
CONTENTS

	Page No.
Company Information	02
Notice of Annual General Meeting	03
Directors' Report	06
Management Discussion and Analysis Report	13
Corporate Governance Report	20
Auditors' Report	31
Annexure to the Auditors' Report	32
Balance Sheet	34
Profit & Loss Account	35
Schedules forming part of Balance Sheet and Profit & Loss Account	36
Notes on Accounts	43
Balance Sheet Abstract and Company's General Business Profile	56
Cash Flow Statement	57
Auditors Report on Consolidated Financial Statements	58
Consolidated Balance Sheet	59
Consolidated Profit & Loss Account	60
Schedules forming part of Consolidated Balance Sheet and Profit & Loss Account	61
Significant Accounting Policies and Notes to Consolidated Financial Statements	67
Consolidated Cash Flow	73
Statement relating to Subsidiary Companies	74
Attendance Slip and Proxy Form	75

Dishman Pharmaceuticals and Chemicals Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	:	Shri Rajnikant T. Vyas (Chairman & Managing Director) Shri Janmejay R. Vyas (Managing Director) Mrs. Deohooti J. Vyas (Whole-time Director) Shri Yagneshkumar B. Desai Shri Sanjay S. Majmudar Shri Ashok C. Gandhi
COMPANY SECRETARY AND COMPLIANCE OFFICER	:	Shri Deepak S. Pandya
BANKERS	:	State Bank of India Bank of Baroda Corporation Bank Bank of India
AUDITORS	:	Deloitte Haskins & Sells Chartered Accountants 'Heritage', 3rd Floor, Near Gujarat Vidhyapith, Off. Ashram Road, Ahmedabad - 380 014.
REGISTRAR & TRANSFER AGENT	:	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 : isrl@intimespectrum.com
SUBSIDIARY COMPANIES	:	Dishman Europe Ltd. Dishman USA Inc. Dishman International Trading (Shanghai) Co. Ltd. Dishman FZE Dishman Switzerland Ltd. Dishman Pharma Solutions AG. Dishman Infrastructure Ltd. Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd. Carbogen Amcis AG. Carbogen Amcis Ltd. (U.K.) Dishman Africa (Pty.) Ltd. Innovative Ozone Service Inc. (IO ₃ S) Dishman Netherlands B.V. Dishman Holland B.V. Dishman Japan Ltd. Carbogen Amcis (India) Ltd.
JOINT VENTURE COMPANIES	:	Schutz Dishman Biotech Ltd. CAD Middle East Pharmaceutical Industries
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)

NOTICE

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting** of the Members of DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED will be held on Thursday, the 31st day of July, 2008 at 9.30 a.m. at H. T. Parekh Convention Centre, 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, 2008, Profit & Loss Account and Cash Flow Statement for the year ended on that date along with necessary annexures and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Yagneshkumar B. Desai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sanjay S. Majmudar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in conformity with the provisions of Article No. 138 of the Articles of Association of the Company and pursuant to the provisions of Section 309 (4) of the Companies Act, 1956, the authority be and is hereby accorded for the payment of commission to such Non-Executive Director(s) of the Company (Other than the Chairman & Managing Director, Managing Director and / or Whole Time Director) as may be determined by the Board of Directors for each Non-Executive Director for each financial year ending on 31st March, 2009 up to and including financial year of the Company 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 one per cent of net profits of the Company, subject to maximum of Rs.15.00 lacs (Rupees Fifteen Lacs only) in aggregate, in addition to the sitting fees being paid by the Company to all the Non-Executive Directors for attending the Board / Committee Meetings of the Company.”

Regd. Off. : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date: 22nd May, 2008

By Order of the Board of Directors

(Deepak S. Pandya)
VP (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, Intime Spectrum Registry Limited, 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.

Dishman Pharmaceuticals and Chemicals Limited

5. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item No. 6 to be transacted at the meeting is annexed hereto. The relevant details as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, in respect of Directors seeking re-appointment as Directors under Item Nos. 3 and 4 above, are also annexed hereto.
6. All documents referred to in the accompanying Notice and Explanatory Statement 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 19th day of July, 2008 to Thursday, the 31st day of July, 2008 (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 5th August, 2008 to those members whose names appear on the Company's Register of Members on 18th day of July, 2008. In respect of shares held in dematerialised 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 18th July, 2008.
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 Depositories 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 Annual General Meeting as required under the revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

Profile of Directors being Appointed/Re-appointed:

Item No. 3

Name	:	Mr. Yagneshkumar B. Desai
Age	:	67 years
Date of Appointment	:	26/11/2003
Qualification	:	Holds a bachelors degree in Economics. He is a Fellow of the Indian Institute of Bankers.
Experience	:	Mr. Y. B. Desai has banking experience of over 38 years. In 1962, he joined State Bank of India as a probationary officer. In his 19 years association with State Bank of India he has served in various capacities like branch manager, superintendent, Foreign Exchange and manager (international division). In 1982, he joined Export Import Bank of India as a deputy general manager. In his association of 19 years with Export Import Bank of India, he has served at various positions like general manager, executive director and managing director.
Other Directorship	:	1) Deutsche Trustee Services (India) Private Limited 2) Kabra Extrusiontechnik Ltd. 3) LIC Housing Finance Ltd.
Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	:	A) Audit Committee :- 1) Deutsche Trustee Services (India) Pvt. Ltd. 2) LIC Housing Finance Ltd. 3) Kabra Extrusiontechnik Ltd. B) Committee for issue of Duplicate Shares :- 1) LIC Housing Finance Ltd.
No. of shares held in the Company	:	NIL
Disclosure of Relationships	:	Mr. Y. B. Desai is not, in any way, concerned/ interested/related with any of the other Directors of the Company.

Dishman Pharmaceuticals and Chemicals Limited

Item No. 4

Name	:	Mr. Sanjay S. Majmudar
Age	:	45 years
Date of Appointment	:	14/02/2004
Qualification	:	He is a Chartered Accountant by profession. He also holds a bachelor degree in law and is a Company Secretary.
Experience	:	Mr. Majmudar has an experience of over 21 years as a practicing Chartered Accountant. He is the proprietor of the firm M/s. Sanjay Majmudar & Associates and a partner in M/s. Parikh & Majmudar. He has been the Chairman of the editorial committee of the Ahmedabad Chartered Accountants Association journal during the year 1994-95 and the Chairman of the NRRC Committee of the Chartered Accountant Association, Ahmedabad during 2000-01 and 2002-03. He has gained experience in the area of finance, corporate law, direct tax, auditing and accounting.
Other Directorship	:	<ol style="list-style-type: none"> 1) Aarvee Denims and Exports Limited 2) AIA Engineering Limited 3) Carbogen Amcis (India) Limited 4) Keyur Financial Services Pvt. Ltd. 5) Welcast Steels Ltd.
Chairman/Member of the Committees of the Board of the other Companies on which he is a Director	:	<ol style="list-style-type: none"> A) Audit Committee :- <ol style="list-style-type: none"> 1) Aarvee Denims and Exports Ltd. Chairman of the Committee B) Remuneration Committee :- <ol style="list-style-type: none"> 1) Aarvee Denims and Exports Ltd. Chairman of the Committee
No. of shares held in the Company	:	21650
Disclosure of Relationships	:	Mr. S. S. Majmudar is not, in any way, concerned/interested/ related with any of the other Directors of the Company.

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

The following Explanatory Statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 22nd May, 2008.

Item No. 6

Sub-Section (4) of Section 309 of the Companies Act, 1956 provides for payment of remuneration by way of commission to a Director who is neither in whole time employment nor a Managing Director, up to a limit of one per cent of the net profits or three per cent in case the Company is managed by the Board of Directors having no Whole Time or Managing Director without the approval of the Central Government, if the company by special resolution authorizes such payment. Considering the growth of the Company, Board of Directors of the Company has decided to make payment of remuneration by way of commission to such Non-Executive Director(s) of the Company (Other than the Chairman & Managing Director, Managing Director and Whole Time Director) as the Board may determine keeping in view and after considering the contribution of and valuable services rendered by such Non-Executive Director(s). The total amount of such commission shall be within the maximum limit of one per cent of the net profits of the Company, subject to maximum of Rs.15.00 lacs in aggregate to be determined by the Board of Directors of the Company for each Non-Executive Director of the Company for each financial year over a period of five years from the financial year ending on 31st March, 2009 up to and including financial year of the Company ending as on 31st March, 2013. Apart from the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is presently entitled to sitting fees of Rs. 20,000/- per meeting of the Board / Committee of the Board attended by them.

The resolution at item No. 6 of the Notice seeks the approval of the members by way of a Special Resolution.

The Board of Directors recommends the resolution at item No. 6 of the Notice for approval by the Members.

All the Directors of the Company, save and except Mr. Rajnikant T. Vyas, Chairman & Managing Director, Mr. Janmejy R. Vyas, Managing Director and Mrs. Dehooti J. Vyas, Wholetime Director of the Company are concerned or interested in this resolution.

Regd. Off. : Bhadr-Raj Chambers,
Swastik Cross Road, Navrangpura,
Ahmedabad – 380 009.
Date: 22nd May, 2008

By Order of the Board of Directors

(Deepak S. Pandya)
VP (Legal) & Company Secretary

DIRECTORS' REPORT

**To
The Shareholders of
Dishman Pharmaceuticals and Chemicals Limited**

Your Directors have pleasure in presenting their Report along with the Audited Accounts of the Company for the year ended March 31, 2008.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	2007-2008	2006-2007
Net Sales	35920.03	27524.44
Profit before Tax & other Adjustments	7261.17	6479.92
Less :- Current tax	800.00	82.00
Add :- MAT Credit Entitlement	161.11	---
Less :- Deferred Tax	459.95	182.88
Less :- Fringe Benefit tax	24.22	24.07
Profit after tax	6138.11	6190.97
Less :- Prior period adjustments (Net)	9.23	7.23
Less :- Short Provision of Income tax in earlier years	173.06	96.74
Net Profit	5955.82	6087.00
Balance of profit brought forward	4848.99	9654.25
Amount available for appropriations	10804.81	15741.25
Appropriations :		
Transfer to General Reserve	5000.00	10000.00
Proposed Dividend	806.97	762.65
Tax on Proposed Dividend	137.14	129.61
Balance carried to Balance Sheet	4860.70	4848.99

DIVIDEND

For the financial year 2007-2008, your Directors are pleased to recommend a final dividend of 50% on the paid-up equity share capital of Rs.1613.94 lakhs (Rs.1/- per equity share of Rs.2/- each) (previous year 50% on the paid-up equity share capital of Rs.1525.30 lakhs, i.e. Rs.1.00/- 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 as on 18th July, 2008.

PERFORMANCE AND OPERATIONS REVIEW

During the year, your company achieved a turnover of Rs.35920 lakhs as against Rs.27524 lakhs during the previous year reflecting a growth of 30.5%. Exports constitute Rs.24508 lakhs or 68% of sales for 2007-'08. Other income earned during the year stood at Rs.457.89 lakhs as against Rs.1366.58 lakhs in the previous year. Profit before tax grew by about 12% (Rs. 7261.17 lakhs during the year as against Rs.6479.92 lakhs in the previous year). Profit after tax for the year was Rs.6138.11 lakhs as against Rs.6190.97 lakhs during previous year.

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., and Dishman Japan Ltd.) and associate (Bhadra- Raj Holdings Pvt. Ltd.) reported 39% rise in sales to Rs.80,307.62 lakhs for the current financial year 2007-08 compared to the previous year's sales of Rs.57,857.20 lakhs.

Consolidated Profit before tax & other adjustment of the Company stood at Rs.12284.51 lakhs (previous year: Rs.9586.76 lakhs) and profit after tax for the year at Rs.12151.19 lakhs (Previous year: Rs.9267.10 lakhs) for the financial year 2007-08.

The consolidated Earning per share for the year works out to Rs.15.70 per share as against Rs.13.15 per share on absolute basis and Rs.14.69 on diluted basis.

Your Company could achieve sustained growth in business due to continued pursuit of our strategy to work with innovator companies, developing new compounds and reducing cost of existing products through process innovation.

Dishman Pharmaceuticals and Chemicals Limited

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

Expansion of Company's Capacity (Project "Taurus")

You are aware, your company is aggressively investing in new capacities to create four new API facilities at Bavla. Out of these four facilities, operations commenced in two units and one more unit is ready to start commercial operations. The fourth unit for manufacture of cytotoxic compounds will be commissioned in 2008-09.

China project

The work at company's new plant at Shanghai chemical zone is progressing as per schedule and will be ready for commercial operations by Sept. 2008. Your company is investing approximately US\$ 10.00 mn. in this new facility.

Acquisition of Fine Chemicals And Vitamin D Business From Solvay

Your company through its subsidiaries acquired fine chemicals, vitamin D and vitamin D analogues business of Solvay Pharmaceuticals BV (Solvay) in Netherlands in October, 2007. As part of this deal, all facilities, people and activities located at Solvay's Veenendaal site in the Netherlands and technology, patent and intellectual property rights for fine chemicals, vitamin D and vitamin D analogues business were transferred to Dishman.

The Veenendaal site of Solvay Pharmaceuticals houses the business group of Vitamins & Chemicals. The manufacturing of vitamin D analogues takes place at Solvay's site in Weesp, the Netherlands. Cholesterol is used in pharmaceutical, cosmetic and crustacean feed applications. Vitamin D analogues are used for food and pharmaceutical applications and fall in the category of high potency products.

Dishman has a pre-existing long-term relationship with Solvay for contract manufacturing of patented API and intermediates. Further, in 2001, Dishman and Solvay had entered into Toll Manufacturing Agreement to convert a raw material supplied by Solvay into an intermediate of vitamin D3. With the experience gained and technology available with Dishman, the acquired business will considerably add value to Dishman's business.

Acquisition of cholesterol, vitamin D and vitamin D analogues business will not only increase the basket of products of Dishman, but will also bring new customer relationships.

Dishman Australasia Pty. Ltd.

Your Company has invested Australian Dollar 1,00,000 in the equity of Dishman Australasia Pty. Ltd., which has been established as wholly owned subsidiary of the Company in Australia, in April, 2008.

RESEARCH AND DEVELOPMENT

Research is the foundation of your Company upon which its strategy of manufacturing and marketing of Bulk Drugs & Intermediates (including contract manufacturing) and Fine Chemicals, Quats & Speciality chemicals stands. At Bavla facility, your Company has created a state-of-the-art R & D center comprising three floors and having total built up area of 4500 Sq. Mtrs. There are eight independent Chemical laboratories, Kilo lab, Analytical development laboratories, Technical Library and cGMP Pilot Plant.

Looking at the need of developing expertise in chromatographic separation, during the year under review, a glass chromatographic column for small-scale separation in cGMP pilot facility and 2 Stainless Steel chromatographic columns for large-scale separations have been installed and are operational.

Analytical Development Lab is equipped with all modern equipments for the analysis of raw materials, intermediates and finished products. These include HPLC, GC, LC-MASS, GC-MASS, ICP, NMR, CHN Analyser, HPTLC, XRD, Spectrophotometer etc. At present more than 180 scientists are working in two shifts. At its full capacity, around 260 scientists will be working on a 3-shift basis. This center focuses on contract research at lab, kilo and Pilot Plant scales. In addition to R&D Center, there are three pilot plant facilities.

The Company's R & D orientation and understanding of synthetic routes of process innovation have resulted in development work for customers under CDA and with the intention of getting long-term manufacturing contracts. Further, to give impetus to the contract manufacturing assignments - both in the pharma and non-pharma segment and to capitalize on the potential outsourcing market related to the pharmaceutical and chemical industries, Company has developed and strengthened its contract research capabilities of APIs and intermediates. As a result of this, the technology for the production of the most of the 20 APIs has been developed or is under final stages of development. The technology for manufacturing these APIs would then be transferred to the production facility coming up in Saudi Arabia.

Besides these APIs, about 60 new products have been developed in the R&D in this year.

QUALITY, HEALTH, SAFETY & ENVIRONMENT (QHSE) & RESPONSIBLE CARE

To ensure the safety and Health of workers as well as the environment, your Company's products and processes are developed in accordance with strictly defined rules. This is achieved by conducting the Risk Assessment, Safety Audits, customer audits, HAZOP study and Environment audits. All manufacturing plants follow responsible care.

Dishman Pharmaceuticals and Chemicals Limited

The Company's QHSE 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) Practicing On-site emergency plan by conducting mock-drills; (iv) Replacement of hazardous process / chemical to non-hazardous process and low hazards; (v) Fire detection and protection system available at site; (vi) Conducting intensive QHSE training programs including contractor employees; (vii) Participation of employees in Safety committee meetings at all levels and active role in National Safety Day, Fire Service Day, World Environment Day and World Earth Day activities; (viii) Independent safety and environment audits at regular intervals in-house and third party; (ix) In-house medical and health facility at site for pre-employment & periodical medical check-up; (x) Blood Donation Camp at site for social cause; (xi) Participation and paper presentation on good practices adopted by Dishman on SHE management in National and International Conferences.

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

- State level winner Safety Award From Gujarat Safety Council in Drugs and pharmaceutical, Food and Dairy sector continuous for the fourth year.
- National level Environment Excellence Award from Greentech Foundation in Chemicals Sector.
- Prashansa Patra from National Safety Council of India, Mumbai in manufacturing sector.

SPECIAL ECONOMIC ZONE (SEZ) PROJECT

As you are aware, your Company has promoted the project of Special Economic Zone ("SEZ"), one for Pharmaceuticals & Fine Chemicals Segment and another for Engineering Segment through its subsidiary company namely Dishman Infrastructure Ltd. ("DIL"), and provided a seed capital of Rs. 5.00 lakhs for the said SEZ project. During the year, DIL has received final permission from the Central Government for the said SEZ project.

The total project cost for the said two SEZ segments will be around Rs.650 crores and will be funded partly by promoter of Dishman and partly by loan and private equity or public participation. Almost 90% of the total land as projected has already been acquired in a phased manner for both the sectors. The acquisition of the residual part of the land is expected to be completed by the end of June, 2008. DIL is getting good response from both domestic as well as overseas companies, willing to set up their units in SEZ.

LISTING ARRANGEMENT

The equity shares of the Company are listed on the National Stock Exchange of India Ltd., Mumbai (NSE) and Bombay Stock Exchange Ltd., Mumbai (BSE). Annual listing fees for the year 2008-09, as applicable, have been paid before due date to the concerned Stock Exchanges.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

As the members 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 received Notices from the Bondholders for conversion of Bonds into Equity Shares of the Company for the aggregate principal amount of Bonds of US\$ 29,500,000. Upon exercise of the option for the conversion of FCCBs of the principal amount of US\$ 29,500,000 the Company has allotted 74,71,037 equity shares of Rs.2/- each of the Company at a premium of Rs.170/- per share. Consequently, the paid-up equity share capital of the Company has increased from 7,22,13,076 equity shares to 7,96,84,113 equity shares of Rs.2/- each.

Subsequently, in the month of April, 2008, Company has received Notice from a Bondholder for conversion of Bonds into Equity Shares of the Company for the principal amount of Bonds of US\$ 4,000,000. The Company has allotted 10,13,023 equity shares of Rs.2/- each of the Company at a premium of Rs.170/- per share. Consequently, the paid-up equity share capital of the Company has increased from 7,96,84,113 equity shares to 8,06,97,136 equity shares of Rs.2/- each and with this 95% of the Bonds have been converted into shares.

