	-	(0.42)	29.67	7.60
(h) Electric Installations	64.82	0.52	-	-	65.34	20.33	4.56	-	-	-	24.89	40.45
(i) Laboratory Equipments	108.00	26.76	-	4.53	139.29	60.01	30.05	-	-	2.83	92.89	47.99
<b>Total Tangible Assets (A)</b>	<b>1,912.99</b>	<b>151.94</b>	<b>2.64</b>	<b>49.14</b>	<b>2,111.40</b>	<b>728.52</b>	<b>105.95</b>	<b>1.77</b>	<b>-</b>	<b>25.10</b>	<b>857.78</b>	<b>1,184.45</b>
<b>B. Intangible assets</b>												
(a) Goodwill	235.25	7.31	-	15.82	258.38	3.89	0.15	-	-	1.16	5.20	253.18
(b) Brands / trademarks	53.45	1.03	-	3.88	58.36	31.34	0.08	-	-	2.14	33.57	24.79
(c) Computer software	27.17	11.98	-	0.16	39.30	24.84	2.67	-	-	(0.01)	27.50	11.80
(d) Copyrights, patents and other intellectual property rights, services and operating rights	25.52	1.19	-	(2.96)	23.74	24.85	0.22	-	-	(2.93)	22.14	1.60
<b>Total Intangible (B)</b>	<b>341.39</b>	<b>21.51</b>	<b>-</b>	<b>16.89</b>	<b>379.79</b>	<b>84.92</b>	<b>3.11</b>	<b>-</b>	<b>-</b>	<b>0.37</b>	<b>88.41</b>	<b>256.47</b>
<b>Total Fixed Assets (A+B)</b>	<b>2,254.37</b>	<b>173.45</b>	<b>2.64</b>	<b>66.04</b>	<b>2,491.18</b>	<b>813.44</b>	<b>109.06</b>	<b>1.77</b>	<b>-</b>	<b>25.47</b>	<b>946.19</b>	<b>1,440.92</b>
<b>Previous year</b>	<b>2,193.16</b>	<b>130.20</b>	<b>6.61</b>	<b>62.37</b>	<b>2,254.37</b>	<b>87.99</b>	<b>150.71</b>	<b>0.63</b>	<b>1.91</b>	<b>26.54</b>	<b>813.44</b>	<b>1,440.92</b>

Notes:

- Addition to Capital Work in Progress includes expenditure incurred during construction period pending allocation aggregating ₹ 2.12 crores (Previous year ₹ Nil). These expenses include interest expense of ₹ 1.34 crores (Previous year ₹ Nil) and Foreign Exchange Fluctuation ₹ 0.78 crores (Previous year ₹ Nil).
- Leasehold land have been obtained on lease for a period for 99 years. Accordingly, no amortisation has been provided for such lease.

# Notes (Contd.)

forming part of the consolidated financial statements

Particulars	Gross block				Accumulated depreciation				Net block		
	Balance as at 1 April 2014	Additions	Deduction/Adjustment	Effect of foreign currency exchange differences	Balance as at 1 April, 2014	Depreciation expense for the year	Eliminated on disposal of assets/ Adjustments	Adjusted against general reserve	Effect of foreign currency exchange differences	Balance as at 31 March, 2015	Balance as at 31 March, 2014
<b>A. Tangible assets</b>											
(a) Land											
Freehold	28.91	-	-	(0.03)	28.88	-	-	-	-	-	28.91
Leasehold	107.78	-	-	-	107.78	-	-	-	-	-	107.78
(b) Buildings (Including Asset Retirement Obligation)	377.87	10.63	-	(9.41)	379.09	18.00	-	-	(3.52)	100.40	278.69
(c) Plant and Equipment	1,108.99	75.16	5.82	(30.29)	1,148.03	109.77	0.11	-	(14.74)	500.44	647.59
(d) Furniture and Fixtures	22.78	5.42	-	(1.24)	26.95	8.74	2.02	0.31	(0.17)	10.91	16.04
(e) Vehicles	12.40	1.20	0.77	(0.06)	12.77	6.23	1.42	0.27	(0.04)	7.38	5.39
(f) Office equipment & Computer & Printers	36.70	2.17	0.02	(2.21)	36.65	27.79	1.64	0.85	(1.22)	29.05	7.60
(h) Electric Installations	64.40	0.42	-	-	64.82	15.12	4.73	0.47	-	20.33	44.49
(i) Laboratory Equipments	107.44	4.39	-	(3.83)	108.00	60.19	2.17	-	(2.35)	60.01	47.99
<b>Total Tangible Assets (A)</b>	<b>1,867.28</b>	<b>99.38</b>	<b>6.61</b>	<b>(47.06)</b>	<b>1,912.99</b>	<b>609.50</b>	<b>139.76</b>	<b>1.91</b>	<b>(22.03)</b>	<b>728.52</b>	<b>1,184.45</b>
<b>B Intangible assets</b>											
(a) Goodwill	247.04	-	-	(11.79)	235.25	3.64	0.49	-	(0.24)	3.89	231.36
(b) Brands / trademarks	27.80	27.01	-	(1.36)	53.45	27.39	5.29	-	(1.34)	31.34	22.11
(c) Computer software	25.13	3.52	-	(1.48)	27.17	23.27	2.96	-	(1.39)	24.84	2.33
(d) Copyrights, patents and other intellectual property rights, services and operating rights	25.90	0.29	-	(0.67)	25.52	24.18	2.21	-	(1.54)	24.85	0.67
<b>Total Intangible (B)</b>	<b>325.87</b>	<b>30.82</b>	<b>-</b>	<b>(15.31)</b>	<b>341.39</b>	<b>78.48</b>	<b>10.95</b>	<b>-</b>	<b>(4.51)</b>	<b>84.92</b>	<b>256.47</b>
<b>Total Fixed Assets (A+B)</b>	<b>2,193.15</b>	<b>130.20</b>	<b>6.61</b>	<b>(62.37)</b>	<b>2,254.37</b>	<b>687.99</b>	<b>150.71</b>	<b>1.91</b>	<b>(26.55)</b>	<b>813.44</b>	<b>1,440.92</b>
<b>Previous year</b>	<b>1,884.51</b>	<b>138.28</b>	<b>13.35</b>	<b>174.42</b>	<b>2,193.15</b>	<b>523.93</b>	<b>108.58</b>	<b>-</b>	<b>57.81</b>	<b>687.99</b>	<b>1,505.16</b>

