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COMPANY INFORMATION

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

Dishman Pharmaceuticals and Chemicals Limited

NOTICE

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED will be held on Friday, the 30th day of July, 2010 at 9.30 a.m. at Hall No. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, Profit & Loss Account and Cash Flow Statement for the year ended on that date along with necessary annexures and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Sanjay S. Majmudar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Yagneshkumar B. Desai, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Regd. Office : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date: 29th May, 2010

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the commencement of the meeting.
2. Members / Proxies should fill in the Attendance Slip for attending the meeting and they are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
3. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Members holding shares in electronic form must send the advice about change in address to their respective Depository Participant only and not to the Company or the Company's Registrar and Share Transfer Agent.
4. 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.
5. The relevant details as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, in respect of Directors seeking appointment / re-appointment as Directors under Item Nos. 3 and 4 above, are also annexed hereto.
6. 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.
7. (a) The Company has already notified closure of Register of Members and Share Transfer Books from **Saturday, the 17th day of July, 2010 to Friday, the 30th day of July, 2010 (both days inclusive)**, for determining the names of Members eligible for dividend on Equity Shares, if declared and approved at the Annual General Meeting.
- (b) The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 3rd August, 2010 to those members whose names appear on the Company's Register of Members on the close of business hours on 16th July, 2010. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose. In respect of shares held in physical form by the members, dividend will be paid to them after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 16th July, 2010.

Dishman Pharmaceuticals and Chemicals Limited

8. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or change in such bank details. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
9. Members are entitled to make nomination in respect of shares held by them. Members desirous of making nominations are requested to send the prescribed **Form 2B** duly filled in and signed by them to the Depository Participants in case the shares are held in electronic form.

ANNEXURE TO THE NOTICE

NOTES ON DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 27TH ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF LISTING AGGEMENT ENTERED INTO WITH STOCK EXCHANGES.

Profile of Directors who retire by rotation and seek re-appointment:

Name of the Director	Mr. SANJAY S. MAJMUDAR	Mr. YAGNESHKUMAR B. DESAI
Age	47	69
Date of Appointment	14/02/2004	26/11/2003
Qualification	<ul style="list-style-type: none"> ➤ Chartered Accountant by Profession ➤ Bachelor Degree in Law ➤ Company Secretary 	<ul style="list-style-type: none"> ➤ Bachelor Degree in Economics ➤ Fellow of the Indian Institute of Bankers
Experience	<p>Has experience of over 22 years as a Practicing Chartered Accountant.</p> <p>Also proprietor of the firm M/s. Sanjay Majmudar and Associates and also Partner in M/s. Parikh & Majmudar</p> <p>Has been a Chairman of the editorial Committee of the Ahmedabad Chartered Accountants Association Journal during the year 1994-95</p> <p>Has been a Chairman of NRRC Committee of the Chartered Accountants Association Ahmedabad during 2000-01 & 2002-03.</p> <p>Has rich experience in the area of Finance, Corporate Law, Direct tax and Auditing & Accounting.</p>	<p>Has Banking Experience of over 38 years.</p> <p>In 1962, he joined State Bank of India [SBI] as a probationary Officer. In his 19 years association with SBI he has served in various capacities like Branch Manager, Superintendent, Foreign Exchange & Manager (International division).</p> <p>In 1982, he joined Export Import Bank of India [EXIM] as a Deputy General Manager. In his association of 19 years with EXIM, he has served at various positions like General Manager, Executive Director and Managing Director.</p>
Directorship Held in other Companies	<ul style="list-style-type: none"> ➤ Aarvee Denim and Exports Limited ➤ AIA Engineering Ltd. ➤ Carbogen Amcis (India) Ltd. ➤ Keyur Financial Services Pvt. Ltd. ➤ Welcast Steels Limited 	<ul style="list-style-type: none"> ➤ Deutsche Trustee Services (India) Pvt. Ltd. ➤ LIC Housing Finance Limited ➤ Kabra Extrusionstechnik Limited
Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	<p>Audit Committee</p> <ul style="list-style-type: none"> ➤ Aarvee Denim and Exports Limited [Chairman of the Committee] ➤ AIA Engineering Ltd. <p>Remuneration Committee</p> <ul style="list-style-type: none"> ➤ Aarvee Denim and Exports Limited [Chairman of the Committee] 	<p>Audit Committee</p> <ul style="list-style-type: none"> ➤ Deutsche Trustee Services (India) Pvt. Ltd ➤ LIC Housing Finance Limited ➤ Kabra Extrusionstechnik Limited <p>Committee for issue of Duplicate Shares</p> <ul style="list-style-type: none"> ➤ LIC Housing Finance Limited
Disclosure of Relationship	He is not, in any way, concerned /interested /related with any of the other Directors of the Company.	He is not, in any way, concerned /interested/related with any of the other Directors of the Company
No. of Shares held in the Company	21650	NIL

Dishman Pharmaceuticals and Chemicals Limited

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, 2010.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Net Sales	35260.88	41588.47
Profit before Tax & other Adjustments	7940.69	9505.81
Less : Current tax	1371.32	1075.85
Add : MAT Credit Entitlement	1150.75	1025.69
Less : Deferred Tax Liability	683.25	167.61
Less : Fringe Benefit Tax	–	32.41
Profit After Tax	7036.87	9255.63
Add/(Less): Prior Periods Adjustments (Net)	110.00	(12.06)
Less:Short Provision of Income tax for earlier years	39.52	29.06
Net Profit	7107.35	9214.51
Balance of profit brought forward	7942.27	4860.70
Amount available for Appropriation	15049.62	14075.21
Appropriations:		
Transfer to Debenture Redemption Reserve	625.00	–
Transfer to General Reserve	7500.00	5000.00
Proposed Dividend	968.37	968.37
Tax on Proposed Dividend	160.83	164.57
Balance Carried to Balance Sheet	5795.42	7942.27

DIVIDEND:

For the financial year 2009-2010, your Directors are pleased to recommend a final dividend of 60% on the paid-up equity share capital of Rs.1613.94 lacs (Rs.1.20/- per equity share of Rs.2/- each) (previous year 60% on the paid-up equity share capital of Rs.1613.94 lacs, i.e. Rs.1.20/- per equity share of Rs.2/- each), which if approved at the forthcoming Annual General Meeting will be paid out of the profits of the Company for the year to all those equity shareholders whose names appear in the Register of Members on the close of business hours as on 16th July, 2010.

PERFORMANCE AND OPERATION REVIEW:

During the year, your company achieved a turnover of Rs.35260.88 lakhs as against Rs. 41588.47 lakhs during the previous year reflecting a degrowth of 15.21%. Exports constitute Rs.31811 lakhs or 90% of sales for 2009-'10. Other income earned during the year stood at Rs.315.28 lakhs as against Rs.94.16 lakhs in the previous year. Profit before tax degrown by about 16.46% (Rs.7940.69 lakhs during the year as against Rs.9505.81 in the previous year). Profit after tax for the year was Rs.7036.87 lakhs as against Rs.9255.63 Lakhs during previous year.

Earning per share for the year works out to Rs.8.81 per share on absolute basis and Rs.8.74 on diluted basis as against Rs.11.43 per share on absolute basis and Rs.11.33 on diluted basis.

The consolidated turnover, which includes results of all its wholly owned subsidiaries, proportionate share in the joint ventures (Schutz Dishman Biotech Ltd., CAD Middle East Pharmaceutical Inds., Dishman Arabia Ltd., and Dishman Japan Ltd.) and associate (Bhadra- Raj Holdings Pvt. Ltd.) reported 13.84% degrowth in sales to Rs.91535.74 lacs for the current financial year 2009-10 compared to the previous year's sales of Rs. 106235.78 lacs.

Consolidated Profit before tax & other adjustment of the Company stood at Rs.13252.88 lakhs (previous year Rs. 15745.56 lakhs) and profit after tax for the year at Rs.11757.63 lakhs (Previous year Rs. 14673.66 lakhs) for the current financial year 2009-10.

The consolidated Earning per share for the year works out to Rs.14.55 per share as against Rs.18.13 per share on absolute basis and Rs.14.44 per share against Rs.17.98 per share on diluted basis.

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

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

Dishman Pharmaceuticals and Chemicals Limited

New High-Potency Manufacturing Unit

Your Directors have pleasure to inform about the commissioning of its World-class High Containment API facility for manufacture of a range of Oncology APIs and other related high potency products at its Bavla complex, near Ahmedabad from January, 2010. This facility has been set up primarily by the Technical Team of Dishman's Swiss Subsidiary namely Carbogen Amcis AG. with active support of local Dishman team. This facility is, to the best of our knowledge, the only one of its kind not only in India, but in the entire Asia and comparable with very few such facilities in the world. This is a significant milestone in the history of the company and opens up huge opportunities for manufacture of high potency oncology APIs for manufacture of High value Oncology APIs and similar product on Contract Manufacturing Basis for the leading pharmaceuticals companies in the World.

Vitamin D Analogue manufacturing facility

A new Vitamin-D Analogue manufacturing facility was inaugurated on 27 November 2009 at Veenendaal, the Netherlands. The laboratory consists of 6 dedicated clean rooms with a scale of operation of up to 1 kg in addition to all standard laboratory facilities.

US FDA Approval

In the month of February, 2010, US FDA team has successfully completed inspection of Dishman's EOU facility situated at its Naroda works, Ahmedabad and approved the said facility for API production for US market.

TGA Approval

Your Company's Bavla Facilities are approved by Therapeutic Goods Administration (TGA), Department of Health and Ageing, Australian Government, Australia, for all Active Pharmaceutical Ingredients (API) production.

Strategic alliance with Codexis Inc.

Your Company has finalized a Strategic alliance with California based biotechnology Company, Codexis Inc, to utilize the Enzymatic Biocatalysts Technology. As per the Agreement between both the parties i.e. DISHMAN and CODEXIS, your company use codexis technology to manufacture building blocks, intermediates and API's for innovator pharmaceutical companies. This agreement make your Company the only Indian company to have High Grade Technology in the Indian CRAMS Segment. It adds another dimension to the already extensive portfolio of services offered by the Dishman Group.

The technology deals with reduction of chiral Compounds in the APIs and provides cheaper, cleaner, greener processes of manufacturing at a lower cost of production. Your Company will be offering these facilities to its customers and codexis will be offering a wide selection of enzymes for the pharma synthesis of Chiral Compounds.

This alliance provides considerable benefits to Dishman and put it far ahead in the race of companies dealing in the CRAMS Business. By utilizing this biocatalyst Technology, Dishman can reduce the quantity of Chiral Compound that is mainly used in preparation of drugs in larger quantity.

Disinfectant Division

As you are aware, your Company through its disinfection division offers a range of Antiseptics and Disinfectants for application in healthcare and related industries it has developed a unique position in bulk actives in the area of disinfectants. Company has established a new wholly owned subsidiary company in the name of Dishman Care Limited for the Disinfectant project and invested seed capital of Rs.5.00 lacs in the month of March, 2010.

RESEARCH AND DEVELOPMENT:

Imagination, Invention & Innovation are the three main pillars of Research and Developments. It is the foundation upon which Company's strategy of manufacturing and marketing of Bulk Drugs & Intermediates (including contract manufacturing) and Fine Chemicals, Quats & Specialty chemicals stands. Your company offers portfolio of services from process of R&D through kilo and pilot supply to full scale & commercial manufacture by providing built and Dedicated Facilities. By offering technical and Manufacturing excellence in multiple Locations around the glob, your Company is the global outsourcing partner for the pharmaceutical industry providing innovative development to value for money, long term commercial Supply.

Your company Offers R & D services with a specialization in development process that are truly scalable to commercialization through Process of Research, Process of development & optimization. Your Company's R & D process is supported by Analytical Services starting from initial Raw material releases to release of Final API, Kilo & Pilot facilities for cGMP production of API are an integral part of R&D center to facilitate maximum interaction and ensure seamless process transfer from Laboratory to plant.

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

The R&D labs work under full Good Laboratory Practices (GLP). Each R&D lab has a process R&D area and its own analytical section. The R&D labs are equipped with latest equipment for carrying out diverse reactions. We continue to add to our knowledge on various reactions as well as try new technologies. As an example, we have successfully run enzymatic reaction in the laboratories and are now planning scale-up. Also, we are working on irradiation technology in our labs as well as kilo lab. For this, small-scale irradiation equipment has been installed for certain niche products. In the kilo lab, we have small reactors ranging from 30 L to 100 L capacity for small scale reactions. The cGMP pilot plant has a range of equipment which is required for the scale up of reactions developed in the labs.

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Analytical Development Lab is equipped with all modern equipments for the analysis of raw materials, intermediates and finished products. We continually upgrade the instruments as per the requirements of our customers/products.

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

In addition to APIs, this year 120 R&D CRAMS projects have been completed at lab and pilot level. Another 80 are in various stages of development.

SPECIAL ECONOMIC ZONE [SEZ] PROJECT:

As you are aware, Pharmaceuticals & Chemicals Special Economic Zone (SEZ) project of Dishman Infrastructure Ltd. (DIL), in which Company had invested seed Capital, is notified by the Central Government vide Notification dated 13th November, 2009.

The said Pharma SEZ of DIL is located close to the Company's existing works at Bavla and to avail all the Tax Benefits available to SEZ Units, Company has decided to invest into the said Pharma SEZ as a part of Company's expansion plan. DIL has agreed to allocate the land approx. 3.00 Lacs Sq. Mtrs. to the Company as per the earlier mutual agreement entered into with Company. DIL has started the development work at the SEZ site and first phase of development will be completed within 15 months.

LISTING ARRANGEMENT:

The equity shares of the Company are listed at the National Stock Exchange of India Ltd., Mumbai (NSE) and Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the year 2010-11, as applicable, have been paid before due date to the concerned Stock Exchanges.

FOREIGN CURRENCY CONVERTIBLE BONDS [FCCBs]:

As you are aware, in August, 2005, the Company accessed the international financial markets through an offering of 0.5% Foreign Currency Convertible Bonds (FCCBs / Bonds), due 2010 convertible into equity shares of the Company, for US \$50 million. The FCCBs have been listed on the Singapore Exchange Securities Trading Ltd. (SGX-ST).

During the year, the Company has not received any conversion Notice from the Bondholder for conversion of Bonds into Equity Shares of the Company. As on date 95% of the Bonds were converted into equity shares of the Company and outstanding FCCB of USD 2.50 million will matured in August, 2010.

NON CONVERTIBLE DEBENTURE:

In February, 2010, the Company has issued Secured Redeemable Non-Convertible Debentures (NCD) of Rs.75.00 crores in form of Separately Transferable Redeemable Principle Parts ('STRPPs') of Rs.10.00 lacs each fully paid-up, on private placement basis for augmenting medium to long term resources of the Company, including regular capex and retirement of high cost debt. These NCDs will be redeemed at par at the end of 4th, 5th, 6th & 7th year in ratio of 20:20:30:30 respectively. The said NCDs has been listed on the Bombay Stock Exchange Ltd. (BSE) and BSE has admitted the said NCDs to dealing on the Exchange in the list of securities of F Group – Debt Instruments w.e.f. 13th May, 2010.

DEPOSITS:

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

DIRECTORS:

Mr. Sanjay S. Majmudar and Mr. Yagneshkumar B. Desai, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for Re-Appointment. Profiles of these Directors as required under clause 49 of the listing Agreement are given in the Annexure to the Notice dated 29th May, 2010.

As you are aware, Mr. Arpit J. Vyas has been appointed as Whole-time Director of the Company for a period of five years w.e.f. 1st June, 2009 and his appointment as such and the remuneration of Rs.3.00 lacs per month with a power to the Board to increase or revise the remuneration subject to maximum of Rs.10.00 lacs per month during the tenure of said five years, were approved by the members at the 26th Annual General Meeting held on 31st July, 2009. Considering the valuable contribution by Mr. Arpit J. Vyas, his remuneration has been increased from Rs.3.00 lacs to Rs.10.00 lacs per month w.e.f. 1st June, 2010 by the Board of Directors at its meeting held on 29th May, 2010 upon the recommendation of Remuneration Committee held on 29th May, 2010., which is well within the powers of Board of Directors and permissible as well as the same is in accordance with the provisions of Schedule XIII to the Companies Act, 1956 without approval of Members and Central Government.

INSURANCE:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) that in the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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- ii) that the Directors had adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the accounts for the financial year ended 31st March, 2010 have been prepared on a going concern basis.

AUDITORS:

M/s. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company hold office until the conclusion of the Twenty Seventh Annual General Meeting and are eligible for reappointment. M/s. Deloitte Haskins & Sells have informed the Company that, if appointed, their appointment as Auditors will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Accordingly, the members' approval is being sought for their appointment as the Auditors of the Company and for fixation of their remuneration for the year 2010-2011, at the ensuing Annual General Meeting.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

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

PARTICULARS OF EMPLOYEE:

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

SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL STATEMENT:

The Ministry of Corporate Affairs, Government of India vide its order No.47/70/2010-CL-III dated 23rd February, 2010, issued under section 212(8) of the Companies Act, 1956 has granted an exemption to the Company from attaching the accounts along with the report of the Board of Directors and Auditors as required by section 212(1) of the Companies Act, 1956, of its 17 (seventeen) subsidiary companies namely i) Dishman Europe Limited, ii) Dishman U.S.A. Inc., iii) Dishman International Trading (Shanghai) Co. Ltd., iv) Dishman FZE, v) Dishman Switzerland Ltd., vi) Dishman Pharma Solutions AG., vii) Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd., viii) Carbogen Amcis AG., ix) Carbogen Amcis Limited (Name was changed from "Synprotec DCR Limited" w.e.f. 05/07/2007), x) Dishman Africa (Pty.) Ltd., xi) Innovative Ozone Service Inc. (IO₃S), xii) Dishman Netherlands B.V. (Name was changed from "Pharma Syn. B.V." w.e.f. 08/11/2007), xiii) Dishman Holland B.V., xiv) Dishman Japan Ltd., xv) Carbogen Amcis (India) Ltd., xvi) Dishman Australasia Pty. Ltd., and xvii) Dishman LLP, to the balance sheet of the Company for the financial year ended on 31st March, 2010.

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

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

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

During the year, Company has formed an Indian wholly owned subsidiaries, namely Dishman Care Ltd. (DCL), and invested Rs.5.00 Lacs (Rupees Five Lacs only) into equity shares of DCL.

In the month of February, 2010, the Company has invested SAR 6.90 million in the equity of Joint Venture Company namely CAD Middle East Pharmaceuticals Industries, established in Saudi Arabia. The Company has also invested JPY 17.50 million in the share capital of the Japanese subsidiary company namely Dishman Japan Ltd., in the month of March, 2010.

During the year, Company has invested total amount of USD 3.50 million into the share capital of its wholly owned subsidiary company namely Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd. (Dishman China), incorporated in China. Thus, total investment into share capital of Dishman China at the year-end stood at USD 8.50 million.

The Company's step down subsidiary namely Dishman Africa Pty. Ltd., which was dormant and inoperative since long, has been wound-up w.e.f. 26th January, 2010, on the application made by the Company.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION ANALYSIS REPORT:

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

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

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

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

(Janmejy R. Vyas)
Chairman & Managing Director

Place: Ahmedabad
Date: 29th May, 2010

ANNEXURES FORMING PART OF DIRECTORS' REPORT

ANNEXURE I - ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

A. CONSERVATION OF ENERGY

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

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

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

a) POWER AND FUEL CONSUMPTION	2009-2010	2008-2009
1. ELECTRICITY		
a. Purchased		
Unit [KWH]	15733500	14610930
Total Amount [Rs.]	100685313	91669600
Rate/ Unit [Rs.]	6.40	6.27
b. Own Generation [through D.G. Unit]		
Unit [KWH]	180130	1051072
Unit Per ltr. of Diesel oil [KWH]	3.27	3.46
Cost/Unit [Rs.]	11.48	11.69
2. SAW DUST		
Quantity [MT]	11682.63	2784.71
Total Amount [Rs.]	42000153	8045834
Average rate [Rs./MT]	3595.09	2889.29
3. FUEL [LDO+FO]		
Quantity (Ltrs.)	1296288.75	1108416.40
Total amount (Rs.)	25379114.04	24424791.00
Average rate (Rs./ Ltr.)	19.58	22.03
4. OTHERS/INTERNAL GENERATION		
Quantity	—	—
Total cost	—	—
Rate/unit	—	—
b) CONSUMPTION PER UNIT OF PRODUCTION	: Since the Company manufactures several bulk drugs, bulk drug intermediates and speciality chemicals, it is not practical to apportion consumption of utilities per unit of production.	

Dishman Pharmaceuticals and Chemicals Limited

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 2.33% of its turnover and continue augmenting R & D capabilities & productivity through technological innovations, use of modern scientific and technological techniques, training and development

➤ EXPENDITURE ON R & D:

(Rs in Lacs)	
Capital	314.59
Recurring	506.64
Total	821.23
Total R & D Expenditure as a percentage of Total Turnover	2.33%

➤ TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION:

There is no technology Absorption, Adaption & Innovation during the current financial year.

C. FOREIGN EXCHANGE EARNING AND OUTGO

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

The Export of the Company has slightly decreased to Rs.318.11 Crores during the year from Rs.340.42 Crores during the previous year. Your Company is making aggressive efforts to increase export and develop new export markets.