DEPOSITS

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

DIRECTORS

Mr. Yagneshkumar B. Desai and Mr. Sanjay S. Majmudar, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

As you are aware, Mrs. Deohooti J. Vyas has been re-appointed as Whole-time Director of the Company for a further period of five years w.e.f. 3rd September, 2006 and her 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.5.00 lacs per month during the tenure of said five years, were approved by the members at the Annual General Meeting held on 29th June, 2006. Considering the valuable contribution by Mrs. Deohooti J. Vyas, her remuneration has been increased from Rs.3.00 lacs to Rs.5.00 lacs per month w.e.f. 1st June, 2008

Dishman Pharmaceuticals and Chemicals Limited

by the Board of Directors at its meeting held on 22nd May, 2008 upon the recommendation of Remuneration Committee held on 22nd May, 2008, 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:

- a) that in the preparation of the accounts for the financial year ended 31st March, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) 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;
- c) 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;
- d) that the accounts for the financial year ended 31st March, 2008 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 Fifth 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 2008-'09, 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 EMPLOYEES

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

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India vide its order No.47/39/2008-CL-III dated 22nd February, 2008, has granted an exemption to the Company under section 212(8) of the Companies Act, 1956 from attaching the accounts along with the report of the Board of Directors as required by section 212(1) of the Companies Act, 1956, of its 16 (sixteen) subsidiary companies namely Dishman Europe Limited, Dishman U.S.A. Inc., Dishman International Trading (Shanghai) Co. Ltd., Dishman FZE, Dishman Switzerland Ltd., Dishman Pharma Solutions AG., Dishman Infrastructure Ltd., Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd., Carbogen Amcis AG., Carbogen Amcis Limited (Name was changed from "Synprotec DCR Limited" w.e.f. 05/07/2007), Dishman Africa (Pty.) Ltd., Innovative Ozone Service Inc. (IO3S), Dishman Netherlands B.V. (Name was changed from "Pharma Syn. B.V." w.e.f. 08/11/2007), Dishman Holland B.V., Dishman Japan Ltd., and Carbogen Amcis (India) Ltd., to the balance sheet of the company for the financial year ended on 31st March, 2008. The Company will provide the annual accounts of its subsidiary companies and the related detailed information on the specific request made by any investor 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 Company Affairs, are annexed to the Accounts of the Company.

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

While preparing the consolidated financial statements, Company has consolidated the accounts of two Joint Venture companies namely Schutz Dishman Biotech Ltd. (22.33% holding by the Company) and CAD Middle East Pharmaceutical Industries (30% 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, the name of Company's stepdown subsidiary company, namely Synprotec DCR Limited has been changed to Carbogen Amcis Limited w.e.f. 05/07/2007 and the name of another step down subsidiary company, namely Pharma Syn. B.V. has

Dishman Pharmaceuticals and Chemicals Limited

been changed to Dishman Netherlands B.V. w.e.f. 08/11/2007.

During the year, Company has formed an Indian wholly owned subsidiary, namely Carbogen Amcis (India) Ltd. (CAIL), and invested an amount of Rs.5.00 lacs (Rupees Five Lacs only) into equity shares of CAIL.

During the year, Company has invested total amount of JPY 60.00 million (Japanese Yen Sixty Million only) into the share capital of its subsidiary company, namely Dishman Japan Ltd. (DJL), incorporated in Japan. Thus, total investment into share capital of DJL at the year end stood at JPY 66.8 million (Japanese Yen Sixty Six Million Eight lakhs only).

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND 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. A separate report on Corporate Governance compliance and a Management Discussion and Analysis Report as stipulated by the said Clause 49 form part of the Annual Report along with the required Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by 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.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Ahmedabad

Date : 22nd May, 2008

Rajnikant T. Vyas
Chairman & Managing Director

ANNEXURE – I FORMING PART OF DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

- | | |
|--|--|
| <p>(a) Energy conservation measures taken</p> <p>(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.</p> <p>(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.</p> <p>(d) Total energy consumption and energy consumption per unit of production.</p> | <ul style="list-style-type: none"> • The Company has taken all necessary measures from the beginning for energy conservation as part of maintaining the operating cost to the minimum. • See Form A, attached. |
|--|--|

B. TECHNOLOGY ABSORPTION

- | | |
|---|---|
| <p>(e) Efforts made in Technology absorption.</p> | <ul style="list-style-type: none"> • See Form B, attached. |
|---|---|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|--|
| <p>(a) Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.</p> <p>(b) Total foreign exchange used and earned.</p> | <ul style="list-style-type: none"> • The Exports of the Company have increased to Rs.245.08 crores during the year from Rs.207.22 crores during the previous year. The Company is making aggressive efforts to increase exports and develop new export markets. • The particulars have been given under "f" and "g" of note No. C of Schedule P of Notes on Accounts |
|--|--|

**FORM A
CONSERVATION OF ENERGY**

A	POWER AND FUEL CONSUMPTION	2007-2008	2006-2007
1	Electricity		
	(a) Purchased		
	Unit (KWH)	13196160	13459800
	Total amount (Rs.)	72075455	72113169
	Rate/Unit (Rs.)	5.46	5.35
	(b) Own generation (through D.G. Unit)		
	Unit (KWH)	1368163	410241
	Unit per Ltr. of diesel oil (KWH)	3.76	2.45
	Cost/unit (Rs.)	8.83	12.44
2	Saw Dust		
	Quantity (MT)	5466.05	9812
	Total amount (Rs.)	11041069	16189503
	Average rate (Rs./MT)	2019.93	1650
3	Fuel (LDO + FO)		
	Quantity (Ltrs.)	1045607.36	1818302
	Total amount (Rs.)	21215210	34970677
	Average rate (Rs./ Ltr.)	20.29	19.23
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 specialty chemicals, it is not practical to apportion consumption of utilities per unit of production.

**FORM B
TECHNOLOGY ABSORPTION**

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.
 - 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.
2. Benefits derived as a result of the above R&D

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.

3. 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 almost 1.00% of its turnover and continue augmenting R & D capabilities & productivity through technological innovations, use of modern scientific and technological techniques, training and development.
4. Expenditure on R & D. (Rs. in lacs)

(a) Capital	136.76
(b) Recurring	81.19
(c) Total	217.95
(d) Total R & D expenditure as a percentage of total turnover.	0.61%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Nil

ANNEXURE – II FORMING PART OF DIRECTORS' REPORT

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

Sr. No.	Name of the Employee	Age (Yrs)	Designation/Nature of Duties	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 throughout the year :								
1.	Mr. Vasant P. Kathe	61	Sr. Vice President (Quality Assurance)	M.Sc.	36	29,09,364	06/08/2004	Lincoln Pharmaceuticals Ltd. Vice President (Technical)
2.	Mr. K. K. Agrawal	51	Chief Operating Officer (Operation)	B.Tech., M.Tech.	27	43,19,004	11/12/2006	Marksens Pharma Ltd. President (API)
3.	Mr. V.V.S. Murthy	52	Chief Finance Officer (Finance & Accounts)	B.Com., A.C.A.	27	63,39,996	01/03/2007	Dr. Reddy's Lab. Vice President (Finance)
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 :								
4.	Mr. Arvind A. Joshi	52	President (H.R. & Admn.)	B.Sc., L.L.B., M.S.W.	32	22,91,005	18/10/2007	J. B. Chemicals Ltd. Vice President (H.R.)
5.	Mr. Tushar R. Mehta	45	Vice President (Supply chain)	B.Sc., M.B.A.	20	22,66,667	01/08/2007	Panacea Biotech Ltd. Vice President (Purchase)

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 above employees mentioned at Sr. No. 2, 4, & 5 do not have any share in the paid-up capital of the Company. Mr. V. P. Kathe mentioned at Sr. No.1, holds 150 equity shares of Rs.2/- each and Mr. V.V.S. Murthy mentioned at Sr. No.3, holds 500 equity shares of Rs.2/- each, of the Company.
- The above employees are not relatives of any Director of the Company.
- Mr. Tushar R. Mehta has resigned w.e.f. 14th May, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) BUSINESS HIGHLIGHTS :

Exports:

Dishman has achieved a turnover of Rs.359.20 crores in 2007-08 as against Rs.275.24 crores during the previous year recording a growth of over 30%. Exports constituted around 68% of turnover as against 72% during the previous year.

Other income:

Other income mainly consists of profit on sale of rights in immovable properties/assets and Mark to Market (MTM) loss on foreign exchange. Other income for the year amounted to Rs.4.58 crores as against Rs.13.67 crores during the previous year.

Material costs:

Raw material consumption for the year was Rs.125.43 crores as against Rs.109.04 crores during the previous year. Inventory of raw materials has gone up during the year by Rs.6.36 crores. Work in process and finished goods have increased by Rs.8.83 crores and Rs.6.74 crores respectively.

Above increases are mainly due to commencement of two new units at Bavla and increased operations from existing units.

Manufacturing expenses:

Manufacturing expenses mainly comprises Power & Fuel Rs.16.99 crores, repairs & maintainance Rs.4.75 crores, R&D expenses Rs.2.28 crores as against Rs.16.55 crores, Rs.3.75 crores and Rs.2.38 crores respectively during the previous year. Manufacturing expenses account for 9.73% of sales during the year as against 11.53% during the previous year. Manufacturing expenses during the year as a percentage of sales are lower due to a combination of product mix and cost control measures taken by the company.

Employee Emoluments:

Employee emoluments (other than managerial remuneration) have increased to Rs.24.59 crores during the year as against Rs.18.05 crores during the previous year. This increase is mainly due to higher increase given to employees and recruitment of senior management team.

Administrative, Selling and Other Expenses:

Major components of administrative, selling and other expenses include clearing & forwarding, insurance premium, travelling and conveyance etc. Administrative, selling and other expenses for year amounted to Rs.20.15 crores as against Rs.18.30 crores during the previous year. These expenses accounted for 5.61% sales during the year as against 6.65% during the previous year.

Interest and Finance charges:

Interest and Finance charges during the year have increased to Rs.7.21 crores as against Rs.5.34 crores during the previous year due to higher operations and availing of loans for capex.

Depreciation:

Depreciation charge for the current year came to Rs.16.82 crores as against Rs.14.24 crores during the previous year. Addition to fixed assets during the year was Rs.67.78 crores as against Rs.69.14 crores during the previous year.

Provision for Tax:

Rs.6.39 crores (net of MAT entitlement) was provided during the year towards current tax as against Rs.0.82 crores during the previous year. The company has also provided Rs.4.60 crores towards deferred tax during the year as against Rs.1.83 crores during the previous year. Fringe benefit tax for the year was Rs.0.24 crores.

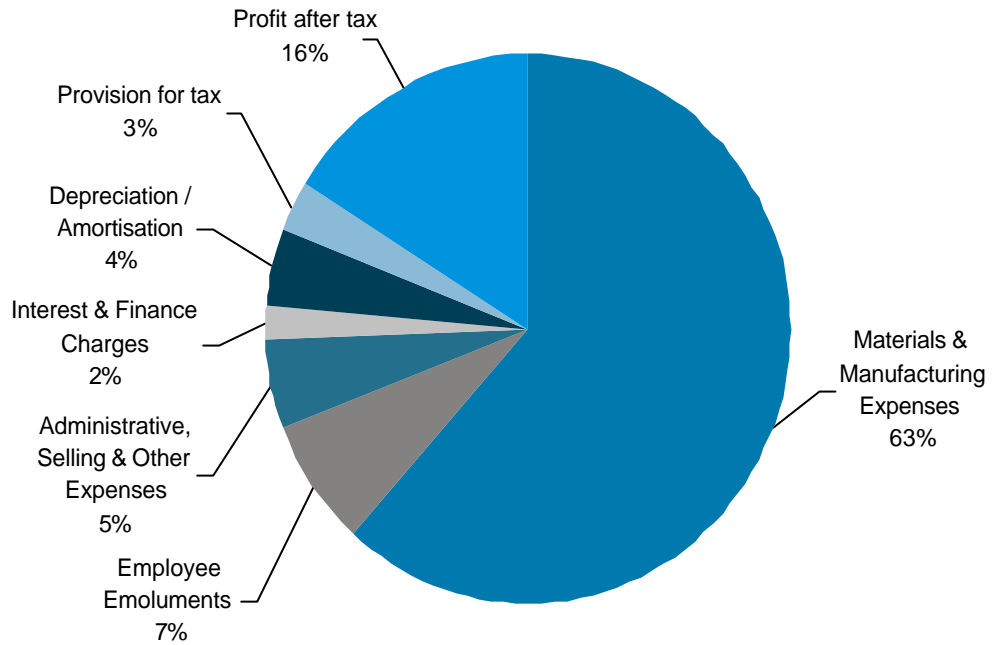
Profit after tax:

Profit after tax for the current year was Rs.61.38 crores as against Rs.61.91 crores during the previous year. Even though the profit before tax for the current year is higher by 12%, there is no growth in profit after tax due to higher provision for tax.

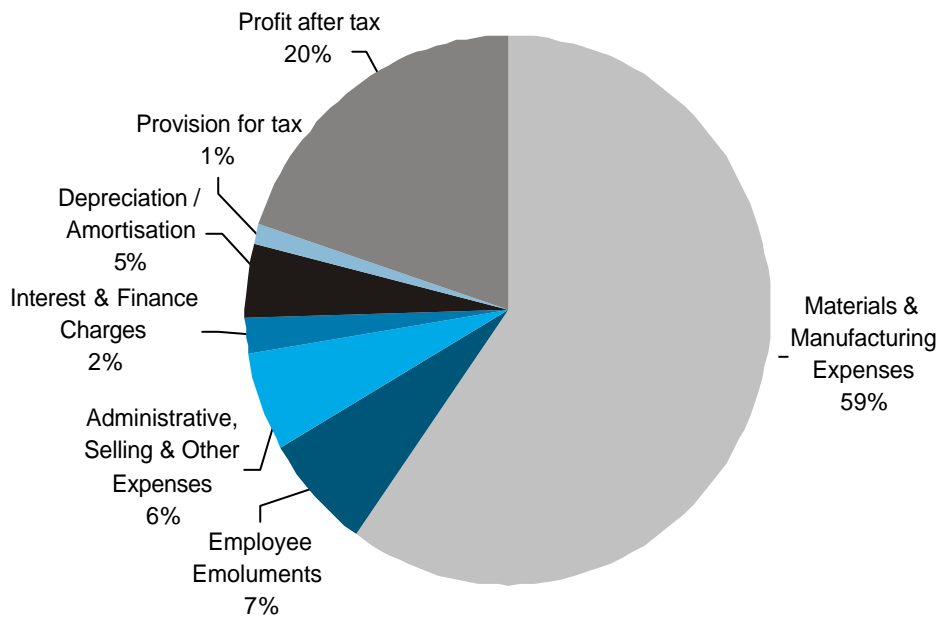
Earnings per share:

Basic earnings per share for the current year works out to Rs.7.81 as against Rs.8.73 during the previous year. Diluted EPS worked out to Rs.7.35 as against Rs.7.53 during the previous year. Earning per share has come down due to increase in equity following conversion of Foreign Currency Convertible Bonds.

Composition of Expenses & Profit (% to Standalone Turnover 2007-08)



Composition of Expenses & Profit (% to Standalone Turnover 2006-07)



Dishman Pharmaceuticals and Chemicals Limited

Financial condition:**Secured loans :**

Secured loans stood at Rs.206.19 crores as at 31st March 08 as against Rs.126.72 crores as at 31st March 07 due to disbursement of loans sanctioned during the previous year. An amount Rs.3.81 crores was repaid during the year.

Unsecured loans:

Unsecured loans as on 31st March 08 were at Rs. 56.32 crores as against Rs.171.73 crores as on 31st March 07. The decrease is mainly due to conversion of FCCBs by the bondholders.

Inventories:

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

(Rs. In crores)

Particulars	2007-08	2006-07
Raw Materials	29.43	23.04
Work in process	73.09	64.26
Finished goods	15.93	9.18

Increase in inventories is due to increased level of operations, strategies of production on campaign basis and manufacture of new products.

Debtors:

Debtors as of 31st March 08 amounted to Rs.111.50 crores as against Rs.120.72 crores during the previous year. Debtors amount has come down inspite of higher sales due to better collection of receivables.

Consolidated Financials:**Turnover:**

Dishman's net sales turnover increased to Rs.803.08 crores during 2007-2008 as against Rs.578.57 crores during the year 2006-07, an increase of 39% year-on-year. Out of the net sales turnover, the domestic sales was Rs.115.36 crores while Export sales was Rs.687.72 crores; on a year-on-year basis, there was an increase of 62% in Domestic sales and 36% increase in Exports sales.

Profit:

The Operating Profit increased to Rs.200.53 crores from Rs.138.33 crores in the previous year, yielding an increase of 45% over the previous year.

The Company's Profit before Tax and other adjustments increased from Rs.95.87 crores in the previous year to Rs.122.85 crores in the year ended 31st March, 2008, an increase of 28% over the previous year.

The net Profit for the year increased to Rs.119.71 crores as compared to Rs. 91.71 crores in the previous year, yielding an increase of around 30.53% over the previous year.

Other income:

The Other Income of the Company was Rs.47.66 crores for the year as against Rs.23.21 crores in the previous year. Major contributor to the other income is Rs. 37.86 crores in the current year as against Rs. 10.36 crores during the previous year on account of revaluation of loans, current assets and liabilities at the year end.

Depreciation:

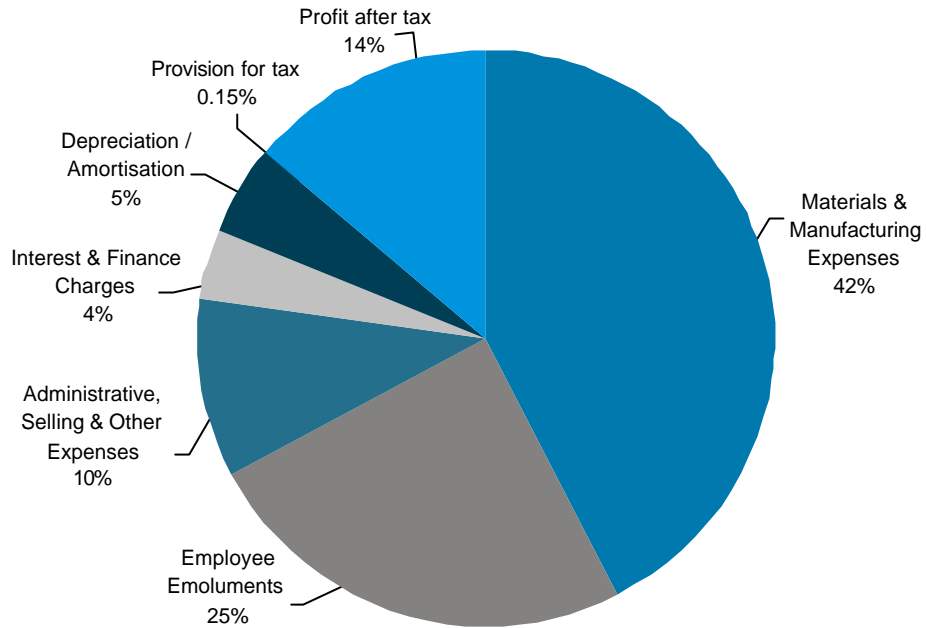
Depreciation for the year was Rs.47.19 crores compared to Rs.26.31 crores for the previous year. The higher charge was on account of the higher capital expenditure including setting up new R&D facility at Bavla.