**Note 12 Non-current investments**

Particulars	As at 31 March, 2016			As at 31 March, 2015		
	No. of Shares		₹ in Crores	No. of Shares		₹ in Crores
	Quoted	Unquoted		Quoted	Unquoted	
Investments (At cost):						
(a) Trade Investment						
(i) of other entities						
CAD Middle East Pharmaceuticals Industries LLC (Face value of SAR 1000/- each fully paid up)	-	21,900	24.81	-	21,900	24.81
<b>(b) Other than Trade</b>						
Investment in equity instruments						
(i) of associates						
Bhadra-Raj Holdings Pvt Ltd (Face value of Rs 10/- each fully paid up)	-	4,000	0.16	-	4,000	0.05
(ii) of other entities						
Dishman Infrastructure Ltd. (Face value of Rs 10/- each fully paid up)	-	50,000	0.05	-	50,000	0.05
B R Laboratories Ltd (Face value of Rs 10/- each fully paid up)	-	130	0.00	-	130	0.00
Nami Trading Co-FZE LLC (Face value of AED 1000/- each fully paid up)	-	15	0.02	-	15	0.02
Stuti (Ambawadi) Owners' Association (Face value of Rs 100/- each fully paid up)	-	30	0.00	-	30	0.00
Bank of India (Face value of Rs 10/- each fully paid up)	2,100	-	0.01	2,100	-	0.01
Sangeeta Plaza iflex Office Premises Co-op Society Ltd. (Face value of Rs 50/- each fully paid up)	-	50	0.00	-	50	0.00
<b>Total of Non Current Investments</b>			<b>25.04</b>			<b>24.95</b>
Aggregate amount of quoted investments			<b>0.01</b>			<b>0.01</b>
Aggregate market value of quoted investments			<b>0.02</b>			<b>0.04</b>
Aggregate amount of unquoted investments			<b>25.03</b>			<b>24.94</b>

# Notes (Contd.)

forming part of the consolidated financial statements

13 Long-term loans and advances Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
(a) Capital advances		
Unsecured, considered good	100.58	81.93
Doubtful	3.10	3.10
	103.68	85.03
Less: Provision for doubtful advances	3.10	3.10
	100.57	81.93
(b) Security deposits		
Unsecured, considered good	1.44	3.49
	1.44	3.49
(c) Loans to related parties (Refer Note 26.14)		
Unsecured, considered good	41.63	38.57
	41.63	38.57
(d) Prepaid expenses, considered good	2.54	1.10
(e) Minimum Alternate Tax Credit Entitlement	21.12	15.84
(f) Balances with government authorities		
Unsecured, considered good		
(i) VAT credit receivable	16.68	29.38
(ii) Advance income tax	36.13	16.82
<b>Total</b>	<b>220.12</b>	<b>187.13</b>
<b>14 Other non-current assets</b>	<b>(₹ in crores)</b>	
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31 March, 2016</b>	<b>31 March, 2015</b>
(a) Others		
(i) Fixed deposits having maturity of more than one year (under lien)	3.16	-
(ii) Insurance claims	1.23	1.81
Less: Provisions for Doubtful Advances	1.22	1.22
	0.01	0.59
<b>Total</b>	<b>3.17</b>	<b>0.59</b>
<b>15 Inventories</b>	<b>(₹ in crores)</b>	
<b>Particulars</b>	<b>As at</b>	<b>As at</b>
	<b>31 March, 2016</b>	<b>31 March, 2015</b>
(a) Raw materials and Packing Materials	120.48	142.54
Goods-in-transit	26.93	2.80
	147.41	145.34
(b) Work-in-progress	209.24	180.07
	209.24	180.07
(c) Finished goods	120.70	97.10
	120.70	97.10
(d) Stores and spares	5.76	25.75
	5.76	25.75
<b>Total</b>	<b>483.11</b>	<b>448.26</b>

Inventories are valued at cost or net realisable value, whichever is lower.

# Notes (Contd.)

forming part of the consolidated financial statements

<b>16 Trade receivables</b>		(₹ in crores)	
<b>Particulars</b>	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment			
Unsecured, considered good	19.27	16.04	
Doubtful	0.46	0.46	
	<u>19.73</u>	<u>16.50</u>	
Less: Provision for doubtful trade receivables	0.46	0.46	
	<u>19.27</u>	<u>16.04</u>	
Other Trade receivables			
Unsecured, considered good	137.03	201.07	
	<u>137.03</u>	<u>201.07</u>	
<b>Total</b>	<b>152.33</b>	<b>217.11</b>	
<b>17 Cash and bank balances</b>		(₹ in crores)	
<b>Particulars</b>	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
Cash and cash equivalents			
(a) Balances with banks			
(i) In current accounts	54.37	23.96	
(ii) In EEFC accounts	1.41	0.22	
(iii) Unpaid dividend accounts	0.09	0.08	
(b) Cash on hand	0.17	0.14	
<b>Sub Total</b>	<u>56.04</u>	<u>24.39</u>	
(c) Other Bank Balances			
- Deposits with original maturity equal to 12 months (under lien in respect of current year)	3.53	6.55	
- Deposits with original maturity more than 12 months	0.10	-	
- Margin money (under lien)	2.53	5.26	
<b>Sub Total</b>	<u>6.16</u>	<u>11.81</u>	
<b>Total</b>	<b>62.20</b>	<b>36.20</b>	
<b>18 Short-term loans and advances</b>		(₹ in crores)	
<b>Particulars</b>	<b>As at 31 March, 2016</b>	<b>As at 31 March, 2015</b>	
(a) Security deposits			
Unsecured, considered good	0.23	1.07	
	<u>0.23</u>	<u>1.07</u>	
(b) Loans and advances to employees			
Unsecured, considered good	0.38	0.27	
	<u>0.38</u>	<u>0.27</u>	
(c) Loans to related parties (Refer Note 26.14)	47.88	10.83	
(d) Prepaid expenses - Unsecured, considered good	73.74	52.19	
(e) Balances with government authorities			
Unsecured, considered good			
(i) CENVAT credit receivable	3.52	14.01	
(ii) Service Tax credit receivable	17.51	12.90	
(f) Other Loans & Advances			
Unsecured, considered good	236.22	211.68	
Doubtful	0.15	0.15	
	<u>236.37</u>	<u>211.83</u>	
Less: Provision for other doubtful loans and advances	0.15	0.15	
	<u>236.22</u>	<u>211.68</u>	
<b>Total</b>	<b>379.47</b>	<b>302.95</b>	