➤ FOREIGN EXCHANGE EARNING AND OUTGO:

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

ANNEXURE II

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

Sr. No.	Name of the Employee	Age (Years)	Designation/ Nature of Duty	Qualification	Experience (Years)	Gross Remuneration received (Rs.)	Date of Joining	Last Employment & Position held
a) Personnel who are in receipt of Remuneration aggregating not less than Rs.24,00,000 per annum and employed through out the year:								
1.	Mr. V.V.S. Murthy	54	Chief Financial Officer	B.Com., A.C.A.	29	66,40,008	01/03/2007	Dr. Reddy's Lab. Vice President (Finance)
2.	Mr. Arvind A. Joshi	54	President (H.R. & Admn.)	B.Sc., L.L.B., M.S.W.	34	59,36,532	18/10/2007	J. B. Chemicals Ltd. Vice President (H.R.)
3.	Mrs. Deohooti J. Vyas	58	Whole-time Director	B.Sc. (Chemistry)	26	60,00,000	01/12/1997	B. R. Laboratories. Proprietress
4.	Mr. Janmejay R. Vyas	59	Chairman & Managing Director	B.Sc. (Chemistry) B.Sc. (Tech.)	36	3,96,27,216	29/06/1983	Consultant to various Pharmaceutical Co.'s during 1974 to 1983
5.	Dr. Mahadeo L. Kubal	56	General Manager (Analytical Dev. Lab)	Ph.D. (Chemistry)	33	25,83,000	01/07/2008	Indotech Organics. Director

Dishman Pharmaceuticals and Chemicals Limited

b) Personnel who are in receipt of Remuneration aggregating not less than Rs.2,00,000 per month and employed for part of the year :

Sr. No.	Name of the Employee	Age (Years)	Designation/ Nature of Duty	Qualification	Experience (Years)	Gross Remuneration received (Rs.)	Date of Joining	Last Employment & Position held
6.	Mr. Rajnikant T. Vyas#	84	Chairman & Managing Director	B.A.	60	3,67,742	15/02/1988	Fine Knitting Mills Manager & started his own power loom business.
7.	Mr. Arpit J. Vyas	24	Whole-time Director	Chemical Engineer from University of Aston	3	30,00,000	01/06/2009	Has been associated with Azafran Innovacion Ltd. Since last two years.
8.	Dr. Pardeep Narula	43	Vice President (R&D)	B.Sc., M.Sc., Ph.D	16	17,22,000	01/08/2009	Cadila Pharmaceuticals Ltd. General Manager (R&D)
9.	Mr. Vasant P. Kathe*	63	Sr. Vice President (Quality Assurance)	M.Sc.	38	29,01,676	06/08/2004	Lincoln Pharmaceuticals Ltd. Vice President (Technical)

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 in accordance with the Company's rules.
 - The nature of employment in all cases is contractual.
 - The above employees mentioned at Sr. No. 2, 5, 6 & 8 do not have any share in the paid-up capital of the Company.
 - Mr. V.V.S. Murthy, Mrs. D. J. Vyas, Mr. J. R. Vyas, Mr Arpit J. Vyas and Mr. V. P. Kathe mentioned at Sr. No.1, 3, 4, 7 and 9 holds 500, 10964500 (13.59%), 25042900 (31.03%), 12359600 (15.32%) and 150 equity shares of Rs.2/- each in the Company, respectively.
 - The above employees are not relatives of any Director of the Company except Mrs. D. J. Vyas, Mr. J. R. Vyas, Mr. R. T. Vyas and Mr. Arpit J. Vyas, who are Directors and relatives of each other.
- # Shri Rajnikant T. Vyas, Chairman & Managing Director of the Company was expired on 27th May, 2009.
- * Mr. V. P. Kathe was retired w.e.f. 31st October, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) INDUSTRY OVERVIEW :

The global CRAMS market is expected to grow further to US \$83 billions approximately by 2012. Degrowth witnessed in 2009-10 was an aberration due to the global economic slowdown. Shift of CRAMS business from developed countries to developing countries will continue as the innovator companies will lose patent protection for many of their blockbuster drugs in the next couple of years forcing them to look for various alternatives such as, cost control, introduction of generics to their portfolio etc. Dishman has an advantage in CRAMS segment in India because of its non-conflicting business policies, technical capabilities and relationship built with various customers during the last 10 years. The trust and confidence of innovator companies has successfully positioned Dishman as preferred outsourcing partner. The company's order book is expanding consistently reflecting its capacity and customer confidence.

Financial year 2009-10 was characterized by lower demand, especially for CRAMS players, due to inventory rationalization by major pharma companies and reduction in R&D budgets due to global recession and mergers between major pharma companies. This resulted in less orders for contract manufacturing and contract research. Your company has reacted to this volatile business environment by cost control measures, restructuring of operations in Switzerland.

Infrastructure:

Your company continued its investment in creation of new manufacturing plants in India and china to meet the expected demand of customers in the coming years. During the year 2009-10, two new units were set up in Bavla, Ahmedabad, India for manufacture of HIPO products and Shanghai, China for manufacture of APIs and API intermediates for CRAMS customers. The company has also renovated one of the intermediate plants in Bavla as cGMP pilot plant to cater to the growing needs of contract research customers. Commercial production from the above mentioned units will be commenced during the year 2010-11. In addition to the above, the company has also decided to set up four more units in Bavla to meet the growing demand from its customers.

(B) BUSINESS HIGHLIGHTS:

Sales:

Dishman has achieved a turnover of Rs.352.61 crores in 2009-10 as against Rs.415.88 crores during the previous year recording a degrowth of over 15.21%. Exports constituted around 90% of turnover as against 82% during the previous year.

Material costs:

Raw material consumption for the year was Rs.122.80 crores as against Rs.123.26 crores during the previous year. Inventory of raw materials decreased by during the year by Rs.4.39 crores.

Work in process and finished goods decreased by Rs.4.58 Crores and Rs.8.29 crores respectively.

Above decrease of raw materials, work in process and finished goods are mainly due to lower sales and steps taken by the company for better inventory management.

Manufacturing expenses:

Manufacturing expenses mainly comprises of Power & Fuel Rs.18.03 crores, repairs & maintenance Rs.6.20 crores, as against Rs.20.53 crores, Rs.5.06 crores respectively during the previous year. Manufacturing expenses account for 10.58% of sales during the year as against 8.78% during the previous year. Manufacturing expenses during the year as a percentage of sales are higher due to lower sales and product mix.

Employee Emoluments:

Employee emoluments (other than managerial remuneration) have increased to Rs.29.09 crores during the year as against Rs.25.35 crores during the previous year. This increase is mainly due to salary increase given to employees and recruitment of employees to run the new facilities created at Bavla.

Administrative, Selling and Other Expenses:

Major components of administrative, selling and other expenses include clearing & forwarding, insurance premium, traveling and conveyance, sundry balances written off and donations etc. Administrative, selling and other expenses for year amounted to Rs.21.09 crores as against Rs.35.34 crores during the previous year. These expenses accounted for 5.98% sales during the year as against 8.5% during the previous year. Previous years administrative, selling and other expenses include an amount Rs.13.50 crores towards foreign exchange rate fluctuation loss. During the current year, the company accounted Rs.1.69 crores as foreign exchange fluctuation gain, which was included in other income.

Interest and Finance charges:

Interest and Finance charges during the year have decreased to Rs.20.37 crores as against Rs.22.50 crores during the previous year.

Dishman Pharmaceuticals and Chemicals Limited

Depreciation:

Depreciation charge for the current year came to Rs.20.64 crores as against Rs.19.79 crores during the previous year. Addition to fixed assets during the year was Rs.106.16 crores as against Rs.32.60 crores during the previous year.

Change in accounting policy:

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

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

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

Accordingly, Rs.837.72 lacs have been reduced from cost of fixed assets, Rs.178.28 lacs has been reduced from 'Foreign Currency Monetary Items Translation Difference Account' and Rs.48.59 lacs has been amortized and charged to profit and loss account during the year.

The amount remaining to be amortized in subsequent periods as at the balance sheet is Rs.48.60 Lacs.

Provision for Tax:

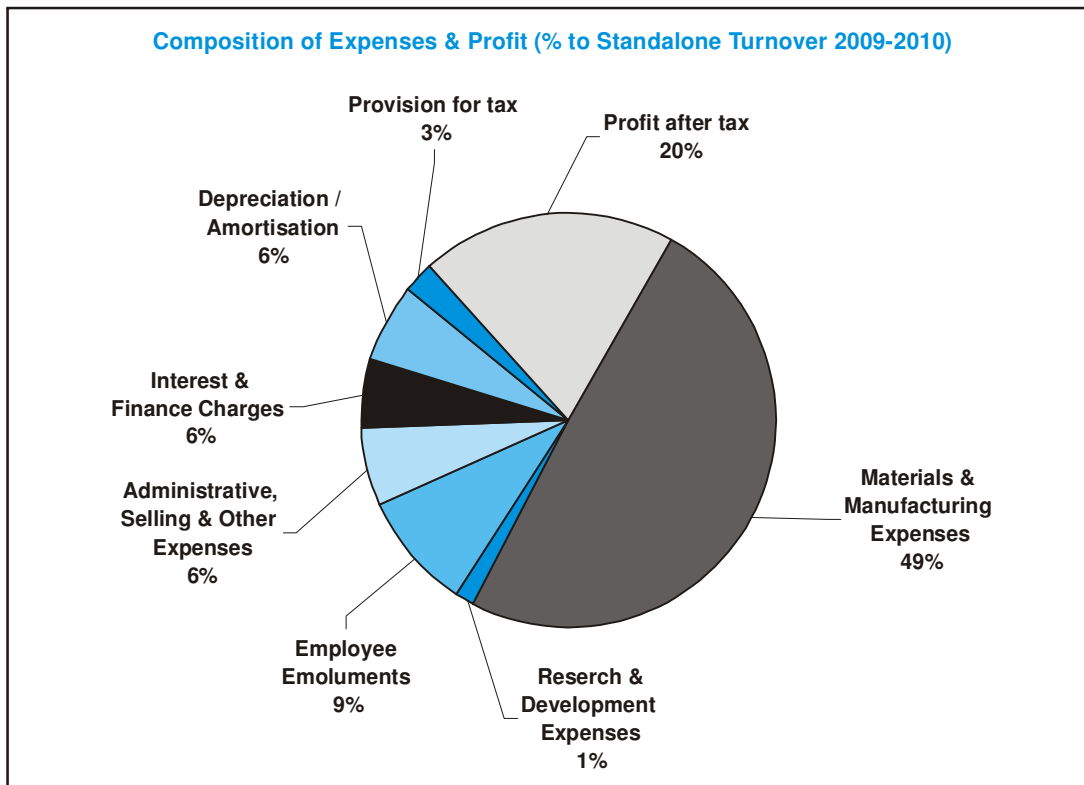
Rs.2.21 crores (net of MAT entitlement) was provided during the year towards current tax as against Rs.0.50 crores during the previous year. The company has also provided Rs.6.83 crores towards deferred tax during the year as against Rs.1.68 crores during the previous year. Fringe benefit tax was not provided in the current year (previous year Rs.0.32 crores) as the same was withdrawn.

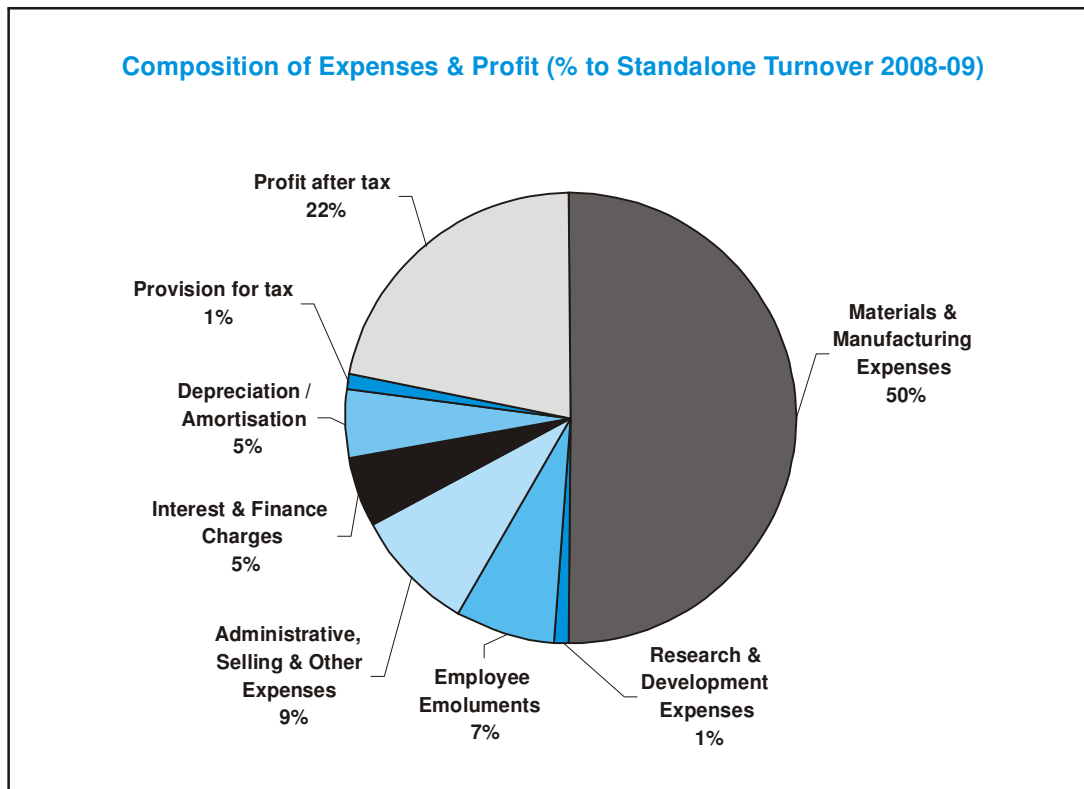
Profit after tax:

Profit after tax for the current year was Rs.70.37 crores as against Rs.92.56 crores during the previous year.

Earnings per share:

Basic earnings per share for the current year works out to Rs.8.81 as against Rs.11.43 during the previous year. Diluted EPS worked out to Rs.8.74 as against Rs.11.33 during the previous year.





Financial condition:

i) Secured loans:

Secured loans stood at Rs.378.92 crores as at 31st March, 2010 as against Rs.232.19 crores as at 31st March, 2009 due to disbursement of loans sanctioned during the previous year. An amount Rs.75.70 crores was repaid during the year.

ii) Unsecured loans:

Unsecured loans as on 31st March, 2010 were at Rs.55.15 crores as against Rs.58.33 crores as on 31st March, 2009.

iii) Inventories:

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

(Rs. in crores)

Particulars	2009-10	2008-09
Raw Materials	30.65	35.04
Work in process	43.98	48.56
Finished goods	22.16	30.45

Decrease in raw materials, work in progress and finished goods are mainly due to lower sales compared to previous year and steps taken by the company to control the inventory levels.

iv) Debtors:

Debtors as of 31st March, 2010 amounted to Rs.70.24 crores as against Rs.61.55 crores during the previous year. Debtors amount has gone up due to additional credit given to customers.

Dishman Pharmaceuticals and Chemicals Limited

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

The business segments of the Company comprise the following :

Segment	Description of the activity
CRAMS	Contract Research and Manufacturing Segment under long term supply agreements
MM	Bulk Drugs, Intermediates, Quats and Specialty Chemicals

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

(Rs. in crores)

Product Segment	31/03/2008	31/03/2009	31/03/2010
MM	152.39	139.17	95.52
CRAMS	199.67	267.40	246.87
Others	27.29	-	-
Total	379.35	406.57	342.39

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

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

Consolidated Financials:

Turnover:

Dishman's net sales turnover decreased to Rs.915.36 crores during 2009-10 as against Rs.1062.36 crores during 2008-09 a decrease of 13.84%.

Profit:

The EBITDA for the current year was Rs.230.76 crores against Rs.266.22 crores in the previous year, a decrease of 13.32% over the previous year.

Profit before Tax and other adjustments reduced by 15.80% i.e. to Rs.132.58 crores (previous year Rs.157.46 crores)

Net Profit for the year reduced by 19.79% i.e. to Rs.117.38 crores (previous year Rs.146.19 crores)

Other income:

Other income for the year 2009-10 was Rs.26.93 crores against Rs.4.76 crores during the previous year. Other income for the current year includes Rs.25.60 crores on account of forex gains including mark to market forex gains (previous year foreign exchange rate fluctuation loss of Rs.14.53 crores was included in administrative, selling and other expenses).

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

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

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

Accordingly, Rs.837.72 lacs has been reduced from cost of fixed assets, Rs.1674.83 lacs has been reduced from 'Foreign Currency Monetary Items Translation Difference Account' and Rs.1297.59 lacs has been amortized and credited to profit and loss account during the year.

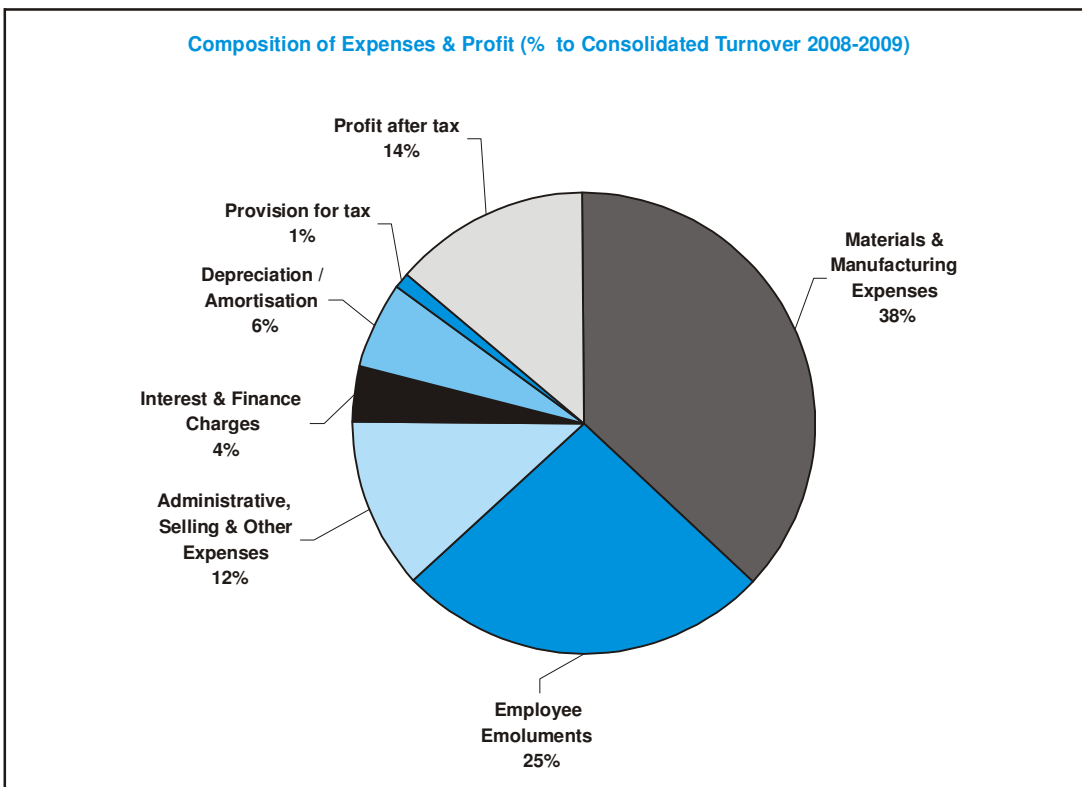
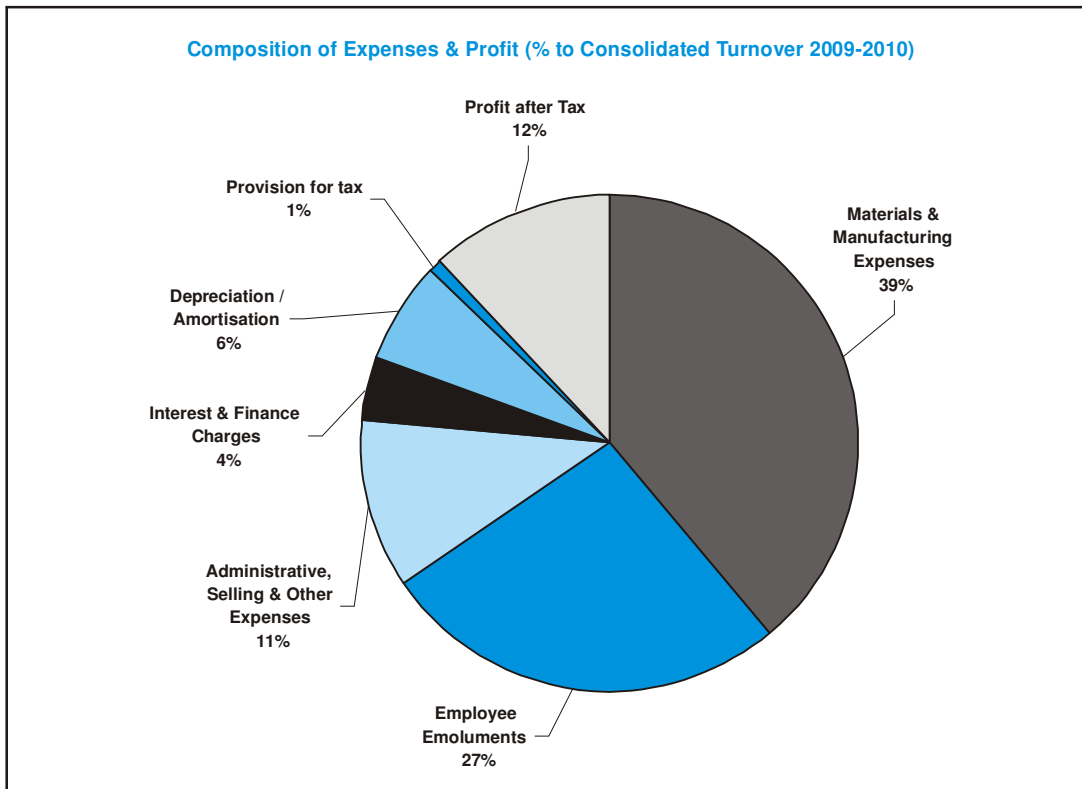
The amount remaining to be amortized in subsequent periods as at the balance sheet is Rs.1264.44 Lacs.