Fixed Assets:

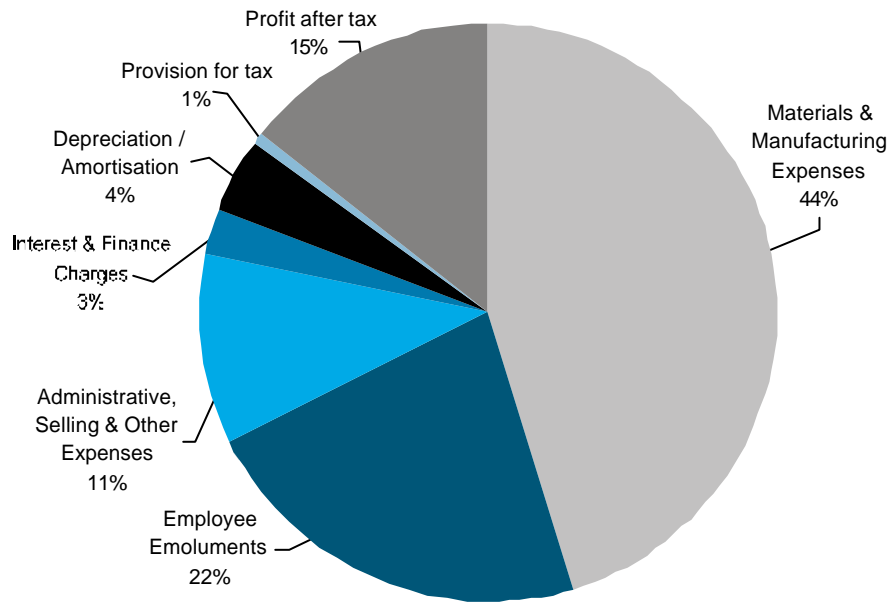
Gross Block of the fixed assets at the end of the year increased to Rs.928.54 crores compared to the previous year's figure of Rs.664.17 crores.

Note: Previous years figures are not comparable as Carbogen Amcis Financials were consolidated from the date of acquisition i.e. From 23rd Aug 06. Similarly, 2007-08 Consolidated Financials include figures of business acquired from Solvay in Netherlands from the date of acquisition i.e. 31st Oct 07.

Composition of Expenses & Profit (% to Consolidated Turnover 2007-2008)



Composition of Expenses & Profit (% to Consolidated Turnover 2006-07)



(B) 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 Speciality Chemicals

Transactions not falling in the above segments have been grouped under others segment.

Dishman Pharmaceuticals and Chemicals Limited

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 mn.)

Product segment	31/03/2006	31/03/2007	31/03/2008
MM	1187.96	1561.63	1523.88
CRAMS	1163.27	1569.67	1996.74
Others	—	—	272.89
Total	2351.23	3131.30	3793.51

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 with setting up of 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, out of which two are commercially dedicated for contract manufacturing for Solvay Pharmaceuticals B.V., Netherlands. This was your company's first long term contract as a CMO.

Your company has adopted various marketing strategies for sustained growth including increase in number of clients to reduce the dependency on any single client, increase the number of products range to reduce risk of product failure; 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.

(C) AN INDUSTRY OVERVIEW

IMS Health Inc., USA (IMS) reported that global prescription market grew 6.4% in the year 2007 over the prior year. This takes the estimated total global prescription market to US\$ 712 billion based on sales, an increase of US\$ 178 billion during the past five years.

The United States is the largest single market at US\$ 286.50 billion, contributed 25.5% of the total growth to the global market in 2007. Across the five major European markets, France, Germany, the United Kingdom, Italy and Spain, the aggregate growth was 4.8%; the total market expanded to US\$ 140 billion, largely reflecting the impact of health policy and funding initiatives. European markets- apart from the five major developed markets- are now US\$ 81.6 billion in size, and expanded by 10.9% in 2007.

Asian markets (excluding Japan, including Australia and New Zealand) grew collectively by 13.3% and now represent 11% of the total global market. Robust economic growth and expansion of access to healthcare remains the primary driver of these markets. China, Korea and India grew by 25.7%, 10.7% and 13.0% respectively in 2007. Globally, India, with a population of over one billion, is the second largest pharmaceutical market in terms of volumes consumed.

The Contract Research and Manufacturing Services (CRAMS) business provides manufacturing and research services to global pharmaceutical and agrochemical companies in both innovative and generic space. Contract Manufacturing, Contract Research and Contract Sales are the broad segments of the industry. API manufacturing, Clinical Research and Basic research are the major outsourcing services to the extent which Indian service providers are utilized. As a result, many global Pharma companies realize India as a potential hub for outsourcing their activities.

India is emerging as a major destination for contract research and manufacturing services with its existing pool of skilled human resource, low cost advantage, technical expertise (Information Technology, Chemistry, Biotechnology and Process Engineering), manufacturing capability (with highest number of USFDA approved plants), diverse genetic pool, confidentiality and trust worthiness. Dishman being the first mover is one of the major players in the field.

According to IMS forecast, the global pharmaceutical market is expected to grow at a 5-6% in 2008, compared with 6-7% in 2007. In several respects, 2008 marks an important turning point for the global pharmaceutical market. For the first time, the seven largest markets will contribute just half of overall pharmaceutical market growth, while seven emerging markets will contribute nearly 25% of growth worldwide. The seven "Pharma emerging" markets of China, Brazil, Mexico, South Korea, India, Turkey and Russia are expected to grow 12-13% next year to US\$ 85-90 billion. In the coming year, biopharmaceutical and generics companies will more aggressively adjust their business models to manage through these inflections, capturing new opportunities in this changing market environment.

(D) SWOT ANALYSIS OF THE COMPANY

Though Dishman commenced as a "Quats" Company, it being a R & D driven Company, has focused on custom chemical synthesis for last many years, which is generating increased revenue at higher margins.

Dishman undertakes Contract Research for patent / license holders of either recently patented products or for their generic products to be marketed in the regulatory markets and supply of trial products. It also enters into long-term supply contracts

Dishman Pharmaceuticals and Chemicals Limited

for the supply of APIs/Intermediates on a long-term basis. This is called CRAMS (Contract Research and Manufacturing segment). This is in addition to Dishman's regular manufacture and marketing of the marketable molecules, comprising Quats, PTCs, APIs and Bulk Drugs, Intermediates etc.

Strengths :

- Management depth and ability to manage client relationships.
- R & D capabilities to develop efficient and cost effective process at short notice having a State-of-the-Art dedicated R & D center at Bavla.
- Enhanced presence in the international market through international subsidiaries.
- Multi-purpose and multi-product production facilities having ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 Quality certifications.
- USFDA approved Plant located at Bavla, to manufacture Eprosartan Mesylate.
- 100% EOU status at Bavla and Naroda New Plant.
- New Acquisition of R & D companies abroad with specialization in specific synthetic chemistry for APIs and/or healthy pipeline product for contract manufacturing.

Weaknesses :

- Business revenues skewed towards Europe, though the share of USA market of Dishman is increasing now.
- MNCs prefer larger balance sheet. (Of Course, Dishman's balance sheet is becoming stronger and stronger, year after year)

Opportunities :

- Large number of pharmaceutical companies losing their blockbuster drug patents, thereby increasing the scope for outsourcing to countries that offer a low cost manufacturing base such as India, China, Korea and Taiwan.
- Indian pharmaceutical segment witnessing change in business dynamics : Focus on export orientation.
- Growth of Generics market in US and Europe.
- CMO opportunities with other large MNCs : Patented Drugs.
- High value Quats Business and newer Quats applications.
- High potency product (high cost; low volume) manufacture
- A few of the products on which R & D activities are carried out for the clients and after completion of Phase III of trials are commercialized may be converted into contract manufacturing.

Threats :

- Competition from other Indian companies operating in similar segments.
- Competition from countries that offers low cost manufacturing base such as China, Korea and Taiwan.
- The patent/license holder may abandon the New Chemical Entities (NCE) at any stage due to various reasons.

(E) OUTLOOK

Globally, R & D driven pharmaceutical companies are under pressure to reduce research and development costs. A report by Pharmaceutical Research and Manufacturers of America, suggests that of every 10,000 screened compounds, only 250 enter pre-clinical testing, five enter clinical testing and only one is approved by the USFDA.

R & D outsourcing is driven by two major benefits a) reduced operating costs and b) an increased number of drugs moving into development. R & D outsourcing is expected to nearly double to US\$ 24 billion by 2009 from US\$ 13 billion in 2005.

Contract manufacturing includes outsourced manufacturing of intermediates and active pharmaceutical ingredients (APIs) as per the specific requirements of the innovator and generic companies. As per Frost & Sullivan research, contract manufacturing of pharmaceutical products generated US\$ 26.2 billion revenues in 2004 and is expected to rise to US\$ 43.9 billion in 2009. Contract Manufacturing Organizations (CMO) have traditionally been in North America (nearly 50% market share) and Europe. In the past few years, this business has spread to Asia with significant focus on Active Pharmaceutical Ingredients (APIs) and Intermediates.

To ensure Company's long-term success, the management is appropriately placing its best on R & D with contract research leading to future manufacturing contracts. Given the pressure on innovators to cut costs and the long lead-time taken to ink a manufacturing deal, we believe there is a high probability that innovators will deal with their research partners for manufacturing as well. Contract Research and Manufacturing (CRAM) business is the core of company's business model and company has undertaken a series of overseas acquisitions, through its wide spread subsidiaries to seize the opportunities in this field. After accomplishing a successful small acquisitions of Synprotec DCR Ltd., in U.K. and IO₃S in Switzerland,

Dishman Pharmaceuticals and Chemicals Limited

through its wholly owned subsidiary, Dishman Switzerland Ltd in February of 2005-06, the Company has acquired CarboGen and AMCIS, Switzerland-based process research on APIs and low-volume, high-value API and hypo Potency products manufacturing company in the month of August, 2006. This has already added and will continue to add substantially to the company's consolidated revenue.

Dishman is well poised to participate in this opportunity. The Company is selling its products in Europe, USA, South Africa, Netherlands etc. through its subsidiaries and has an expanding international portfolio of affiliates, joint ventures and alliances.

Dishman has successfully achieved its goal of growth through CRAM business, and continue to grow in this business by entering into new long-term contracts.

(F) RISKS AND CONCERNS

Given its large exports, Dishman is exposed to the foreign exchange fluctuation risk. However, with the exports being multi currency in nature (Euro, USD, GBP etc.) the risk is minimized. Volatility in prices of key raw materials is the other area of risk and concern.

The Company had raised the long-term funds by issuing 0.50% US\$ 50,000,000 Unsecured Foreign Currency Convertible Bonds (FCCBs) due 2010, The Bonds are to be converted into equity shares of your Company at a fixed exchange rate of Rs.43.56 for dollar and at a premium of Rs.170/- per share of the face value of Rs.2/- each. The current market price is much higher than the conversion price and hence there is all likely that all the Bonds may be converted into shares. By now 95% of the value of the Bonds issued have already been converted into shares. However, in the most unlikely event, if the remaining Bonds are not converted by the investors, the bonds will have to be repaid in foreign currency, and this will mean an exposure of the foreign exchange fluctuation risk. This risk also is minimum, as the Company is net foreign exchange earner. If the Bonds are to be redeemed, the redemption will be with a premium so as to have overall YTM (yield to maturity of 5.75% p.a.) for which due provision for the amount due up to 31st March, 2008 is made in the accounts.

The Company has an expanding international portfolio through acquisition, affiliates and joint ventures. This includes risks to earnings from the deal (i.e. risk of dilution) and from execution (ability to achieve the targeted synergies).

Your company is mainly focusing on CRAM business; including R & D. R & D is more focusing on manpower and the intelligence. Though skilled scientists are available in India their increasing turnover may be a risk to R & D business.

Apart from the risk on account of interest rate, foreign exchange and regulatory changes, business of the Company are exposed to certain operating business risks, which is mitigated by regular monitoring and corrective actions.

(G) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded & reported properly and to monitor internal business process, financial reporting and compliance with applicable laws.

The internal control system has been designed so as to ensure that the financial and other records are reliable and reflects a true and fair view of the state of the Company's business.

To further strengthen the Internal Audit system, including internal control systems and MIS, your company has appointed an experienced firm of Chartered Accountants as Internal Auditors.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

(H) INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT

The Company 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 778 employees on its roll and continues to attract talent both from within and outside India to further its business interests. Industrial Relations continue to be cordial.

Cautionary Statement

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

CORPORATE GOVERNANCE REPORT

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

1. The Company's philosophy on Code of Governance

The Company's philosophy on investor service and protection envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders including shareholders, employees, the government and lenders. The Company is committed to 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.

2. The Board of Directors

Composition :

The present Board of Directors consists of half of non-executive/ independent directors, who are acknowledged as leading professionals in their fields. As of date, the Board comprises three (3) whole-time/ executive directors and three (3) non-executive/ independent directors.

The Company has an executive Chairman and the number of non-executive/independent directors is 50% of the total number of Directors. The Company, therefore, meets with the requirements relating to the composition of the Board of Directors.

The composition and category of Directors are as follows:

Category	Name of the Directors
Promoter & Executive Directors	Mr. Rajnikant T. Vyas (Chairman & Managing Director) Mr. Janmejy R. Vyas (Managing Director) Mrs. Deohooti J. Vyas (Wholetime Director)
Independent & Non-Executive Directors	Mr. Yagneshkumar B. Desai (Director) Mr. Sanjay S. Majmudar (Director) Mr. Ashok C. Gandhi (Director)

Disclosure of Relationships between Directors inter-se :

Name of Directors	Relationship with other Directors
Mr. Rajnikant T. Vyas	Father of Mr. Janmejy R. Vyas, Managing Director and Father-in-law of Mrs. Deohooti J. Vyas, Whole-time Director of the Company.
Mr. Janmejy R. Vyas	Son of Mr. Rajnikant T. Vyas, Chairman & Managing Director and Husband of Mrs. Deohooti J. Vyas, Whole-time Director of the Company.
Mrs. Deohooti J. Vyas	Wife of Mr. Janmejy R. Vyas, Managing Director and Daughter-in-law of Mr. Rajnikant T. Vyas, Chairman & Managing Director of the Company.
Mr. Yagneshkumar B. Desai	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company
Mr. Sanjay S. Majmudar	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company
Mr. Ashok C. Gandhi	Not, in any way, concerned/ interested/ related with any of the other Directors of the Company

2.1 Attendance of each Director at the Board meetings, the last Annual General Meeting and the Number of other Directorships and Chairmanships/ Memberships of Committees of each Director in various companies, during the year 2007-2008 :

Name of Directors	Attendance Particulars		No. of Directorships and Committee Membership/ Chairmanship (in other Cos.)		
	Board Meetings	Last AGM*	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Rajnikant T. Vyas	5	No	4	None	None
Mr. Janmejy R. Vyas	4	Yes	14 #	None	None
Mrs. Deohooti J. Vyas	4	No	3	None	None
Mr. Yagneshkumar B. Desai	5	Yes	3	3	None
Mr. Sanjay S. Majmudar	5	Yes	5	None	1
Mr. Ashok C. Gandhi	5	Yes	9	7	None

* Last Annual General Meeting was held on 7th August, 2007.

Including Directorships in 8 Overseas Subsidiaries (Direct or Indirect) of the Company.

Dishman Pharmaceuticals and Chemicals Limited

Notes :

- 1) Details of the Committee Membership/ Chairmanship is in accordance with revised Clause 49 of Listing Agreement and reflects the Membership/ Chairmanship of the Audit Committee and Shareholders' & Investor's Grievance Committee of other public companies.
- 2) None of the Directors of the Company is a member of more than ten Committees nor is the Chairman of more than five Committees across all the Companies in which he is a Director.

2.2 Number of Board Meetings held and the dates on which held

Five Board Meetings were held during the year 2007-08 as against the minimum requirement of four meetings. The dates on which the meetings were held are 28th May, 2007; 30th July, 2007; 14th September, 2007; 24th October, 2007 and 25th January, 2008.

Board of Directors of the Company has also passed Circular Resolutions on 16th April, 2007; 14th May, 2007; 18th June, 2007; 18th July, 2007; 10th September, 2007; 29th September, 2007 and 17th March, 2008.

The Company has held one meeting every quarter and the maximum time gap between any two meetings was not more than four months.

The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board meeting are circulated to the Directors in advance before the meetings. Adequate information is circulated as part of the Board papers and is also made available at the Board meetings to enable the Board to take informed decisions. Where it is not practicable to attach supporting/relevant document(s) to the Agenda, the same are tabled at the meeting and specific reference to this is made in the Agenda.

CEO and CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

Code of Conduct :

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

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.

3. Audit Committee:

The Board of Directors of the Company has constituted an Audit Committee and has been reconstituted from time to time. The said Committee has been reconstituted by inducting qualified and independent members on the committee, by the Board of Directors of the Company at its meeting held on 28th October, 2004. Presently, the Audit Committee comprises three independent directors namely Mr. Y. B. Desai, Mr. S. S. Majmudar, and Mr. A. C. Gandhi. The constitution, composition and functioning of the Audit Committee also meets the requirements of Section 292A of the Companies Act, 1956 and revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

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

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

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

Dishman Pharmaceuticals and Chemicals Limited

Names of members & Chairperson of the Audit Committee and the meetings attended by them during the financial year 2007-08 ended on 31st March, 2008, are as under:

Name of the Directors	Category	Status/Designation	No. of meetings attended
Mr. Yagneshkumar B. Desai	Non-executive/Independent	Chairman	4
Mr. Sanjay S. Majmudar	Non-executive/Independent	Member	4
Mr. Ashok C. Gandhi	Non-executive/Independent	Member	4

The Committee met four (4) times during the year 2007-08. The dates on which Audit Committee meetings were held are 28th May, 2007, 30th July, 2007, 24th October, 2007 and 25th January, 2008. The maximum time gap between any two meetings was not more than four months.

Members of the Audit Committee have requisite financial and management expertise and have held or hold senior positions in other reputed organizations.

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 has, being a Chairman of the Audit Committee, attended the last Annual General Meeting held on 7th August, 2007.

4. Remuneration Committee

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. The said Committee has been reconstituted by inducting qualified and independent members on the committee, by the Board of Directors of the Company at its meeting held on 28th October, 2004. Presently, the Remuneration Committee comprises three independent directors namely Mr. S. S. Majmudar (Chairman), Mr. Y. B. Desai (Member) and Mr. A. C. Gandhi (Member).

During the year, one meeting of the Remuneration Committee was held on 28th May, 2007, which was attended by Mr. S. S. Majmudar, Mr. Y. B. Desai and Mr. A. C. Gandhi.

The function of the committee is to determine the policy on specific remuneration packages for Executive/Wholetime Directors including pension rights and any compensation payments. The Committee 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.). The Committee 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 :

No remuneration other than sitting fee is being paid to the non-executive/independent directors. The Company has not granted any stock options to its directors.