# Notes (Contd.)

forming part of the consolidated financial statements

## 19 Other current assets

Particulars	(₹ in crores)	
	As at 31 March, 2016	As at 31 March, 2015
i) Others		
Interest Receivable	8.46	4.13
Guarantee Commission Receivable	3.66	1.88
Receivable against sale of shares	-	3.00
Other receivables	12.56	-
<b>Total</b>	<b>24.68</b>	<b>9.01</b>

## 20 Revenue from operations

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Sale of products (Refer Note (i) below)	1,475.55	1,532.24
(b) Sale of services (Refer Note (ii) below)	86.30	28.11
(c) Other operating revenues (Refer Note (iii) below)	34.20	28.39
<b>Total</b>	<b>1,596.05</b>	<b>1,588.74</b>

### Note

(i) Sale of products comprises :		
Sales of Manufactured Goods	1463.12	1,511.58
Sale of Traded Goods	18.71	27.89
Total - Sale of products	1,481.83	1,539.47
Less:		
Excise duty	6.28	7.23
Total - Sale of products	1,475.55	1,532.24
(ii) Sale of services comprises :		
Sales Commission	1.03	11.63
Sales of Services	85.27	16.49
Total - Sale of services	86.30	28.11
(iii) Other operating revenues comprises:		
Sale of scrap	0.07	0.05
Export Incentive	12.53	0.24
Sale of Raw Materials	11.76	14.47
Others	9.84	13.63
<b>Total - Other operating revenues</b>	<b>34.20</b>	<b>28.39</b>

## 21 Other income

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Interest income (Refer Note (i) below)	9.82	17.15
(b) Guarantee Commission received	1.89	1.88
(c) Excess provision written-back	1.25	10.39
(d) Net gain on foreign currency transactions	10.91	11.30
(e) Insurance claim	-	43.76
(f) Net gain on sale of Fixed Assets	2.17	-
(g) Net gain on sale of long term investment	-	1.52
(h) Income from travel business	0.50	0.91
<b>Total</b>	<b>26.54</b>	<b>86.91</b>

# Notes (Contd.)

forming part of the consolidated financial statements

<b>Note (i)</b>		
Interest income comprises:		
Interest from banks on deposits	0.40	1.02
Interest from related parties	4.57	4.55
Interest on loans and advances given to others	0.82	11.58
Other interest	4.03	-
<b>Total - Interest income</b>	<b>9.82</b>	<b>17.15</b>
<b>22.a Cost of materials consumed</b>		
	(₹ in crores)	
<b>Particulars</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>
Opening stock	145.33	151.12
Add: Purchases	375.62	560.41
	520.96	711.53
Less: Closing stock	147.41	145.33
<b>Cost of material consumed</b>	<b>373.55</b>	<b>566.20</b>
<b>22.b Purchase of Stock-in-Trade (Traded goods)</b>		
Purchase of Traded Goods	15.52	25.87
<b>Total</b>	<b>15.52</b>	<b>25.87</b>
<b>22.c Changes in inventories of finished goods and work-in-progress</b>		
Inventories at the end of the year:		
Finished goods	(120.70)	(97.10)
Work-in-progress	(209.25)	(180.07)
	(329.94)	(277.17)
Inventories at the beginning of the year:		
Finished goods	97.10	122.36
Work-in-progress	180.07	112.22
	277.17	234.58
<b>Net (increase) / decrease</b>	<b>(52.77)</b>	<b>(42.59)</b>
<b>23 Employee benefits expense</b>		
	(₹ in crores)	
<b>Particulars</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>
Salaries and wages (Refer Note 26.13)	456.19	396.77
Contributions to provident and other funds (Refer Note 26.13)	66.59	17.33
Staff welfare expenses	12.71	9.11
<b>Total</b>	<b>535.49</b>	<b>423.21</b>
<b>24 Finance costs</b>		
	(₹ in crores)	
<b>Particulars</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>
(a) Interest expense	68.29	79.09
(b) Other borrowing costs	8.22	10.62
(c) Net loss on foreign currency transactions and translation (considered as finance cost)	17.93	-
<b>Total</b>	<b>94.44</b>	<b>89.71</b>



# Notes (Contd.)

forming part of the consolidated financial statements

## 25 Other expenses

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Consumption of stores and spare parts	2.74	0.52
Other Manufacturing expense	6.84	4.03
Power and fuel	46.61	51.37
Laboratory Expenses	4.89	3.17
ETP Expenses	6.23	4.81
Rent including lease rentals (Refer Note 26.09)	48.83	44.85
Repairs and maintenance - Buildings	15.33	15.30
Repairs and maintenance - Machinery	47.88	40.54
Repairs and maintenance - Others	21.59	16.16
Insurance	8.95	8.31
Communication	4.49	5.37
Travelling and conveyance	19.37	23.07
Printing and stationery	1.24	2.07
Freight and forwarding	16.96	22.19
Sales commission	3.36	1.49
Business promotion	4.11	13.28
Donations and contributions (Refer Note 26.10)	3.05	2.14
Legal and professional	33.00	22.23
Payments to auditors (Refer Note (i) below)	2.57	2.69
Membership & Subscriptions	2.16	1.98
ECGC Premium	0.51	0.38
Office Electricity	0.35	1.99
Loss on fixed assets sold / scrapped / written off	0.03	1.25
Miscellaneous expenses	12.86	14.16
<b>Total</b>	<b>313.94</b>	<b>303.35</b>

## 25. Other expenses (contd.)

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Notes:</b>		
(i) Payments to the auditors comprises (excluding service tax):		
As Auditors - Statutory Audit	2.49	2.68
For other services	0.09	-
For taxation matters	-	0.02
<b>Total</b>	<b>2.57</b>	<b>2.69</b>

# Notes (Contd.)

forming part of the consolidated financial statements

## 26.01 The subsidiaries considered in the consolidated financial statement as at 31st March 2016 are:

Name of the Subsidiary Company	Country of Incorporation	%of holding either directly or through subsidiaries
Dishman Europe Ltd.	UK	100%
Dishman USA. Inc.	USA	100%
Dishman Middle East FZE	UAE	100%
Dishman International Trading (Shanghai) Co. Ltd. #	China	100%
Dishman Pharma Solutions AG	Switzerland	100%
CARBOGEN AMCIS (Shanghai) Co. Ltd. #	China	100%
Dishman Switzerland Ltd.	Switzerland	100%
Dishman Netherlands B.V. §	Holland	100%
CARBOGEN AMCIS Ltd. ^	UK	100%
CARBOGEN AMCIS AG ^	Switzerland	100%
CARBOGEN AMCIS SAS &	France	100%
Cohecie Fine Chemicals B.V. @	Holland	100%
Dishman Australasia Pty Ltd.	Australia	100%
Innovative Ozone Services Inc ***	Switzerland	100%
Carbogen Amcis (India) Ltd.	India	100%
Dishman Care Ltd.	India	100%
Dishman Japan Ltd.	Japan	100%
Schutz Dishman Biotech Ltd. *	India	72.33%

§ Through Dishman Europe Ltd.