Depreciation:

Depreciation for the year was Rs.59.42 crores compared to Rs.62.91 crores for the previous year.

Fixed Assets:

Gross Block of the fixed assets at the end of the year increased to Rs.1477.84 crores compared to the previous year's figure of Rs.1092.21 crores.



Dishman Pharmaceuticals and Chemicals Limited

(D) INTERNAL CONTROL SYSTEMS:

The company has well established policies and procedures for internal control of operations and activities. These are continuously reviewed for effectiveness. Internal control review is done every quarter by independent firm of chartered accountants. The primary objective of review by independent firm is to test the adequacy and effectiveness of internal controls and to suggest improvements. Observations and recommendations are submitted to the management and Audit Committee for their review and follow up action/guidance to operational people.

(E) RISK MANAGEMENT:

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

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

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

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

(F) OPPORTUNITIES & THREATS:

Most of the innovator companies are facing challenge of depleting research pipeline and losing patent protection for their blockbuster drugs in the next few years. This has opened up opportunities to CRAMS players from low cost destinations like India. Dishman has identified this opportunity very early and started working with innovators with customs synthesis projects and contract manufacturing of APIs. These efforts can be converted into sustainable revenue streams starting from financial year 2010-11 onwards.

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, increasing regulatory requirements from the western countries may partly offset the cost advantage. However, Dishman has geared up to meet the above challenges and maintain the growth in the coming years.

(G) ENVIRONMENT, HEALTH AND SAFETY:

Environment, Health and Safety (EHS) is given highest priority at Dishman. This is achieved by conducting the Risk Assessment, Identification of significant environmental aspects, Safety Audits, customer audits, HAZOP study and Environment audits.

The Company's EHS policy is being implemented, among others, through (i) Maintaining the "Zero Discharge" of waste water by series of treatment; (ii) Incineration of liquid and solid waste at site; (iii) Mock-drills to check the preparedness for handling the emergency (iv) Replacement of hazardous process / chemical to non-hazardous process for converting to low hazards; (v) Fire detection and protection system (vi) Conducting intensive EHS training programs including contractor employees; (vii) Participation of employees in Safety committee meetings at all levels and celebrating the National Safety Day, Fire Service Day and World Environment Day (viii) Independent safety and environment audits at regular intervals by third party and also in-house; (ix) In-house medical and health facility at site for pre-employment & periodical medical check-up of all employees including contract employees; (x) Blood Donation Camp at site for social cause; (xi) Participation and paper presentation on good practices adopted by Dishman on EHS management in National and International Conferences. (xii) Become the signatory member of Responsible Care for commitment towards EHS management system. (xiii) ISO 9001:2008 and OHSAS 18001:2007 new versions certification from BVQI. (xiv) Rated low risk facility by various international Customer by conducting EHS audit in depth.

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

State level winner Safety Award From Gujarat Safety Council in Drugs and pharmaceutical, Food and Dairy sector continuous for the sixth year.

"Suraksha Purashkar" from National Safety Council of India, Mumbai in manufacturing sector.

"Gold Category" Greentech Environment Excellence Award from Greentech Foundation, Delhi.

Social Responsibility and Community Development

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

Regulatory approvals

Dishman has received US FDA approval for its Naroda EOU facility for manufacture of APIs and TGA approval for Bavla facility for all API products.

(H) OUTLOOK :

The global pharma industry is undergoing a major change in terms of increasing focus on generic products, consolidation and in-licensing and out-licensing deals. The global pharma market is expected to register 4.4% CAGR over 2008-13 (Industry reports) and most of this growth would be fuelled by emerging markets like Asia, Commonwealth of Independent States (CIS) and Latin America. Developed markets like the US, EU and Japan are expected to witness subdued growth. Another reason for the growth of Pharma sector is breakneck running of the market with number of forces like the shift of growth from developed countries to emerging ones, large role played by a specialist-driven products, losing patent protection by blockbuster drugs and rising of influence of regulators and payers on healthcare decisions.

As per one of the Report given by RNCOS Industry Research Solutions, India currently holds US\$ Six Billion of the \$550 Billion global pharmaceutical industry; its share is increasing at 10% a year. As compared 7% annual growth for the overall world markets, this figure speaks of a very promising scenario. Domestic pharmaceutical companies will increasingly be looking for consolidation across the value chain by forming partnerships or mergers with companies of complementary strengths. As drug discovery becomes more expensive, and the costs of administration and regulatory compliance continuously rise, these partnerships will become more central to Pharma companies' business proposition.

Now the Indian companies have started to acquire the firms that give them client access, create necessary manufacturing/ research facilities and widen portfolio of clients and services reducing concentration risks. In today's scenario Indian companies are present in-the highest value adding segments - high potency substances in CMO and discovery research in CRO. The term Contract manufacturing includes outsourcing manufacturing of intermediates and active pharmaceutical ingredients (APIs) as per the specific requirements of the innovator and generic companies, while R & D outsourcing is driven by two major benefits i) reduced operating costs and ii) an increased number of drugs moving into development.

To ensure Company's long-term success, the management is appropriately placing its best on R & D with contract research that lead them towards future manufacturing contracts. Contract Research and Manufacturing (CRAM) business is the core of company's business model and company is focusing most of its investments in CRAMS segment.

(I) INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT :

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

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

The company as at year-end, has 925 employees on its roll and continues to attract excellent talent both from within and outside India to further its business interests. Industrial Relations continue to be cordial.

Cautionary Statement:

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

Dishman Pharmaceuticals and Chemicals Limited

CORPORATE GOVERNANCE REPORT

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

THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

1. Composition

- As on date the company has 6 Directors with a Executive Chairman on its Board. Out of this 6 Directors, 3 [50%] are Executive Directors and 3 [50%] are Non executive & Independent Directors, who are acknowledged as leading professionals in their fields. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd.
- None of the Directors on the Board is a Member of More than 10 Committee or Chairman of more than 5 committee across all the companies in which he is a Director. Necessary disclosure regarding their Directorship/ Membership in other companies has been made by each and every Director.
- Chairmanship /Membership reflects only Audit and Shareholders / Investors Grievance Committee of other Public companies.
- The Names and categories of the Directors on the Board, their attendance in the Board Meeting and in last Annual General Meeting, Number of other Directorship & Chairmanship/ Membership held by them in other companies during the year 2009-2010 is given below.

Name of the Director	Category	No. of Board Meeting held & attended during 2009-2010		Whether attended Last AGM held on 31st July, 2009	No. of Directorship in other Companies	No. of Chairmanship/ Membership in other Companies	
		Held	Attended			Chairmanships	Memberships
Mr. Janmejy R. Vyas	Promoter & Executive Director	6	6	Yes	14#	None	None
Mrs. Deohooti J. Vyas	Promoter & Executive Director	6	5	No	6	None	None
Mr. Arpit J. Vyas*	Executive Director	6	5	Yes	3	None	None
Mr. Yagneshkumar B. Desai	Non Executive & Independent Director	6	4	Yes	3	None	3
Mr. Sanjay S. Majmudar	Non Executive & Independent Director	6	5	Yes	5	1	1
Mr. Ashok C. Gandhi	Non Executive & Independent Director	6	5	Yes	7	None	6

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

* Mr. Arpit J. Vyas has been appointed as Whole-time Director w.e.f. 1st June, 2009.

2. Disclosure of Relationship between Directors inter se

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

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

3. Number and Date of Board Meetings held

- Six (6) Board Meetings were held during the year 2009-2010. The dates on which the Board meetings were held: 25th May, 2009, 31st July, 2009, 31st October, 2009, 12th January, 2010, 28th January, 2010 and 15th February, 2010. Board of Directors has also passed Circular resolutions on 8th April, 2009 and 1st June, 2009.
- As per the requirement of Clause 49 of the Listing Agreement the Company has held one Board meeting in every quarter and the maximum time gap between any two meetings were not more than four months.
- The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated to the Directors in advance before the meetings. Adequate information is circulated as part of the Board papers and is also made available at the Board Meetings to enable the Board to take informed decisions. Where it is not practicable to attach supporting/relevant document(s) to the Agenda, the same are tabled at the meeting and specific reference to this is made in the Agenda.

CEO AND CFO CERTIFICATION

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

RISK MANAGEMENT POLICY

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

CODE OF CONDUCT

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

AUDIT COMMITTEE

1. Composition

The Board of Directors of the Company has constituted an Audit Committee and has been reconstituted from time to time. Presently, the Audit Committee comprises qualified and independent members of the Board, who have expertise knowledge and experience in the field of accounting and financial management and have held or hold senior positions in other reputed organizations. The constitution, composition and functioning of the Audit Committee also meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The present composition of the Audit committee and Meetings attended by them during the financial year 2009-10 ended on 31st March, 2010, is as follow:

Name and Designation	Category	No. of the Meeting during F.Y 2009-2010	
		Held	Attended
Mr. Yagneshkumar B. Desai [Chairman]	Non Executive and Independent Director	4	4
Mr. Sanjay S. Majmudar [Member]	Non Executive and Independent Director	4	4
Mr. Ashok C. Gandhi [Member]	Non Executive and Independent Director	4	4

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2. Meetings of the Audit Committee

During the financial year 4 [Four] Meetings were held on 25th May, 2009, 31st July, 2009, 31st October, 2009 and on 28th January, 2010. The maximum time gap between two meetings was not more than 4 months.

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

Mr. Y. B. Desai as, being a Chairman of the Audit Committee, attended the last Annual General Meeting held on 31st July, 2009.

3. Terms of reference and Powers of the Audit Committee

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

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

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

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE:

1. Composition

The Board of Directors has constituted a Shareholders' & Investors' Grievance Committee, which was reconstituted from time to time. The Committee comprises of three Directors and Committee functions under the Chairmanship of an independent Director. The present composition of the Shareholders' & Investors' Grievance Committee and meetings attended by them during the financial year 2009-10 ended on 31st March, 2010, is as follow:

Name and Designation	Category	No. of the Meeting during F.Y 2009-2010	
		Held	Attended
Mr. Sanjay S. Majmudar [Chairman]	Non Executive and Independent Director	4	4
Mr. Janmejy R. Vyas [Member]	Promoter and Executive Director	4	4
Mr. Ashok C. Gandhi [Member]	Non Executive and Independent Director	4	4

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

During the year 4 [four] meetings were held on 24th May, 2009, 30th July, 2009, 30th October, 2009 and 27th January, 2010.

3. Powers and Role of Committee

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

4. Other Information

- To expedite the process of share transfer, transmission, split, consolidation, rematerialization and dematerialization etc. of securities of the Company, the Board of Directors has delegated the powers of

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approving the same to the Company’s R & T Agent namely **Link Intime India Pvt. Ltd., (Formerly known as Intime Spectrum Registry Limited)** under the supervision and control of the Company Secretary Mr. Deepak S. Pandya, who is placing a summary statement of transfer/transmission, etc. of securities of the Company at the meetings of the said Committee.

- In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the Code of Conduct for Prevention of Insider Trading and Mr. Deepak S. Pandya has been appointed as the Compliance Officer for complying with the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the requirements under the Listing Agreement.

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

Email ID: grievance@dishmangroup.com

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

Quarter wise summary of investors complaint received and Resolved to the satisfaction of the shareholders during the financial year 2009-2010

Quarter Period		Complaint position at the beginning of the Quarter	Complaint received during the Quarter	Complaint resolved during the Quarter	Complaint pending at the end of the Quarter
From	To				
01-04-2009	30-06-2009	NIL	NIL	NIL	NIL
01-07-2009	30-09-2009	NIL	15	15	NIL
01-10-2009	31-12-2009	NIL	7	5	2
01-01-2010	31-03-2010	2	NIL	2	NIL
TOTAL			22	22	
Complaint pending at beginning of the year			NIL		
Complaint received during the year			22		
Complaint resolved during the year			22		
Complaint pending at the end of the year			Nil		

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

- **For Unclaimed IPO Refund Order**

In case of non-receipt of share application money (IPO Refund Order), investors’ are requested to write / get in touch with the Company as mentioned hereunder:

IPO Refund Order In respect of	Contact details	Action to be Taken
Public issue of 3433500 equity shares of Rs.10/- each at a Price of Rs.175/- each Issue opened on: 29 th March, 2004 Closed on: 7 th April, 2004	Mr. Deepak S. Pandya V.P. [Legal] & Company Secretary Dishman Pharmaceuticals and Chemicals Limited Bhadr-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad – 380 009 Contact No.: 079-26443053 / 5807 Fax No. 079-26420198	Application on plain paper alongwith fresh (latest) Client Master List as issued by the Depository Participant (DP)

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- For Unclaimed Dividends**

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

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

- Amount Transferred to IEPF Account**

As per the provision of Section 205C of the Companies Act, 1956, the Company is required to transfer the unclaimed share application money received by the company for allotment of equity shares during Initial Public Offer (IPO) made in 2004 and due for refund (IPO refund order) and amount of unclaimed Dividends, remaining unclaimed and unpaid for a period of seven years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

- Due Date for transfer of unclaimed and unpaid IPO Refund order to the IEPF by the Company.**

IPO Refund Order in respect of	IPO Refund Order date	Proposed date for transfer of unclaimed and unpaid IPO Refund Amount to IEPF*
Public issue of 3433500 equity shares of Rs.10/- each at a Price of Rs.175/- each (Issue opened on: 29 th March, 2004 and Closed on: 7 th April, 2004)	21 st April, 2004	20 th April, 2011
* Indicative dates, actual dates may vary		

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

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

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

- Initial Public Offer [IPO] for Unclaimed Shares**

As you are aware that your Company has come out with an IPO in the year 2004 of 3433550 equity shares of Rs.10/- each at a price of Rs.175. As per one of the clause of SEBI Guideline, allotment of Shares made only in dematerialized form, but at the time taking corporate action for the allotment of share through National Security Depository Limited and Central Security Depository Limited for crediting equity shares allotted in the IPO in their Accounts, various technical errors such as Incorrect Demat Account Number, Incorrect order

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of Name etc were found. Due to that, the details of Demat Account were not matching with application form filled in and signed by the Applicant.

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

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

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

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

REMUNERATION COMMITTEE:**1. Composition**

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

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

2. Meeting of the Remuneration Committee

During the year 1 [one] Remuneration Committee Meeting was held on 25th May, 2009, which was attended by all the three Members.

3. Role of the Committee

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

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

The Details of remuneration paid to all the Directors during the year :**❖ Executive & Whole-Time Directors**

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

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The Details of remuneration paid to Managing and Whole-time Directors during the last financial year i.e. from 01/04/2009 to 31/03/2010, are as under :

[Rs. In Lacs]

Name & Designation of the Director	Salary/ Remuneration (p.a.)	Perquisites & Allowances	Performance Linked Bonus/ Commission	Stock Options
Mr. Janmejy R. Vyas Chairman & Managing Director	396.27	Nil	Nil	Nil
Mrs. Deohooti J. Vyas Whole-Time Director	60	Nil	Nil	Nil
Mr. Arpit J. Vyas Whole-Time Director	30	Nil	Nil	Nil

Note: Mr. Arpit J. Vyas has been appointed as Whole-Time Director w.e.f.1st June, 2009 and his remuneration has been increased from Rs.3.00 lacs to Rs.10.00 lacs per month w.e.f. 1st June, 2010 by the Board of Directors at its meeting held on 29th May, 2010 upon the recommendation of Remuneration Committee held on 29th May, 2010.

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

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

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

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

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

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

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

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

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

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

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

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

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

❖ **Non-Executive and Independent Directors**

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

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

The Board of Directors in its Meeting held on 29th May, 2010 has approved the payment of commission to Non-Executive Directors of the Company (Other than the Chairman & Managing Director, Managing Director and Whole-Time Director) for the financial year ending on 31st March, 2010 based on the contribution of & valuable services rendered by and expertise advice received from the Non-Executive Directors.

The details of said payment of commission to Non-Executive Directors for the financial year ending on 31st March, 2010, as approved by the Board and details of sitting fees paid to Non-Executive/ Independent Directors for attending Board Meetings and Committee Meetings, during the last financial year i.e. from 01/04/2009 to 31/03/2010, are as under:

(Rs. in lacs)

Sr. No.	Name of Director	Commission	Sitting Fees
1.	Mr. Yagneshkumar B. Desai	2.00	1.80
2.	Mr. Sanjay S. Majmudar	6.00	2.80
3.	Mr. Ashok C. Gandhi	2.00	2.80

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

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

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

Shareholding of Non-Executive Directors :

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

The Company has not granted any stock options to its Directors. The Chairman of the Remuneration Committee, Mr. Sanjay S. Majmudar, was present at the last Annual General Meeting of the Company held on 31st July, 2009.

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GENERAL BODY MEETING:

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

Year	Venue	Date	Time
2006-2007	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	07/08/2007	9.30 a.m
2007-2008	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	31/07/2008	9.30 a.m
2008-2009	Hall No. S 3-5, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015	31/07/2009	9.30 a.m

Special Resolution passed at the Last Three AGM

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

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

Ordinary Resolution Passed at the Last Three AGM

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

Postal Ballot Resolution

The Company has not passed any Special Resolution last year through Postal Ballot. However, the Board of Directors in its meeting held on 25th May, 2009, has decided to propose the ordinary resolution under section 293(1)(a) of the Companies Act, 1956 in respect of creation of Security in favour of the proposed Lenders for securing the Borrowing up to a sum in aggregate not exceeding Rs.750 crores through Postal Ballot. Board has appointed Mr. Ashok P. Pathak, Practicing Company Secretary as Scrutinizer to conduct and oversee the voting through postal ballot.

The Company had on 27th June, 2009 dispatched to all the shareholders, Notice dated 25th May, 2009 under Section 192A(2) of the Companies Act, 1956, for obtaining the consent of the shareholders for Ordinary Resolution as mentioned above under Section 293(1)(a) of the Companies Act, 1956, by means of Postal Ballot. It was mentioned in the said Notice dated 25th May, 2009 that the postal ballot form sent therewith should be returned by the shareholders duly completed so as to reach the Scrutinizer on or before 27th July, 2009 and that the Scrutinizer will submit his report to the Chairman after completion of the Scrutiny.

Shri Ashok P. Pathak, Practicing Company Secretary, Ahmedabad, who was appointed as the Scrutinizer by the Board of Directors of the Company, had carried out the scrutiny of all the postal ballot forms received upto the close of working hours on 27th July, 2009 and submitted his report dated 30th July, 2009 to the Chairman of the Company. As per the said report details of Voting Pattern are as under :

Details of Voting Pattern

Particulars	No. of Postal Ballot forms	No. of Shares	% of total paid up equity capital	% of Voting by members in favour of the Resolution	% of Voting in terms of equity shares in favour of the Resolution
a) Total postal ballot forms received	345	50483023	62.559	—	—
b) Less: Invalid postal ballot forms (as per register)	44	5356	0.007	—	—
c) Net valid postal ballot forms (as per register)	301	50477637	62.552	100.00	100.000
d) Postal ballot forms with assent for Resolution	285	50475807	62.550	94.68	99.996
e) Postal ballot forms with dissent for the Resolution	16	1830	0.002	5.32	0.004

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The said result was declared as passed with the requisite majority, on 31st July, 2009 by the Chairman at the Annual General Meeting of the Company held on 31st July, 2009 at Hall No. S 3-5, Ground Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015. The said result was also published in the news paper namely The Economics Times in Gujarati and English edition of 1st August, 2009.

There is no proposal for passing any special or ordinary resolution through Potal Ballot at the next ensuing Annual General Meeting scheduled to be held on 30th July, 2010.

DISCLOSURES:

- There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large in the financial year 2009-10. Related party transactions have been disclosed in the Notes to the Annual Accounts of the Company for the year ended 31st March, 2010.
- There has been no instance of non-compliance by the company on any matter related to capital markets, during the last three years and hence no penalties or strictures have been imposed on the company by Stock Exchange(s) or SEBI or any other statutory authority.
- The Company has complied with all the mandatory requirements of the revised Clause 49 of the Listing Agreement. So, far as non-mandatory requirements are concerned, at present Company has not adopted the same, however, the Company has constituted a Remuneration Committee, details of which are described at herein above.

MEANS OF COMMUNICATION:

- The Company regularly intimates quarterly unaudited as well as yearly audited financial results to the stock exchanges, immediately after the same are taken on record by the Board. These results are normally published in Indian Express (English edition), Financial Express (Gujarati edition), The Economics Times and in The Hindu Business Line. These are not sent individually to the shareholders.
- The Company's results, annual reports and official news releases are displayed on the company's web-site www.dishmangroup.com. The Company had meetings with and made presentations to the institutional investors and analysts during the year.
- The Management Discussion and Analysis Report forms part of this Annual Report.
- All price sensitive information and announcements are communicated immediately after the Board decisions to the Stock Exchanges, where the Company's shares are listed, for dissemination to the Shareholders.
- As per the requirement of Clause 51 of the Listing Agreement Annual Report, Quarterly Results, Shareholding Pattern, etc. of the Company are being electronically filled on the EDIFAR website www.sebiedifar.nic within the time frame prescribed in this regard.

GENERAL SHAREHOLDER INFORMATION:

27th Annual General Meeting

Date & Time : 30th July, 2010 at 9.30 a.m.

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

As required under Clause 49 IV(G)(i), particulars of Directors seeking appointment/re-appointment are given in Annexure to the Notice of the Annual General Meeting to be held on 30th July, 2010.