The 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 01/04/2007 to 31/03/2008, are as under:

Non-executive/Independent Directors:

Sr. No.	Name of Director	Sitting Fees (Amt. in Rs.)
1.	Mr. Yagneshkumar B. Desai	2,00,000/-
2.	Mr. Sanjay S. Majmudar	2,80,000/-
3.	Mr. Ashok C. Gandhi	2,80,000/-

Note: Previously, the sitting fees of Rs.1,500/- were paid to each Non-Executive Director for attending each Board Meeting. The Board of Directors at its meeting held on 14th February, 2004, increased the sitting fees to Rs.10,000/- to be paid to all Non-

Dishman Pharmaceuticals and Chemicals Limited

Executive Directors for attending each Board Meeting. It was decided by the Board at its meeting held on 28th May, 2004, to pay to Non-Executive Directors sitting fees of Rs. 10,000/- for attending meetings of any committee formed by the Board. Thereafter, the Board of Directors has, at its meeting held on 30th July, 2004, increased the sitting fees to Rs.20,000/- to be paid to all Non-Executive Directors for attending any meeting of the Board as well as any committee formed by the Board.

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 Details of remuneration paid to Managing and Whole-time Directors during the last financial year i.e. from 01/04/2007 to 31/03/2008, are as under :

Executive/Whole-time Directors :

(Rs. in lacs)

Name & Designation of the Director	Salary/ Remuneration (p.a.)	Perquisites & Allowances	Performance Linked Bonus/ Commission	Stock Options
Mr. Rajnikant T. Vyas, Chairman & Managing Director	24.00	Nil	Nil	Nil
Mr. Janmejy R. Vyas, Managing Director	320.76	Nil	Nil	Nil
Mrs. Deohooti J. Vyas, Whole-time Director	36.00	Nil	Nil	Nil

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

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

a) **Mr. Rajnikant T. Vyas, Chairman & Managing Director**

Tenure : Five years with effect from 1st July, 2005.

Remuneration : Subject to overall limit to all Managerial Personnel taken together, as laid down in the Companies Act, 1956, read with Schedule XIII thereto, Shri Rajnikant T. Vyas shall be paid Rs.24.00 lacs (Rupees Twenty Four Lacs only) per annum and the above remuneration payable to him may comprise salary, allowances and perquisites as may be determined by the Board of Directors from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be paid on pro rata basis.

Sitting Fees : Shri Rajnikant T. Vyas shall not be entitled to any sitting fees.

b) **Mr. Janmejy R. Vyas, Managing Director**

Tenure : Five years with effect from 1st March, 2005. The period of office of Shri J. R. Vyas shall not be liable to determination by retirement of Directors by rotation.

Remuneration : Subject to overall limit on remuneration payable to all the managerial personnel taken together, as laid down in the Companies Act, 1956, the remuneration payable to Shri 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 Shri 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 : Shri J. R. Vyas shall not be entitled to any sitting fees.

Dishman Pharmaceuticals and Chemicals Limited

c) **Mrs. Deohooti J. Vyas, Whole-time Director**

Tenure : Five years with effect from 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.

The Chairman of the Remuneration Committee, Mr. Sanjay S. Majmudar, was present at the Annual General Meeting of the Company held on 7th August, 2007.

5. **Shareholders' & Investors' Grievance Committee**

The Board of Directors has constituted a Shareholders' & Investors' Grievance Committee, which was reconstituted from time to time. Presently, the Shareholders' & Investors' Grievance Committee comprises three directors, namely Mr. Sanjay S. Majmudar, Mr. Janmejay R. Vyas and Mr. Ashok C. Gandhi. The Committee functions under the Chairmanship of Mr. Sanjay S. Majmudar, an independent director.

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

To expedite the process of share transfer, transmission, split, consolidation, rematerialisation and dematerialisation etc. of securities of the Company, the Board of Directors has delegated the power of approving the same to the Company's R & T Agent namely 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.

The Committee has met four times during the year i.e. on 28th May, 2007, 30th July, 2007, 24th October, 2007 and 24th January, 2008. Mr. Sanjay S. Majmudar and Mr. Ashok C. Gandhi have attended all the meetings, while Mr. J. R. Vyas has attended 3 (three) meetings.

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

Name, designation & address :
of Compliance Officer

Mr. Deepak S. Pandya,
VP (Legal) & Company Secretary
Bhadra-Raj Chambers, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009
Phone No.(079) 26443053, Fax No.(079) 26420198
Email: deepak@dishmangroup.com

As required by the provisions of Clause 47 (f) of the Listing Agreement, the Company has designated the below cited Email ID of the grievance 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 investor awareness.

Dishman Pharmaceuticals and Chemicals Limited

Quarter-wise Summary of Investors' Complaints received and resolved to the satisfaction of the shareholders during the financial year 2007-2008

Quarter Period		Complaints Position at the beginning of the quarter	Complaints received during the quarter	Complaints resolved during the quarter	Complaints pending at the end of the quarter
From	To				
01-04-2007	30-06-2007	NIL	2	2	NIL
01-07-2007	30-09-2007	NIL	8	8	NIL
01-10-2007	31-12-2007	NIL	2	2	NIL
01-01-2008	31-03-2008	NIL	NIL	NIL	NIL
TOTAL			12	12	NIL
Complaint pending at beginning of the year		= NIL			
Complaint received during the year		= 12			
Complaint resolved during the year		= 12			
Complaint pending at the end of the year		= NIL			

6. General Body Meetings

Location, date and time of last three Annual General Meetings are as follows:

Year	Location	Date	Time
2004-05	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	26/09/2005	9.30 a.m.
2005-06	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	29/06/2006	9.30 a.m.
2006-07	H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015	07/08/2007	9.30 a.m.

Whether any Special Resolutions :

- (a) Were put in the previous three AGMs : Yes*
- (b) Were put through postal ballot last year : No
- Details of voting pattern : N.A.
- Person who conducted postal ballot exercise : N.A.
- (c) Are proposed to be conducted through postal ballot : No
- (d) Procedure for postal ballot : N.A.

* Three special resolutions (without postal ballot) pertaining to Re-appointment of Mr. R. T. Vyas, as Chairman & Managing Director of the company and Appointments of Ms. Aditi J. Vyas and Ms. Mansi J. Vyas (daughters of Mr. J. R. Vyas, Managing Director of the company) to hold an office or place of profit in the Company as an employee of the company, were passed in the 22nd Annual General Meeting held on 26th September, 2005 AND two special resolutions (without postal ballot) pertaining to Re-appointment of Mrs. Dehooti J. Vyas and to increase the limit of investment by FII and NRIs, were passed in the 23rd Annual General Meeting held on 29th June, 2006.

7. Disclosures

7.1 There are no materially significant related party transactions i.e. transactions 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 the company at large in the financial year 2007-08. Related party transactions have been disclosed in the Notes to the Annual Accounts of the Company for the year ended 31st March, 2008.

Dishman Pharmaceuticals and Chemicals Limited

7.2 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.

7.3 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 Sr.4 given herein above.

8. 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 the Economics Times, Business Standard & Indian Express (English edition) and in Financial Express (Gujarati edition). These are not sent individually to the shareholders.

The Company's results 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.

9. General Shareholder Information

9.1 Twenty-fifth Annual General Meeting

Date : 31st day of July, 2008

Time : 9.30 a.m.

Venue : H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380015.

As required under Clause 49IV(G)(i), particulars of Directors seeking appointment/reappointment are given in Annexure to the Notice of the Annual General Meeting to be held on 31st July, 2008.

9.2 Financial Year/Calendar

The Company follows April to March as its financial year. The results for every quarter beginning from April are being declared in the month following the quarter as per the Listing Agreement.

9.3 Date of Book Closure

From Saturday, the 19th day of July, 2008 to Thursday, the 31st day of July, 2008 (both days inclusive), for determining the entitlement of the final dividend for the financial year 2007-08.

9.4 Dividend Payment Date : On or after 5th August, 2008.

9.5 Listing on Stock Exchanges

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

Annual listing fees for the year 2008-09, as applicable, have been paid to the concerned Stock Exchanges. The Company has also paid Annual custodial fees for the year 2008-09, 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.

9.6 Stock Code

National Stock Exchange of India Limited : "DISHMAN" "EQ"

Bombay Stock Exchange Ltd. : 532526

Demat ISIN Number in NSDL & CDSL for Equity Shares : INE353G01020

Note : New ISIN Number INE353G01020 has been allotted by the NSDL on Sub-division of the equity shares of the Company (Pre sub-division ISIN was INE353G01012).

Common Code for Foreign Currency Convertible Bonds (FCCBs) issued by the Company : 022775693

ISIN for FCCBs : XS0227756938

The said FCCBs are settled by Euroclear and Clearstream.

Dishman Pharmaceuticals and Chemicals Limited

9.7 Market Price Data:

Market Price Information and Other Information Concerning the shares

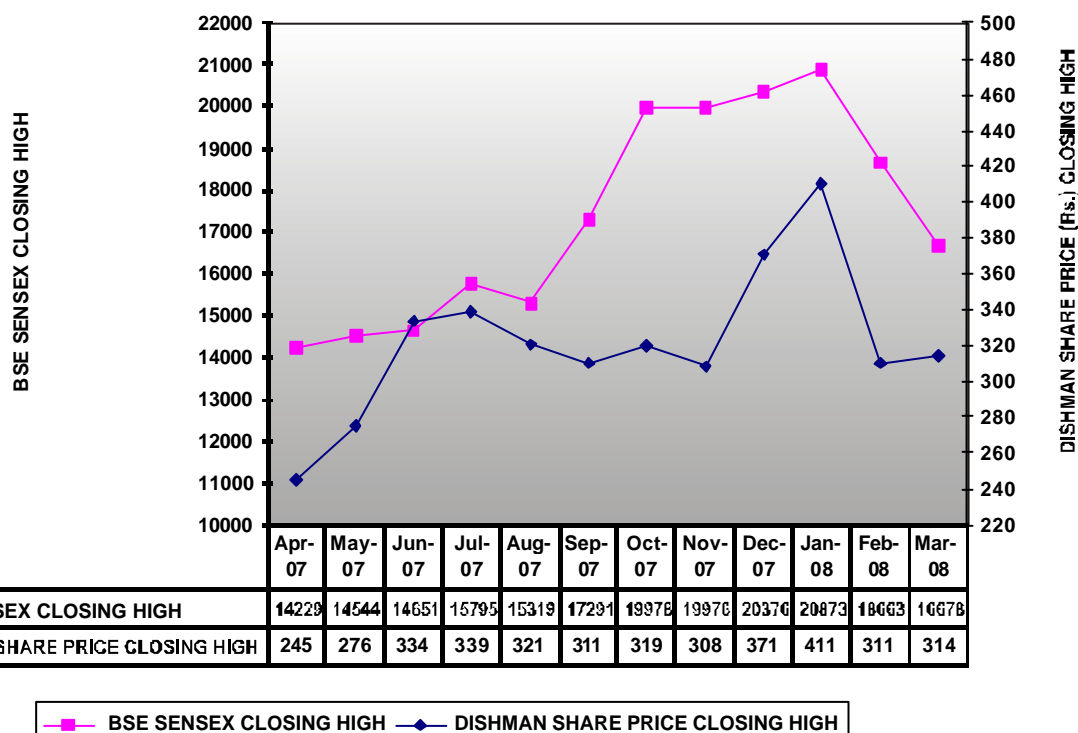
The table below sets forth, for the periods indicated, the Closing high and low, volume and total volume of trading activity on the BSE and NSE for the shares.

(Price in Rs. per share)

MONTH	NSE			BSE			Total Volume (NSE & BSE)
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume	
April, 2007	244.60	204.10	1145336	244.75	204.40	669560	1814896
May	276.35	232.05	2951268	275.50	232.30	3055 464	6006732
June	334.85	269.90	2680007	334.30	270.35	2122305	4802312
July	339.20	314.05	1494184	339.00	314.30	991683	2485867
August	317.25	280.80	1990452	321.05	273.00	1368720	3359172
September	310.70	286.70	1185815	310.95	287.10	425460	1611275
October	321.25	275.60	1431506	319.40	274.90	926191	2357697
November	311.10	279.65	1289233	308.30	262.95	1047154	2336387
December	369.90	266.40	811547	370.85	266.95	250953	1062500
January, 2008	410.00	300.90	1195550	410.65	293.65	1755972	2951522
February	312.05	263.40	873726	310.90	264.80	337488	1211214
March	319.65	270.15	957528	314.40	276.50	553281	1510809
Total			18006152			13504231	31510383

9.8 Performance in comparison to BSE Sensex:

SHARE PERFORMANCE OF THE COMPANY IN COMPARISON TO BSE SENSEX



Dishman Pharmaceuticals and Chemicals Limited

9.9 Registrar and Transfer Agent :

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: isrl@intimespectrum.com

Branch Offices :

Mumbai : Shree Ganesh Industrial Estate, Waman Tukaram Patil Marg, Chembur, Mumbai -400071.
Tel. No.: 022-55973597/56430057/58
Fax No.: 022-56430058, Email: isrl@intimespectrum.com

Fort, Mumbai : 203, Davar House, Next to Central Camera, D N Road, Fort Mumbai – 400 001 Tel. No.: 022-22694127, Email: vivek.limaye@intimespectrum.com

Ahmedabad : 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad – 380 009
Tel. No.: 079-26465179, Fax No.: 079-26465179
Email: ahmedabad@intimespectrum.com

Bangalore : 658-57, 1st Floor, Laxmi, Venkateshwar Archade, 11th Main, 4th Block Jayanagar, Opp. Pai Vijay Party Hall, Bangalore- 560 011 Tel. No.: 080-32720640
Email: bangalore@intimespectrum.com

Baroda : 308, Jaldhara Complex, Nr. Manisha Society, Manisha Chowkdi, Old Padra Road, Vadodara - 390015
Tel. No.: 0265-2250241 / 3249857 / 2250246
Fax No.: 0265-2250246
Email: vadodara@intimespectrum.com

Coimbatore : Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641 028;
Tel: 0422-2314792, Fax: 0422-2314792
Email: coimbatore@intimespectrum.com

Kolkata : 59/C Chowringhee Road, Barlow House, 3rd floor, Kolkata 700 020, Tel : 033-2289 0539, 2289 0540,
Fax: 033-22890539/40
Email: kolkata@intimespectrum.com

New Delhi : 3rd Floor, A-31, Naraina Industrial Area, Phase I, New Delhi 110 028 Tel: 011-41410592 / 93 / 94; Fax: 011-41410591
Email: delhi@intimespectrum.com

Pune : Block no. 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off: Dhole Patil Road, Pune 411 001; Tel: 020-56203395
Fax: 020-25533304 Email: pune@intimespectrum.com

9.10 Share Transfer System

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

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

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

Dishman Pharmaceuticals and Chemicals Limited

9.11 Distribution Schedule & Shareholding Pattern:

Distribution of Shareholding as on March 31, 2008				
No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Equity Shares held	% of total holding
1 - 500	8534	94.03	934185	1.17
501 - 1000	241	2.66	190312	0.24
1001 - 2000	108	1.19	161142	0.20
2001 - 3000	37	0.41	97414	0.12
3001 - 4000	23	0.25	82249	0.10
4001 - 5000	11	0.12	50426	0.06
5001 - 10000	26	0.29	191792	0.24
10001 and Above	96	1.06	77976593	97.86
Total	9076	100.00	79684113	100.00

Shareholding Pattern :

Sr. No.	Category	As on March 31, 2008		As on March 31, 2007	
		Nos. of Shares held	% of Holding	Nos. of Shares held	% of Holding
1	Promoters	48965050	61.45	48970200	67.81
2	Mutual Fund & UTI	16346089	20.51	10132593	14.03
3	Bank, Financial Institutions (FI's), Insurance Companies	0	0.00	1753	0.00
4	Foreign Institutional Investors (FI's)	7103814	8.91	692232 9	9.59
5	Private Bodies Corporate	3430882	4.31	1234948	1.71
6	Indian Public	1623197	2.04	2991544	4.14
7	Any other (i) Non Resident Indian	180262	0.23	107801	0.15
	(ii) Overseas Corporate Bodies	2023381	2.54	1847816	2.56
	(iii) Clearing Member	11438	0.01	4092	0.01
	Total	79684113	100.00	72213076	100.00

9.12 Dematerialization of shares and liquidity

The Company's shares are in compulsory demat segment and as on 31st March, 2008, 79681229 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.

9.13 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 received conversion Notices from the Bondholders for conversion of Bonds into Equity Shares of the Company for the principal amount of Bonds of US\$ 29,500,000. Upon exercise of the option for the conversion of FCCBs of the principal amount of US\$ 29,500,000 the Company has allotted 74,71,037 equity shares of Rs.2/- each of the Company at a premium of Rs.170/- per share, during the year. Consequently, the paid-up equity share capital of the Company has increased from 7,22,13,076 equity shares to 7,96,84,113 equity shares of Rs.2/- each.

Dishman Pharmaceuticals and Chemicals Limited

Subsequently, in the month of April, 2008, Company has received conversion notice from the Bondholder for conversion of Bonds into Equity Shares of the Company for the principal amount of Bonds of US\$ 4,000,000. The Company has allotted 10,13,023 equity shares of Rs.2/- each of the Company at a premium of Rs.170/- per share. Consequently, the paid-up equity share capital of the Company has increased from 7,96,84,113 equity shares to 8,06,97,136 equity shares of Rs.2/- each and with this 95% of the Bonds got converted into shares.

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

9.15 Address for correspondence

- a) Investor correspondence for transfer/dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company : Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai
Tel. No. 91-22-2596 3838,
Fax No.: 91-22-2594 6969,
Email: isrl@intimespectrum.com
- b) Any query on Payment of Dividend on shares and Annual Report : Secretarial Department
Dishman Pharmaceuticals and Chemicals Ltd.
Bhadra-Raj Chambers, Swastik Cross Road,
Navrangpura, Ahmedabad - 380 009.
Phone No.: 91-79-26443053
Fax No.: 91-79-26420198

9.16 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 of 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, 2008, 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

(Gaurav J. Shah)
Partner
Membership No.35701

Place: Ahmedabad
Date : 22nd May, 2008

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** as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order') 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 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as 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 sub – section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) 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, 2008;
 - (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.

For Deloitte Haskins & Sells
Chartered Accountants

Place: Ahmedabad
Date : 22nd May, 2008

(Gaurav J. Shah)
Partner
Membership No.35701

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the accounts of Dishman Pharmaceuticals and Chemicals Limited for the year ended on March 31, 2008)

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 loans, to a company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 405.89 lacs and the year-end balance of the loan granted to such party was Nil.
 (b) In our opinion and on the basis of 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.
 (c) The said interest free loan is repayable on demand and there is no repayment schedule.
 (d) In respect of the loan given by the Company, the same is repayable on demand and therefore the question of overdue amount does not arise.
 (e) 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. 117.88 lacs and the year-end balance of loans taken from such party was Nil.
 (f) 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.
 (g) As informed to us, the above loan is repayable on demand.
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 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 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.