^ Through Dishman Pharma Solutions AG

@ Through Dishman Netherlands B.V

\*\*\* Through Dishman Europe Ltd. and Dishman Switzerland Ltd.

& Through CARBOGEN AMCIS AG

# Year end for the subsidiary is December

\* Subsidiary w.e.f. 31-03-2016

## 26.02 The associate company considered in the consolidated financial statements is:

Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiaries
Bhadr-Raj Holding Pvt. Ltd.	India	40%

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

Name of the Subsidiary Company	Country of Incorporation	% of holding either directly or through subsidiaries
Schutz Dishman Biotech Ltd.*	India	72.33%

\* Subsidiary w.e.f. 31-03-2016.

# Notes (Contd.)

forming part of the consolidated financial statements

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

Particulars	(₹ in crores)	
	As at 31st March, 2016	As at 31st March, 2016
(i) Contingent liabilities		
a) Labour Law claims against the Company not acknowledged as debt	0.12	0.11
b) Guarantees Outstanding guarantees furnished to the bank in respect of former subsidiaries and former joint venture company	120.05	120.32
c) Disputed central excise duty (including service tax) liability	4.52	4.41
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 ₹ 22.88 Crores (Previous Year ₹ 11.91 Crores) under protest.	120.19	97.15
e) Disputed sales tax and central sales tax liability	4.34	4.34
(ii) Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets.	7.51	8.96

## 26.05 Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

Particulars	(₹ in crores)	
	As at 31st March, 2016	As at 31st March, 2016
a) Principal amount due to suppliers under MSMED Act, 2006	4.82	2.83
b) Interest accrued, due to suppliers under MSMED Act on the above amount and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	8.15	4.85
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	-	-

The above information is given to the extent available with the Company and relied upon by the auditor.

## 26.06 Details on derivatives instruments and unhedged foreign currency exposures

- i) The following derivative positions are open as at 31 March, 2016. 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 31 March, 2016 ₹ NIL (As at 31 March, 2015: ₹ 3.52 crores).
- ii) The company's foreign currency borrowings and derivative contracts act as a hedge against its current and future receivables. The table below gives the total outstanding receivables, including loans and advances given, in foreign currency as on 31.03.2016 and the total outstanding payables, including loans and advances received, in foreign currency as on 31.03.2016.

As at 31st March, 2016		
	Receivable/ (Payable) INR in crores	Receivable/ (Payable) in Foreign currency FC in million
	177.78 INR	EUR 4.16 USD 19.28 CHF 0.10 GBP 1.14 SEK 0.28
	(541.48) INR	CHF (0.003) EUR (6.79) GBP (0.18) USD (73.74)

# Notes (Contd.)

forming part of the consolidated financial statements

- iii) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Outstanding short-term forward exchange contracts entered into by the Company on account of Receivable including forecast receivable:

Particulars	As at 31st March, 2016	As at 31st March, 2015
No. of contracts	40.00	NIL
US Dollar equivalent (million)	22.15	NIL
INR equivalent (crores)	146.72	NIL

Outstanding short-term forward exchange contracts entered into by the Company on account of Payable including forecast Payable:

Particulars	As at 31st March, 2016	As at 31st March, 2015
No. of contracts	14.00	13.00
US Dollar equivalent (million)	4.20	3.90
INR equivalent (crores)	27.83	24.38

- iv) Outstanding Currency Swaps to hedge against fluctuations in Currency rate changes: These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets which have not been designated as hedging instruments.

Outstanding Currency Swap contracts entered into by the Company on account of Receivable including forecast receivable:

Particulars	As at 31st March, 2016	As at 31st March, 2015
No. of contracts	3.00	NIL
US Dollar equivalent (million)	13.78	NIL
INR equivalent (crores)	91.26	NIL

Outstanding Currency Swap contracts entered into by the Company on account of Payable including forecast Payable:

Particulars	As at 31st March, 2016	As at 31st March, 2015
No. of contracts	2.00	NIL
US Dollar equivalent (million)	6.00	NIL
INR equivalent (crores)	39.75	NIL

## 26.07 Earnings per share

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Earnings per share		
Basic & Diluted		
Net profit for the year attributable to the equity shareholders (₹ in crores)	171.11	119.81
Weighted average number of equity shares	80,697,136	80,697,136
Face Value per share (In ₹)	2.00	2.00
Earnings per share - Basic & Diluted (In ₹)	21.20	14.85

# Notes (Contd.)

forming part of the consolidated financial statements

<b>26.08 Deferred Tax Liabilities:</b>		(₹ in crores)	
<b>Particulars</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>	
Tax effect of items constituting deferred tax liability			
On difference between book balance and tax balance of fixed assets	98.22	91.62	
On expenditure deferred in the books but allowable for tax purposes	-	(3.26)	
Others	14.48	10.46	
(A)	112.70	98.82	
Tax effect of items constituting deferred tax assets			
Provision for doubtful debts / advances	0.85	0.72	
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	2.71	3.01	
Brought forward business losses	31.71	32.10	
Others	0.05	0.13	
(B)	35.31	35.96	
<b>Net deferred tax liabilities(A)-(B)</b>	<b>77.39</b>	<b>62.86</b>	

<b>26.09 Details of leasing arrangements</b>		(₹ in crores)	
The total of minimum lease installments payable for assets taken on finance/operating lease:			
<b>Particulars</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>	
(i) As Lessee			
Future minimum lease payments			
not later than one year	51.52	35.47	
later than one year and not later than five years	97.40	142.80	
later than five years	0.12	63.36	
	<b>149.05</b>	<b>241.62</b>	
(ii) Lease payments recognised in the Statement of Profit and Loss	48.83	44.85	

