PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated April 13, 2004
100% Book Building Issue

Dishman Pharmaceuticals and Chemicals Limited

(Incorporated on June 29, 1983 as a private limited company under the Companies Act, 1956. Became a deemed public w.e.f. April 1, 1996 and the word 'Private' was deleted in the certificate of incorporation on February 17, 1997. Subsequently, w.e.f. January 1, 1999, the name was changed to Dishman Pharmaceuticals and Chemicals Limited and a fresh certificate of incorporation was issued on October 12, 1999)

Registered & Corporate Office: Bhadra Raj Chambers, Swastik Cross Roads, Navrangpura
Ahmedabad-380 009, India
Tel: +91-79-2644 3053; Fax: +91-79-2642 0198
Website: www.dishmangroup.com; Email: dishman@dishmangroup.com

PUBLIC ISSUE OF 3,433,500 EQUITY SHARES OF Rs.10 EACH AT A PRICE OF Rs. 175/- FOR CASH AGGREGATING Rs. 600.86 MILLION (REFERRED TO AS THE "ISSUE").

THE ISSUE WOULD CONSTITUTE 25.01% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

The Issue is being made through the 100% book building process where upto 50% of the Issue shall be issued on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to retail bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of Dishman Pharmaceuticals and Chemicals Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offering. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page iv.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company issued through this Prospectus are proposed to be listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated February 20, 2004 and February 9, 2004, respectively.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED 801/ 802, Dalamal Towers Nariman Point, Mumbai, India 400 021 Tel. : +91- 22- 5638 1800 Fax. : +91- 22- 2284 6824 Email:dishman.ipo@enam.com	**IL&FS INVESTSMART LIMITED** The IL&FS Financial Centre Plot C-22, G-Block, Bandra-Kurla Complex Bandra (E), Mumbai, India 400 051 Tel. : +91- 22- 2653 3333 Fax. : +91- 22- 2653 3093 Email: dishman.ipo@investsmartindia.com	**INTIME SPECTRUM REGISTRY LTD** C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai 400 078 Tel: +91-22-2592 3837 Fax: +91-22-2567 2693 Email: isrl@intimespectrum.com

ISSUE PROGRAMME	
BID/ISSUE OPENS ON : MARCH 29, 2004	**BID/ISSUE CLOSES ON : APRIL 7, 2004**

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DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
"Dishman" , "our Company", "Dishman Pharmaceuticals and Chemicals Limited" , "we", "us", "Dishman and its subsidiaries" and "our"	Unless the context otherwise requires, refers to, Dishman Pharmaceuticals and Chemicals Limited, a public limited company incorporated under the Companies Act, together with its subsidiaries
You	Unless the context otherwise requires, refers to, investors

Issue Related Terms and Abbreviations

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountant of India
Articles/ Articles of Association	Articles of Association of our Company, Dishman Pharmaceuticlas and Chemicals Limited
Auditors	The statutory auditors of our Company, M/s. Kunte & Associates, Chartered Accountants
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened
Bid	An Issue made during the Bidding Period by a prospective investor to acquire the Equity Shares of the Company at a price at or above the Floor Price, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an Issue to purchase Equity Shares of our Company and which will be considered as the application for transfer of the Equity Shares in terms of this Prospectus
Bid / Issue Opening Date	The date on which the Members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus
Bidding Period/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
BIFR	Board for Industrial and Financial Reconstruction
Board of Directors/ Board/ Directors	The Board of Directors of Dishman Pharmaceuticlas and Chemicals Limited or a committee thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
BRLMs	Book Running Lead Managers to the Issue, in this case being Enam Financial Consultants Private Limited and IL&FS Investsmart Limited
Brokers to the Issue	Brokers registered with any recognised stock exchange, appointed by the members of the Syndicate
BSE	The Stock Exchange, Mumbai