Dishman Pharmaceuticals and Chemicals Limited

10. In respect of statutory dues:

- (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, wealth tax, service tax, custom duty, cess and other material statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2008 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	3.92	F.Y. 2002-03	Income Tax Appellate Tribunal
2.	Central Excise Act, 1944	Excise duties and service tax	263.66	F.Y. 2006-07	Central Excise and Service Tax Appellate Tribunal
3.	Central Sales Tax Act, 1956	Sales Tax	41.74	F.Y. 2001-02 and F.Y. 2002-03	Deputy Commissioner, Commercial Tax
4.	Gujarat Sales Tax, Act	Sales Tax	58.00	F.Y. 2001-02 and F.Y. 2002-03	Deputy 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 explanation 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 explanation 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 not issued any debentures during the year.
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

(Gaurav J. Shah)
Partner
Membership No.35701

Place: Ahmedabad
Date : 22nd May, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	As at 31st March '08 (Rs. in lacs)	As at 31st March '07 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	1,593.68	1,444.26
Reserves and Surplus	B	43,784.82	25,479.36
		45,378.50	26,923.62
Loan Funds			
Secured Loans	C	20,619.35	12,671.90
Unsecured Loans	D	5,632.03	17,172.63
		26,251.38	29,844.53
Deferred Tax Liability (Net)		1,862.98	1,060.86
	TOTAL	73,492.86	57,829.01
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	32,632.86	25,977.87
Less: Depreciation / Amortization		7,069.76	5,470.06
Net Block		25,563.10	20,507.81
Capital Work-in-progress		11,061.61	4,910.35
		36,624.71	25,418.16
Investments	F	13,250.61	13,129.22
Current Assets, Loans and Advances			
Inventories	G	12,063.01	9,864.96
Sundry Debtors		11,149.54	12,072.04
Loans and Advances		8,921.57	7,776.08
Cash and Bank Balances		449.30	495.35
Total Currents Assets		32,583.42	30,208.43
Less: Current Liabilities and Provisions	H		
Current Liabilities		5,950.86	9,010.93
Provisions		3,078.72	1,992.56
Total Current Liabilities and Provisions		9,029.58	11,003.49
Net Current Assets		23,553.84	19,204.94
Miscellaneous Expenditure	I	63.69	76.69
(To the extent not written off or adjusted)			
	TOTAL	73,492.86	57,829.01
Significant Accounting Policies and Notes to financial statements	P		

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 22nd May, 2008

For and on behalf of the Board
Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Ahmedabad
Date: 22nd May, 2008

Chairman & Managing Director
Managing Director
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2008

Schedule	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
INCOME		
Sales and Services	36,744.97	28,174.18
Less: Excise Duty & Sales Tax	824.94	649.74
Net Sales	35,920.03	27,524.44
Other Income	457.89	1,366.58
Increase/(Decrease) in Stock	1,557.20	1,908.33
	37,935.13	30,799.35
EXPENDITURE		
Materials and Manufacturing Expenses	23,415.54	18,378.52
Employee Emoluments	2,840.28	2,152.58
Administrative, Selling & Other Expenses	2,015.14	1,830.00
Interest and Finance Charges	721.35	534.27
Depreciation / Amortisation	1,683.32	1,425.73
Less : Transferred From Revaluation Reserve	(1.67)	(1.67)
	30,673.96	24,319.43
Profit Before Tax	7,261.17	6,479.92
Provisions		
For Current tax	800.00	82.00
MAT Credit Entitlement	(161.11)	-
For Deferred Tax	459.95	182.88
For Fringe Benefit Tax	24.22	24.07
Profit After Tax for the Year	6,138.11	6,190.97
Prior Period Adjustments (Net)	9.23	7.23
Short Provision of Deferred Tax in Earlier Years	342.19	883.00
Less: Transfer from General Reserve	(342.19)	(883.00)
Short Provision of Income Tax in Earlier Years	173.06	96.74
Net Profit	5,955.82	6,087.00
Balance Brought Forward	4,848.99	9,654.25
Amount Available for Appropriations	10,804.81	15,741.25
Appropriations		
Transfer to General Reserve	5,000.00	10,000.00
Proposed Dividend (See Note B.15 of Schedule P)	806.97	762.65
Tax on Proposed Dividend	137.14	129.61
Balance Carried to Balance Sheet	4,860.70	4,848.99
Earnings Per Share of the face value of Rs 2 each		
Basic (Rs.)	7.81	8.73
Diluted (Rs.)	7.35	7.53
Significant Accounting Policies and Notes to financial statements	P	

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 22nd May, 2008

For and on behalf of the Board
Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Ahmedabad
Date: 22nd May, 2008

Chairman & Managing Director
Managing Director
Company Secretary

Schedules forming part of the Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (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:		
79,684,113 (P.Y. 72,213,076) Equity Shares of Rs.2 each fully paid up (See Note B(3) of Schedule P)	1,593.68	1,444.26
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	1,593.68	1,444.26
Schedule B : Reserves and Surplus		
Revaluation Reserve		
As per last balance sheet	179.23	180.90
Less : Written off Against Depreciation	1.67	1.67
	177.56	179.23
Capital Redemption Reserve		
As per Last Balance Sheet	249.02	249.02
Securities Premium		
As per last balance sheet	9,328.77	3,940.47
Add: Premium on conversion of FCCBs into shares during the year	12,700.76	6,027.48
Add: Reversal of redemption premium on FCCBs converted during the year	977.75	-
Less: Premium on redemption of FCCBs	-	636.55
Less: FCCB Issue Expenses	4.45	2.63
	23,002.83	9,328.77
General Reserve		
As per last balance sheet	10,873.35	1,756.35
Less: Deferred tax liability for earlier years	342.19	883.00
Less: Adjustment as per transitional provisions of AS 15 (Revised 2005) (See Note B 12 of Schedule P)	36.45	-
Add : Transferred from Profit & Loss Account	5,000.00	10,000.00
	15,494.71	10,873.35
Profit and Loss Account		
Balance as per Profit and Loss Account	4,860.70	4,848.99
	43,784.82	25,479.36

Schedules forming part of the Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
Schedule C : Secured Loans		
Term Loans from Banks		
Foreign Currency Loans	8,714.79	6,070.54
Rupee Loans	3,534.86	-
Working Capital Loans from Banks		
Foreign Currency Loans	3,709.80	2,325.49
Rupee Loans	4,500.44	4,271.34
Hire Purchase Loans		
	159.46	4.53
Of the above Loans Rs 1516.28 Lacs (Previous Year Rs.424.80 Lacs) are repayable within a period of twelve months	20,619.35	12,671.90
Schedule D : Unsecured Loans		
From Banks	3,000.00	1,493.22
Foreign Currency Convertible Bonds (FCCBs)	2,608.13	15,660.00
From Directors	23.90	19.41
Of the above, loans from banks Rs 2286.50 Lacs (Previous Year Rs.1493.22 Lacs) are repayable within a period of twelve months	5,632.03	17,172.63

Schedule E : Fixed Assets (At Cost)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April '07	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '08	As at 1st April '07	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '08	As at 31st March '08	As at 31st March '07
Land	505.04	47.03	6.19	545.88	-	-	-	-	545.88	505.04
Buildings	4,296.27	621.87	7.98	4,910.16	439.25	143.09	0.60	581.74	4,328.42	3,857.02
Plant & Machinery	14,801.41	5,375.72	46.95	20,130.18	3,705.26	1,080.38	44.27	4,741.37	15,388.81	11,096.15
Laboratory Equipments	2,365.59	165.19	27.42	2,503.36	314.26	143.56	13.28	444.54	2,058.82	2,051.33
Electrical Installations	1,771.54	212.38	-	1,983.92	247.91	88.13	-	336.04	1,647.88	1,523.63
Furniture & Fixtures	725.78	52.68	-	778.46	147.02	48.68	-	195.70	582.76	578.76
Office Equipments & Computers	652.90	42.56	5.47	689.99	331.43	59.79	2.12	389.10	300.89	321.47
Vehicles	623.31	239.62	28.60	834.33	187.53	65.50	23.35	229.68	604.65	435.78
Intangible Assets	236.03	20.55	-	256.58	97.40	54.19	-	151.59	104.99	138.63
Total	25,977.87	6,777.60	122.61	32,632.86	5,470.06	1,683.32	83.62	7,069.76	25,563.10	20,507.81
Capital Work In Progress	4,910.35	9,140.34	2,989.08	11,061.61	-	-	-	-	11,061.61	4,910.35
Total Fixed Assets	30,888.22	15,917.94	3,111.69	43,694.47	5,470.06	1,683.32	83.62	7,069.76	36,624.71	25,418.16
Previous Year	22,907.53	11,773.38	3,792.69	30,888.22	4,078.44	1,425.73	34.11	5,470.06	25,418.16	18,829.09

Notes:

- (1) Additions to fixed assets include borrowing costs capitalized during the year Rs. 282.65 lacs (Previous Year Rs. 117.67 lacs) on borrowings for qualifying assets.
- (2) Capital Work In Progress includes borrowing costs of Rs. 338.29 lacs (Previous Year Rs. 112.08 lacs) on borrowings for qualifying assets.
- (3) The Company had revalued certain Fixed Assets viz. Land, Buildings and Plant and Machinery as on 31st March 1995 on the basis of their replacement value as of that date determined by approved valuers. In case of revalued fixed assets, depreciation is computed on revalued amount and the difference between the revalued amount and their original cost has been withdrawn from the revaluation reserve account.

Schedules forming part of the Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (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		
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 10000 Equity Shares of Dishman	136.20	136.20
International Trade (Shanghai) Co.Ltd., China	87.86	87.86
1 Equity Share of Dishman FZE of UAE Dirham 1 Million	125.46	125.46
10,30,000 Equity Shares of Dishman Switzerland Ltd. of CHF 1 each 334980 Equity shares of Schutz Dishman	357.30	357.30
Bio-Tech Ltd. of Rs. 10 each fully paid up 1500 Equity Shares of CAD Middle East	33.50	33.50
Pharmaceuticals Industries LLC of SAR 1000 each	177.10	177.10
2,80,00,000 Equity Shares of Dishman Pharma Solutions AG, Switzerland	10,507.50	10,507.50
Investment in Equity Shares of Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd.	1,469.07	1,469.07
50,000 Equity Shares of Dishman Infrastructure Limited of Rs. 10 each	5.00	5.00
Investment in Equity Shares of Dishman Japan Limited	233.22	-
50,000 Equity Shares of Carbogen-Amcis (India) Limited of Rs. 10 each	5.00	-
Others		
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 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
100 Gold Coins of Rs.4,951 each.	4.95	4.95

Schedules forming part of the Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
B. Current Investments (At lower of cost and fair value)		
Unquoted (Mutual Funds)		
DSP Merrill Lynch Liquidity Fund	-	116.83
	13,250.61	13,129.22
Aggregate value of		
Quoted Investments	0.95	0.95
Unquoted Investments	13,249.66	13,128.27
Notes:		
1) *Market Value of quoted investments is Rs. 5.31 Lacs (Previous Year Rs. 3.52 lacs).		
2) During the year, 424915.02 units of Rs. 1000/- each of DSP Merrill Lynch Liquidity Fund- Daily Dividend Investment Option were purchased and sold/redeemed		
Schedule G : Current Assets, Loans and Advances		
Inventories		
Finished Goods	1,592.65	918.17
Work in Process	7,308.66	6,425.94
Raw Materials and Goods in Transit	2,942.62	2,306.66
Packing Materials	32.06	24.52
Stores, Spares & Consumables	187.02	189.67
	12,063.01	9,864.96
Sundry Debtors		
(Unsecured and considered good, except stated otherwise)		
Outstanding over six months		
Considered good	751.06	1,712.55
Considered doubtful	57.94	55.83
Provision for Doubtful Debts	(57.94)	(55.83)
Others	10,398.48	10,359.49
	11,149.54	12,072.04
Loans and Advances		
(Unsecured and considered good, except stated otherwise)		
Advances recoverable in cash or kind or for value to be received		
Considered Good	5,891.72	5,722.23
Considered Doubtful	15.00	15.00
Provisions for Doubtful Advances	(15.00)	(15.00)
Share Application Money Pending Allotment	-	295.00
Balance with Central Excise Authorities	733.43	435.56
Advance Tax & Tax deducted at Source	2,135.31	1,323.29
MAT Credit Entitlement	161.11	-
	8,921.57	7,776.08

Schedules forming part of the Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
Cash And Bank Balances		
Cash on hand	6.17	4.54
Balances with Scheduled Banks		
In Current Accounts	198.29	242.38
In Margin Money Accounts	242.73	237.33
In Fixed Deposit Accounts	2.11	11.10
	449.30	495.35
Schedule H : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors	4,626.73	4,064.18
Advances from Customers	117.17	8.19
Other Liabilities	1,206.96	4,938.56
	5,950.86	9,010.93
Provisions		
Provision for Taxation	1,889.89	933.65
Provision for Leave Enchashment	48.37	32.68
Provision for Gratuity	196.35	133.97
Proposed Dividend	806.97	762.65
Tax on Proposed Dividend	137.14	129.61
	3,078.72	1,992.56
	9,029.58	11,003.49
Schedule I : Miscellaneous Expenditure (To the Extent Not Written Off or Adjusted)		
Deferred Revenue Expenditure	63.69	76.69
	63.69	76.69

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Profit & Loss Accounts

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Schedule J : Other Income		
Dividend Income	9.87	244.61
Foreign Exchange Rate Fluctuation Gain / (Loss)	(486.43)	992.70
Miscellaneous Income	85.88	25.50
Profit/Loss on sale of rights in immovable properties/assets	848.58	103.77
	457.89	1,366.58
Schedule K : Increase / (Decrease) In Stock		
Closing Stock		
Finished Goods	1,592.65	918.17
Work In Process	7,308.66	6,425.94
	8,901.31	7,344.11
Less : Opening Stock		
Finished Goods	918.17	594.81
Work In Process	6,425.94	4,840.97
	7,344.11	5,435.78
	1,557.20	1,908.33
Schedule L : Materials and Manufacturing Expenses		
Cost of goods traded in	7,376.24	4,300.79
Raw Materials Consumed	12,543.56	10,904.27
Stores, Spares & Consumables	96.42	81.06
Packing Materials Consumed	312.90	280.87
Material Processing Charges	404.38	309.46
Excise Duty	19.86	24.70
Power, Fuel & Electricity	1,698.94	1,654.90
Repairs and Maintenance		
Plant & Machinery	309.39	259.23
Building	74.64	19.46
Others	91.01	95.94
Laboratory, Reaserch & Development Expenses	228.01	237.54
Factory Expenses	61.00	56.96
Other Manufacturing Expenses	199.19	153.34
	23,415.54	18,378.52
Schedule M : Employees Emoluments		
Salaries and Wages	2,328.43	1,684.16
Contributions to Provident and other funds	84.31	67.49
Welfare Expenses	46.78	53.53
Managerial Remuneration	380.76	347.40
	2,840.28	2,152.58

Schedules forming part of the Profit & Loss Accounts

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Schedule N : Administrative, Selling and Other Expenses		
Rent, Rates & Taxes	39.34	60.10
Legal and Professional Charges	214.87	122.61
Conveyance and Travelling	280.93	261.13
Communication Expenses	35.96	38.17
Stationary and Printing	40.65	42.95
Subscriptions and Memberships	25.35	18.51
Insurance Premium	234.90	232.18
ECGC Premium	30.07	25.27
Provision for Doubtful Debts & Advances	2.11	10.53
Advance Licence Fees	0.57	1.72
Office Electricity Expenses	14.50	13.71
Recruitment Expenses	17.61	16.40
Auditors Remuneration	11.75	9.00
Sundry Balances Written Off (Net)	88.28	7.36
Miscellaneous Expenses	125.15	219.63
Clearing & Forwarding	698.65	657.17
Sales Commission	36.55	33.77
Advertisement and Business Promotion	78.02	49.04
Donation	39.89	10.75
	2,015.14	1,830.00
Schedule O : Interest and Finance Charges		
On Fixed Loans	441.63	213.64
Others	534.57	555.40
	976.20	769.04
Less : Interest Income (Gross of Tax Deducted at Source Rs. 30.68 lacs (P.Y. Rs.2.66 lacs))	(254.85)	(234.77)
	721.35	534.27

Dishman Pharmaceuticals and Chemicals Limited

Schedule P

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 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.

Dishman Pharmaceuticals and Chemicals Limited

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.

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 normally recorded at the exchange rates prevailing at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at the year end rates.

Exchange difference arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities are recognized in the Profit and Loss.

11. Redemption Premium on Foreign Currency Convertible Bonds

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

12. Employee Benefits

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

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

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

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

13. Research and Development Costs

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

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

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

14. Borrowing Costs

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

Dishman Pharmaceuticals and Chemicals Limited

15. Financial Derivates and Hedging Transactions

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

16. Provision for Tax

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

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

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

17. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

B. Notes to the financial statements

1. Contingent Liabilities to the extent not provided for:

- a. Guarantees given by Bank on behalf of the Company Rs 104.25 Lacs (Previous Year Rs. 80.90 Lacs)
- b. Letters of Credit in favor of suppliers Rs 1603.53 Lacs (Previous Year Rs 1682.58 Lacs)
- c. Outstanding guarantees furnished to the bank in respect of wholly owned subsidiaries and a joint venture company Rs. 38073.08 Lacs (Previous Year Rs. 26966.28 Lacs)
- d. Claims against the Company not acknowledged Rs. 3.11 Lacs (Previous Year Rs. 2.33 Lacs)
- e. Disputed central excise duty liability is Rs. 263.66 Lacs (Previous Year Rs. 1.22 Lacs)
- f. Disputed income tax liability Rs. 3.92 Lacs (Previous Year Rs. 1014.47 Lacs) for various assessment years for which appeals are pending with Appellate authorities.
- g. Disputed sales tax liability Rs 99.74 Lacs (Previous Year Rs. 160.28 Lacs).

2. Estimated amount of contracts remaining to be executed on capital accounts not provided for (Net of Advances) Rs. 1526.58 Lacs (Previous Year Rs 2318.20 Lacs)

3. Share Capital

The subscribed and paid up capital includes 7,471,037 equity shares of Rs. 2 each, allotted during the year, on conversion of 29,500 number of 0.5% Foreign Currency Convertible Bonds (FCCBs) of the principal amount of US \$ 29.5 million.

Subsequent to 31st March 2008 and till 22nd May 2008, the Board of Directors of the Company has allotted 1,013,023 equity shares of Rs. 2 each on conversion of 4000 number of 0.5% Foreign Currency Convertible Bonds (FCCBs). These shares, on their allotment are eligible for dividend for the year and due provision thereof has been made in the financial statements.

4. Secured Loans

Secured Foreign Currency Term Loan from Bank of India, is secured against first charge on specified fixed assets of the Company created / to be created out of the said loan, located/to be located at Bavla and 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.

Foreign currency loan from Cooperative Centrale Raifeisen- Boerenleenbank BA (trading as Rabobank International), Singapore 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

Dishman Pharmaceuticals and Chemicals Limited

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 is secured against charge on specific fixed assets of the company created/to be created against out of the said loan.

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 specific fixed assets of the Company situated at Bavla

5. Unsecured Loans from banks are personally guaranteed by one of the promoter directors.
6. Excise Duty shown as deduction from Domestic sales represents the amount of excise duty collected on sales. Excise duty expense under Schedule N - Materials and Manufacturing Expenses represents the difference between excise duty elements in the amounts of closing stocks & opening stocks, excise duty paid on samples and inventory written-off which is not recoverable from sales.