Financial Year/Caleder

Financial Year	1 st April to 31 st March
Financial Calendar	<p>Results for every quarter beginning from April are being declared in the next month from the end of the said quarter as per the Listing Agreement except result of last quarter i.e. quarter ending on March. As per the latest amendment in the Listing Agreement the time limit for declaring the unaudited result of the Company, has been changed from 1 month to 45 days from the end of each quarter.</p> <p>The Company generally declares audited results for the whole year within the stipulated time of three months i.e. on or before 30th June, instead of unaudited result for the last quarter. As per the latest amendment in the Listing Agreement now, Company opts to declare audited results for the whole year instead of publishing unaudited result for the last quarter, they shall published the same within 60 days from the end of the financial year.</p>

Dishman Pharmaceuticals and Chemicals Limited

Date of Book Closure

From Saturday, the 17th day of July, 2010 to Friday, the 30th day of July, 2010 (both days inclusive), for determining the entitlement of the final dividend for the financial year 2009-2010.

Dividend Payment Date On or after 3rd August, 2010.

Listing on Stock Exchange

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

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

Annual listing fees for the year 2010-11, as applicable, have been paid to both the Stock Exchanges.

The Company has also paid Annual custodial fees for the year 2010-11, as applicable, to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Unsecured Foreign Currency Convertible Bonds (FCCBs) issued by the Company are listed on the Singapore Exchange Securities Trading Ltd. (SGX-ST) and Company has paid annual listing fees due to the said Stock Exchange.

Stock Code

Bombay Stock Exchange Ltd.	532526
National Stock Exchange of India Ltd.	‘DISHMAN’, ‘EQ’
Demat ISIN Number in NSDL & CDSL for Equity Shares	INE353G01020
Common Code for Foreign Currency Convertible Bonds	022775693
ISIN for Foreign Currency Convertible Bonds (FCCBs)	XS0227756938

Note: The said FCCBs are settled by Euroclear and Clearstream.

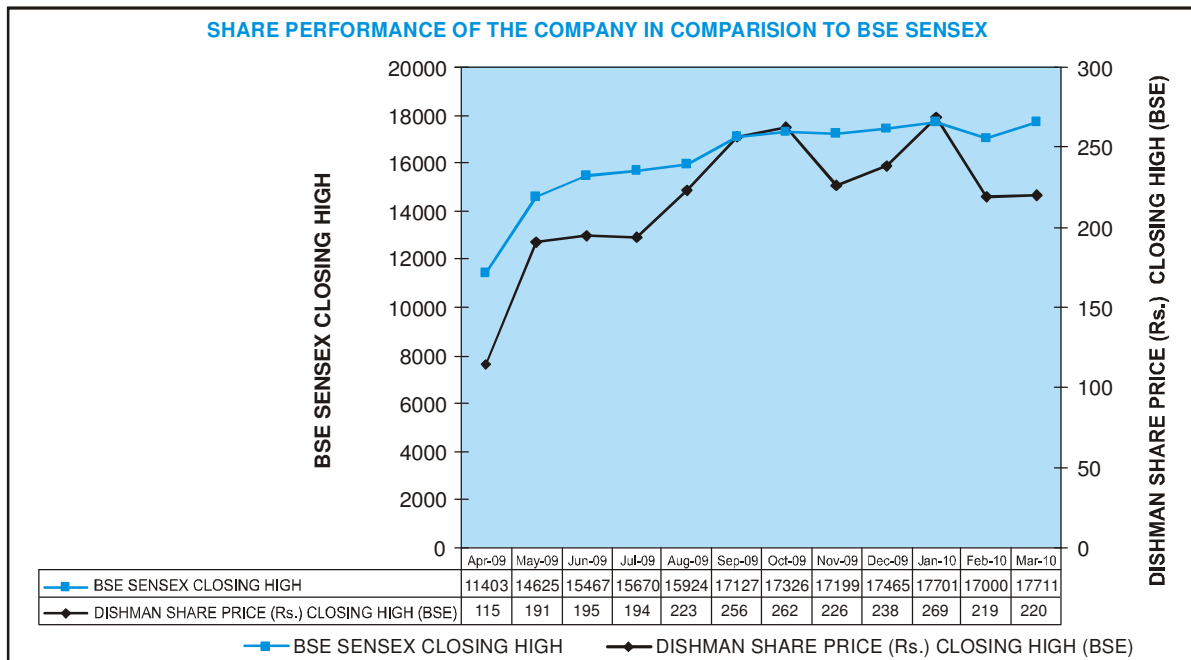
Market Price Data

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

(Price in Rs. per share)

MONTH	NSE			BSE			Total Volume (NSE & BSE)
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume	
APRIL,2009	116.10	95.95	3586746	115.40	96.30	1454791	5041537
MAY,2009	191.25	104.65	3637578	191.30	104.60	1894460	5532038
JUNE,2009	196.30	164.60	1606177	195.35	164.00	516455	2122632
JULY,2009	194.25	167.50	3388378	193.50	167.35	1265451	4653829
AUGUST,2009	222.70	201.90	4360540	223.35	190.55	1661247	6021787
SEPTEMBER,2009	255.85	197.15	10614520	256.30	197.10	4632702	15247222
OCTOBER,2009	260.90	228.20	7843920	261.55	227.65	2804265	10648185
NOVEMBER,2009	225.70	211.10	4691425	225.70	211.00	1250893	5942318
DECEMBER,2009	237.20	221.70	3030866	237.60	222.75	1332953	4363819
JANUARY,2010	268.65	219.70	4456462	268.95	219.55	2037030	6493492
FEBRUARY,2010	218.75	201.00	3102219	218.55	201.55	1333844	4436063
MARCH,2010	219.75	204.70	3003409	219.75	204.85	763507	3766916

Performance in comparison to BSE Sensex:



Distribution Schedule & Share holding Pattern:

Distribution of Shareholding Pattern

No. of Equity Shares Held	No. of Share Holders	% of Share holders	No. of Equity Shares Held	% of total Holding
1 - 500	16587	93.7380	1813729	2.2480
501 - 1000	553	3.1250	444852	0.5510
1001 - 2000	226	1.2770	355742	0.4410
2001 - 3000	98	0.5540	241967	0.3000
3001 - 4000	35	0.1980	125067	0.1550
4001 - 5000	37	0.2090	171821	0.2130
5001 - 10000	50	0.2830	358818	0.4450
10001 and Above	109	0.6160	77185140	95.6480
Total	17695	100.0000	80697136	100.0000

Shareholding pattern

Sr No.	Category	As on March 31, 2010		As on March 31, 2009	
		No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
1	Promoters	49141469	60.90	49041469	60.77
2	Mutual Fund & UTI	9454360	11.72	14029165	17.38
3	Bank, Financial Institutions (FI's), Insurance Companies	20000	0.02	—	—
4	Foreign Institutional Investors (FII's)	7266715	9.00	8368525	10.37
5	Private Bodies Corporate	10927218	13.54	6936102	8.60
6	Indian Public	3325575	4.13	1978944	2.45
7	Any Other				
	a) Non Resident Indian	293118	0.36	255984	0.32
	b) Clearing Members	268681	0.33	86254	0.11
	c) Trust	—	—	693	—
	Total	80697136	100.00	80697136	100.00

Dishman Pharmaceuticals and Chemicals Limited

Dematerialisation of Shares & Liquidity

The Company's shares are in compulsory demat segment and as on 31st March, 2010, 80696762 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.

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

The Company has not issued any GDRs/ADRs/Warrants in the past. However, in August 2005, the Company has issued 0.50% US\$ 50,000,000 Unsecured Foreign Currency Convertible Bonds (FCCBs) due 2010, convertible into Equity Shares of the Company at the option of the Bondholders.

During the year, the Company has not received any conversion Notice from the Bondholder for conversion of Bonds into Equity Shares of the Company. As on date 95% of the Bonds were converted into equity shares of the Company and outstanding FCCB of USD 2.50 million will be matured in August, 2010.

Registrar and Share Transfer Agent:

Link Intime India Pvt. Ltd.

(Formerly known as Intime Spectrum Registry Limited)

Registered Office:

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup (West), Mumbai – 400 078

Tel. No. 91-22-2596 3838, Fax No. : 91-22-2594 6969,

Email: mumbai@linkintime.co.in

Branch Offices:

Ahmedabad

211, Sudarshan Complex, Near Mithakhali Underbridge,

Navrangpura, Ahmedabad – 380 009

Tel. No.: 079-26465179, Fax No.: 022-26465179

Email: ahmedabad@linkintime.co.in

Bangalore

543/A, 7th Main, 3rd Floor, Hanumanthnagar, Bangalore - 560 019

Telefax:080-26509004, Email: bangalore@linkintime.co.in

Coimbatore

Surya 35, Mayflower Avenue, Behind Senthil Nagar Sowripalayam Road,

Coimbatore-641028, Tel:0422-2314792/2315792

Fax:0422-2314792

Email: coimbatore@linkintime.co.in

Fort, Mumbai

203,Davar House, Next to Central Camera, DN Road, Fort, Mumbai-400001.

Tel:022-22694127, Fax:022-26465179

Email : vivek.limaye@linkintime.co.in

Kolkata

59C, Chowringhee Road, 3rd Floor, Kolkata-700020

Tel:033-22890539/40, Fax: 033-22890539/40

Email: kolkata@linkintime.co.in

New Delhi

A-40, 2nd Floor, Naraina Industrial Area, Phase-II,

Near Batra Banquet, New Delhi - 110 028

Tel:011-41410592/93/94, Fax: 011-41410591,

Email: delhi@linkintime.co.in

Pune

Block No. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple,

Off. Dhole Patil Road, Pune - 411 001

Tel : 020-26051629, 26050084, Fax: 020-26053503

Email : pune@linkintime.co.in

Vadodara

308, 1st Floor, Jaldhara Complex, Opp. Manisha Society, Nr. Manisha Chaar

Rasta, Saiyad Vasna Road, Vadodara - 390015

Tel : 0265-2250241/3249857/2250246, Fax : 0265-2250246

Email : vadodara@linkintime.co.in

Share Transfer System

All the shares related work is being undertaken by our R & T Agent, **Link Intime India Pvt. Ltd.**, Mumbai (Formerly known as Intime Spectrum Registry Limited). To expedite the process of share transfer, transmission, split, consolidation, rematerialisation and dematerialisation etc. of securities of the Company, the Board of Directors has delegated the power

Dishman Pharmaceuticals and Chemicals Limited

of approving the same to the Company's R & T Agent under the supervision and control of the Company Secretary Mr. Deepak S. Pandya, who is placing a summary statement of transfer/transmission, etc. of securities of the Company at the meetings of the Shareholders' & Investors' Grievance Committee.

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

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

Plant Location

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

Address of the Correspondence

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

Secretarial Audit Report

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

Auditors' Certificate on Corporate Governance

To the Members

Dishman Pharmaceuticals and Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by **Dishman Pharmaceuticals and Chemicals Limited** ('the Company'), for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

Gaurav J. Shah
Partner

(Membership No.35701)

Ahmedabad, May 29, 2010

Dishman Pharmaceuticals and Chemicals Limited

AUDITORS' REPORT

**To the Members of
Dishman Pharmaceuticals and Chemicals Limited**

1. We have audited the attached Balance Sheet of **DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED** ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Gaurav J. Shah
Partner
(Membership No.35701)

Ahmedabad, May 29, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the accounts of **Dishman Pharmaceuticals and Chemicals Limited** for the year ended on March 31, 2010)

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

Dishman Pharmaceuticals and Chemicals Limited

and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the date of becoming payable.

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

Sr. No.	Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
1.	Income Tax Act, 1961	Income Tax	3.17	F.Y. 1998-99	Commissioner of Income Tax (Appeals)
			108.82	F.Y. 2001-02	Income Tax Appellate Tribunal
			73.20	F.Y. 2002-03	Income Tax Appellate Tribunal
			12.88	F.Y. 2003-04	Income Tax Appellate Tribunal
			212.61	F.Y. 2004-05	Commissioner of Income Tax (Appeals)
			1,457.78	F.Y. 2005-06	Commissioner of Income Tax (Appeals)
2.	Central Excise Act, 1944	Excise duties and service tax	10.01	F.Y. 2003-04	Central Excise and Service Tax Appellate Tribunal
			256.02	F.Y. 2006-07	Central Excise and Service Tax Appellate Tribunal
			28.75	F.Y. 2008-09	Central Excise and Service Tax Appellate Tribunal
3.	Central Sales Tax Act, 1956	Sales Tax	41.73	F.Y. 2001-02 and F.Y. 2002-03	Joint Commissioner, Commercial Tax
4.	Gujarat Sales Tax, Act	Sales Tax	114.95	F.Y. 2001-02 and F.Y. 2002-03	Joint Commissioner, Commercial Tax

11. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.
13. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company has given guarantees for loans taken by others from banks and financial institutions. In our opinion and according to the information and explanations given to us, the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
15. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long term investment.
17. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
18. The Company has issued 75 secured redeemable non convertible debentures of Rs. 10,000,000 each. The Company has created security in respect of the debentures issued subsequent to the balance sheet date.
19. The Company has not raised any money by way of public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

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

Gaurav J. Shah
Partner

(Membership No.35701)

Ahmedabad, May 29, 2010

Balance Sheet as at March 31, 2010

	Schedule	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	1,613.94	1,613.94
Reserves and Surplus	B	59,681.87	53,747.57
		61,295.81	55,361.51
Loan Funds			
Secured Loans	C	37,891.59	23,218.51
Unsecured Loans	D	5,514.70	5,833.42
		43,406.29	29,051.93
Deferred Tax Liability (Net)		2,713.77	2,030.59
TOTAL		107,415.87	86,444.03
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	46,417.94	35,873.19
Less: Depreciation / Amortization		11,033.93	9,013.16
Net Block		35,384.06	26,860.03
Capital Work-in-progress		26,764.01	17,296.47
		62,148.02	44,156.50
Investments			
Foreign Currency Monetary Item Translation Difference Account (Refer Note B.3 of Schedule O)	F	18,199.21	15,637.40
		48.60	275.49
Current Assets, Loans and Advances			
Inventories	G	9,975.28	11,631.71
Sundry Debtors		7,024.34	6,155.09
Loans and Advances		20,252.00	12,902.16
Cash and Bank Balances		428.20	320.48
Total Currents Assets		37,679.82	31,009.44
Less: Current Liabilities and Provisions			
Current Liabilities	H	9,146.12	3,193.92
Provisions		1,513.66	1,440.88
Total Current Liabilities and Provisions		10,659.78	4,634.80
Net Current Assets		27,020.04	26,374.64
TOTAL		107,415.87	86,444.03
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

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

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

Ahmedabad
Date: 29th May 2010

Dishman Pharmaceuticals and Chemicals Limited

Profit and Loss Account for the year ended on March 31, 2010

	Schedule	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
INCOME			
Sales and Services		35,635.28	42,388.90
Less: Excise Duty & Sales Tax		374.40	800.43
Net Sales		35,260.88	41,588.47
Other Income	I	315.28	94.16
Increase/(Decrease) in Stock	J	(1,287.47)	(1,000.68)
		34,288.69	40,681.95
EXPENDITURE			
Materials and Manufacturing Expenses	K	16,259.68	19,842.57
Research & Development Expenses		506.64	478.59
Employee Emoluments	L	3,371.31	3,092.02
Administrative, Selling & Other Expenses	M	2,109.09	3,534.45
Interest and Finance Charges	N	2,037.18	2,249.86
Depreciation / Amortisation		2,065.77	1,980.32
Less : Transferred From Revaluation Reserve		(1.67)	(1.67)
		26,348.00	31,176.14
Profit Before Tax		7,940.69	9,505.81
Provisions			
For Current tax		1,371.32	1,075.85
MAT Credit Entitlement		(1,150.75)	(1,025.69)
For Deferred Tax		683.25	167.61
For Fringe Benefit Tax		-	32.41
Profit After Tax for the Year		7,036.87	9,255.63
Prior Period Adjustments (Net)		(110.00)	12.06
Short Provision of Income Tax in Earlier Years		39.52	29.06
Net Profit		7,107.35	9,214.51
Balance Brought Forward		7,942.27	4,860.70
Amount Available for Appropriations		15,049.62	14,075.21
Appropriations			
Transfer to Debenture Redemption Reserve		625.00	-
Transfer to General Reserve		7,500.00	5,000.00
Proposed Dividend		968.37	968.37
Tax on Proposed Dividend		160.83	164.57
Balance Carried to Balance Sheet		5,795.42	7,942.27
Earnings Per Share of the face value of Rs 2 each			
Basic (Rs.)		8.81	11.43
Diluted (Rs.)		8.74	11.33
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

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

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

Ahmedabad
Date: 29th May 2010

Cash Flow Statement for the year ended on March 31, 2010

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Profit and Loss Account	7,940.69	9,505.81
Adjustments for :		
Depreciation and Amortisation	2,064.10	1,978.65
Interest Expense	2,942.20	2,558.15
Interest Income	(953.62)	(446.03)
Dividend Income	(0.11)	(6.49)
Loss/ (Gain) on sale of Fixed Assets(Net)	3.75	24.37
Loss/ (Gain) on sale of Investments	(10.00)	0.00
Loss / (Gain) on foreign exchange rate fluctuations	7.97	275.14
Provision for doubtful debts and advances	-	331.16
	4,054.29	4,714.95
Operating profit before working capital changes	11,994.98	14,220.76
Adjustments for :		
Trade Receivables	(1,316.42)	3,020.33
Inventories	1,656.42	431.31
Loans and Advances	(5,811.60)	(5,000.47)
Trade Payables and Provisions	6,044.66	(2,582.53)
	573.06	(4,131.36)
Cash Generated from Operations	12,568.04	10,089.41
Taxes paid	(1,714.17)	(994.47)
Prior Period Adjustments (Net)	110.00	(12.06)
	10,963.87	9,082.87
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(19,711.92)	(7,987.18)
Sale of Fixed Assets	22.97	22.16
Sale of Investments	4.95	-
Investments in Subsidiaries	(2,556.76)	(1,994.89)
Share application money in subsidiary/joint venture	(82.39)	(543.64)
Dividend Received	0.11	6.49
Interest Received	953.62	446.03
	(21,369.42)	(10,051.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Term Loans	15,077.83	4,849.36
Inter-Corporate Deposits taken	(117.33)	103.32
Interest Paid	(3,314.30)	(3,169.23)
Dividend Paid	(968.36)	(806.97)
Dividend Tax Paid	(164.57)	(137.14)
	10,513.27	839.33
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	107.72	(128.82)
Opening Balance of Cash and Cash Equivalents	320.48	449.30
Closing Balance of Cash and Cash Equivalents	428.20	320.48

Notes:-

- The Company has undrawn borrowing facilities of Rs.3,764.52 Lacs (Previous Year Rs.1,000.68 Lacs) at the end of the year.
- Cash and cash equivalents include deposits with banks of Rs. 242.61 lacs (Previous Year Rs.228.68 Lacs) of margin money, which amount is not available for immediate use.
- Interest paid is inclusive of, and purchase of fixed assets is exclusive of interest capitalised Rs. 372.10 lacs (Previous year Rs. 611.08 lacs)

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

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

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

Ahmedabad
Date: 29th May 2010

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule A : Share Capital		
Authorised:		
10,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 2 each	2,000.00	2,000.00
Issued, Subscribed and Paid-up:		
8,06,97,136 (P.Y. 8,06,97,136) Equity Shares of Rs.2 each fully paid up	1,613.94	1,613.94
Of the above, 1,01,00,000 equity shares of Rs. 10 each were issued as bonus shares by way of capitalisation of reserves in earlier years.		
	<u>1,613.94</u>	<u>1,613.94</u>
Schedule B : Reserves and Surplus		
Revaluation Reserve		
As per last balance sheet	175.89	177.56
Less : Transferred to Profit & Loss Account (Refer Note No. 3 in Schedule-E)	1.67	1.67
	<u>174.22</u>	<u>175.89</u>
Debenture Redemption Reserve		
Transferred from Profit & Loss Account	625.00	-
Capital Redemption Reserve		
As per Last Balance Sheet	-	249.02
Less: Transferred to General Reserve	-	249.02
	<u>-</u>	<u>-</u>
Securities Premium		
As per last balance sheet	24,840.61	23,002.83
Add: Premium on conversion of FCCBs into shares during the year	-	1,722.15
Add: Reversal of redemption premium on FCCBs converted during the year	-	115.63
Less: Premium on redemption of FCCBs	42.18	-
	<u>24,798.43</u>	<u>24,840.61</u>
General Reserve		
As per last balance sheet	20,788.80	15,494.71
Add: Reversal Of Exchange Difference Pertaining To Long Term Foreign Currency Monetary Items -As Per Transitional Provisions Of AS-11	-	45.07
Add: Transferred from Capital Redemption Reserve	-	249.02
Add :Transferred from Profit & Loss Account	7,500.00	5,000.00
	<u>28,288.80</u>	<u>20,788.80</u>
Profit and Loss Account		
Balance as per Profit and Loss Account	5,795.42	7,942.27
	<u>59,681.87</u>	<u>53,747.57</u>

Schedules forming part of the Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule C : Secured Loans		
Non-Convertible Debentures	7,500.00	-
Term Loans from Banks		
Foreign Currency Loans	16,370.05	8,834.02
Rupee Loans	8,848.50	7,080.57
Working Capital Loans from Banks		
Foreign Currency Loans	4,026.27	29.43
Rupee Loans	1,054.52	7,147.26
Hire Purchase Loans		
From Banks	73.64	127.23
From Financial Institution	18.61	-
Of the above term loans Rs 5,558.21 Lacs (Previous Year Rs.4,413.72 lacs) are repayable within a period of twelve months		
	37,891.59	23,218.51
Schedule D : Unsecured Loans		
Long Term Loans		
From Banks	-	714.02
From Financial Institution	545.47	545.47
Short Term Loans		
From Bank	3,836.83	3,178.21
From Directors	9.90	127.22
Foreign Currency Convertible Bonds (FCCBs)	1,122.50	1,268.50
Of the above long term loans Rs NIL (Previous Year Rs. 714.02 lacs) are repayable within a period of twelve months		
	5,514.70	5,833.42

Schedule E : Fixed Assets (At Cost)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April '09	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '10	As at 1st April '09	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '10	As at 31st March '10	As at 31st March '09
Land	549.88	-	-	549.88	-	-	-	-	549.88	549.88
Buildings	5,274.81	1,538.57	-	6,813.38	733.65	166.60	-	900.25	5,913.13	4,541.16
Plant & Machinery	21,673.23	7,434.33	27.64	29,079.92	5,984.39	1,289.11	21.06	7,252.44	21,827.48	15,688.84
Laboratory Equipments	2,746.51	103.62	-	2,850.13	586.42	166.73	-	753.15	2,096.98	2,160.09
Electrical Installations	2,651.30	1,260.55	-	3,911.85	452.58	130.43	-	583.01	3,328.84	2,198.72
Furniture & Fixtures	789.48	11.58	-	801.06	245.33	50.18	-	295.51	505.55	544.15
Office Equipments & Computers	712.93	81.44	-	794.37	551.38	52.38	-	603.75	190.62	161.55
Vehicles	864.62	53.83	44.07	874.37	188.61	77.92	23.94	242.59	631.78	676.01
Sub Total (A)	35,262.76	10,483.93	71.72	45,674.97	8,742.36	1,933.35	44.99	10,630.71	35,044.26	26,520.40
Intangible Assets										
Product Development Cost*	411.51	69.46	-	480.97	127.74	96.19	-	223.93	257.04	283.77
Patent, Trademark & Licences	94.32	57.03	-	151.35	53.98	30.27	-	84.25	67.10	40.34
Software	104.60	6.05	-	110.65	89.08	5.96	-	95.04	15.61	15.52
Sub Total (B)	610.43	132.54	-	742.97	270.80	132.42	-	403.22	339.75	339.63
Total	35,873.19	10,616.47	71.72	46,417.94	9,013.16	2,065.77	44.99	11,033.93	35,384.01	26,860.03
Capital Work In Progress	17,296.47	15,733.52	6,265.98	26,764.01	-	-	-	-	26,764.01	17,296.47
Total Fixed Assets	53,169.66	26,349.99	6,337.69	73,181.95	9,013.16	2,065.77	44.99	11,033.93	62,148.02	44,156.50
Previous Year	43,758.17	11,102.34	1,690.84	53,169.66	7,069.76	1,980.32	36.92	9,013.16	44,156.50	

*Internally generated

Notes:

- (1) Additions to fixed assets includes:
 - (a) Rs.1.29 lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 109.99)
 - (b) Gain Rs. 398.79 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year Rs. 451.19)
- (2) Capital Work in Progress includes:
 - (a) Rs. 370.81 lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 501.09)
 - (b) Gain Rs.438.93 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year Rs. 445.59)
 - (c) Rs.10,035.70 lacs on account of advance against capital expenditure (Previous year Rs. 9,215.12 lacs)
- (3) The gross block of fixed assets includes Rs 250 lacs (Previous year Rs 250 lacs) on account of revaluation of certain fixed assets viz Land, Buildings and Plant & Machinery as on 31st March 1995 on the basis of their replacement value as of that date determined by approved valuers. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 1.67 lacs (Previous year Rs. 1.67 Lacs) and equivalent amount, has been withdrawn from revaluation reserve and credited to the profit and loss account.