<b>26.10 Details of research and development expenditure recognised as revenue expense</b>		(₹ in crores)	
<b>Particulars</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>	
Annual Maintenance	0.01	0.04	
Consumables	0.16	0.45	
Conveyance	0.05	0.15	
Laboratory Expenses	2.58	1.03	
Others	0.22	0.14	
Power & Fuel	0.09	1.81	
Repair & maintenance	0.50	0.28	
Raw Material Consumption	0.90	1.50	
Salary & Wages	6.66	9.72	
Subscription Expenses	0.49	0.68	
<b>Total</b>	<b>11.66</b>	<b>15.81</b>	

<b>Details of research and development expenditure recognised as capital expenses</b>		(₹ in crores)	
<b>Assets Class</b>	<b>For the year ended 31 March, 2016</b>	<b>For the year ended 31 March, 2015</b>	
Buildings	0.01	-	
Plant & Machinery	0.15	-	
Office Equipments and Computers	0.02	-	
Intangible Assets	-	0.11	
<b>Total Capital Expenditure</b>	<b>0.18</b>	<b>0.11</b>	

# Notes (Contd.)

forming part of the consolidated financial statements

## 26.11 Corporate Social Responsibility (CSR)

(a) Gross amount required to be spent by the Company during the year 2015-16 - ₹ 1.97 Crores (Previous year ₹ 2.08 Crores)

(b) Amount spent during the year on:

Particulars	₹ in Crores	
	2015-16	2014-15
(i) Construction / Acquisition of any Assets	-	-
(ii) Purposes other than (i) above	2.12	1.03
<b>Total</b>	<b>2.12</b>	<b>1.03</b>

(c) Related party transactions in relation to Corporate Social Responsibility : Nil

## 26.12 Segment information

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

A. Contract Research & Contract Manufacturing (CRAMS).

B. Bulk Drugs, Intermediates, Quats ,Specialty Chemicals and Traded Goods

Segment revenue of the above business segment includes sales export incentive and income from Research and Development activity. Segment revenue in geographical segment considered for disclosure is as follows:

A. Domestic Sales

B. Export Sales

(i) **The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amount allocated on a reasonable basis by management and Reconciliation of reportable segments with financial statements.**

Particulars	₹ in crores			
	CRAMS	Bulk Drugs, Quats, Specialty Chemicals and traded goods	Unallocated/Others	Total
Revenue from Operations - External	1,142.49	453.56	-	1,596.05
	(1,100.93)	(487.81)	-	(1,588.74)
Other Income	17.92	8.66	(0.04)	26.54
	(62.62)	(24.24)	(0.05)	(86.91)
Total Revenue	1,160.41	462.21	(0.04)	1,622.59
	(1,163.55)	(512.05)	(0.05)	(1,675.65)
Profit before Tax	226.37	74.62	(67.62)	233.36
	(128.87)	(30.33)	-	(159.20)
Assets	1,578.32	1,105.74	296.48	2,980.53
	(1,511.36)	(967.08)	(330.50)	(2,808.94)
Liability	291.66	225.90	63.83	581.40
	(445.41)	(118.40)	(27.69)	(591.50)

**Note : Figures in bracket relates to the previous year**

(ii) Particulars	Domestic	Export	Total
Revenue	69.67	1,552.93	1,622.59
	(66.88)	(1,594.35)	(1,675.65)
Total Assets	1,789.72	1,190.80	2,980.53
	(1,512.95)	(1,295.98)	(2,808.93)

Note: Figures in bracket relates to the previous year

## 26.13 Employee benefit plans

a) **Defined Benefit Plans - Holding Company**

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.

ii) The Company has an obligation towards gratuity, a defined benefit obligation. The company makes lumpsum 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.

# Notes (Contd.)

forming part of the consolidated financial statements

## I. Expenses recognized during the year

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Current service cost	0.52	0.48
Interest Cost	0.42	0.35
Expected return on plan assets	-	-
Net actuarial losses (gains)	0.60	1.46
<b>Total</b>	<b>1.54</b>	<b>2.30</b>

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Defined benefit obligation at beginning of the year	5.66	4.06
Current Service cost	0.52	0.48
Interest cost	0.42	0.35
Actuarial losses (gains)	0.61	1.46
Benefits paid	(1.32)	(0.69)
Defined benefit obligation at end of the year	5.89	5.66

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Fair value of plan assets at beginning of the year	N.A.	N.A.
Expected return on plan assets	N.A.	N.A.
Actuarial gains and (losses)	N.A.	N.A.
Contributions by employer	N.A.	N.A.
Benefits paid	N.A.	N.A.
Fair value of plan assets at year end	N.A.	N.A.

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

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Present value of defined benefit obligations at the end of the year	5.89	5.66
Fair value of plan assets at the end of the year	-	-
Net assets / (liability) at the end of year	(5.89)	(5.66)

## V. Actuarial Assumptions

Particulars	(₹ in crores)	
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Mortality Table (LIC)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount Rate (per annum)	7.75%	7.80%
Expected Return on plan assets (per annum)	-	-
Rate of escalation in salary (per annum)	6%	6%
Withdrawal rates	15% at younger ages reducing to 3% at older ages	5% at all ages
Retirement age	60 years	60 years

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

# Notes (Contd.)

forming part of the consolidated financial statements

## VI. Experience History

	(₹ in crores)				
	31st March, 2016	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012
Present value of defined benefit obligations at the end of the year	5.89	5.66	4.06	4.47	4.08
Fair value of plan assets at the end of the year	-	-	-	0.005	0.02
Net liability at the end of year	5.89	5.66	4.06	4.462	4.07
Experience Adjustments on plan liabilities (gain)/loss	0.41	0.41	0.43	(0.11)	(0.22)

**Notes:** Amount recognised as an expense in the Statement of Profit and Loss and included in note no. 24 under Salary and Wages are gratuity ₹ 1.54 crores (Previous Year ₹ 2.30 crores) and leave encashment ₹ (0.59) crores (Previous Year ₹ 0.98 crores).

### b) Defined Contribution Plans - Holding Company

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

Particulars	(₹ in crores)	
	2015-16	2014-15
Employer's Contribution to Provident Fund	1.43	1.26
Employers' Contribution to Superannuation Fund	0.24	0.25

### Employee benefit plans

#### a) Defined Benefit Plans of CARBOGEN AMCIS AG

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Statement of Profit & Loss.