7. Deferred Income Tax

Major components of deferred tax liability are as follows

Particulars	As at March 31, 2008 (Rs. in lacs)	As at March 31, 2007 (Rs. in lacs)
Opening balance of deferred tax asset /(liability) (Net)	(1060.86)	5.02
Deferred Tax Liability		
Depreciation	814.32	999.57
Deductions u/s 35 of the Income Tax Act, 1961	-	1206.38
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	12.20	25.90
Unabsorbed business losses*	-	1114.17
Provision for deferred tax asset /(liability) (Net)	(1862.98)	(1060.86)

*Deferred Tax Assets on unabsorbed business losses have been recognised only to the extent that there is confirmed certainty that future income will be available against which such losses shall be set off.

8. Sundry Debtors includes Rs. 5867.69 lacs (Previous Year Rs. 5719.23 lacs) due from subsidiary companies and current liabilities include Rs. 190.28 lacs (Previous Year Rs. 260.52 lacs) due to subsidiary companies.
9. The Company has the following Joint Ventures as at March 31, 2008 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	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenditures
		(Rs in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. In lacs)	(Rs. in lacs)
As at March 31, 2008						For the year ended March 31, 2008	
Schutz Dishman Bio-tech Ltd. (India)	22.33	342.79	342.79	153.15	-	408.57	381.15
CAD Middle East Pharmaceutical Industries (Saudi Arabia)	30	159.99	159.99	-	-	-	-
Dishman Japan Limited (Japan)	85	132.43	132.43	-	-	8.95	189.62

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 given to subsidiaries and Joint Venture

Name of the Company	Relationship	As at March 31, 2008 (Rs. in lacs)	As at March 31, 2007 (Rs. in lacs)	Maximum balance outstanding during the year (Rs. in lacs)
Dishman Infrastructure Limited	Subsidiary	1455.50	202.12	1455.50
Dishman FZE	Subsidiary	Nil	87.00	87.00
Dishman Pharma Solutia AG	Subsidiary	Nil	536.70	536.70
Dishman Europe Limited	Subsidiary	1266.99	2,450.70	2450.70
CAD Middle East Pharmaceutical Industries	Joint venture	333.08	Nil	333.08

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

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

11. In the absence of any information from vender's regarding the status of their registration under the "Micro Small and Medium Enterprise Development Act 2006 " the company is unable to comply with the disclosures required to be made under the said Act.

12. Employee Benefits

Hitherto the Company was accounting the provision for the employee retirement benefits as per the Accounting Standard 15 "Accounting for Retirement Benefits". During the year, the Company has adopted the Accounting Standard 15 (Revised 2005) "Employee Benefits". Accordingly, the Company has made a provision for certain defined employee benefit plans aggregating to Rs.234.20 Lacs. Further in accordance with the transitional provision in the revised Accounting Standard, Rs.36.59 Lacs has been adjusted to the General Reserves.

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. Expenses recognized during the year

Particulars	Gratuity (Rs in lacs)	Leave Encashment (Rs. in lacs)
Current service cost	34.45	14.21
Interest Cost	13.96	2.85
Expected return on plan assets	(0.15)	-
Net actuarial losses (gains)	(21.88)	1.92
Total	26.38	18.99

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	164.21	33.54
Service cost	34.45	14.22
Interest cost	13.96	2.85
Actuarial losses (gains)	(21.98)	1.92
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	(4.70)	(4.27)
Defined benefit obligation at end of the year	185.94	48.26

Dishman Pharmaceuticals and Chemicals Limited

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

Particulars	Gratuity (Rs in lacs)	Leave Encashment (Rs. in lacs)
Fair value of plan assets at beginning of the year, 2007	2.99	-
Expected return on plan assets	0.15	-
Actuarial gains and (losses)	(0.09)	-
Contributions by employer	2.00	-
Benefits paid	(4.70)	-
Fair value of plan assets at year end	0.34	-

IV. Investment details

	% invested as at 31 st March, 2008
Bank	100%

V. Actuarial Assumptions

Particulars	Gratuity	Leave Encashment
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.5%	8.5%
Expected Return on plan assets (per annum)	9%	-
Rate of escalation in salary (per annum)	6%	6%

2. Defined Contribution Plans.

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

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Employer's Contribution to Provident Fund	54.74	57.54
Employers' Contribution to Superannuation Fund	21.33	-

As this is the first year of implementation of AS- 15 (Revised 2005), necessary disclosures for the previous year and for the preceding three years have not been made.

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

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

	As at March 31, 2008 (Rs. in lacs)	As at March 31, 2007 (Rs. in lacs)
For a period not later than 1 year	63.94	2.84
For a period later than 1 year but not later than 5 years.	95.52	1.69
For later than 5 years	-	-

Hire charges recognized in the profit and loss account Rs 8.95 Lacs (Previous Year 0.54 Lacs)

14. 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.
15. For the financial year 2006-07, the members of the Company approved a final dividend of 50% on the paid up capital to all those equity shareholders whose names appeared in the Register of members as at July 28th, 2007. Subsequent to 28th May, 2007 i.e. the day on which the financial statements of the year 2006-07 were adopted by the Board of Directors, and till 28th July, 2007, the Board of Directors allotted 3165692 equity shares of Rs. 2 each consequent to the conversion of 12500 number of 0.5% Foreign Currency Convertible Bonds (FCCBs). The shareholders holding such shares became eligible for the dividend declared and hence Rs.31.65 lacs were paid during the year to such shareholders. Consequently, the figures of the previous year pertaining to proposed dividend, dividend payable and taxes thereon have been adjusted.

Dishman Pharmaceuticals and Chemicals Limited

16. The profit and loss account includes:

a) Auditors' Remuneration

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Audit fees	10.75	8.00
Tax Audit Fees	1.00	1.00
Certification fees	0.98	0.83
Total	12.73	9.83

b) Directors' Remuneration

Particulars	2007-08 (Rs in lacs)	2006-07 (Rs in lacs)
Salaries and Commissions	380.76	347.40
Total	380.76	347.40

c) Managerial Remuneration

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

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Profit before other adjustment & tax as per Profit & Loss Account	7261.17	6479.89
Add: Managerial Remuneration	380.75	47.40
Loss on sale of assets	(4.22)	1.49
Provision for bad & doubtful debt	2.11	-
Depreciation as per books	1681.65	1424.06
Directors' sitting fees	7.60	8.60
Miscellaneous expenditure	12.99	14.85
Total	9342.05	7976.29
Less: Depreciation as per books	1681.65	1424.06
Profit on sale of assets / rights	844.35	461.83
Prior Period Expenses	9.24	7.23
Total	2535.24	1893.12
Net Profit as per Sections 198 and 309(5)	6806.81	6083.17

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.324.13 lacs. Accordingly, an amount of Rs. 320.76 lacs is provided in the current year towards managerial remuneration.

17. Expenditure on Research & Development activities as certified by the Management are as under:

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Capital expenditure	136.76	881.39
Revenue expenditure	81.19	109.86
Total	217.95	991.25

18. During the year 2002-03 a fire took place in the Company's solvent recovery plant (Unit II) at Naroda. The Company had lodged an insurance claim amounting to Rs. 238.54 lacs towards loss of fixed assets and stock. The insurance company had passed the claim for Rs. 71.33 lacs, which the Company has not accepted and against which, the Company has filed a complaint before the National Consumer Disputes Redressal Commission, New Delhi under Consumer Protection Act, 1961. Pending outcome of the complaint, the amount of Rs. 238.54 lacs claimed as receivable has been considered good as

Dishman Pharmaceuticals and Chemicals Limited

the management is expecting a favorable order. Any profit or loss towards the loss of fixed assets and stock will be accounted for in the year in which the claim will be settled.

19. Earnings Per Share (EPS)

		2007-08	2006-07
Basic			
Profit attributable to equity shareholders	Rs in lacs	5955.82	6087.00
Nominal Value of equity share	Rs.	2	2
Weighed average number of ordinary equity shares for Basic EPS	Nos.	76,240,252	69,761,008
Basic EPS	Rs.	7.81	8.73
Diluted			
Profit attributable to equity shareholders	Rs. in lacs	5955.82	6087.00
Add: Interest payable on outstanding Foreign Currency Convertible Bonds	Rs. in lacs	25.62	36.24
Profit after tax for Diluted EPS	Rs. in lacs	5981.43	6123.24
Weighed average number of ordinary equity shares for Basic EPS	Nos.	76,240,252	69,761,008
Add: Adjustment for option relating to Foreign Currency Convertible Bonds	Nos.	5,092,538	11,569,282
Weighted average number of ordinary equity shares for Diluted EPS	Nos.	81332790	81332790
Diluted EPS	Rs.	7.35	7.53

20. Related Party Disclosure

a) Related parties and their relationship

Name of the related party

Dishman USA Inc.

Dishman Europe Ltd

Dishman International Trading(Shanghai) Co.Ltd

Dishman FZE

Dishman Switzerland Ltd

Dishman Pharmaceuticals & Chemical(Shanghai) Co.Ltd

Dishman Pharma Solutia AG

Dishman Infrastructure Ltd

Carbogen Amcis (India) Ltd

Carbogen Amcis Limited(Formerly known as Synprotec DCR Ltd)

Dishman Holland B.V

Dishman Africa (Proprietary) Ltd.

Dishman Netherlands B.V(Formerly known as Pharmasyn B.V.)

Carbogen Amcis AG

Innovative Ozone Service Inc

Dishman Japan Ltd

Bhadra-Raj Holdings P.Ltd.

CAD Middle East Pharmaceutical Industries

Schutz Dishman Bio-tech Ltd.

Mr. Janmejy R.Vyas

Relationship

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary

Wholly Owned Subsidiary (Step down)

Wholly Owned Subsidiary (Step down)

Wholly Owned Subsidiary (Step down)

Wholly Owned Subsidiary (Step down)

Wholly Owned Subsidiary (Step down)

Wholly Owned Subsidiary (Step down)

Subsidiary

Associate Concern

Joint Venture

Joint Venture

Key Management Personnel

Dishman Pharmaceuticals and Chemicals Limited

Mr. Rajnikant T.Vyas	Key Management Personnel
Mrs. Deohooti 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
Mr. Arpit J.Vyas	Relative of Key Management Personnel
B.R. Laboratories Ltd	Equity Controlled By Key Management Personnel

b) Transactions with related parties

	Subsidiaries (Rs. in lacs)	Associates / Joint Ventures (Rs. in lacs)	Key Management Personnel and their relatives (Rs. in lacs)	Total (Rs. in lacs)
Purchase of goods	0.43	5.46	-	5.89
	(23.36)	(1.28)	-	(24.64)
Sale of goods/Services	19053.35	73.63	-	19126.98
	(17256.47)	(13.54)	-	(17270.01)
Services rendered	-	113.84	-	113.84
	-	(66.59)	-	(66.59)
Services received	79.20	-	-	79.20
	(205.06)	-	-	(205.06)
Interest income	219.91	-	-	219.91
	-	-	-	-
Reimbursements taken/Expenses transferred	191.32	-	-	191.32
	-	-	-	-
Investments	238.22	-	-	238.22
	(11976.57)	(25.32)	-	(12001.89)
Loans granted	2377.01	500.83	-	2877.84
	(3284.22)	(340.64)	-	(3624.86)
Loans taken	-	222.70	-	222.70
	-	(909.12)	-	(909.12)
Dividends received	-	-	-	-
	-	(240.00)	-	(240.00)
Dividends paid	-	6.00	483.36	489.36
	-	(4.20)	(338.35)	(342.55)
Remuneration	-	-	380.76	380.76
	-	-	(358.30)	(358.30)
Rent Paid	-	-	4.00	4.00
	-	-	-	-
Guarantees given	36158.94	-	-	36158.94
	(25911.09)	(1055.18)	-	(26966.27)
Outstanding balance(Dr)	8509.92	333.08	17.84	8971.32
	(21242.29)	(642.82)	(17.84)	(21902.95)
Outstanding balance(Cr)	110.04	84.85	4.00	198.89
	(278.46)	(942.56)	(30.00)	(1251.02)

Dishman Pharmaceuticals and Chemicals Limited

c) Disclosure in respect of material transactions with related parties

	Name of the related party	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Purchase of goods	Dishman Europe Ltd	-	23.02
	B.R.laboratories Pvt Ltd	1.25	-
Sale of goods	Dishman Europe Ltd	16489.76	13360.96
	Dishman Switzerland Ltd	50.32	1969.65
	Dishman USA Inc.	2662.52	1917.14
Services rendered	Dishman Europe Ltd	NIL	-
	Schutz Dishman Bio-tech Ltd.	113.840	66.59
Services Received	Dishman Europe Ltd	79.20	205.06
Reimbursements taken/Expenses Transferred	Dishman Pharma Solutions AG	191.32	-
Interest income	Dishman Europe Ltd	210.89	-
	Dishman Pharma Solutions AG	13.47	-
	Dishman infrastructure Ltd	108.96	-
Investments	Dishman Pharma Solution AG	NIL	10507.50
	Dishman Japan Ltd	233.22	-
	Carbogen Amcis India Ltd	5.00	-
Loans granted	Dishman Europe Ltd	-	2450.71
	Schutz Dishman Bio-tech Ltd.	167.75	340.64
	Dishman FZE	-	54.89
	Dishman Pharma Solution AG	-	571.50
	Dishman Infrastructure Ltd	2169.11	207.12
	Dishman Japan Ltd	207.90	-
	CAD Middle East Pharmaceuticals Industries	333.08	-
Loans taken	Bhadra-Raj Holdings P.Ltd.	-	779.85
	B.R. Laboratories Ltd	222.70	129.27
Dividends received	Bhadra-Raj Holdings P.Ltd.	-	240.00
Dividends paid	Bhadra-Raj Holdings P.Ltd.	6.00	4.20
	Mr. Janmejy R.Vyas	250.43	175.30
	Mr. Rajnikant T.Vyas	123.23	86.26
	Mrs. Deohooti J.Vyas	109.65	76.75
Remuneration	Mr. Janmejy R.Vyas	320.75	300.00
	Mr. Rajnikant T.Vyas	24.00	24.00
	Mrs. Deohooti J.Vyas	36.00	23.40
Guarantees given	Dishman Pharma Solution AG	20016.52	23199.96
	Dishman Europe Ltd	-	2711.13
	Schutz Dishman Bio-tech Ltd.	-	1055.18
	Dishman FZE	3312.36	-
	D P C (Shanghai) Co.Ltd	649.20	-
	Carbogen Amcis AG	6320.98	-
	Dishman Netherlands B.V.	5859.88	-

Dishman Pharmaceuticals and Chemicals Limited

21. 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

Particulars	CRAMS (Rs. in lacs)	Bulk Drugs, Quats, Speciality Chemicals (Rs. in lacs)	Total of Reportable Segments (Rs. in lacs)
Sales	18784.82	15250.68	34035.50
	(15578.13)	(12416.83)	(27994.96)
Inter segment sales	-	-	-
	-	-	-
Other income	-	386.46	386.46
	-	(1409.68)	(1409.68)
Segment revenue	19967.43	15238.81	35206.24
	(15696.67)	(15616.29)	(31312.96)
Segment results	5539.97	2015.24	7555.21
	(4424.79)	(2395.31)	(6820.10)
Segment assets	37955.92	12477.01	50432.93
	(25582.33)	(16862.50)	(42444.83)
Segment liabilities	17107.27	5692.86	22800.13
	(9322.06)	(9361.33)	(18683.39)

Reconciliation of reportable segments with financial statements

Particulars	Total of Reportable Segments (Rs. in lacs)	Unallocated / Others (Rs. in lacs)	As per Financial Statements (Rs. in lacs)
Revenues	35206.24	2728.88	37935.12
	(31312.96)	-	(31312.96)
Results	7555.21	(294.06)	7261.15
	(6820.10)	340.18	(6479.92)
Assets	50432.93	32089.52	82522.45
	(42444.83)	(26269.82)	(68714.65)
Liabilities	22800.13	12480.85	35280.98
	(18683.40)	(22009.77)	(40693.17)

Particulars	Domestic (Rs. in lacs)	Export (Rs. in lacs)	Total (Rs. in lacs)
Revenue	10697.82	24508.42	35206.24
	(7272.84)	(20722.12)	(27994.96)
Total Assets	82522.45	-	82522.45
	(68714.65)	-	(68714.65)

Dishman Pharmaceuticals and Chemicals Limited

22. Financial and derivative instruments

Derivative contracts entered into by the Company and outstanding as at March 31, 2008

(a) For hedging currency and interest related risks

Particulars	As at 31 st March 2008 (Rs. in lacs)
Currency Swap	3038.44
Options	316.75
Total	3355.19

(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 Lacs)	Indian Currency (Equivalent Rs. in Lacs)
Amounts receivable in foreign currency	CHF 9.00	5026.92
	EUR 72.29	
	GBP 1.12	
	USD -	
Amounts payable in foreign currency	EUR 96.72	6961.37
	GBP 1.19	
	JPY 24.20	
	USD 18.17	

23. The Ministry of Corporate Affairs, Government of India, vide its Order No. 47/39/2008-CL- III dated 22 February 2008 issued under Section 212(8) of the Companies Act, 1956 has exempted the Company from attaching the Balance Sheet and Profit and Loss Account 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.

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

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. 46/10/2008-CL- III dated 14th May 2008 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) and 3(ii)(b) of Part II, Schedule VI to the Companies Act, 1956.