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule F : Investments (At Cost)		
Long Term		
Quoted		
2100 Equity Shares of Bank Of India Rs. 10 each fully paid up*	0.95	0.95
Unquoted		
Investments in Subsidiaries / Joint Ventures		
159000 Equity shares of Dishman Europe Ltd. of GBP 1/- each fully paid up	105.47	105.47
300000 Equity shares of Dishman USA Inc.of US\$ 1 each. fully paid up	136.20	136.20
Ordinary Shares of Dishman International Trade (Shanghai) Co.Ltd., China (No. of shares not specified)	87.86	87.86
1 Equity Share of Dishman FZE of UAE Dirham 1 Million each fully paid up	125.46	125.46
1030000 Equity Shares of Dishman Switzerland Ltd. of CHF 1 each fully paid up	357.30	357.30
334980 Equity shares of Schutz Dishman Biotech Ltd. of Rs. 10 each fully paid up	33.50	33.50
21900 (Previous year 15000) Equity Shares of CAD Middle East Pharmaceuticals Industries LLC of SAR 1000 each fully paid up	2,481.07	1,629.39
28000000 Equity Shares of Dishman Pharma Solutions AG, Switzerland of CHF 1 each fully paid up	10,507.50	10,507.50
Ordinary Shares of Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd (No. of shares not specified)	3,857.58	2,217.78
100000 Equity Shares of Dishman Australatia Pty Limited of AUD 1 each fully paid up	38.05	38.05
1686 (Previous year 1336)Shares of Dishman Japan Limited of 50000 JPY each fully paid up	303.50	233.22
50000 Equity Shares of Carbogen-Amcis (India) Limited of Rs. 10 each fully paid up	5.00	5.00
1250 Shares of Dishman Arabia Ltd.of SAR 1000/- each fully paid up	147.74	147.74
50000 Equity Shares of Dishman Care Limited of Rs.10 each fully paid up	5.00	-
Others		
6244 Equity Shares of Nutan Nagarik Sahkari Bank Ltd. of Rs. 25 each fully paid up	1.56	1.56
30 Shares of Stuti(Ambawadi) Association of Rs. 100 each fully paid up	0.03	0.03
50 shares of The Sangeeta Plaza iftex office Premises Co-op Society Limited of Rs. 50 each fully paid up	0.03	0.03
130 Equity Shares of B.R.Laboratories Ltd. Rs. 10 each fully paid up	0.01	0.01
4000 Equity Shares of Bhadr-Raj Holdings Private Limited of Rs. 10 each fully paid up	0.40	0.40

Schedules forming part of the Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
50000 Equity Shares of Dishman Infrastructure Limited of Rs.10 each fully paid up	5.00	5.00
Nil (Previous year 100) Gold Coins of Rs.4,951 each.	-	4.95
	18,199.21	15,637.40
Aggregate value of		
Quoted Investments	0.95	0.95
Unquoted Investments	18,198.26	15,636.45
Note:		
*Market Value of quoted investments is Rs. 7.16 Lacs (Previous Year Rs. 4.61 lacs).		
Schedule G : Current Assets, Loans and Advances		
Inventories		
Finished Goods	2,215.58	3,044.93
Work in Process	4,397.58	4,855.70
Raw Materials and Goods in Transit	3,065.08	3,504.02
Packing Materials	26.27	24.42
Stores, Spares & Consumables	270.77	202.64
	9,975.28	11,631.71
Sundry Debtors		
(Unsecured and considered good, except stated otherwise)		
Outstanding over six months		
Considered good	1925.87	323.25
Considered doubtful	206.30	220.10
Provision for Doubtful Debts	(206.30)	(220.10)
Others	5,098.47	5,831.84
	7,024.34	6,155.09
Loans and Advances		
(Unsecured and considered good, except stated otherwise)		
Advances recoverable in cash or kind or for value to be received		
Considered Good	16,082.41	10,513.27
Considered Doubtful	184.00	184.00
Provisions for Doubtful Advances	(184.00)	(184.00)
Share Application Money Pending Allotment	626.03	543.64
Balance with Central Excise Authorities	793.90	551.44
Advance Tax & Tax deducted at Source (Net of Provision)	415.37	107.01
MAT Credit Entitlement	2,334.29	1,186.80
	20,252.00	12,902.16

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Cash And Bank Balances		
Cash on hand	3.05	2.31
Balances with Scheduled Banks		
In Current Accounts	177.00	84.28
In Margin Money Accounts	242.60	228.68
In Fixed Deposit Accounts	5.55	5.21
	428.20	320.48
Schedule H : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors (Refer note B.12 of Schedule O)		
- Micro, Small and Medium Enterprises	63.79	(186.58)
- Others	7,442.59	2,478.83
Advances from Customers	188.81	7.89
Statutory and other Liabilities	1,450.93	893.78
	9,146.12	3,193.92
Provisions		
Provision for Leave Enchashment	83.97	60.24
Provision for Gratuity	300.49	247.70
Proposed Dividend	968.37	968.37
Tax on Proposed Dividend	160.83	164.57
	1,513.66	1,440.88
	10,659.78	4,634.80

Schedules forming part of the Profit & Loss Accounts

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Schedule I : Other Income		
Dividend Income from long term investments	0.11	6.49
Foreign Exchange Rate Fluctuation Gain	168.97	-
Miscellaneous Income	86.20	87.67
Profit on sale of long term investments	10.00	-
Profit on sale of rights in immovable properties	50.00	-
	315.28	94.16
Schedule J : Increase /(Decrease) In Stock		
Closing Stock		
Finished Goods	2,215.58	3,044.93
Work In Process	4,397.58	4,855.70
	6,613.16	7,900.63
Less : Opening Stock		
Finished Goods	3,044.93	1,592.65
Work In Process	4,855.70	7,308.66
	7,900.63	8,901.31
	(1,287.47)	(1,000.68)
Schedule K : Materials and Manufacturing Expenses		
Cost of goods traded in	246.97	3,865.98
Raw Materials Consumed	12,280.46	12,325.96
Stores, Spares & Consumables	82.17	82.92
Packing Materials Consumed	268.61	274.52
Material Processing Charges	391.70	237.85
Excise Duty	5.65	12.68
Power, Fuel & Electricity	1,803.25	2,053.22
Repairs and Maintenance		
Plant & Machinery	329.03	276.96
Building	63.58	94.16
Others	227.68	135.26
Laboratory Expenses	209.59	174.09
Factory Expenses	69.57	68.79
Other Manufacturing Expenses	281.42	240.18
	16,259.68	19,842.57
Schedule L : Employees Emoluments		
Salaries and Wages	2,736.62	2,370.18
Contributions to Provident and other funds	91.31	97.72
Welfare Expenses	80.93	67.45
Managerial Remuneration	462.45	556.67
	3,371.31	3,092.02

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Profit & Loss Accounts

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Schedule M : Administrative, Selling and Other Expenses		
Rent, Rates & Taxes	66.57	61.45
Legal and Professional Charges	187.21	189.18
Conveyance and Travelling	282.40	259.35
Communication Expenses	41.90	37.17
Stationary and Printing	33.17	49.48
Subscriptions and Memberships	45.96	16.07
Insurance Premium	229.71	217.52
ECGC Premium	29.12	41.65
Loss on sale of fixed asset (Net)	3.75	24.37
Provision for Doubtful Debts & Advances	-	331.16
Sundry Balances Written Off (Net)	268.46	9.45
Advance Licence Fees	0.67	0.67
Office Electricity Expenses	19.31	16.99
Recruitment Expenses	10.88	2.92
Auditors Remuneration	13.58	12.36
Foreign Exchange Rate Fluctuation Loss	-	1,350.09
Miscellaneous Expenses	114.04	123.57
Clearing & Forwarding	468.55	620.31
Sales Commission	24.19	31.30
Advertisement and Business Promotion	8.03	34.31
Donation	261.59	105.08
	2,109.09	3,534.45
Schedule N : Interest and Finance Charges		
On Debentures	106.34	-
On Fixed Loans	1,810.60	1,031.09
On Other Loans	696.97	909.28
Bank charges and other financial cost	376.89	755.52
	2,990.80	2,695.89
Less : Interest Income (Gross of Tax Deducted at Source Rs. 74.30 lacs (P.Y. Rs.92.19 lacs))	953.62	446.03
	2,037.18	2,249.86

Schedule O**Significant Accounting Policies and Notes to Financial Statements****A. Significant Accounting Policies****1. Accounting Convention**

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

2. Use of Estimates

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

3. Tangible Fixed Assets

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

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

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

4. Intangible Assets

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

5. Depreciation / Amortization

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

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

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

6. Impairment of Assets

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

7. Investments

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

8. Inventories

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

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

Cost of inventories is determined on "First In First Out" basis.

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

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

Dishman Pharmaceuticals and Chemicals Limited

9. Revenue Recognition

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

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

Income from Contract Research is recognized under Percentage Completion Method basis as per contractual terms. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

10. Foreign Currency Transactions

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

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

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

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

11. Redemption Premium on Foreign Currency Convertible Bonds

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

12. Employee Benefits

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

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

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

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

13. Research and Development Costs

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

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

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

14. Borrowing Costs

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

15. Financial Derivates and Hedging Transactions

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

16. Provision for Tax

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

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

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

17. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

B. Notes to the financial statements

1. Contingent Liabilities to the extent not provided for:
 - a. Guarantees given by Bank on behalf of the Company Rs 148.52 Lacs (Previous Year Rs. 73.58 Lacs)
 - b. Letters of Credit in favor of suppliers Rs 908.87 Lacs (Previous Year Rs 460.58 Lacs)
 - c. Outstanding guarantees furnished to the bank in respect of wholly owned subsidiaries and a joint venture company Rs. 35,115.35 Lacs (Previous Year Rs. 44,046.23 Lacs)
 - d. Claims against the Company not acknowledged Rs. 4.56 Lacs (Previous Year Rs. 5.06 Lacs)
 - e. Disputed central excise duty (including service tax) liability is Rs. 329.27 Lacs (Previous Year Rs. 302.04 Lacs)
 - f. Disputed income tax liability Rs. 2,292.52 Lacs (Previous Year Rs. 834.73 Lacs) for various assessment years for which appeals are pending with Appellate authorities, out of the said amount company has paid Rs.422.26 Lacs (Previous Year Rs. 380.00 Lacs) under protest.
 - g. Disputed sales tax and central sales tax liability Rs 181.62 Lacs (Previous Year Rs. 181.62 Lacs), out of the said amount company has paid Rs. 24.93 Lacs under protest.
 - h. Bills discounted with banks Rs. 4,516.46 Lacs (Previous Year Rs. 2,861.02 Lacs.)
2. Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of Advances) Rs. 4,282.56 Lacs (Previous Year Rs. 2,948.14 Lacs)
3. From the financial year 2008-09, the company changed its accounting policy pertaining to recognition of exchange rate differences on settlement or restatement of foreign currency monetary assets and liabilities by exercising the option as per the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs. As a result:
 - a. The exchange differences arising on restatement or settlement of long term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset are adjusted to the cost of such asset and depreciated over the balance life of the asset.
 - b. In other cases, they have been accumulated in 'Foreign Currency Monetary Items Translation Difference Account' and amortized over the balance period of such long term asset/ liability but not beyond March 31, 2011 by recognition as an income and expenses in each of such periods.

Accordingly, Rs. 837.72 lacs have been reduced from cost of fixed assets, Rs. 178.28 lacs has been reduced from 'Foreign Currency Monetary Items Translation Difference Account', and Rs. 48.59 lacs has been amortized and charged to profit and loss account during the year.

The amount remaining to be amortized in subsequent periods as at the balance sheet is Rs. 48.60 Lacs.

Dishman Pharmaceuticals and Chemicals Limited

4. Secured Loans

Secured Foreign Currency Term Loan from Bank of India (amount outstanding as at March 31, 2010 Rs. 3,882.23 lacs), is secured against first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the company. Also ,against pledge of the shares of the Company held / to be held in wholly owned subsidiary in China, namely Dishman Pharmaceuticals & Chemicals (Shanghai) Co.Ltd.

Secured Foreign Currency Term Loan from Development Bank of Singapore (amount outstanding as at March 31, 2010 Rs. 4,490.00 lacs), is secured against first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the company.

Secured Foreign Currency Term Loan from International Finance Corporation (amount outstanding as at March 31, 2010 Rs. 6,735.00 lacs), is secured against first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the company.

Foreign currency loan from Cooperative Centrale Raifeisen- Boerenleenbank BA (trading as Rabobank International), Singapore (amount outstanding as at March 31, 2010 Rs. 1,262.81 lacs) is secured against pledge of the Company's investment in the equity shares of its wholly owned subsidiary, namely Dishman Pharma Solutions AG., Switzerland. The said loan are also secured against (i) Corporate guarantee of Company's wholly owned subsidiaries Dishman Pharma Solutions AG., and Carbogen Amcis AG.,Switzerland; (CA) (ii)Pledge of the Dishman Pharma Solutions AG's investment in the equity shares of its wholly owned subsidiary namely Carbogen Amcis AG. (iii) Charges over receivables of CA over all its present and future book debts; and (iv) First charge on all present and future Fixed Assets of CA.

Secured Term Loan from Industrial Development Bank of India Limited (IDBI) (amount outstanding as at March 31, 2010 Rs. 2,100.00 lacs) is secured against first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the company.

Secured Term Loan from Indusind Bank Limited (amount outstanding as at March 31, 2010 Rs. 4,748.50 lacs) is secured against first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the company.

Secured Term Loan from Bank of Maharashtra (amount outstanding as at March 31, 2010 Rs. 2,000.00 lacs) is secured against first pari-passu charge on the fixed assets of the Company located at Bavla and the second pari-passu charge on the current assets of the company.

Secured Redeemable Non Convertible Debentures issued by the company (amount outstanding as at March 31, 2010 Rs. 7,500.00 lacs), are secured by, first pari-passu charge on the fixed assets of the company located at Bavla. The debenture 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.

Hire Purchase Finances are secured by hypothecation of respective assets.

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

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

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

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

7. Deferred Income Tax

Major components of deferred tax liability are as follows:

Particulars	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
Opening balance of deferred tax asset /(liability) (Net)	(2,030.59)	(1,862.98)
Deferred Tax Liability		
Depreciation	705.26	326.10
Deferred Tax Assets		
Disallowance under section 43B of the Income Tax Act, 1961	22.08	158.49
Provision for deferred tax asset /(liability) (Net)	(2,713.77)	(2,030.59)

8. Details of debts due from companies under the same management:

Name of the Company	2009-10		2008-09	
	Balance as at March 31, 2010 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)	Balance as at March 31, 2009 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)
Carbogen Amis AG	-	374.78	146.07	149.36
Dishman Europe Limited	5,628.12	6,112.46	2,947.95	8,171.10
Dishman Australasia Pty Limited	50.02	60.85	16.15	19.18
Dishman International Trade (Shanghai) Co. Limited	2.63	151.93	12.19	12.19
Dishman Pharma Solution AG	-	3.40	3.40	3.40
Dishman USA	538.18	711.28	577.29	1,014.39
Innovative Ozone Services Inc.	-	36.11	36.11	36.11
Dishman Japan Ltd.	100.86	389.28	91.97	91.97
Cad Middle East Pharmaceutical Industries	327.46	416.15	-	-
Total	6,647.27		3,831.13	

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

Name of the Company	2009-10		2008-09	
	Balance as at March 31, 2010 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)	Balance as at March 31, 2009 (Rs. in lacs)	Maximum balance during the year (Rs. in lacs)
Dishman Infrastructure Limited	3,800.00	4,804.47	3,800.00	5,979.77
Dishman Europe Limited	424.62	540.07	470.61	1,266.99
Dishman Australasia Pty Limited	205.70	205.70	105.52	105.52
Dishman Pharmaceuticals and Chemicals (Shanghai) Co. Limited	3,367.50	3,933.58	1,014.80	1,014.80
Dishman Care Ltd.	50.20	50.20	-	-
Total	7,848.02		5,390.03	

Capital Work in Progress includes Rs.4,849.41 Lacs paid to Dishman Infrastructure Limited, a company under the same management for purchase of land.