#### I. Expenses recognized during the year

Particulars	(CHF in Crores)	
	For the year ended 31st March 2016	
Current service cost	0.47	
Interest Cost	0.07	
Expected return on plan assets	(0.07)	
Net actuarial losses (gains)	(0.05)	
<b>Total</b>	<b>0.42</b>	

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

Particulars	(CHF in Crores)	
	For the year ended 31st March 2016	
Defined benefit obligation at beginning of the year	4.40	
Service cost	0.47	
Interest cost	0.07	
Actuarial losses (gains)	0.03	
Contribution made by plan participants	0.28	
Benefits paid	(0.02)	
Defined benefit obligation at end of the year	5.22	

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

Particulars	(CHF in Crores)	
	For the year ended 31st March 2016	
Fair value of plan assets at beginning of the year	4.40	
Expected return on plan assets	0.07	
Actuarial gains and (losses)	0.08	
Contributions by employer	0.42	
Contribution made by plan participants	0.28	
Benefits paid	(0.02)	
Fair value of plan assets at year end	5.22	



# Notes (Contd.)

forming part of the consolidated financial statements

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

Particulars	(CHF in Crores)	
	For the year ended 31st March 2016	
Present value of defined benefit obligations at the end of the year		5.22
Fair value of plan assets at the end of the year		(5.22)
Net assets / (liability) at the end of year		-

## V. Actuarial Assumptions

Particulars	For the year ended 31st March 2016	
Discount Rate (per annum)		1.50%
Salary Growth Rate	2.00% at younger ages reducing to 1.00% at older ages	
Expected return on plan assets		1.50%
Minimum interest on retirement assets		1.25%
Minimum conversion rate at ordinary retirement age		6.80%
Withdrawal rates	30% at younger ages reducing to 5% at older ages	

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

### Defined Contribution Pension Scheme (In respect of Dishman Europe Limited, Carbogen Amcis SAS, Carbogen Amcis Ltd UK and Dishman Netherland B.V.)

During the year, the group operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to ₹ 8.80 crore and the outstanding pension liability as at March 31, 2016 was ₹ 1.05 crore.

## 26.14 Related party transactions

As per Accounting Standard 18, the disclosure of transactions with the related parties are given below:

### (i) Details of related parties:

Description of relationship	Name of the Related Party
Key Management Personnel (KMP)	Mr. Janmejy R.Vyas
Key Management Personnel (KMP)	Mrs. Deohooti J.Vyas
Key Management Personnel (KMP)	Mr. Arpit J.Vyas
Relative of Key Management Personnel	Ms. Aditi J Vyas
Relative of Key Management Personnel	Ms . Mansi J Vyas
Key Management Personnel is Karta	Mr. J. R.Vyas HUF
Joint venture	Schutz Dishman Biotech Ltd. (upto 30-03-2016)
Subsidiary	Schutz Dishman Biotech Ltd. (w.e.f. 31-03-2016)
Joint Venture	Dishman Arabia Ltd. (Liquidated w.e.f. 05-01-2015)
Associates	Bhadra Raj Holding Pvt. Ltd.
Entity in which KMP can exercise significant influence*	B.R. Laboratories Ltd.
Entity in which KMP can exercise significant influence*	Azafran Innovacion Ltd.
Entity in which KMP can exercise significant influence*	Dishman Infrastructure Ltd.
Entity in which Relatives of KMP can exercise significant influence*	Discus IT Private Ltd.

\* Only where transactions have taken place during the year.

Note: Related parties have been identified by management.

# Notes (Contd.)

forming part of the consolidated financial statements

## (ii) Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016 (₹ in Crores)

	Associates/ Joint Ventures	KMP	Relatives KMP	Entities in which of KMP / relatives of KMP have significant influence	Total
Purchase of goods	0.02 (0.16)	- (-)	- (-)	- (1.48)	0.02 (1.64)
Sale of goods/ Export of Services	0.69 (0.64)	- (-)	- (-)	- (-)	0.69 (0.64)
Rendering of services	- (-)	- (-)	- (-)	- (0.47)	- (0.47)
Receiving of services	- (-)	0.08 (0.07)	0.07 (0.06)	0.37 (0.24)	0.51 (0.38)
Interest Income	- (-)	- (-)	- (-)	4.57 (4.55)	4.57 (4.55)
Loans & Advances Received	- (-)	9.10 (11.76)	- (-)	- (-)	9.10 (11.76)
Repayment of Loans & Advances Received	- (-)	1.65 (13.43)	- (0.20)	- (-)	1.65 (13.63)
Remuneration	- (-)	8.95 (7.10)	0.71 (0.33)	- (-)	9.66 (7.43)
Dividend Paid	0.24 (0.07)	19.52 (5.58)	0.06 (0.02)	- (-)	19.82 (5.67)
<b>Balances outstanding at the end of the year</b>					
Receivables	0.04 (-)	- (-)	- (-)	- (-)	0.04 (-)
Loans and advances given	- (-)	- (-1.77)	- (-)	89.51 (49.40)	89.51 (47.63)
Payable	- (0.02)	- (-)	- (-)	- (0.17)	- (0.19)

Note: Figures in bracket relates to the previous year

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

Particulars	Name of the related party	₹ in Crores	
		2015-16	2014-15
Purchase of Goods	Azafran Innovacion Ltd.	-	1.48
	Schutz Dishman Biotech Ltd.	0.02	0.16
Sale of goods	Schutz Dishman Biotech Ltd.	0.69	0.64
Investment	Schutz Dishman Biotech Ltd.	1.75	-
Interest income	Dishman Infrastructure Ltd.	4.57	4.55
Loans and advances received	Mr. Janmejy R.Vyas	5.15	10.90
	Mrs. Deohooti J.Vyas	2.10	0.71
	Mr. Arpit J.Vyas	1.85	0.15
Repayment of Loans and advances received	Mr. Janmejy R.Vyas	1.65	12.24
	Mrs. Deohooti J.Vyas	-	0.71
	Mr. Arpit J.Vyas	-	0.48
Remuneration	Mr. Janmejy R.Vyas	5.46	4.82
	Mrs. Deohooti J.Vyas	1.75	1.20
	Mr. Arpit J.Vyas	1.74	1.08

# Notes (Contd.)

forming part of the consolidated financial statements

Particulars	Name of the related party	(₹ in Crores)	
		2015-16	2014-15
Dividends paid	Mr. Janmejy R.Vyas	10.11	2.76
	Mrs. Deohooti J.Vyas	4.39	1.32
	Mr. Arpit J.Vyas	5.03	1.51