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

Capacity	Unit	2007-08	2006-07
Licensed Capacity	MT	NIL	NIL
Installed Capacity	MT	NIL	NIL
Manufactured	MT	3182.44**	3143.95**

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

(b) Stock of finished goods and sales

Particulars	2007-08		2006-07	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Opening stock	207.44	918.17	152.50	594.81
Sales	3124.91	27109.16	3262.18	23467.67
Closing stock	264.76	1592.65	207.44	918.17

(c) Trading Purchase and Sales

Particulars	2007-08		2006-07	
	Quantity (MT)	Value (Rs. in lacs)	Quantity (MT)	Value (Rs. in lacs)
Opening stock	850	4.42	-	-
Purchases	1650341	7382.36	544201	4305.20
Sales	1627641	8803.36	543351	4527.29
Closing stock	23550	10.54	850	4.42

Dishman Pharmaceuticals and Chemicals Limited

(d) Consumption Raw Materials, Stores and Spares

Particulars	2007-08		2006-07	
	Rs. in lacs	%	Rs. in lacs	%
Raw Materials including packing material				
Imported	7866.85	61.19	7062.83	63.14
Indigenous	4989.61	38.81	4122.31	36.86
Total	12856.46	100.00	11185.14	100.00
Stores and Spares				
Imported	-	-	-	-
Indigenous	96.42	100.00	81.06	100.00
Total	96.42	100.00	81.06	100.00

(e) CIF Value of Import

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Raw Materials	6313.92	6280.50
Capital Goods	191.97	681.76
Total	8504.89	8961.26

(f) Earnings in foreign currency

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Export of Goods on FOB	23492.13	19154.92
Contract Research Service	466.31	775.11
Total	23958.44	19930.03

(g) Expenditure in foreign currency

Particulars	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Registration Fees	-	1.76
Subscription Membership Fees	7.21	3.50
Sales Commission	29.77	32.72
Foreign Traveling	7.61	2.18
Bank interest & Charges	16.22	28.72
Consulting & Professional Charges	2.30	157.75
Interest on Foreign Currency Loans	601.21	230.06
Insurances & Legal Expenses	25.76	50.49
Administration Expenses	73.91	10.96
Other Expenses	23.81	-
Total	787.80	518.14

Signatures to Schedules A to P
As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 22nd May 2008

For and on behalf of the Board
Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Chairman & Managing Director
Managing Director
Company Secretary

Ahmedabad
Date: 22nd May 2008

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.	6329
State code No.	04
Balance Sheet Date	31-Mar-08

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

Public issue	NIL
Right issue	NIL
Bonus issue	NIL
Conversion from FCCB	14942
Private issue	NIL

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

Total Liabilities	7349286
Total Assets	7349286

Sources of Funds:

Paid up Capital	159368
Reserves and Surplus	4378482
Secured Loans	2061935
Unsecured Loans	563203

Application of Fund:

Net Fixed assets	3662471
Investments	1325061
Net current assets	2355384
Miscellaneous Expenditure	6369

4 Performance of Company (Rs.in' 000)

Turnover/Other Income	3793513
Total Expenditure	3067396
Profit/(loss) Before other Adjustment & Tax	726117
Profit/(loss) After Tax	613811
Earnings per share (Rs.)	7.81
Dividend Rate	50%

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

Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Chairman & Managing Director
 Managing Director
 Company Secretary

PLACE : Ahmedabad
 DATE : 22nd May, 2008

Dishman Pharmaceuticals and Chemicals Limited

Cash Flow Statement for the year ended on March 31, 2008

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Profit and Loss Account	7,261.17	6,479.92
Adjustments for :		
Depreciation	1,681.65	1,424.06
Amortization	13.00	31.80
Interest Expense	976.20	611.15
Interest Income	(254.85)	(234.77)
Dividend Income	(9.87)	(244.61)
Loss/ (Gain) on sale of Fixed Assets(Net)	(4.22)	(12.28)
Loss / (Gain) on foreign exchange rate fluctuations	(223.27)	(21.60)
Provision for doubtful debts and advances	2.11	10.53
Loss /(Gain) on sale of Property Rights (Net)	(844.36)	-
	<u>1,336.39</u>	<u>1,564.28</u>
Operating profit before working capital changes	8,597.56	8,044.20
Adjustments for :		
Trade Receivables	920.40	(4,338.91)
Inventories	(2,198.05)	(1,411.47)
Loans and Advances	(172.36)	(2,932.56)
Trade Payables and Provisions	(2,057.53)	3,281.58
	<u>(3,507.54)</u>	<u>(5,401.36)</u>
Cash Generated from Operations	5,090.02	2,642.84
Taxes paid	(836.23)	(518.42)
Cash Flow before Extraordinary Items	4,253.79	2,124.42
Prior Period Adjustments (Net)	(9.23)	(7.23)
Net Cash Generated from Operating Activities	4,244.56	2,117.19
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(12,928.87)	(8,093.51)
Sale of Fixed Assets	43.21	90.98
Purchase of Investments	(121.39)	(12,158.67)
Sale of Investments	-	233.17
Sale of Property Rights	844.36	-
Dividend Received	9.87	244.61
Interest Received	254.85	234.77
Net Cash used in Investing Activities	(11,897.97)	(19,448.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Unrealised loss/(gain) on FCCB balance	21.60	(540.00)
FCCB Issue Expenses	(4.47)	(2.64)
Proceeds from Term Loans	9,454.21	7,125.78
Inter-Corporate Deposits taken	4.49	0.47
Interest Paid	(976.20)	(611.15)
Dividend Paid	(762.65)	(481.56)
Dividend Tax Paid	(129.61)	(67.54)
Net Cash Generated from Financing Activities	7,607.37	5,423.37
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(46.04)	(11,908.10)
Opening Balance of Cash and Cash Equivalents	495.35	12,403.45
Closing Balance of Cash and Cash Equivalents	449.30	495.35

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Ahmedabad

Date : 22nd May, 2008

For and on behalf of the Board

Shri R T Vyas**Shri J R Vyas****Shri Deepak S Pandya**

Ahmedabad

Date: 22nd May, 2008

Chairman & Managing Director

Managing Director

Company Secretary

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 & Chemicals Limited** ("the Company"), and its subsidiaries, (collectively referred to as 'the Group') as at March 31, 2008 and the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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. We did not audit the financial statements of subsidiaries, joint ventures and associates, whose financial statements reflect total assets (net) of Rs. 96587.31 lacs as at March 31, 2008, total revenues of Rs. 69782.69 lacs and net cash inflows amounting to Rs. 201.10 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standards (AS) 27, Financial Reporting of Interests in Joint Ventures notified by Companies (Accounting Standard) Rules, 2006.
5. Based on our audit as aforesaid and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 March 31, 2008;
 - (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 Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

(Gaurav J. Shah)
Partner
Membership No. 35701

Place: Ahmedabad
Date : 22nd May, 2008

Dishman Pharmaceuticals and Chemicals Limited

Consolidated Balance Sheet as at March 31, 2008

	Schedule	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	A	1,593.68	1,444.26
Share Application Money		2,345.00	300.00
Reserves and Surplus	B	53,408.68	30,051.71
		57,347.37	31,795.97
Loan Funds			
Secured Loans	C	57,961.91	38,806.50
Unsecured Loans	D	7,835.78	17,288.38
		65,797.69	56,094.88
Deferred Tax Liability (Net)		1,491.91	1,714.82
TOTAL		124,636.96	89,605.67
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	78,006.39	59,918.33
Less: Depreciation / Amortization		11,177.68	6,991.17
Net Block		66,828.71	52,927.16
Capital Work-in-progress		14,847.11	6,498.34
		81,675.82	59,425.50
Investments	F	132.52	1,401.64
Goodwill on Consolidation		1,617.75	871.13
Current Assets, Loans and Advances			
Inventories	G	30,473.16	29,778.02
Sundry Debtors		20,417.53	12,516.37
Loans and Advances		11,269.49	8,392.63
Cash and Bank Balances		3,709.76	3,554.72
Total Currents Assets		65,869.94	54,241.74
Less: Current Liabilities and Provisions			
Current Liabilities	H	19,590.62	24,335.05
Provisions		5,132.15	2,145.58
Total Current Liabilities and Provisions		24,722.78	26,480.63
Net Current Assets		41,147.16	27,761.11
Miscellaneous Expenditure (To the extent not written off or adjusted)	I	63.69	146.29
TOTAL		124,636.96	89,605.67
Significant Accounting Policies and Notes to financial statements	P		

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 22nd May, 2008

For and on behalf of the Board
Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Ahmedabad
Date: 22nd May, 2008

Chairman & Managing Director
Managing Director
Company Secretary

Dishman Pharmaceuticals and Chemicals Limited

Consolidated Profit and Loss Account for the year ended on March 31, 2008

Schedule	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
INCOME		
Sales and Services	81,138.48	58,564.51
Less: Excise Duty & Sales Tax	830.86	707.31
Net Sales	80,307.62	57,857.20
Other Income	J 4,765.94	2,320.85
Increase/(Decrease) in Stock	K 2,159.12	3,541.28
	87,232.68	63,719.33
EXPENDITURE		
Materials and Manufacturing Expenses	L 37,220.32	28,897.38
Employee Emoluments	M 21,539.92	14,092.22
Administrative, Selling & Other Expenses	N 8,419.59	6,896.51
Interest and Finance Charges	O 3,049.83	1,615.87
Depreciation / Amortisation	4,720.19	2,632.26
Less : Transferred From Revaluation Reserve	(1.67)	(1.67)
	74,948.17	54,132.57
Profit Before Tax	12,284.51	9,586.76
Provisions		
For Current tax	835.00	108.32
MAT Credit Entitlement	(161.11)	-
For Deferred Tax	(565.10)	187.27
For Fringe Benefit Tax	24.53	24.07
Profit After Tax for the Year	12,151.19	9,267.10
Prior Period Adjustments (Net)	8.03	9.41
Short Provision of Deferred Tax in Earlier Years	342.19	883.00
Less: Transfer from General Reserve	(342.19)	(883.00)
Short provision of Income Tax in earlier years	173.04	96.74
Share of Income in Associate	0.56	9.85
Net Profit	11,970.68	9,170.80
Balance Brought Forward	9,215.81	10,937.18
Amount Available for Appropriations	21,186.49	20,107.98
Appropriations		
Transfer to General Reserve	6,279.84	10,000.00
Proposed Dividend	806.97	762.55
Tax on Proposed Dividend	137.14	129.61
Balance Carried to Balance Sheet	13,962.55	9,215.81
Earnings Per Share of the face value of Rs 2 each		
Basic (Rs.)	15.70	13.15
Diluted (Rs.)	14.69	11.32
Significant Accounting Policies and Notes to financial statements	P	

As per our report of even date attached
For Deloitte Haskins & Sells
Chartered Accountants

Gaurav J Shah
Partner

Ahmedabad
Date : 22nd May, 2008

For and on behalf of the Board
Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Chairman & Managing Director
Managing Director
Company Secretary

Ahmedabad
Date: 22nd May, 2008

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (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:		
79,684,113 (P.Y. 72,213,076) Equity Shares of Rs.2 each fully paid up	1,593.68	1,444.26
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	1,593.68	1,444.26
Schedule B : Reserves and Surplus		
Revaluation Reserve		
As per last balance sheet	769.22	770.89
Less : Written off Against Depreciation	1.67	1.67
	767.55	769.22
Capital Redemption Reserve		
As per Last Balance Sheet	249.02	249.02
Currency Fluctuation Reserve		
	82.90	(182.81)
Securities Premium		
As per last balance sheet	9,328.77	3,940.47
Add: Premium on conversion of FCCBs into shares during the year	12,700.76	6,027.48
Add: Reversal of redemption premium on FCCBs converted during the year	977.75	-
Less: Premium on redemption of FCCBs	-	636.55
Less: FCCB Issue Expenses	4.45	2.63
	23,002.83	9,328.77
General Reserve		
As per last balance sheet	10,671.70	1,578.67
Less: Deferred tax liability for earlier years	342.19	906.97
Less: Adjustment as per transitional provisions of AS 15	1,265.51	-
Add : Transferred from Profit & Loss Account	6,279.84	10,000.00
	15,343.84	10,671.70
Profit and Loss Account		
Balance as per Profit and Loss Account	13,962.55	9,215.81
	53,408.68	30,051.71

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
Schedule C : Secured Loans		
Term Loans		
Foreign Currency Loans	38,597.93	31,512.79
Rupee Loans	3,534.86	-
Working Capital Loans		
From Banks	15,649.10	7,279.28
Hire Purchase Loans	180.02	14.43
Of the Term Loans Rs 8817.59 Lacs (Previous Year Rs.1389.30 Lacs) are repayable within a period of twelve months	57,961.91	38,806.50
Schedule D : Unsecured Loans		
From Banks and Financial Institutions	3,103.96	1,608.97
Foreign Currency Convertible Bonds (FCCBs)	2,608.13	15,660.00
From Directors	23.90	19.41
From Others	2,099.79	-
Of the above, loans from banks Rs 2286.50 Lacs (Previous Year Rs.1493.22 Lacs) are repayable within a period of twelve months	7,835.78	17,288.38

Schedule E : Fixed Assets (At Cost)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April '07	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '08	As at 1st April '07	Additions during the year	Deletions/ Adjustments during the year	As at 31st March '08	As at 31st March '08	As at 31st March '07
Land	916.58	2,966.58	6.19	3,876.97	-	-	-	-	3,876.97	916.58
Buildings	8,804.57	3,509.45	9.43	12,304.59	616.72	447.65	1.85	1,062.51	11,242.08	8,187.85
Plant & Machinery	28,590.34	7,903.64	138.04	36,355.94	4,549.12	2,829.89	149.19	7,229.83	29,126.11	24,041.22
Laboratory Equipments	2,726.72	1,531.55	355.44	3,902.83	347.36	179.86	341.30	185.92	3,716.91	2,379.36
Electrical Installations	1,793.23	213.18	-	2,006.41	254.00	89.12	-	343.12	1,663.29	1,539.23
Furniture & Fixtures	797.95	157.81	19.17	936.59	196.07	106.50	15.87	286.70	649.88	601.88
Office Equipments & Computers	670.59	105.46	5.47	770.58	343.11	281.40	23.35	601.16	169.41	327.48
Vehicles	1,486.88	253.25	28.60	1,711.53	468.75	64.64	2.12	531.27	1,180.26	1,018.13
Intangible Assets	1,465.06	1,096.02	-	2,561.08	113.41	721.13	-	834.54	1,726.55	1,351.65
Total	47,251.92	17,736.94	562.34	64,426.52	6,888.54	4,720.19	533.68	11,075.05	53,351.46	40,363.38
Capital Work In Progress	6,498.34	11,338.83	2,990.06	14,847.11	-	-	-	-	14,847.11	6,498.34
Goodwill	12,666.41	913.47	-	13,579.88	102.63	-	-	102.63	13,477.25	12,563.78
Total Fixed Assets	66,416.67	29,989.24	3,552.40	92,853.51	6,991.17	4,720.19	533.68	11,177.68	81,675.82	59,425.50
Previous Year	25,164.91	45,100.46	3,848.70	66,416.67	4,399.91	2,632.26	41.00	6,991.17	59,425.50	-

Notes:

- Additions to fixed assets include borrowing costs capitalized during the year Rs. 282.65 lacs (Previous Year Rs. 117.67 lacs) on borrowings for qualifying assets.
- Capital Work In Progress includes borrowing costs of Rs. 338.29 lacs (Previous Year Rs. 112.08 lacs) on borrowings for qualifying assets.
- The Company had revalued certain Fixed Assets viz. Land, Buildings and Plant and Machinery as on 31st March 1995 on the basis of their replacement value as of that date determined by approved valuers. In case of revalued fixed assets, depreciation is computed on revalued amount and the difference between the revalued amount and their original cost has been withdrawn from the revaluation reserve account.

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (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		
Investments in Subsidiaries / Joint Ventures/Associates		
1500 Equity Shares of CAD Middle East Pharmaceuticals Industries LLC of SAR 1000 each	-	177.10
Investment in Equity Shares of Dishman Pharmceuticals & Chemicals (Shanghai) Co. Ltd	-	973.95
Investment in Bhard-Raj Holdings Private Limited	124.60	125.83
Others		
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
4000 Equity Shares of Bhadr-Raj Holdings Private Limited of Rs. 10 each fully paid up	0.40	0.40
100 Gold Coins of Rs.4,951 each.	4.95	4.95
B. Current Investments (At lower of cost and fair value)		
Unquoted (Mutual Funds)		
DSP Merrill Lynch Liquidity Fund	-	116.83
	132.52	1,401.64
Aggregate value of		
Quoted Investments	0.95	0.95
Unquoted Investments	131.57	1,400.69

* Market Value of quoted investments is Rs. 5.31 Lacs
(Previous Year Rs. 3.52 lacs).

Investments purchased and sold /redeemed during the year:
424915.02 Units of Rs. 1000/- each of DSP Merrill Lynch Liquidity Fund -
Daily Dividend Investment Option

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
Schedule G : Current Assets, Loans and Advances		
Inventories		
Finished Goods	5,228.25	4,767.92
Work in Process	8,209.46	6,510.67
Raw Materials and Goods in Transit	16,813.39	18,111.42
Packing Materials	34.66	25.16
Stores, Spares & Consumables	187.39	362.85
	30,473.16	29,778.02
Sundry Debtors		
(Unsecured and considered good, except stated otherwise)		
Outstanding over six months	1,357.32	4,445.52
Considered good	1,144.84	4,389.69
Considered doubtful	212.48	55.83
Provision for Doubtful Debts	(212.48)	(55.83)
Others	19,272.69	8,126.68
	20,417.53	12,516.37
Loans and Advances		
(Unsecured and considered good, except stated otherwise)		
Advances recoverable in cash or kind or for value to be received	7,345.38	6,278.88
Considered Good	7,330.38	6,263.88
Considered Doubtful	15.00	15.00
Provisions for Doubtful Advances	(15.00)	(15.00)
Share Application Money Pending Allotment	-	295.00
Balance with Central Excise Authorities	737.44	439.44
Advance Tax & Tax deducted at Source	3,040.56	1,394.31
MAT Credit Entitlement	161.11	-
	11,269.49	8,392.63
Cash And Bank Balances		
Cash on hand	65.82	53.39
Balances with Scheduled Banks		
In Current Accounts	2,418.50	3,258.77
In Margin Money Accounts	248.01	231.46
In Fixed Deposit Accounts	977.43	11.10
	3,709.76	3,554.72

Schedules forming part of the Consolidated Balance Sheet

	As at 31st March 2008 (Rs. in lacs)	As at 31st March 2007 (Rs. in lacs)
Schedule H : Current Liabilities & Provisions		
Current Liabilities		
Sundry Creditors	6,028.44	6,556.78
Advances from Customers	3,718.81	9,425.12
Other Liabilities	9,843.37	8,353.15
	19,590.62	24,335.05
Provisions		
Provision for Taxation	2,085.87	1,086.66
Provision for Leave Enchashment	1,346.80	32.68
Provision for Gratuity	755.37	133.97
Proposed Dividend	806.97	762.65
Tax on Proposed Dividend	137.14	129.61
	5,132.15	2,145.58
	24,722.78	26,480.63
Schedule I : Miscellaneous Expenditure (To the Extent Not Written Off or Adjusted)		
Deferred Revenue Expenditure	63.69	146.29
	63.69	146.29

Schedules forming part of the Consolidated Profit & Loss Accounts

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Schedule J : Other Income		
Dividend Income	9.87	244.61
Foreign Exchange Rate Fluctuation Gain / (Loss)	3,785.68	1,035.85
Miscellaneous Income	155.49	584.91
Profit/Loss on sale of rights in immovable properties/assets	814.90	455.48
	4,765.94	2,320.85
Schedule K : Increase / (Decrease) In Stock		
Closing Stock		
Finished Goods	5,228.25	4,767.92
Work In Process	8,209.46	6,510.67
	13,437.71	11,278.59
Less : Opening Stock		
Finished Goods	4,767.92	2,857.38
Work In Process	6,510.67	4,879.93
	11,278.59	7,737.31
	2,159.12	3,541.28

Dishman Pharmaceuticals and Chemicals Limited

Schedules forming part of the Consolidated Profit & Loss Accounts

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Schedule L : Materials and Manufacturing Expenses		
Cost of goods traded in	7,450.46	6,845.52
Raw Materials Consumed	24,027.90	16,650.31
Stores, Spares & Consumables	99.24	84.40
Packing Materials Consumed	322.88	288.49
Material Processing Charges	404.38	310.14
Excise Duty	20.30	24.81
Power, Fuel & Electricity	2,367.23	1,702.59
Repairs and Maintenance		
Plant & Machinery	1,681.80	2,419.80
Building	77.06	19.98
Others	92.02	95.96
Laboratory, Research & Development Expenses	308.06	242.81
Factory Expenses	145.71	57.06
Other Manufacturing Expenses	223.28	155.52
	37,220.32	28,897.38
Schedule M : Employees Emoluments		
Salaries and Wages	18,315.75	11,864.94
Contributions to Provident and other funds	2,352.33	569.19
Welfare Expenses	491.08	1,122.83
Managerial Remuneration	380.76	535.26
	21,539.92	14,092.22
Schedule N		
Administrative, Selling and Other Expenses		
Rent, Rates & Taxes	2,180.70	1,820.95
Legal and Professional Charges	1,190.82	585.67
Conveyance and Travelling	1,012.38	445.54
Communication Expenses	314.53	99.90
Stationary and Printing	164.48	802.66
Subscriptions and Memberships	76.66	22.48
Insurance Premium	730.71	614.28
ECGC Premium	30.74	26.29
Provision for Doubtful Debts & Advances	118.79	10.53
Advance Licence Fees	97.61	1.74
Office Electricity Expenses	15.71	80.55
Recruitment Expenses	141.04	16.40
Auditors Remuneration	130.15	22.47
Sundry Balances Written Off (Net)	88.28	4.60
Miscellaneous Expenses	344.09	330.50
Clearing & Forwarding	861.64	831.87
Sales Commission	266.09	304.30
Advertisement and Business Promotion	615.26	865.03
Donation	39.89	10.75
	8,419.59	6,896.51
Schedule O : Interest and Finance Charges		
On Fixed Loans	2,576.72	1,350.00
Others	814.26	544.25
	3,390.98	1,894.25
Less : Interest Income (Gross of Tax Deducted at Source Rs. 30.68 lacs (P.Y. Rs.2.66 lacs))	(341.15)	(278.38)
	3,049.83	1,615.87

Dishman Pharmaceuticals and Chemicals Limited

Schedule : P - 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 & Chemicals Limited ("the Company") and its various subsidiary companies, an associate and joint ventures. 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) In case of foreign subsidiary companies, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at exchange rates prevailing at the end of the year. Any exchange rate difference arising on consolidation is recognized in the profit and loss account, except in case of foreign subsidiary companies being non-integral foreign operations, which are recognized in the currency fluctuation reserve.
- 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, 2008, 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, 2007.

2. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the unconsolidated financial statements of Dishman Pharmaceuticals and Chemicals Limited.

B. Notes to Consolidated Financial Statements

1. The subsidiaries considered in the consolidated financial statement as at 31st March 2008 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 Infrastructure Limited	India	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 (Formerly known as Pharma Syn BV)	Holland	100 %
Dishman Africa (Proprietary) Limited. *	South Africa	100%
Carbogen Amcis Limited (Formerly known as Synprotec DCR Limited*)	UK	100%
Carbogen Amcis AG ^	Switzerland	100%
Dishman Holland BV @	Holland	100%
Innovative Ozone Services Inc **	Switzerland	100%
Dishman Japan Limited	Japan	85%
Carbogen Amcis (India) Limited	India	100%

* Through Dishman Europe Limited

^ Through Dishman Pharma Solutia AG

@ Through Dishman Netherlands B.V

** Through Dishman Europe Limited and Dishman Switzerland Limited

Dishman Pharmaceuticals and Chemicals Limited

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%
CAD Middle East Pharmaceuticals Industries LLC#	Saudi Arabia	30%

4. Contingent Liabilities

- Guarantees given by Bank on behalf of Company Rs 6668.95 Lacs (P.Y. Rs.616.10 Lacs)
- Letter of Credit in favor of suppliers Rs 1624.16 Lacs (P.Y. Rs 1682.58 Lacs)
- Outstanding guarantee furnished to the bank in respect of joint venture company and WOS Rs. 38073.08 Lacs (P.Y. Rs. 1055.28 Lacs)
- Claims lodged against Company by others Rs. 3.11 Lacs (P.Y. Rs. 343.07 Lacs)
- Disputed liability towards Central Excise is Rs. 263.66 Lacs (P.Y. Rs. 1.22 Lacs)
- Disputed Liability towards Income Tax demand Rs. 3.92 Lacs (P.Y. Rs. 1014.47 Lacs) for various assessment years for which appeals are pending with Appellate authorities.
- Disputed Liability towards Sales Tax demand Rs 99.74 (P.Y. Rs. 160.28 Lacs).

5. Estimated amount of contracts remaining to be executed on Capital Accounts not provided for (Net of Advances) Rs. 1612.98 Lacs (P.Y. Rs 4046.20 Lacs).

6. Share Capital

The subscribed and paid up capital includes 7,471,037 equity shares of Rs. 2 each, allotted during the year, consequent to the conversion of 29,500 numbers of 0.5% Foreign Currency Convertible Bonds (FCCBs), of the principal amount of US \$ 29.5 Million.

Subsequent to 31st March 2008 and till 22nd May 2008, the Board of Directors of the Company has allotted 10,13,023 equity shares of Rs. 2 each on conversion of 4,000 numbers of 0.5% Foreign Currency Convertible Bonds (FCCBs). These shares, on their allotment are eligible for dividend for the year and due provision thereof has been made in the accounts

7. Secured Loans

Secured Foreign Currency Term Loan from Bank of India, is secured against first charge on specified fixed assets of the Company created / to be created out of the said loan, located/to be located at Bavla and 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.

Foreign currency loan from Cooperative Centrale Raifeisen- Boerenleenbank BA (trading as Rabobank International), Singapore 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 is secured against charge on specific fixed asset of the Company created/ to be created out of the said loan.

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 specific fixed assets of the Company situated at Bavla

8. Unsecured Loans

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

9. Employee Benefits

Hitherto the Company was accounting the provision for the employee retirement benefits as per the Accounting Standard 15 "Accounting for Retirement Benefits". During the year, the company has adopted the Accounting Standard 15 (Revised 2005) "Employee Benefits". Accordingly, the company has made a provision for certain defined employee benefit plans aggregating to Rs. 308.71 Lacs. Further, in accordance with the transitional provision in the revised Accounting Standard, Rs. 1268.66 Lacs has been adjusted to the General Reserve.

Dishman Pharmaceuticals and Chemicals Limited

10. During the year 2002-03 a fire took place in the company's solvent recovery plant (Unit II) at Naroda. The Company has lodged an insurance claim amounting to Rs. 238.54 lacs towards loss of fixed asset and stock. The insurance company has passed the claim for Rs. 71.33 lacs, which the Company has not accepted and against which, the Company has filed a complaint before the national consumer disputes redressal commission, New Delhi under Consumer Protection Act, 1961. Pending outcome of the complaint, the amount of Rs. 238.54 lacs claimed as receivable has been considered good as the Management is expecting a favorable order. Any profit or loss towards the loss of fixed assets and stock will be accounted for in the year in which the claim will be settled.

11. **Deferred Income Tax**

Major components of deferred tax liability are as follows:

Particulars	As at March 31, 2008 (Rs. in lacs)	As at March 31, 2007 (Rs. in lacs)
Opening Balance of deferred tax asset /(liability) (Net)	(1714.82)	4.97
Deferred Tax Liability		
Depreciation	3489.41	1028.62
Deductions u/s 35 of the Income Tax Act, 1961	--	1206.37
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	15.61	21.57
Unabsorbed business losses	3696.71	493.63
Provision for deferred tax asset /(liability) (Net)	(1491.91)	(1714.82)

12. **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, 2008 (Rs. in lacs)	As at March 31, 2007 (Rs. in lacs)
For a period not later than 1 year	2053.64	1879.05
For a period later than 1 year but not later than 5 years.	7712.63	6941.53
For later than 5 years	3965.29	3550.36

Lease rental charge recognized in the profit and loss account Rs. 2082.23 Lacs (P.Y. 1688.07 Lacs)

13. 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.
14. **Earnings Per Share (EPS)**

Particulars		2007-08	2006-07
Basic EPS			
Profit attributable to equity shareholders	Rs in lacs	11970.68	9170.90
Nominal Value of equity share	Rs.	2	2
Weighed average number of ordinary equity shares for Basic EPS	Nos.	76240252	69761008
Basic EPS	Rs.	15.70	13.15
Diluted EPS			
Profit attributable to equity shareholders	Rs. in lacs	11970.68	9170.90
Add: Interest payable on outstanding Foreign Currency Convertible Bonds	Rs. in lacs	25.62	36.24
Profit after tax for Diluted EPS	Rs. in lacs	11945.06	9207.14
Weighed average number of ordinary equity shares for Basic EPS	Nos.	76240252	69761008
Add: Adjustment for option relating to Foreign Currency Convertible Bonds	Nos.	5092538	11569282
Weighed average number of ordinary equity shares for Diluted EPS	Nos.	81332790	81330290
Diluted EPS	Rs.	14.69	11.32

Dishman Pharmaceuticals and Chemicals Limited

15. 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	Equity Controlled By Key Management Personnel
CAD Middle East Pharmaceutical Industries	Joint Venture Company
Schutz Dishman Bio-tech Ltd.	Joint Venture Company
Dishman Japan Limited	Joint Venture Company
Mr. Janmejy R.Vyas	Key Management Personnel
Mr. Rajnikant T.Vyas	Key Management Personnel
Mrs. Deohooti 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
Mr. Arpit J.Vyas	Relative of Key Management Personnel

b) Transactions with related parties

	Subsidiaries (Rs. in lacs)	Associates / Joint Ventures (Rs. in lacs)	Key Management Personnel & their relatives (Rs. in lacs)	Total (Rs. in lacs)
Purchase of goods	-	5.46	-	5.46
	-	(1.28)	-	(1.28)
Sale of goods/Services	-	73.63	-	73.63
	-	(13.54)	-	(13.54)
Services rendered	-	113.84	-	113.84
	-	(66.59)	-	(66.59)
Investments	-	233.22	-	233.22
	(973.95)	(25.32)	-	(999.27)
Loans granted	-	708.73	-	708.73
	-	(340.64)	-	(340.64)
Loans taken	-	222.70	-	222.70
	-	(909.12)	-	(909.12)
Dividends received	-	-	-	-
	-	(240.00)	-	(240.00)
Dividends paid	-	6.00	483.36	489.36
	-	(4.20)	(338.35)	(342.55)
Remuneration	-	-	380.75	380.75
	-	-	(358.30)	(358.30)
Rent Paid	-	-	4.00	4.00
	-	-	-	-
Guarantees given	-	-	-	-
	-	(1055.18)	-	(1055.18)
Share Application Money	-	-	-	-
	-	-	(300.00)	(300.00)
Outstanding balance (Dr)	-	333.08	17.84	350.92
	(973.95)	(642.82)	(317.84)	(2111.71)
Outstanding balance (Cr)	-	84.85	14.14	98.99
	-	(942.56)	(30.00)	(972.56)

Dishman Pharmaceuticals and Chemicals Limited

c) Disclosure in respect of material transactions with related parties

	Name of the related party	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Purchase of goods	B.R.laboratories Pvt Ltd	1.25	-
Loans granted	Schutz Dishman Bio-tech Ltd.	167.75	340.64
	CAD Middle East Pharmaceuticals Industries	333.08	-
Loans taken	Bhadra-Raj Holdings P.Ltd.	-	779.85
	B.R. Laboratories Ltd	222.70	129.27
Dividends received	Bhadra-Raj Holdings P.Ltd.	-	240.00
Dividends paid	Bhadra-Raj Holdings P.Ltd.	6.00	4.20
	Mr. Janmejey R.Vyas	250.43	175.30
	Mr. Rajnikant T.Vyas	123.23	86.26
	Mrs. Deohooti J.Vyas	109.65	76.75
Remuneration	Mr. Janmejey R.Vyas	320.75	300.00
	Mr. Rajnikant T.Vyas	24.00	24.00
	Mrs. Deohooti J.Vyas	36.00	23.40
Guarantees given	Schutz Dishman Bio-tech Ltd.	-	1055.18

16. 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.

Particulars	CRAMS (Rs. in lacs)	Bulk Drugs, Quats, Specialty Chemicals (Rs. in lacs)	Total of Reportable Segments (Rs. in lacs)
Sales	60162.09	20145.53	80307.62
	(41540.65)	(16316.55)	(57857.20)
Other income	3766.09	999.85	4765.94
	(526.25)	(1794.70)	(2320.95)
Segment revenue	60162.09	18261.00	78423.09
	(56250.32)	(19904.54)	(76154.86)
Segment results	13038.71	1875.28	14913.99
	(6683.84)	(4518.88)	(11202.72)
Segment assets	79334.09	38580.48	117914.57
	(55937.19)	(15194.87)	(71132.06)
Segment liabilities	52199.23	7884.73	60083.96
	(47297.75)	(3954.51)	(51252.26)

Dishman Pharmaceuticals and Chemicals Limited

Reconciliation of Reportable Segment with financial statements

Particulars	Total of reportable segments (Rs. in lacs)	Unallocated / Other (Rs. in lacs)	As per Financial Statements (Rs. in lacs)
Revenues	78423.09	1884.53	87232.68
	(76154.86)	(9.85)	(76164.71)
Results	14913.99	420.91	15334.90
	(11202.72)	(-1606.01)	(9596.71)
Assets	117914.57	6722.39	124636.96
	(71132.06)	(17296.59)	(89605.67)
Liabilities	60083.96	4769.61	64853.57
	(51252.26)	(5431.13)	(56683.39)

Particulars	Domestic (Rs. in lacs)	Export (Rs. in lacs)	Total (Rs. in lacs)
Revenue	12340.82	67966.80	80307.62
	(7272.84)	(50584.36)	(57857.20)
Total Assets	83487.81	41149.15	124636.96
	(68714.65)	(20891.02)	(89605.67)

17. Financial and derivative instruments

Derivative contracts entered into by the Company and outstanding as at March 31, 2008

(a) For hedging currency and interest related risks:

Particulars	As at March 31, 2008 (Rs. in lacs)
Currency Swap	3038.44
Options	316.75
Total	3355.19

(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 Lacs)	Indian Currency (Equivalent Rs. in Lacs)
Amounts receivable in foreign currency	CHF 9.00	5026.92
	EUR 72.29	
	GBP 1.12	
	USD -	
Amounts payable in foreign currency	EUR 96.72	6961.37
	GBP 1.19	
	JPY 24.20	
	USD 18.17	

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

Signature to Schedules A to P

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Ahmedabad

Date : 22nd May, 2008

For and on behalf of the Board

Shri R T Vyas

Shri J R Vyas

Shri Deepak S Pandya

Ahmedabad

Date: 22nd May, 2008

Chairman & Managing Director

Managing Director

Company Secretary

Consolidated Cash Flow Statement for the year ended on March 31, 2008

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Profit and Loss Account	12,284.51	9,596.72
Adjustments for :		
Depreciation	4,705.53	2,630.59
Amortization	13.00	31.80
Foreign Exchange Fluctuation (Unrealised)	(347.12)	(252.54)
Interest Expense	3,390.98	1,894.25
Interest Income	(341.15)	(278.38)
Dividend Income	(9.87)	(244.61)
(Increase) / Decrease in Misc Expenditure	82.60	(69.60)
Loss/ (Gain) on sale of Fixed Assets(Net)	29.45	(98.91)
Provision for doubtful debts and advances	118.79	10.53
	7642.21	3,623.13
Operating profit before working capital changes	19,926.72	13,219.85
Adjustments for :		
Trade Receivables	(7,901.16)	(3,884.99)
Inventories	(695.14)	(18,955.72)
Loans and Advances	(2,876.86)	(3,902.34)
Trade Payables and Provisions	(2,383.41)	18,394.61
	(13,856.57)	(8,348.44)
Cash Generated From Operations	6,070.15	4,871.41
Taxes paid	(945.55)	(607.64)
Prior Period Adjustments (Net) & Short provision of- -Income Tax	(181.07)	9.41
Net Cash Generated From Operating Activities	4,943.53	4,273.18
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(26,999.18)	(41,775.20)
Sale of Fixed Assets	58.11	180.14
Purchase of Investments	1,267.88	(917.88)
Sale of Investments	-	233.17
Dividend Received	9.87	244.61
Interest Received	341.15	278.38
Net Cash used in Investing Activities	(25,322.17)	(41,756.78)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Application Money	2,045.00	300.00
Unrealised loss/(gain) on FCCB balance	21.60	(540.00)
FCCB Issue Expenses	(4.45)	(2.63)
Proceeds from / (Repayment of) Long Term Loans	20,662.19	30,220.35
Inter-Corporate Deposits taken / (given/ repaid)	2,092.49	(13.73)
Interest Paid	(3,390.98)	(1,894.25)
Dividend Paid	(762.55)	(481.56)
Dividend Tax Paid	(129.61)	(67.55)
Net Cash Generated from Financing Activities	20,533.68	27,520.63
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	155.04	(9,962.97)
Opening balance of cash and cash equivalents	3,554.72	13,517.69
Closing balance of cash and cash equivalents	3,709.76	3,554.72
	155.04	(9,962.97)

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants

Gaurav J Shah

Partner

Ahmedabad

Date : 22nd May, 2008

For and on behalf of the Board

Shri R T Vyas**Shri J R Vyas****Shri Deepak S Pandya**

Chairman & Managing Director

Managing Director

Company Secretary

Ahmedabad

Date: 22nd May, 2008

Dishman Pharmaceuticals and Chemicals Limited

Statement pursuant to Approval under Section 212(8) of the Companies Act, 1956 given by Government of India, Ministry of Corporate Affairs, as per their approval Letter No. 47/39/2008-CL-III dated 22nd February, 2008.

(Rs. in lacs)

Sr. No.	Particulars	Amount (In Indian Rupees)
1	Share Capital	16,843.09
2	Reserve	30,827.08
3	Total Assets	126,622.46
4	Total Liabilities	78,952.29
5	Investments	Nil
6	Turnover	70,828.25
7	Profit Before Tax	6,430.97
8	Provision for Tax	(1,156.13)
9	Profit After Tax	7,587.10
10	Proposed Dividend	Nil

Note:-

The Foreign Currency Figures (including Share Capital) in respect of all the sixteen subsidiaries, namely (1) Dishman Europe Limited, (2) Dishman U.S.A. Inc., (3) Dishman International Trading (Shanghai) Co. Ltd., (4) Dishman FZE, (5) Dishman Switzerland Ltd., (6) Dishman Pharma Solutions AG., (7) Dishman Infrastructure Ltd., (8) Dishman Pharmaceuticals & Chemicals (Shanghai) Co. Ltd., (9) Carbogen Amcis AG., (10) Carbogen Amcis Limited (Name was changed from "Synprotec DCR Limited" w.e.f. 05/07/2007), (11) Dishman Africa (Pty.) Ltd., (12) Innovative Ozone Service Inc. (IO3S), (13) Dishman Netherlands B.V. (Name was changed from "Pharma Syn. B.V." w.e.f. 08/11/2007), (14) Dishman Holland B.V., (15) Dishman Japan Ltd., and (16) Carbogen Amcis (India) Ltd., have been converted into Indian Rupees using the exchange rates prevailing as on 31.03.2008.

For and on behalf of the Board

Shri R T Vyas
Shri J R Vyas
Shri Deepak S Pandya

Chairman & Managing Director
 Managing Director
 Company Secretary

Place : Ahmedabad
 Date : 22nd May 2008

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 25th ANNUAL GENERAL MEETING of the company held on Thursday, the 31st day of July, 2008 at 9.30 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

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

FORM OF PROXY

I/We _____ of _____ in the District of _____ being a member/members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him/her _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of the members of the Company to be held on Thursday, the 31st day of July, 2008 at 9.30 a.m. at H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015 and at any adjournment thereof.

Signed this _____ day of _____, 2008

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

L.F. No. _____ No. of share(s) held _____

* Applicable for investors holding shares in electronic form.

Signature _____

1 Rupee Revenue Stamp

Notes:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. 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. The Proxy need not be a Member of the Company.