9. The Company has the following Joint Ventures as at March 31, 2010 and its proportionate share in the Assets, Liabilities, Income and Expenditure in the Joint Venture companies is as under:

Name of the Joint Venture Company (including country of incorporation)	% of holding (Rs. in lacs)	Assets (Rs. in lacs)	Liabilities (Rs. in lacs)	Contingent Liabilities (Rs. in lacs)	Capital Commitments (Rs. in lacs)	Income (Rs. in lacs)	Expenditures (Rs. in lacs)
		As at March 31, 2010				For the year ended March 31, 2010	
Schutz Dishman Bio-tech Ltd. (India)	22.33	444.72	334.72	380.21	-	374.75	345.57
CAD Middle East Pharmaceutical Industries (Saudi Arabia)	30	2,683.49	212.67	-	-	-	-
Dishman Japan Limited (Japan)	85	552.88	289.87	-	-	1,017.17	1,155.24
Dishman Arabia Ltd. (Saudi Arabia)	50	563.05	46.63	-	-	-	-

Dishman Pharmaceuticals and Chemicals Limited

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

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

Name of the Company	Relationship	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)	Maximum balance outstanding during the year (Rs. in lacs)
Dishman Europe Limited	Subsidiary	424.62	470.61	540.07
Dishman Australasia Pty Limited	Subsidiary	205.70	105.52	205.70
D P C Shanghai Limited	Subsidiary	3,367.50	1,014.80	3,933.58
Dishman Infrastructure Limited (DIL)*	Entity in which director is interested	3,800.00	3,800.00	3,800.00

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

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

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

11. Prior period adjustment includes:

Particulars	2009-10 (Rs. In lacs)	2008-09 (Rs. In lacs)
Interest and Other Income	-	-1.30
Machinery Repairs	1.54	1.12
Other Repairs	1.12	1.44
Raw Material Purchase-Import	6.71	1.85
Freight Inward	2.08	2.18
Profit on sale of property rights	-124.20	-
Telephone, Telex & courier Expenses	1.11	-
Foreign Traveling Expenses	1.22	-
Other Expenses	0.38	6.77
Total	-110.00	12.06

12. There are no dues to Micro and Small Enterprises as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

13. Employee Benefits

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

Details of post retirement benefits are as follows:

1. Defined Benefit Plans

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

I. Expenses recognized during the year

Particulars	Gratuity (Rs in lacs)	Leave Encashment (Rs. in lacs)
Current service cost	38.55	23.23
Interest Cost	20.61	4.99
Expected return on plan assets	(0.08)	-
Net actuarial losses (gains)	9.77	2.84
Total	68.85	31.06

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

Particulars	Gratuity (Rs in lacs)	Leave Encashment (Rs. in lacs)
Defined benefit obligation at beginning of the year	248.35	60.17
Service cost	38.55	23.23
Interest cost	20.61	4.99
Actuarial losses (gains)	9.71	2.84
Benefits paid	(16.73)	(7.27)
Defined benefit obligation at end of the year	300.49	83.96

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

Particulars	Gratuity (Rs in lacs)
Fair value of plan assets at beginning of the year	0.55
Expected return on plan assets	0.08
Actuarial gains and (losses)	(0.06)
Contributions by employer	17.40
Benefits paid	(16.73)
Fair value of plan assets at year end	1.24

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

	Gratuity			Leave Encashment		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Present value of defined benefit obligations at the end of the year	300.49	248.35	185.94	83.96	60.17	48.26
Fair value of plan assets at the end of the year	1.24	0.55	0.34	-	-	-
Net assets / (liability) at the end of year	(299.25)	(247.80)	(185.60)	(83.96)	(60.17)	(48.26)

V. Investment details

Particulars	% invested as at 31 st March, 2010
Insurance Company	100%

VI. Actuarial Assumptions

Particulars	Gratuity	Leave Encashment
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.30%	8.30%
Expected Return on plan assets (per annum)	9%	-
Rate of escalation in salary (per annum)	6%	6%
Withdrawal rates	3 % at younger age reducing to 1% at older age	3% at younger age reducing to 1% at older age
Retirement age	58 years	58 years

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

VII. Experience History

	Gratuity			Leave Encashment		
	31st March 2010 (Rs.)	31st March 2009 (Rs.)	31st March 2008 (Rs.)	31st March 2010 (Rs.)	31st March 2009 (Rs.)	31st March 2008 (Rs.)
Present value of defined benefit obligations at the end of the year	300.49	248.35	185.94	83.96	60.17	48.26
Fair value of plan assets at the end of the year	1.24	0.55	0.34	-	-	-
Net assets / (liability) at the end of year	(299.25)	(247.80)	(185.60)	(83.96)	(60.17)	(48.26)

2. Defined Contribution Plans.

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

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Employer's Contribution to Provident Fund	69.10	63.04
Employers' Contribution to Superannuation Fund	27.47	31.44

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

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

Particulars	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
For a period not later than 1 year	55.98	78.92
For a period later than 1 year but not later than 5 years.	36.27	48.31
For a period later than 5 years	-	-

Hire charges recognized in the profit and loss account Rs 8.03 Lacs (Previous Year Rs. 15.54 Lacs)

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

16. The profit and loss account includes:

a) Auditors' Remuneration :

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Audit fees	12.10	11.00
Tax Audit Fees	1.10	1.00
Certification fees	0.38	1.40
Out of Pocket Exp.	0.23	0.36
Total	13.81	13.76

b) Directors' Remuneration :

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Salaries and Commissions	499.95	556.67
Total	499.95	556.67

c) Managerial Remuneration

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

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Profit before other adjustment & tax as per Profit & Loss Account	7,940.69	9,505.81
Add Managerial Remuneration	462.45	556.67
Loss on sale of asset	3.75	24.37
Provision for bad & doubtful debts	-	331.16
Depreciation as per books	2,064.10	1,978.65
Directors' sitting fees	7.40	7.00
Total	2,537.70	1,2403.66
Less: Depreciation as per Section 350 of Companies' Act, 1956	2,064.10	1,978.65
Profit on sale of assets / rights	50.00	-
Total	2,114.10	1,978.65
Net Profit as per Sections 198 and 309(5)	8,364.29	10,425.01

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Entitlement of maximum remuneration to Managing Director @ 5% of the Net Profit as per Sections 198 and 309(5) of the Companies Act, 1956 is Rs. 398.30 lacs, as against which managerial remuneration provided for in the current year is Rs. 396.27 lacs.

17. Details of Capital & Revenue Expenditure for Department of Scientific & Industrial Research under approval of Research & Development Facilities / division of the company for the year 31st March 2010 are as follows :

Revenue Expenditure

Particulars	2009-10 (Rs.in lacs)	2008-09 (Rs.in lacs)
Personnel costs	354.62	323.90
Chemicals and Consumables	97.74	91.60
Books & Periodicals	41.32	48.60
Other R & D Expenses	12.96	14.49
TOTAL	506.64	478.59

Capital Expenditure**(Rs. in lacs)**

Particulars	As at 1 st April, 2009	Addition during the year	As at 31 st March, 2010
Buildings	1,387.04	0.06	1,387.10
Plant & Machinery	1,183.38	125.68	1,309.06
Laboratory Equipment	1,079.26	187.08	1,266.34
Electrical Equipment	188.74	0.74	189.47
Furniture & Fixture	150.12	1.03	151.15
Office Equip & Computer	18.13	-	18.13
Total	4,006.67	314.59	4,321.26

18. **Earnings Per Share (EPS)**

Particulars		2009-10	2008-09
Basic			
Profit attributable to equity shareholders	Rs in lacs	7,107.35	9,214.51
Nominal Value of equity share	Rs.	2	2
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,622,200
Basic EPS	Rs.	8.81	11.43
Diluted			
Profit attributable to equity shareholders	Rs. in lacs	7,107.35	9,214.51
Add: Interest payable on outstanding Foreign Currency Convertible Bonds	Rs. in lacs	4.44	2.58
Profit after tax for Diluted EPS	Rs. in lacs	7,111.79	9,217.09
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,622,200
Add: Adjustment for option relating to Foreign Currency Convertible Bonds	Nos.	6,35,914	7,10,850
Weighted average number of ordinary equity shares for Diluted EPS	Nos.	81,333,050	81,333,050
Diluted EPS	Rs.	8.74	11.33

19. Related Party Disclosures

a) Related parties and their relationships

Name of the related party	Relationship
Dishman USA Inc.	Wholly Owned Subsidiary (Controlled)
Dishman Europe Limited	Wholly Owned Subsidiary (Controlled)
Dishman International Trading (Shanghai) Co.Limited	Wholly Owned Subsidiary (Controlled)
Dishman FZE	Wholly Owned Subsidiary (Controlled)
Dishman Switzerland Limited	Wholly Owned Subsidiary (Controlled)
Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited	Wholly Owned Subsidiary (Controlled)
Dishman Pharma Solutia AG	Wholly Owned Subsidiary (Controlled)
Dishman Australasia Pty Limited	Wholly Owned Subsidiary (Controlled)
Carbogen Amcis (India) Limited	Wholly Owned Subsidiary (Controlled)
Dishman Care Limited	Wholly Owned Subsidiary (Controlled) (Controlled)
Carbogen Amcis Limited	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman Holland B.V	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman Africa (Proprietary) Limited	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman Netherlands B.V.	Wholly Owned Subsidiary (Step down) (Controlled)
Carbogen Amcis AG	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman U.K LLP	Wholly Owned Subsidiary (Step down) (Controlled)
Innovative Ozone Service Inc	Wholly Owned Subsidiary (Step down) (Controlled)
Dishman Japan Limited	Subsidiary (Controlled)
Dishaman Arabia Limited	Joint Venture
Bhadra-Raj Holdings Private Limited	Associate Concern
CAD Middle East Pharmaceutical Industries	Joint Venture
Schutz Dishman Bio-tech Limited	Joint Venture
Mr. Janmejy R.Vyas	Key Management Personnel
Mr. Rajnikant T.Vyas (till 27-05-2009)	Key Management Personnel
Mrs. Deohooti J.Vyas	Key Management Personnel
Mr. Arpit J.Vyas	Key Management Personnel
Ms. Aditi J Vyas	Relative of Key Management Personnel
Ms . Mansi J Vyas	Relative of Key Management Personnel
Mr. J.R.Vyas HUF	Key Management Personnel is Karta
B.R. Laboratories Limited	Equity Controlled By Key Management Personnel
Dishman Infrastructure Limited	Equity Controlled By Key Management Personnel

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b) Transactions with related parties

(figures in brackets represent previous year data)

Particulars	Subsidiaries (Rs. in lacs)	Associates/ Joint Ventures (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Entity Controlled by Key Management Personnel (Rs. in lacs)	Total (Rs. in lacs)
Purchase of goods	- (1.41)	0.86 (3.48)	- (-)	0.90 (2.59)	1.76 (7.48)
Purchase of Know how	2,130.00 (-)	- (-)	- (-)	- (-)	2,130.00 (-)
Sale of goods/ Export Services	21,787.73 (25,115.68)	1,174.70 (435.16)	- (-)	0.13 (0.02)	22,962.43 (25,550.86)
Contribution in common expenses received	- (-)	- (143.48)	- (-)	- (0.59)	- (144.07)
Contribution in common expenses given	- (199.82)	- (-)	- (-)	- (-)	- (199.82)
Interest income	242.36 (342.87)	- (-)	- (-)	449.10 (13.24)	691.46 (356.11)
Reimbursements / Expenses Received	51.42 (28.54)	- (0.97)	- (-)	- (-)	51.42 (29.51)
Reimbursements / Expenses Given	960.73 (-)	- (-)	- (-)	- (-)	960.73 (-)
Investments	1,644.80 (2,239.05)	921.96 (147.74)	- (-)	- (-)	2,566.76 (2,386.79)
Share Application Money given	- (120.48)	152.67 (298.16)	- (-)	- (125.00)	152.67 (543.64)
Loans granted	2,724.48 (3,474.18)	- (35.00)	- (3.00)	7.00 (-)	2,731.48 (3,512.18)
Loans taken	- (-)	- (104.00)	9.00 (500.00)	- (168.42)	9.00 (772.42)
Advance Received against sale	- (-)	159.19 (-)	- (-)	- (-)	159.19 (-)
Capital Advances	- (1,117.72)	- (-)	- (-)	2,390.45 (688.11)	2,390.45 (1,805.82)
Dividends paid	- (-)	7.20 (6.00)	580.89 (483.36)	- (-)	588.09 (489.36)
Remuneration	- (-)	- (-)	489.95 (557.57)	- (-)	489.95 (557.57)
Rent Paid	- (-)	- (-)	9.07 (9.07)	- (-)	9.07 (9.07)
Guarantees given	34,625.83 (43,473.18)	489.52 (573.05)	- (-)	- (-)	35,115.35 (44,046.23)
Outstanding balance (Dr)	10,367.83 (5,433.53)	327.46 (-)	- (-)	8,649.40 (5,854.78)	19,344.69 (11,288.31)
Outstanding balance (Cr)	2,876.78 (153.32)	- (-)	9.89 (127.22)	- (-)	2,886.67 (280.54)

Dishman Pharmaceuticals and Chemicals Limited

c) Disclosure in respect of material transactions with related parties

Particulars	Name of the related party	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Purchase of goods	Schutz Dishman Bio-tech Ltd.	0.86	3.48
	B.R.laboratories Pvt Ltd	0.90	2.59
Purchase of Know how	Carbogen Amcis AG	2,130.00	–
Sale of goods/Export Services	Dishman Europe Ltd	19,247.35	22,240.29
	Carbogen Amcis AG	490.92	384.60
	Dishman USA Inc.	1,767.00	2,360.13
	Dishman Japan Ltd	675.29	96.95
	CAD Middle East Pharmaceuticals Industries	416.15	427.19
Contribution in common expenses received	Schutz Dishman Bio-tech Ltd.	–	143.48
Contribution in common expenses given	Dishman Europe Ltd	–	199.82
Reimbursements of Expenses Given	Dishman Europe Ltd	157.85	–
	Carbogen Amcis AG	779.77	–
Reimbursements of Expenses received	Dishman Care Ltd.	50.20	–
	Carbogen Amcis AG	–	25.70
Interest income	Dishman Europe Ltd	21.13	22.74
	D P C (Shanghai) Co.Ltd	221.23	11.47
	Dishman infrastructure Ltd	449.10	321.90
Investments	D P C (Shanghai) Co.Ltd	1,639.80	748.71
	Dishman Japan Ltd	70.28	–
	CAD Middle East Pharmaceuticals Industries	851.68	1,452.29
	Dishman Arabia Ltd.	–	147.74
	Dishman Australasia Pty Ltd.	–	38.05
	Dishman Care Ltd.	5.00	–
Share Application Money given	Dishman Infrastructure Ltd	–	125.00
	Dishman Arabia Ltd.	–	298.16
	Dishman Japan Ltd	152.67	120.48
Loans and advances granted	D P C (Shanghai) Co.Ltd	2,645.44	1,005.10
	Dishman Australasia Pty Ltd.	79.04	104.58
	Dishman Infrastructure Ltd	–	2,364.50
Loans and advances taken	B.R. Laboratories Ltd	–	168.42
	Schutz Dishman Bio-tech Ltd.	–	104.00
	Mr. Janmejy R.Vyas	9.00	500.00
Advance received against sale	Dishman Japan Ltd.	159.19	–
Capital Advances	Dishman Infrastructure Ltd	2,390.45	1,805.82
Dividends paid	Bhadra-Raj Holdings P.Ltd.	7.20	6.00
	Mr. Janmejy R.Vyas	300.51	250.43
	Mr. Rajnikant T.Vyas	–	123.30
	Mrs. Dehooti J.Vyas	131.57	109.65
	Mr. Arpit J.Vyas	147.79	–
Remuneration	Mr. Janmejy R.Vyas	396.27	466.67
	Mr. Rajnikant T.Vyas	3.68	24.00
	Mrs. Dehooti J.Vyas	60.00	56.00
	Mr. Arpit J.Vyas	30.00	–
Guarantees given	Dishman Pharma Solutia AG.	18,962.81	23,751.52
	Dishman Europe Ltd	2,214.39	368.80
	Schutz Dishman Bio-tech Ltd.	489.52	573.05
	Dishman FZE	2,558.18	3,387.48
	D P C (Shanghai) Co.Ltd	2,052.00	2,187.00
	Carbogen Amcis AG.	3,834.00	7,559.60
	Dishman Netherlands B.V.	5,004.45	6,218.78

Dishman Pharmaceuticals and Chemicals Limited

20. Segmental Reporting

The Company is in the business of manufacturing and marketing of

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

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

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

- A. Domestic Sales
- B. Export Sales

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

(figures in brackets represent previous year numbers)

Particulars	CRAMS (Rs. in lacs)	Bulk Drugs, Quats, Speciality Chemicals (Rs. in lacs)	Total of Reportable Segments (Rs. in lacs)
Sales	25,701.86 (27,515.18)	9,559.03 (14,073.29)	35,260.89 (41,588.47)
Inter segment sales	- (-)	- (-)	- (-)
Other income	123.16 (-)	142.11 (69.79)	265.28 (69.79)
Segment revenue	24,686.68 (26,740.41)	9,552.01 (13,917.16)	34,238.69 (40,657.57)
Segment results	8,130.39 (9,298.69)	1,797.48 (2,456.98)	9,927.87 (11,755.67)
Segment assets	58,889.02 (49,821.75)	13,261.17 (15,222.14)	72,150.19 (65,043.89)
Segment liabilities	7,283.98 (2,484.05)	1,862.17 (709.87)	9,146.15 (3,193.92)

Reconciliation of reportable segments with financial statements

(figures in brackets represent previous year numbers)

Particulars	Total of Reportable Segments (Rs. in lacs)	Unallocated/ Others (Rs. in lacs)	As per Financial Statements (Rs. in lacs)
Revenues	34,238.69 (40,657.57)	50.00 (-)	34,288.69 (40,657.57)
Results	9,927.87 (11,755.67)	-1,987.18 (-2,249.86)	7,940.69 (9,505.81)
Assets	72,150.19 (65,043.89)	50,387.87 (29,094.83)	1,22,538.06 (94,138.72)
Liabilities	9,146.15 (3,193.92)	8,689.85 (6,531.40)	17,836.00 (9,725.32)

Particulars	Domestic (Rs. in lacs)	Export (Rs. in lacs)	Total (Rs. in lacs)
Revenue	2,428.14 (6,615.67)	31,810.55 (34,041.90)	34,238.69 (40,657.57)
Total Assets	1,22,538.06 (94,138.72)	- (-)	1,22,538.06 (94,138.72)

21. Financial and derivative instruments

Derivative contracts entered into by the Company and outstanding as at March 31, 2010.

(a) For hedging currency and interest related risks

Particulars	As at March 31, 2010 (Rs. In lacs)	As at March 31, 2009 (Rs. In lacs)
Interest Swap	4,490.00	-
Total	4,490.00	-

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

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

Particulars	Foreign Currency (in Millions)	Indian Currency (Equivalent Rs. in Lacs)
Amounts receivable in foreign currency	CHF NIL EUR 1.86 GBP 0.20 USD 19.16 AUD 0.61	10,121.15
Amounts payable in foreign currency	EUR 6.48 GBP 0.12 CHF 6.86 USD 29.19	20,040.52

22. The Ministry of Corporate Affairs, Government of India, vide its Order No. 47/70/2010-CL-III dated 23rd February, 2010 issued under section 212(8) of the Companies Act, 1956 has exempted the company from attaching the Balance Sheet and Profit and Loss Accounts of the subsidiaries under section 212(1) of the companies Act, 1956. As per the order, key details of the subsidiaries are attached along with the consolidated financial statement.

23. Donation includes of Rs.200 Lacs given to Bhartiya Janta Party (Previous Year Rs. 100 Lacs) .

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

Dishman Pharmaceuticals and Chemicals Limited

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

The Ministry of Corporate Affairs, Government of India, vide its Order No. 46/30/2010-CL- III dated 8th February 2010 issued under Section 211(4) of the Companies Act, 1956 has exempted the Company from disclosures of quantitative details in the Profit and Loss Account under paras 3(i)(a), 3(ii)(a) (1) & (2) of Part II, Schedule VI to the Companies Act, 1956.

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

Capacity	Unit	2009-10	2008-09
Licensed Capacity	MT	NIL	NIL
Installed Capacity	MT	NIL	NIL
Manufactured	MT	2,566.23	2,528.58

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

(b) Stock of finished goods and sales

Particulars	2009-10		2008-09	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Opening stock	263.86	3,044.93	264.76	1,592.65
Sales	2,643.30	31,461.58	2,529.48	36,863.43
Closing stock	187.01	2,215.58	263.86	3,044.93

(c) Trading Purchase and Sales

Particulars	2009-10		2008-09	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Opening stock	NIL	NIL	23.55	10.54
Purchases	38,580.00	246.85	97,342.33	3,865.98
Sales	38,580.00	310.25	97,365.88	4,725.04
Closing stock	NIL	NIL	NIL	NIL

(d) Consumption Raw Materials, Stores and Spares

Particulars	2009-10		2008-09	
	Rs. in lacs	%	Rs. in lacs	%
Raw Materials including packing material				
Imported	7,093.39	56.53	7,774.94	61.70
Indigenous	5,455.68	43.47	4,825.54	38.30
Total	12,549.07	100.00	12,600.48	100.00
Stores and Spares				
Imported	-	-	-	-
Indigenous	82.17	100.00	82.91	100.00
Total	82.17	100.00	82.91	100.00

(e) CIF Value of Import

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Raw Materials	5,178.59	5,622.73
Capital Goods And services	5,040.54	626.75
Total	10,219.13	6,249.48

(f) Earnings in foreign currency

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Export of Goods on FOB	29,551.63	30,852.45
Contract Research Service	1,431.24	2,098.37
Total	30,982.87	32,950.82

(g) Expenditure in foreign currency

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Subscription Membership Fees	61.97	55.24
Sales Commission	15.64	31.40
Foreign Traveling	6.27	8.60
Bank interest & Charges	40.88	21.33
Consulting & Professional Charges	5.67	-
Interest on Foreign Currency Loans	827.15	525.06
Insurances & Legal Expenses	21.92	39.66
Contribution to common Expenses	-	44.58
Other Expenses	9.56	30.70
Total	989.06	756.57

Signatures to Schedules A to O

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

For and on behalf of the Board

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

Ahmedabad
Date: 29th May 2010

Dishman Pharmaceuticals and Chemicals Limited

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

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

Registration No.	L24230GJ1983PLC006329
State code No.	04
Balance Sheet Date	31-Mar-10

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

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

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

Total Liabilities	1,07,41,587
Total Assets	1,07,41,587

Sources of Funds:

Paid up Capital	1,61,394
Reserves and Surplus	59,68,187
Secured Loans	37,89,159
Unsecured Loans	5,51,470

Application of Fund:

Net Fixed assets	62,14,802
Investments	18,19,921
Foreign Currency Monetary Item Translation Difference Account	4,860
Net current assets	27,02,004

4 Performance of Company (Rs.in' 000)

Turnover/Other Income	34,28,869
Total Expenditure	26,34,800
Profit/(loss) Before other Adjustment & Tax	7,94,069
Profit/(loss) After Tax	7,10,735
Earnings per share (Rs.)	8.81
Dividend Rate	60%

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

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

For and on Behalf of the Board

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

PLACE : Ahmedabad
DATE :29th May, 2010

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF Dishman Pharmaceuticals and Chemicals Limited

1. We have audited the attached Consolidated Balance Sheet of **Dishman Pharmaceuticals and Chemicals Limited** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a) We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs.61,071 lacs, as at March 31, 2010, total revenues of Rs. 47,107 lacs and net cash outflows amounting to Rs. 115.60 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.
 - b) We have relied upon the unaudited financial statements of four of the subsidiaries, whose financial statements reflect total assets of Rs.10,249.21 lacs, as at March 31, 2010, total revenues of Rs. 11,548 lacs and net cash inflows amounting to Rs. 37.33 lacs for the year ended on that date as considered in Consolidated Financial Statements. These unaudited financial statements have been furnished to us and our report in so far as it relates to the amounts included in respect of these subsidiaries is solely based on these financial statements certified by the management.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Attention is invited to Note no. 4 of Schedule "O" regarding accounting policy followed by the Group for accounting of foreign currency exchange differences on settlement or restatement of foreign currency long term monetary liabilities as per the option granted by the notification dated March 31, 2009 issued by the Ministry of Corporate Affairs, Government of India. Had the effect been given to only those companies which are registered under the Companies Act, 1956 as required by the aforesaid notification, the balance of general reserve would have been higher by Rs. 4,373.24 lacs, balance of profit and loss account would have been lower by Rs. 2,916.79 lacs, the consolidated profit for the year would have been higher by Rs. 150.36 lacs and the balance of the Foreign Currency Monetary Item Translation Difference Account would have been lower by Rs. 1,313.04 lacs.
6. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, the aforesaid subsidiaries and joint ventures and associates, on the other financial information of the Components and accounts furnished by the management as explained in Para 3 (b) above and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Gaurav J. Shah
Partner
(Membership No.35701)