## 26.15 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures

Name of the enterprise	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount ₹ in crores	As % of consolidated profit or loss	Amount ₹ in crores
<b>Parent</b>				
Dishman Pharmaceuticals and Chemicals Ltd.	62.76	911.50	50.92	87.13
<b>Subsidiaries</b>				
Dishman Europe Ltd.	5.04	73.15	31.40	53.73
Dishman USA Inc.	1.12	16.27	1.24	2.12
Dishman Pharma Solutions AG	32.95	478.58	14.68	25.11
CARBOGEN AMCIS AG	27.74	402.91	44.88	76.79
Dishman Switzerland Ltd.	0.31	4.46	0.02	0.04
Dishman International Trading (Shanghai) Co. Ltd.	0.45	6.51	0.07	0.11
Shanghai Yiqian International Trade Co., Ltd	0.21	3.07	-	(0.01)
Carbogen Amcis (Shanghai) Co. Ltd.	1.29	18.80	2.03	3.48
CARBOGEN AMCIS Ltd. (UK)	1.97	28.63	6.41	10.97
Dishman Care Ltd.	0.01	0.12	0.14	0.24
CARBOGEN AMCIS (India) Ltd.	0.02	0.33	0.52	0.89
Cohecie Fine Chemicals B.V.	0.00	-	0.00	-
Dishman Netherlands B.V.	9.99	145.09	26.73	45.75
Innovative Ozone Services Inc. (IO3S)	(0.85)	(12.29)	(0.13)	(0.22)
Dishman Australasia (Pty) Ltd.	0.02	0.24	0.11	0.19
Dishman Middleast FZE	0.12	1.67	0.04	0.07
Dishman Japan Ltd.	(0.28)	(4.09)	1.08	1.84
CARBOGEN AMCIS SAS	0.97	14.04	3.70	6.34
Schutz Dishman Biotech Ltd.	0.11	1.60	(2.80)	(4.80)
Minority Interest	(0.03)	(0.44)	0.00	-
Associate (Investment as per Equity method)	0.01	0.12	0.07	0.11
Bhadr-Raj Holding Pvt. Ltd.		-		-
<b>Sub Total</b>	<b>144.06</b>	<b>2,091.15</b>	<b>181.10</b>	<b>309.89</b>
Less : Effect of Inter Company elimination/adjustment	44.06	639.60	81.10	138.77
<b>Total</b>	<b>100.00</b>	<b>1,452.44</b>	<b>100.00</b>	<b>171.12</b>

**26.16** During the year, Mr. Tushar D. Shah, Company Secretary has resigned w.e.f. 26th February, 2016 and Company is in process of appointing befitting candidate as Company Secretary. As per the provisions of Section 203 of Companies Act, 2013, the Company is required to fill-up such vacancy within a period of six months from the date of such vacancy.

**26.17** The Board of Directors of the Company at their meeting held on 24th February, 2016 approved a Scheme of Arrangement and Amalgamation amongst the Company with its subsidiaries Dishman Care Ltd. and Carbogen Amcis (India) Ltd. The Company has received Observation letter without any adverse comments from both Stock Exchanges i.e. National Stock Exchange of India Ltd., and Bombay Stock Exchange Ltd., and Company is in process of filing Draft Scheme with Honorable High Court of Gujarat.

# Notes (Contd.)

forming part of the consolidated financial statements

- 
- 26.18** Subsequent to 31st March, 2016, the Company has issued and allotted 8,06,97,136 equity shares of ₹2/- each, as fully paid up bonus shares in the ratio of 1 (one) equity share for every 1 (one) Equity share held to those shareholders whose names appear in the Register of Members / List of Beneficial owners as on the Record Date i.e. on 3rd May, 2016.
- 26.19** The Company has acquired further 50% stake in Schutz Dishman Biotech Ltd., a Joint Venture Indian Company, from the existing JV Partner i.e. SCHUTZ & CO. BETEILIGUNGSGESELLSCHAFT GMBH, Germany. Hence, with a stake of 72.33% Schutz Dishman Biotech Ltd., becomes a subsidiary of the Company.
- 26.20** Figures for the previous year have been regrouped/reclassified/rearranged wherever necessary to make them comparable to those for the current year.

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As per our report of even date attached.

**For Haribhakti & Co. LLP**

Chartered Accountants  
ICAI Firm Registration  
No. 103523W

**Bhavik L. Shah**

Partner  
Membership No. 122071

Place : Ahmedabad

Date : 19th May, 2016

**For V. D. Shukla & Co.**

Chartered Accountants  
ICAI Firm Registration  
No. 110240W

**Vimal D. Shukla**

Proprietor  
Membership No. 036416

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**For and on behalf of the Board of Directors**

**Janmejay R. Vyas**

Chairman & Managing Director  
(DIN: 00004730)

**Arpit J. Vyas**

Managing Director & CFO  
(DIN: 01540057)

Place : Ahmedabad

Date : 19th May, 2016

**Deohooti J. Vyas**

Whole Time Director  
(DIN: 00004876)



Statement pursuant to Section 129(3) of the Companies Act, 2013, relating to Associate Companies and Joint Ventures  
Part "B": Associate Company

SR No	Name of associates	Shares of Associate/Joint Ventures held by the company on the year end			Latest audited Balance sheet Date	Extend of Holding%	Description of how there is significant influence	Reason why the associate/Joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the Year	
		No. Of Shares	Amount of Investment in Associates/ Joint ventures (Rs.)	Amount of Investment in Associates/ Joint ventures (Rs.)						Considered in Consolidation	Not considered in consolidation
1	<b>Bhadra-Raj Holding Pvt. Ltd.</b>	4000	40000	40000	40%	See Note	N.A.	1,60,71,930	1125976	-	

**Note:-**

There is significant influence due to percentage (%) of shareholding.