Ahmedabad, 29th May, 2010

Dishman Pharmaceuticals and Chemicals Limited

Consolidated Balance Sheet as at March 31, 2010

	Schedule	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	1,613.94	1,613.94
Share Application Money		755.96	175.24
Reserves and Surplus	B	76,056.21	68,649.96
		78,426.11	70,439.14
Loan Funds			
Secured Loans	C	71,687.25	66,431.44
Unsecured Loans	D	5,707.00	5,936.02
		77,394.25	72,367.46
Deferred Tax Liability			
Foreign Currency Monetary Item Translation Difference Account (See Note B 4 of Schedule O)		3,416.31	2,279.36
		1,264.44	989.03
TOTAL		160,501.11	146,074.99
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	108,336.59	96,510.00
Less: Depreciation and Amortization		24,809.27	19,527.32
Net Block		83,527.32	76,982.68
Capital Work-in-progress		35,743.19	22,272.07
		119,270.51	99,254.75
Investments	F	142.11	137.52
Goodwill on Consolidation		766.82	824.90
Deferred Tax Assets		252.53	196.19
Current Assets, Loans and Advances			
Inventories	G	24,234.54	30,396.40
Sundry Debtors		11,312.09	14,938.19
Loans and Advances		18,708.89	15,172.74
Cash and Bank Balances		4,545.18	4,515.75
Total Current Assets		58,800.70	65,023.08
Less: Current Liabilities and Provisions			
Current Liabilities	H	16,173.04	15,879.63
Provisions		2,558.52	3,481.82
Total Current Liabilities and Provisions		18,731.56	19,361.45
Net Current Assets		40,069.14	45,661.63
TOTAL		160,501.11	146,074.99
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

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

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

Ahmedabad
Date: 29th May 2010

Consolidated Profit and Loss Account for the year ended on March 31, 2010

	Schedule	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
INCOME			
Sales and Services		91,920.82	107,048.00
Less: Excise Duty & Sales Tax		385.08	812.22
Net Sales		91,535.74	106,235.78
Other Income	I	2,693.46	475.97
Increase/(Decrease) in Stock	J	(700.99)	(510.45)
		93,528.21	106,201.30
EXPENDITURE			
Materials and Manufacturing Expenses	K	35,035.44	39,832.11
Employee Emoluments	L	25,405.80	27,301.21
Administrative, Selling & Other Expenses	M	10,015.76	12,446.10
Interest and Finance Charges	N	3,876.73	4,585.02
Depreciation and Amortisation		6,035.38	6,388.91
Less : Transferred From Revaluation Reserve		(93.78)	(97.61)
		80,275.33	90,455.74
Profit Before Tax		13,252.88	15,745.56
Provisions			
For Current tax		1,500.40	1,405.38
MAT Credit Entitlement		(1,154.60)	(1,031.10)
For Deferred Tax		1,149.45	664.85
For Fringe Benefit Tax		-	32.77
Profit After Tax for the Year		11,757.63	14,673.66
Prior Period Adjustments (Net)		171.68	(12.04)
Short provision of Income Tax in earlier years		(196.72)	(42.90)
Share of Income in Associate		4.91	0.39
Net Profit		11,737.50	14,619.11
Balance Brought Forward		22,442.81	13,962.54
Amount Available for Appropriations		34,180.31	28,581.65
Appropriations			
Transfer to General Reserve		7,501.66	5,005.90
Transfer to Debenture Redemption Reserve		625.00	-
Proposed Dividend		968.37	968.37
Tax on Proposed Dividend		160.83	164.57
Balance Carried to Balance Sheet		24,924.45	22,442.81
Earnings Per Share of the face value of Rs 2 each			
Basic (Rs.)		14.55	18.13
Diluted (Rs.)		14.44	17.98
Significant Accounting Policies and Notes to financial statements	O		

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

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

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

Ahmedabad
Date: 29th May 2010

Dishman Pharmaceuticals and Chemicals Limited

Consolidated Cash Flow Statement for the year ended on March 31, 2010

	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Profit and Loss Account	13,252.88	15,745.56
Adjustments for :		
Depreciation and Amortisation	5,941.60	6,291.30
Loss / (Gain) on foreign exchange fluctuations	4,327.27	(11,535.25)
Interest Expense	4,802.63	4,935.35
Interest Income	(925.90)	(350.33)
Dividend Income	(0.11)	(6.48)
Loss/ (Gain) on sale of Investments	(10.00)	-
Loss on sale of Fixed Assets (Net)	82.43	24.37
Provision for doubtful debts and advances	1.67	565.46
	14,219.60	(75.58)
Operating profit before working capital changes	27,472.47	15,669.98
Adjustments for :		
Trade Receivables	3,626.10	2,682.52
Inventories	6,161.86	76.75
Loans and Advances	(4,500.59)	(7,279.45)
Trade Payables and Provisions	(626.15)	3,464.28
	4,661.22	(1,055.90)
Cash Generated From Operations	32,133.69	14,614.08
Taxes paid	(1,740.98)	(1,425.62)
Prior Period Adjustments (Net)	(171.68)	(12.04)
Net Cash From Operating Activities	30,221.03	13,176.42
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(30,583.59)	(16,854.08)
Sale of Fixed Assets	165.20	22.67
Sale of Investments	4.59	5.38
Share Application Money in Subsidiary / Joint Venture	(3.65)	(292.15)
Dividend Received	0.11	6.49
Interest Received	925.90	350.33
	(29,491.45)	(16,761.36)
Net Cash used in Investing Activities	(29,491.45)	(16,761.36)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money	580.72	175.24
Proceeds from Long Term Loans	5,255.81	12,600.10
Inter-Corporate Deposits Repaid	(229.02)	(1,893.87)
Interest Paid	(5,174.73)	(5,546.43)
Dividend Paid	(968.37)	(806.97)
Dividend Tax Paid	(164.57)	(137.14)
Net Cash Generated from Financing Activities	(700.16)	4,390.93
Net changes in Cash & Cash Equivalents (A+B+C)	29.43	805.99
Cash and Cash Equivalents at the beginning of the year	4,515.75	3,709.76
Cash and Cash Equivalents at the end of the year	4,545.18	4,515.75
	29.43	805.99

Notes:-

- The Company had undrawn borrowing facilities of Rs. 3,764.52 lacs (Previous Year Rs. 1,000.68 lacs) at the end of the year.
- Cash and Cash Equivalents include deposits with banks of Rs. 243.26 lacs (Previous Year Rs. 229.30 lacs) of margin money, which amount is not available for immediate use.
- Interest paid is inclusive of, and purchase of fixed assets is exclusive of interest capitalised Rs.372.10 lacs (Previous Year Rs. 611.08 lacs).

As per our report of even date attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

J R Vyas
D J Vyas
D S Pandya

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

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

Ahmedabad
Date: 29th May 2010

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule A : Share Capital		
Authorised:		
10,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 2 each	2,000.00	2,000.00
Issued, Subscribed and Paid-up:		
80,697,136 (P.Y. 80,697,136) Equity Shares of Rs.2 each fully paid up	1,613.94	1,613.94
Of the above, 1,01,00,000 equity shares of Rs. 10 each have been issued as bonus shares by way of capitalisation of reserves in earlier years)		
	1,613.94	1,613.94
Schedule B : Reserves and Surplus		
Revaluation Reserve		
As per last balance sheet	669.94	767.55
Less : Written off Against Depreciation (Refer Note 3 in Schedule-E)	93.78	97.61
	576.16	669.94
Debenture Redemption Reserve		
Transferred from Profit & Loss account	625.00	-
Capital Redemption Reserve		
As per Last Balance Sheet	-	249.02
Less: Transferred to General Reserve	-	249.02
	-	-
Currency Fluctuation Reserve		
As per Last Balance Sheet	4,426.01	82.90
Add:- Addition During the Year	(3,066.09)	4,343.11
	1,359.92	4,426.01
Securities Premium		
As per last balance sheet	24,840.61	23,002.83
Add: Premium on conversion of FCCBs into shares during the year	-	1,722.15
Add: Reversal of redemption premium on FCCBs converted during the year	-	115.63
Less: Premium on redemption of FCCBs	42.18	-
	24,798.43	24,840.61
General Reserve		
As per last balance sheet	16,270.59	15,343.84
Less: Reversal of Exchange Difference Pertaining to Long term Foreign Currency Monetary Items - As per Transitional Provisions of AS -11	-	4,328.17
Add: Transferred from Capital Redemption Reserve	-	249.02
Add : Transferred from Profit & Loss Account	7,501.66	5,005.90
	23,772.25	16,270.59
Profit and Loss Account		
Balance as per Profit and Loss Account	24,924.45	22,442.81
	76,056.21	68,649.96

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule C : Secured Loans		
Non Convertible Debentures	7,500.00	-
Term Loans		
Foreign Currency Loans	44,947.49	47,940.07
Rupee Loans	8,848.50	7,080.57
Working Capital Loans		
Foreign Currency Loans	9,134.49	4,136.31
Rupee Loans	1,164.52	7,147.26
Hire Purchase Loans		
From Banks	73.64	127.23
From Financial Institution	18.61	-
Of the above term loans Rs 16,793.62 Lacs (Previous Year Rs.10,624.65 lacs) are repayable within a period of twelve months	<u>71,687.25</u>	<u>66,431.44</u>
Schedule D : Unsecured Loans		
Long Term Loans		
From Banks	-	714.02
From Financial Institution	545.47	545.47
Short Term Loans		
From Bank	3,970.76	3,178.21
From Directors	9.90	127.22
From Others	58.37	102.60
Foreign Currency Convertible Bonds (FCCBs)	1,122.50	1,268.50
Of the above long term loans Rs Nil Lacs (Previous Year Rs. 714.02 lacs) are repayable within a period of twelve months	<u>5,707.00</u>	<u>5,936.02</u>

Schedule E : Fixed Assets (At Cost)

	GROSS BLOCK						DEPRECIATION						NET BLOCK		
	As at 1st April '09	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '10	Foreign Exchange Translation	As at 31st March '10	As at 1st April '09	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '10	Foreign Exchange Translation	As at 31st March '10	As at 31st March '10	As at 31st March '09	
Land	2,485.51	-	-	2,485.51	(91.86)	2,393.65	-	-	-	-	-	-	2,393.65	2,485.51	
Buildings	16,122.75	1,736.77	0.10	17,859.42	(623.37)	17,236.05	1,598.38	726.33	0.02	2,324.69	(41.65)	2,283.04	14,953.01	14,524.37	
Plant & Machinery	44,003.82	11,845.61	113.37	55,738.06	(1,061.53)	54,674.53	10,796.86	3,643.71	48.86	14,391.71	(224.28)	14,167.43	40,507.10	33,206.96	
Laboratory Equipments	5,345.53	107.11	45.85	5,406.79	(224.99)	5,181.80	2,655.67	337.76	45.85	2,947.58	(196.17)	2,751.41	2,430.39	2,689.86	
Electrical Installations	2,716.58	1,260.55	-	3,977.13	(1.85)	3,975.28	460.68	131.45	-	592.13	-	592.13	3,383.15	2,255.90	
Furniture & Fixtures	1,134.65	51.20	23.97	1,161.88	(14.15)	1,147.73	368.96	99.53	35.14	433.35	(4.21)	429.14	718.59	765.69	
Office Equipments & Computers	2,032.70	544.11	19.26	2,557.55	(61.74)	2,495.81	1,179.11	308.92	10.04	1,477.99	(26.38)	1,451.61	1,044.20	853.59	
Vehicles	948.84	73.15	44.07	977.92	(2.10)	975.82	221.56	88.89	23.94	286.51	(0.69)	285.82	690.00	727.28	
Goodwill	16,715.42	80.34	869.25	15,926.51	(792.08)	15,134.43	235.61	-	-	235.61	(13.08)	222.53	14,911.90	16,479.81	
Intangible Assets	5,004.20	680.49	-	5,684.69	(563.20)	5,121.49	2,010.50	698.79	-	2,709.29	(83.13)	2,626.16	2,495.33	2,993.70	
Total	96,510.00	16,379.33	1,115.87	111,773.46	(3,436.87)	108,336.59	19,527.33	6,035.38	163.85	25,398.86	(589.59)	24,809.27	83,527.32	76,982.67	
Capital Work In Progress	22,272.07	20,960.42	7,221.77	36,010.72	(267.53)	35,743.19	-	-	-	-	-	-	35,743.19	22,272.07	
Total Fixed Assets	118,782.07	37,339.75	8,337.64	147,784.18	(3,704.40)	144,079.78	19,527.33	6,035.38	163.85	25,398.86	(589.59)	24,809.27	119,270.51	99,254.74	
Previous Year	92,917.19	26,182.60	9,878.48	109,221.31	9,560.76	118,782.07	11,177.68	6,388.91	187.77	17,378.82	2,148.50	19,527.32	99,254.75		

Notes:

- (1) Additions to fixed assets includes:
 - (a) Rs. 1.29 lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 109.99 lacs)
 - (b) Gain of Rs. 398.79 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year Rs. 451.19 lacs)
- (2) Capital Work in Progress includes:
 - (a) Rs. 370.81 lacs on account of borrowing cost on borrowings for qualifying assets (Previous Year Rs. 511.01 lacs)
 - (b) Gain of Rs. 438.93 lacs on account of exchange differences pertaining to long term foreign currency monetary liabilities (Previous year Rs. 445.59 lacs)
 - (c) Rs. 10,035.70 lacs on account of advance against capital expenditure (Previous year Rs. 9,215.12 lacs)
- (3) The gross block of fixed assets includes Rs 841.66 lacs (Previous year Rs 841.66 lacs) on account of revaluation of certain fixed assets viz Land, Buildings and Plant & Machinery as on 31st March 1995 and on 9th May 2006, on the basis of their replacement value as of that date determined by approved valuers. Consequent to the said revaluation there is an additional charge of depreciation of Rs. 93.78 lacs (Previous year Rs. 97.61 Lacs) and equivalent amount, has been withdrawn from revaluation reserve and credited to the profit and loss account.
- (4) Foreign Exchange Translation represents foreign exchange difference arising due to translation of certain foreign subsidiaries's fixed assets at closing rate.

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule F : Investments (At Cost)		
A. Long Term		
Quoted		
2100 Equity Shares of Bank Of India Rs. 10 each fully paid up	0.95	0.95
Unquoted		
Others		
Investment in Bhadr-Raj Holdings Private Limited	129.97	125.43
50,000 Equity Shares of Dishman Infrastructure Limited of Rs. 10 each	4.56	4.56
6244 Equity Shares of Nutan Nagarik Sahakari Bank Ltd. of Rs. 25 each fully paid up	1.56	1.56
30 Shares of Stuti(Ambawadi) Association of Rs. 100 each fully paid up	0.03	0.03
50 shares of The Sangeeta Plaza iftex office Premises Co-op Society Limited of Rs. 50 each fully paid up	0.03	0.03
130 Equity Shares of B.R.Laboratories Pvt. Ltd. Rs. 10 each fully paid up	0.01	0.01
50000 Equity Shares of Dishman Care Limited of Rs.10 each fully paid up	5.00	-
100 Gold Coins of Rs.4,951 each.	-	4.95
	142.11	137.52
Aggregate value of Quoted Investments	0.95	0.95
Unquoted Investments	141.16	136.57
Note:		
Market Value of quoted investments is Rs.7.16 Lacs (Previous Year Rs.4.61 lacs)		
Schedule G : Current Assets, Loans and Advances		
Inventories		
Finished Goods	7,000.13	6,704.47
Work in Process	5,226.14	6,222.79
Raw Materials and Goods in Transit	11,700.56	17,237.94
Packing Materials	32.30	26.15
Stores, Spares & Consumables	275.41	205.05
	24,234.54	30,396.40

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Sundry Debtors		
(Unsecured and considered good, except stated otherwise)		
Considered good	11,312.09	14,938.19
Considered doubtful	474.42	610.06
Provision for Doubtful Debts	(474.42)	(610.06)
	11,312.09	14,938.19
Cash And Bank Balances		
Cash on hand	7.77	13.13
Bank Balances		
In Current Accounts	3,198.35	3,918.92
In Margin Money Accounts	243.26	229.30
In Fixed Deposit Accounts	1,095.80	354.40
	4,545.18	4,515.75
Loans and Advances		
(Unsecured and considered good, except stated otherwise)		
Advances recoverable in cash or kind or for value to be received		
Considered Good	14,392.05	13,080.87
Considered Doubtful	184.00	184.00
Provisions for Doubtful Advances	(184.00)	(184.00)
Share Application Money Pending Allotment	295.80	292.15
Balance with Central Excise Authorities	802.70	557.78
Advance Tax & Tax deducted at Source	876.94	55.14
MAT Credit Entitlement	2,341.40	1,186.80
	18,708.89	15,172.74
Schedule H : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors	7,958.77	4,947.84
Advances from Customers	2,242.01	4,155.52
Other Liabilities	5,972.26	6,776.27
	16,173.04	15,879.63
Provisions		
Provision for Leave Enchashment	1,027.44	1,405.22
Provision for Gratuity	401.88	943.66
Proposed Dividend	968.37	968.37
Tax on Proposed Dividend	160.83	164.57
	2,558.52	3,481.82
	18,731.56	19,361.45

Schedules forming part of the Consolidated Profit & Loss Account

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule I : Other Income		
Dividend Income from long term investments	0.11	6.49
Foreign Exchange Rate Fluctuation Gain	2,560.12	-
Miscellaneous Income	155.66	493.85
Profit on sale of long term investments	10.00	-
Loss on Sale of Fixed Asset (Net)	(82.43)	(24.37)
Profit on sale of rights in immovable properties	50.00	-
	2,693.46	475.97
Schedule J : Increase /(Decrease) In Stock		
Closing Stock		
Finished Goods	7,000.13	6,704.47
Work In Process	5,226.14	6,222.79
	12,226.27	12,927.26
Less : Opening Stock		
Finished Goods	6,704.47	5,228.25
Work In Process	6,222.79	8,209.46
	12,927.26	13,437.71
	(700.99)	(510.45)
Schedule K : Materials and Manufacturing Expenses		
Cost of goods traded in	3,796.36	5,214.27
Raw Materials Consumed	23,177.78	26,690.33
Stores, Spares & Consumables	121.74	99.15
Packing Materials Consumed	275.74	284.01
Material Processing Charges	391.70	237.91
Excise Duty	12.75	12.86
Power, Fuel & Electricity	2,966.46	3,288.26
Repairs and Maintenance		
Plant & Machinery	2,767.90	2,866.75
Building	89.70	143.01
Others	242.24	141.79
Laboratory, Research & Development Expenses	364.19	345.31
Factory Expenses	178.79	185.47
Other Manufacturing Expenses	650.09	322.99
	35,035.44	39,832.11
Schedule L : Employees Emoluments		
Salaries and Wages	21,230.07	22,587.81
Contributions to Provident and other funds	3,088.75	3,490.31
Welfare Expenses	624.53	666.42
Managerial Remuneration	462.45	556.67
	25,405.80	27,301.21

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Profit & Loss Account

	As at 31st March '10 (Rs. in lacs)	As at 31st March '09 (Rs. in lacs)
Schedule M : Administrative, Selling and Other Expenses		
Rent, Rates & Taxes	3,080.93	2,913.14
Legal and Professional Charges	1,264.79	1,642.29
Conveyance and Travelling	1,111.34	1,244.68
Communication Expenses	361.15	363.59
Stationary and Printing	159.78	159.48
Subscriptions and Memberships	151.53	110.97
Insurance Premium	854.97	835.90
ECGC Premium	29.79	42.29
Provision for Doubtful Debts & Advances	1.67	565.46
Advance Licence Fees	154.85	142.09
Office Electricity Expenses	42.25	108.80
Recruitment Expenses	63.42	107.54
Auditors Remuneration	181.96	166.74
Sundry Balances Written Off (Net)	(2.62)	9.45
Foreign Exchange Rate Fluctuation Loss	-	1,452.59
Miscellaneous Expenses	553.06	419.78
Clearing & Forwarding	805.80	995.32
Sales Commission	514.11	340.26
Advertisement and Business Promotion	425.39	720.60
Donation	261.59	105.13
	10,015.76	12,446.10
Schedule N : Interest and Finance Charges		
On Debentures	106.34	-
On Fixed Loans	3,138.24	2,992.11
Others	1,558.05	1,943.24
	4,802.63	4,935.35
Less : Interest Income (Gross of Tax Deducted at Source Rs. 74.30 lacs [Previous Year Rs.92.19 lacs])	925.90	350.33
	3,876.73	4,585.02

Schedule O

Significant Accounting Policies and Notes to Consolidated Financial Statements

A. Significant Accounting Policies

1. Principles of Consolidation

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

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

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

- a) Income and expenses are translated at the average exchange rates prevailing during the year.
 - b) Monetary items at the year end are restated at the year end rates. Non-monetary foreign currency items are carried at cost.
 - c) The resulting net exchange differences are recognized in the profit and loss account.
- f) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.
 - g) The financial statements of the subsidiary companies, associates and joint ventures used in consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2010, except for certain subsidiaries and a joint venture company (as indicated by # in Note 1 and Note 3 of Part B below) for which financial statements as on reporting date are not available. These have been consolidated based on the last available financial statements, which are till December 31, 2009.