**Place :** Ahmedabad  
**Date :** 19<sup>th</sup> May, 2016  
**Janmejay R. Vyas** Chairman & Managing Director  
**Deohooti J. Vyas** Whole Time Director  
**Arpit J. Vyas** Managing Director & CFO

# POLLING PAPER



**Form No. MGT- 12**

**Polling Paper**

*[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]*

<b>Name of the Company:</b>		<b>Dishman Pharmaceuticals and Chemicals Limited</b>		
<b>Registered Office:</b>		<b>Bhadr-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad - 380009</b>		
<b>CIN:</b>		<b>L24230GJ1983PLC006329</b>		
<b>BALLOT PAPER</b>				
<b>Sr. No.</b>	<b>Particulars</b>			
1.	Name of the first named Shareholder (In Block Letters)			
2.	Postal address			
3.	Registered Folio No./ *Client ID No. (*applicable to investors holding shares in dematerialized form)			
4.	Class of Share	Equity Shares		
I hereby exercise my vote in respect of Ordinary/Special Resolutions as proposed in the Notice dated 19th May, 2016 of 33rd AGM of the Company and enumerated below by recording my assent or dissent to the said resolutions in the following manner:				
<b>Sr. No.</b>	<b>Particulars</b>	<b>No. of Shares held by me</b>	<b>I assent to the Resolution</b>	<b>I dissent from the Resolution</b>
1.	Adoption of Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended March 31, 2016.			
2.	To confirm the payment of interim dividend on equity shares.			
3.	Reappointment of Mr. Janmejy R. Vyas who retire by rotation.			
4.	Appointment of M/s. V. D. Shukla & Co. and M/s. Haribhakti & Co. LLP, Chartered Accountants, as Joint Statutory Auditors and fix their remuneration.			
5.	To approve the payment of remuneration to Non-Executive Directors.			
Place:				
Date :				
<b>(Signature of the Shareholder**)</b>				

(\*\*as per Company records)

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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 33<sup>rd</sup> ANNUAL GENERAL MEETING of the company held on Tuesday the 27<sup>th</sup> day of September, 2016 at 10.00 a.m at H. T. Parekh Hall, 1<sup>st</sup> 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

**NOTE:** You are requested to sign and handover this slip at the entrance of the meeting venue



## Dishman Pharmaceuticals and Chemicals Limited

CIN : L24230GJ1983PLC006329

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

### Form No. MGT-11 PROXY FORM

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

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: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Tuesday, the 27<sup>th</sup> day of September, 2016 at 10.00 a.m at H. T. Parekh Hall, 1<sup>st</sup> 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
1.	Adoption of Audited Financial Statements (including Audited Consolidated Financial Statements) for the year ended March 31, 2016.
2.	To confirm the payment of interim dividend on equity shares.
3.	Reappointment of Mr. Janmejy R. Vyas who retire by rotation.
4.	Appointment of M/s. V. D. Shukla & Co. and M/s. Haribhakti & Co. LLP, Chartered Accountants, as Joint Statutory Auditors and fix their remuneration.
5.	To approve the payment of remuneration to Non-Executive Directors.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

**Note:**

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.

Affix  
Revenue  
Stamp not  
less than  
Re.1/-

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

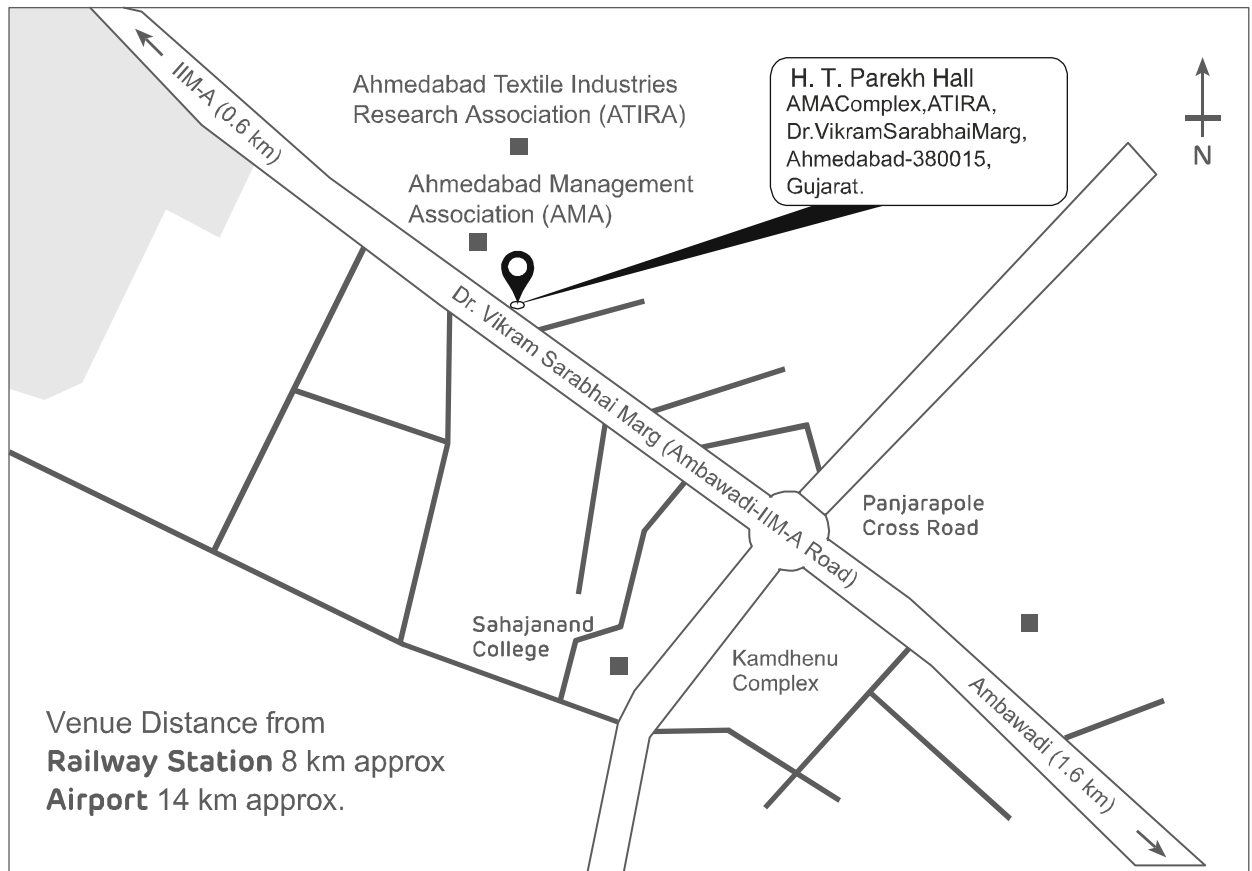
# ROUTE MAP TO THE VENUE OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING

**Venue :**

H. T. Parekh Hall, 1<sup>st</sup> Floor, Ahmedabad Management Association, ATIRA Campus,  
Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.

**Landmark :**

Opposite Indian Institute of Management (IIM), Ahmedabad





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