2. Other Significant Accounting Policies

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

Dishman Pharmaceuticals and Chemicals Limited

B. Notes to Consolidated Financial Statements

1. The subsidiaries considered in the consolidated financial statement as at 31st March 2010 are:

Name of the Subsidiary Company	Country of Incorporation	%of holding either directly or through subsidiaries
Dishman Europe Limited	UK	100%
Dishman USA. Inc.	USA	100%
Dishman Dubai FZE	UAE	100%
Dishman International Trading (Shanghai) Co. Limited #	China	100%
Dishman Pharma Solutia AG	Switzerland	100%
Dishman Pharmaceuticals and Chemicals (Shanghai) Company Limited #	China	100%
Dishman Switzerland Limited	Switzerland	100%
Dishman Netherlands B.V ###	Holland	100 %
Dishman Africa (Proprietary) Limited. (Till 26 th Jan. 2010)*	South Africa	100%
Carbogen Amcis Limited *	UK	100%
Carbogen Amcis AG ^	Switzerland	100%
Dishman Holland BV @	Holland	100%
Dishman Australasia Pty Limited	Australia	100%
Dishman UK LLP!	UK	100%
Innovative Ozone Services Inc **	Switzerland	100%
Dishman Japan Limited	Japan	85%
Carbogen Amcis (India) Limited	India	100%
Dishman Care Limited %	India	100%
* Through Dishman Europe Limited ! Though Dishman FZE and Dishman Pharma Solutia AG ^ Through Dishman Pharma Solutia AG @ Through Dishman Netherlands B.V ** Through Dishman Europe Limited and Dishman Switzerland Limited ### Through Dishman FZE % The Company was incorporated as a wholly owned Subsidiary Company in India in the month of March, 2010. The operations of the company have not yet commenced. Hence the same has not been included in the consolidated financial statements.		

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

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

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

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

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

Accordingly, Rs. 837.72 lacs has been reduced from (Previous year Rs. 896.78 lacs being added to) cost of fixed assets, Rs. 1,606.15 lacs has been reduced from (Previous year Rs. 1,441.96 lacs being accumulated in) 'Foreign Currency Monetary Items Translation Difference Account', and Rs. 1,297.59 lacs has been amortized and credited (Previous year Rs. 452.93 lacs being debited) to the profit and loss account during the year.

The amount remaining to be amortized in subsequent periods as at the balance sheet is Rs. 1,264.44 Lacs. (Previous year Rs. 989.03 Lacs)

Had the effect been given to only those companies which are registered under the Companies Act, 1956 as required by the aforesaid notification, the balance of general reserve would have been higher by Rs. 4,373.24 lacs, balance of profit and loss account would have been lower by Rs. 2,916.79 lacs, the consolidated profit for the year would have been higher by Rs. 150.36 lacs and the balance of the Foreign Currency Monetary Item Translation Difference Account would have been lower by Rs. 1,313.04 lacs.

5. Contingent Liabilities

- Guarantees given by Bank on behalf of Company Rs 787.97 Lacs (Previous Year Rs. 741.53 Lacs)
 - Letter of Credit in favor of suppliers Rs 908.87 Lacs (Previous Year Rs 460.58 Lacs)
 - Outstanding guarantee furnished to the bank in respect of Joint Venture Company Rs. 380.21 Lacs (Previous Year Rs. 556.09 Lacs)
 - Claims against the Company not acknowledged Rs. 4.56 Lacs (Previous Year Rs. 5.06 Lacs)
 - Disputed central excise duty (including service tax) liability is Rs. 329.27 Lacs (Previous Year Rs. 302.04 Lacs)
 - Disputed income tax liability Rs. 2,292.52 Lacs (Previous Year Rs. 834.73 Lacs) for various assessment years for which appeals are pending with Appellate authorities, out of the said amount company has paid Rs.422.26 Lacs (Previous Year Rs. 380.00 lacs) under protest.
 - Disputed sales tax and central sales tax liability Rs 181.62 Lacs (Previous Year Rs. 181.62 Lacs), out of the said amount company has paid Rs.24.93 Lacs under protest.
 - Bills discounted with banks Rs.6,730.85 Lacs (Previous Year Rs. 3,237.52 Lacs.)
6. Estimated amount of contracts remaining to be executed on Capital Accounts not provided for (Net of Advances) Rs. 4,838.47 Lacs (Previous Year Rs. 5,068.45 Lacs).

7. Deferred Income Tax

Major components of deferred tax liability are as follows:

Particulars	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
Deferred Tax Liability		
Provision for Stock	64.29	260.97
Provision for Work in Progress	596.10	308.25
Asset Retirement Obligations	288.36	207.84
Depreciation	3,326.99	2,437.55
Others	-	132.17
Total Deferred Liability (A)	4,275.74	3,346.78
Deferred Tax Asset		
Disallowances under Tax Rules	22.04	197.35
On Employee Benefits Liability	290.71	192.41
Carry forward Losses	799.21	873.85
Total Deferred Tax Asset (B)	1,111.96	1,263.61
Net Deferred Tax (Liability)/ Asset (B-A)	(3,163.78)	(2,083.17)

The net deferred tax liability of Rs. 3,163.78 lacs (Previous year Rs. 2,083.17 lacs) has been presented in the balance sheet as follows:

Deferred tax assets	252.53	196.19
Deferred tax liabilities	(3,416.31)	(2,279.36)
Deferred tax liability (Net)	(3,163.78)	(2,083.17)

Dishman Pharmaceuticals and Chemicals Limited

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

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

Particulars	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
For a period not later than 1 year	2,430.46	2,490.07
For a period later than 1 year but not later than 5 years.	12,036.20	12,365.74
For a period later than 5 years	6,720.79	9,392.75

Lease rental charge recognized in the profit and loss account Rs. 2,554.80 Lacs (P.Y. 2,472.08 Lacs)

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

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

	As at March 31, 2010 (Rs. in lacs)	As at March 31, 2009 (Rs. in lacs)
For a period not later than 1 year	55.98	78.92
For a period later than 1 year but not later than 5 years.	36.27	48.31
For a period later than 5 years	-	-

Hire charges recognized in the profit and loss account Rs 8.03 Lacs (Previous Year 15.54 Lacs)

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

11. Earnings Per Share (EPS)

Particulars		2009-10	2008-09
Basic EPS			
Profit attributable to equity shareholders	Rs in lacs	11,737.50	14,619.11
Nominal Value of equity share	Rs.	2	2
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,622,200
Basic EPS	Rs.	14.55	18.13
Diluted EPS			
Profit attributable to equity shareholders	Rs. in lacs	11,737.50	14,619.11
Add: Interest payable on outstanding Foreign Currency Convertible Bonds	Rs. in lacs	4.44	2.58
Profit after tax for Diluted EPS	Rs. in lacs	11,741.94	14,621.69
Weighed average number of ordinary equity shares for Basic EPS	Nos.	80,697,136	80,622,200
Add: Adjustment for option relating to Foreign Currency Convertible Bonds	Nos.	635,914	7,10,850
Weighed average number of ordinary equity shares for Diluted EPS	Nos.	8,13,33,050	8,13,33,050
Diluted EPS	Rs.	14.44	17.98

12. Related Party Disclosure

a) Related parties and their relationship

Name of the related party	Relationship
Bhadra-Raj Holdings Pvt. Limited	Associate Concern
B.R. Laboratories Ltd	Entity Controlled By Key Management Personnel
Dishman Infrastructure Limited	Entity Controlled By Key Management Personnel
CAD Middle East Pharmaceutical Industries	Joint Venture Company
Schutz Dishman Bio-tech Ltd.	Joint Venture Company
Dishman Arabia Ltd.	Joint Venture Company
Dishman Care Limited	Wholly Owned Subsidiary
Dishman Japan Limited	Joint Venture Company
Mr. Janmejy R.Vyas	Key Management Personnel
Mr. Rajnikant T.Vyas (till 27-05-2009)	Key Management Personnel
Ms. Aditi J Vyas	Relative of Key Management Personnel
Mr. Arpit J Vyas	Relative of Key Management Personnel
Mrs. Deohooti J.Vyas	Relative of Key Management Personnel
Ms. Mansi J Vyas	Relative of Key Management Personnel
Mr. J.R.Vyas HUF	Key Management Personnel is Karta

b) Transactions with related parties

(figures in brackets represent previous year data)

Particulars	Subsidiaries (Rs. in lacs)	Associates/ Joint Ventures (Rs. in lacs)	Entity Controlled by Key Management Personnel (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Total (Rs. in lacs)
Purchase of goods	- (-)	0.67 (2.70)	0.90 (2.59)	- (-)	1.57 (5.29)
Sale of goods/Services	- (-)	457.27 (319.77)	0.13 (0.02)	- (-)	457.40 (319.79)
Contribution in common expenses received	50.20 (-)	- (111.44)	- (0.59)	- (-)	50.20 (112.03)
Advance Received Against sales	- (-)	23.88 (-)	- (-)	- (-)	23.88 (-)
Investments	5.00 (-)	606.72 (-)	- (-)	- (-)	611.72 (-)
Loans granted	- (2,364.49)	- (27.18)	7.00 (-)	- (3.00)	7.00 (2,394.67)
Capital Advances	- (1,117.71)	- (-)	2,390.45 (-)	- (688.11)	2,390.45 (1,805.82)
Loans taken	- (-)	- (80.78)	- (168.42)	9.00 (500.00)	9.00 (749.20)
Dividends paid	- (-)	7.20 (6.00)	- (-)	580.89 (483.36)	588.09 (489.36)

Dishman Pharmaceuticals and Chemicals Limited

(figures in brackets represent previous year data)

Particulars	Subsidiaries (Rs. in lacs)	Associates/ Joint Ventures (Rs. in lacs)	Entity Controlled by Key Management Personnel (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Total (Rs. in lacs)
Remuneration	- (-)	- (-)	- (-)	489.95 (557.57)	489.95 (557.57)
Rent Paid	- (-)	- (-)	- (-)	9.07 (9.07)	9.07 (9.07)
Guarantees Given	- (-)	380.21 (445.08)	- (-)	- (-)	380.21 (445.08)
Interest Income	- (308.66)	- (-)	- (13.24)	449.10 (-)	449.10 (321.90)
Reimbursement / Expenses Transferred	- (-)	- (0.68)	- (-)	- (-)	- (0.68)
Share Application Money given	- (-)	22.90 (-)	- (-)	- (-)	22.90 (-)
Outstanding balance (Dr)	50.20 (-)	244.35 (-)	8,649.40 (5,854.78)	- (-)	8,943.95 (5,854.78)
Outstanding balance (Cr)	- (-)	- (-)	- (-)	9.89 (127.22)	9.89 (127.22)

c) Disclosure in respect of material transactions with related parties

Particulars	Name of the related party	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Purchase of goods	B.R.laboratories Pvt Ltd	0.90	2.59
	Schutz Dishman Bio-tech Ltd.	0.19	2.70
Loans granted	Schutz Dishman Bio-tech Ltd.	-	27.18
	B.R.laboratories Pvt Ltd	7.00	-
	Dishman Infrastructure Limited	-	2364.49
Loans taken	Mr. Janmejy R.Vyas	9.00	500.00
	B.R. Laboratories Ltd	-	168.42
	Schutz Dishman Bio Tec Ltd.	-	80.78
Advance against sale of Goods	Dishman Japan Ltd.	23.88	-
Interest Income	Dishman Infrastructure Limited	449.10	321.90
Capital Advance	Dishman Infrastructure Limited	2,390.45	1,805.82
Dividends paid	Bhadra-Raj Holdings P.Ltd.	7.20	6.00
	Mr. Janmejy R.Vyas	300.51	250.43
	Mr. Rajnikant T.Vyas	-	123.23
	Mrs. Deohooti J.Vyas	131.57	109.65
	Ms Aditi J Vyas	0.87	0.01
	Ms Mansi J Vyas	0.04	0.03
	Mr. Arpit J Vyas	147.89	0.01

Particulars	Name of the related party	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Remuneration	Mr. Janmejy R.Vyas	396.27	466.67
	Mr. Rajnikant T.Vyas	3.68	24.00
	Mrs. Deohooti J.Vyas	60.00	56.00
	Ms Mansi J Vyas	5.45	5.45
	Mr Arpit J Vyas	30.00	-
	Ms Aditi J Vyas	5.45	5.45
Guarantees given	Schutz Dishman Bio-tech Ltd.	380.21	445.09

13. Segmental Reporting

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

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

(figures in brackets represent previous year numbers)

Particulars	CRAMS (Rs. in lacs)	Bulk Drugs, Quats, Specialty Chemicals (Rs. in lacs)	Total of Reportable Segments (Rs. in lacs)
Sales	66,293.81 (77,737.82)	25,241.93 (28,497.96)	91,535.74 (1,06,235.78)
Other income	1,974.31 (388.79)	669.15 (87.18)	2,643.46 (475.97)
Segment revenue	64,873.32 (78,051.56)	28,604.89 (28,149.74)	93,478.21 (1,06,201.30)
Segment results	13,443.99 (14,739.63)	3,635.74 (5,591.15)	17,079.73 (20,330.78)
Segment assets	96,562.51 (1,04,713.76)	27,601.03 (31,118.45)	1,24,163.54 (1,35,832.22)
Segment liabilities	9,865.52 (7,286.77)	2,632.70 (4,203.81)	12,498.21 (11,490.58)

Dishman Pharmaceuticals and Chemicals Limited

Reconciliation of Reportable Segment with financial statements

Particulars	Total of Reportable Segments (Rs. in lacs)	Unallocated/ Others (Rs. in lacs)	As per Financial Statements (Rs. in lacs)
Revenues	93,478.23 (1,06,201.30)	50.00 (-)	93,528.23 (1,06,201.30)
Results	17,079.73 (20,330.78)	-3,826.85 (-4,585.22)	13,252.88 (15,745.56)
Assets	1,24,163.54 (1,35,832.22)	55,069.12 (29,604.22)	1,79,232.66 (1,65,436.44)
Liabilities	12,498.21 (11,490.58)	10,914.10 (11,139.26)	23,412.31 (22,629.84)

Particulars	Domestic (Rs. in lacs)	Export (Rs. in lacs)	Total (Rs. in lacs)
Revenue	2,268.65 (7,557.56)	91,259.57 (98,643.73)	93,528.21 (1,06,201.30)
Total Assets	1,22,520.36 (77,524.01)	56,712.30 (87,912.43)	1,79,232.66 (1,65,436.44)

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

Signatures to Schedule A to O

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date: 29th May 2010

For and on behalf of the Board

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

Ahmedabad
Date: 29th May 2010

Statement of Subsidiary Companies pursuant to approval under Section 212(8) of the Companies Act, 1956 granted by Ministry of Corporate Affairs, New Delhi, as per their approval order No.47/70/2010-CL-III dated 23rd February, 2010.

Sr. No.	Name of the Subsidiary	Dishman Europe Limited (DEL)	Dishman USA Inc. (DUS)	Dishman Pharma Solutions AG (DPSL)	Carbogen Amcis AG (CA AG)	Dishman Switzerland Ltd.	Dishman LLP	Dishman FZE	Dishman International Trading (Shanghai) Co. Ltd.	Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Limited	Carbogen Amcis Limited (UK)	Dishman Africa (Proprietary) Ltd.	Dishman Holland B.V. (DHBV)	Dishman Netherlands B.V. (DNBV)	Innovative Ozone Services Inc. (IO3S)	Dishman Australasia (Pty) Limited	Dishman Japan Limited	Carbogen Amcis (India) Limited
	Currency of presentation	British Pound	US Dollar	CHF	CHF	CHF	US Dollar	UAE Dirhams	CNY	CNY	British Pound	South African Rand	Euro	Euro	CHF	AU \$	JPY	Rupees
1	Share Capital																	
	In Foreign Currency	159,000	300,000	28,000,000	1,450,000	1,030,000	6,933	1,000,000	1,654,414	61,249,527	1	100	18,000	4,361,234	190,000	100,000	99,600,000	500,000
	In Indian Rupees	10,840,620	13,470,000	1,192,800,000	61,770,000	43,878,000	311,298	12,290,000	11,316,195	418,946,764	68	609	1,091,880	264,552,454	8,094,000	4,114,000	47,808,000	500,000
2	Reserve																	
	In Foreign Currency	1,246,062	551,514	21,625,624	61,364,483	598,687	(6,294)	14,335,146	2,207,674	-	211,135	(835,025)	1,590	2,417,555	(2,506,989)	(446,999)	(80,674,990)	(249,674)
	In Indian Rupees	84,956,491	24,762,980	921,251,593	2,614,126,991	25,504,056	(282,595)	176,178,940	15,100,492	-	14,395,200	(5,085,302)	96,449	146,648,911	(106,797,752)	(18,389,538)	(38,723,995)	(249,674)
3	Total Assets																	
	In Foreign Currency	10,041,809	2,179,327	91,359,168	103,320,115	2,353,879	1,207	38,670,563	5,996,895	146,723,131	3,758,442	-	19,698	18,850,745	82,918	242,195	132,495,247	255,841
	In Indian Rupees	684,650,569	97,851,761	3,891,900,537	4,401,436,892	100,275,238	54,175	475,261,220	41,018,763	1,003,586,219	256,250,604	-	1,194,881	1,143,486,167	3,532,302	9,963,902	63,597,719	255,841
4	Total Liabilities																	
	In Foreign Currency	8,636,748	1,327,813	41,733,543	40,505,631	725,192	567	23,335,417	2,134,807	85,473,605	3,547,306	834,925	108	12,071,955	2,399,907	589,194	113,570,237	5,515
	In Indian Rupees	588,853,458	59,618,781	1,777,848,944	1,725,539,901	30,893,183	25,471	286,792,280	14,602,077	584,639,455	241,855,336	5,084,693	6,551	732,284,802	102,236,054	24,239,441	54,513,714	5,515
5	Investments																	
	In Foreign Currency	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	In Indian Rupees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Turnover																	
	In Foreign Currency	30,864,407	5,295,485	474,916	82,344,263	-	-	17,316,422	9,924,187	-	3,838,512	-	-	17,624,335	67,559	190,653	234,769,541	-
	In Indian Rupees	2,104,335,269	237,767,277	20,231,422	3,507,865,624	-	-	212,818,830	67,881,438	-	261,709,761	-	-	1,069,092,161	2,878,020	7,843,464	112,689,380	-
7	Profit Before Tax																	
	In Foreign Currency	951,270	(89,685)	20,146,628	6,326,677	58,986	(6,294)	6,327,691	271,479	-	(129,555)	-	-	1,250,608	(105,661)	(155,351)	(31,886,582)	(10,515)
	In Indian Rupees	64,857,572	(4,026,876)	858,246,360	269,516,458	2,512,801	(282,595)	77,767,318	1,856,917	-	(8,833,071)	-	-	75,861,881	(4,501,158)	(6,391,140)	(15,305,559)	(10,515)
8	Provision for Tax																	
	In Foreign Currency	52,652	(67,761)	85,465	1,101,497	-	-	-	60,496	-	(22,156)	-	-	156,388	-	-	(11,612,906)	-
	In Indian Rupees	3,589,813	(3,042,469)	3,640,810	46,923,757	-	-	-	413,792	-	(1,510,596)	-	-	9,486,496	-	-	(5,574,195)	-
9	Profit After Tax																	
	In Foreign Currency	898,618	(21,924)	20,061,163	5,225,181	58,986	(6,294)	6,327,691	210,983	-	(107,399)	-	-	1,094,220	(105,661)	(155,351)	(20,273,676)	(10,515)
	In Indian Rupees	61,267,759	(984,407)	854,605,550	222,592,701	2,512,801	(282,595)	77,767,318	1,443,125	-	(7,322,475)	-	-	66,375,385	(4,501,158)	(6,391,140)	(9,731,364)	(10,515)
10	Proposed Dividend																	
	In Foreign Currency	Nil	Nil	Nil	20,000,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	In Indian Rupees	Nil	Nil	Nil	852,000,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:-

- The Foreign Currency Figures (including Capital) have been converted into Indian Rupees using the exchange rates prevailing as on 31.03.2010.
- As the Company's step down subsidiary namely Dishman Africa (Pty.) Ltd. (DAPL), has been wound-up w.e.f. 26th January, 2010, financial figures of DAPL are upto 25th January, 2010.

Conversion Rate	British Pound	US Dollar	CHF	CHF	CHF	US Dollar	Dharam	CNY	CNY	British Pound	South African Rand	Euro	Euro	CHF	AUS \$	Japanese Yen	Rupees
Foreign Currency into INR as on 31.03.2010	68.18	44.90	42.60	42.60	42.60	44.90	12.29	6.84	6.84	68.18	6.09	60.66	60.66	42.60	41.14	0.48	1.00

Place : Ahmedabad
Date : 29th May 2010

J. R. Vyas
Chairman & Managing Director

D. J. Vyas
Whole-Time Director

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

Dishman Pharmaceuticals and Chemicals Limited

DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

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

ATTENDANCE SLIP

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

Joint shareholders may obtain additional Slip on request.

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

NAME AND ADDRESS OF THE SHAREHOLDER: _____

No. of Share(s) held: _____

I hereby record my presence at the 27th ANNUAL GENERAL MEETING of the company held on Friday, the 30th day of July, 2010 at 9.30 a.m. at Hall No. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

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

FORM OF PROXY

I/We _____ of _____ in the District of _____ being a member/members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Members of the Company to be held on Friday, the 30th day of July, 2010 at 9.30 a.m. at Hall No.. S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 and at any adjournment thereof.

Signed this _____ day of _____ 2010

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

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

Signature _____

1 Rupee
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

Notes:

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