Term	Description
CAGR	Compounded annual growth rate
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
CDSL	Central Depository Services Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Cut-off Price	The Issue price finalised by the Company in consultation with the BRLMs.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot/transfer Equity Shares to successful bidders
DSE	Designated Stock Exchange (For this Issue, National Stock Exchange)
ECB	External Commercial Borrowing
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into by the Company and the members of the Syndicate for collection of the Bid Amounts and refunds of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII/ Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial year/fiscal/FY	The twelve months ended March 31 of a particular year
FIPB	Foreign Investment Promotion Board
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Fresh Issue	The issue of 3,433,500 Equity Shares at the Issue Price by the Company in terms of this Prospectus
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Issue	The Fresh Issue
I.T. Act	The Income-Tax Act, 1961, as amended from time to time, except as stated otherwise

Term	Description
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company
NAV	Net Asset Value
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI/ Non Resident Indian	Non-resident Indian, is a person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Issue Period	The Issue period shall be the Issue opening date, March 29, 2004 to the Issue closing date April 7, 2004
Issue Price	The final price at which Equity Shares will be alloted in terms of this Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
PAN	Permanent Account Number
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose payment has not been waived by the Members of the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose payment has been initially waived by the members of the Syndicate and are therefore not required to pay the maximum Bid Amount into the Escrow Account on or prior to the Bid/Issue Closing Date, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs.155 and the maximum price (cap of the price band) of Rs.175 and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLMs finalize the Issue Price
Promoter	Mr. Janmejay R. Vyas
Prospectus	The Prospectus to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, trilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million
QIB Portion	The portion of the Issue being 1,716,700 Equity Shares of Rs. 175/- each available for allocation to QIBs

Term	Description
RBI	Reserve Bank of India
Red Herring Prospectus	Means this Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with Registrar of Companies after the pricing
Registered Office of our Company	Bhadra Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380 009
Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited having its registered office as indicated on the cover page of this Prospectus
Retail Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.50,000, in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being 850,400 Equity Shares of Rs. 175/- each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Ahmedabad, Gujarat
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Guidelines for Disclosure and Investor Protection), 2000, issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs, the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate members
Syndicate Members	Enam Securities Private Limited
TRS/ Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The Agreement between the Syndicate and our Company, on its own behalf to be entered into on the Pricing Date
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders and who have Bid for Equity Shares for an amount more than or equal to Rs.50,000
Non Institutional Portion	The portion of the Issue being 850,400 Equity Shares of Rs. 175/- each available for allocation to Non Institutional Bidders

In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding.

Glossary of Technical and Industry Terms

Term	Description
7-DHC	7-Dehydrocholesterol
AHU	Air Handling Unit
API	Active Pharmaceutical Ingredient required for the formulation of dosage form of medicines
B_3TPPC	Benzyl Triphenyl Phosphonium Chloride
B_4TPPB	Butyl Triphenyl Phosphonium Bromide
BKC	Benzalkonium Chloride
CAMAG HPTLC	It is name of the Company (Make)
CDA	Confidentiality Disclosure Agreement
Cfm/ CFM	Cubic feet minute
CM/CR	Contract Manufacturing/Contract Research
CMO	Contract Manufacturing Organization
CoS	Certificate of Suitability issued by the European Directorate
CPC	Cethyl Pyridinium Chloride
CR	Contract Research
CRM	Contract Research Manufacturing
CRO	Contract Research Organization
CSOs	Contract Sales & Marketing Organizations
CTAB	Cethyl Trimethyl Ammonium Bromide
CTAC	Cethyl Trimethyl Ammonium Chloride
cu.M/hr	Cubic meter/ hour
CuM/reg	Cubic meter/ regeneration
Deg.C	Degree Centigrade
DG Set	Diesel Generator Set
DiBOC	Di -Tert - Butyl - Dicarbonate
DM Water	De-Mineralized Water
DMF	Drug Master File
DNA	Deoxyribo Nucleic Acid
DRP	Disaster Recovery Planning
EM	Eprosartan mesylate
EOU	Export Oriented Unit
ETPPB	Ethyl Triphe
FDA	Food and Drug Administration

Term	Description
FMCG	Fast Moving Consumer Goods
GATT	General Agreement on Trade and Tariffs
GC	Gas Chromatograph
GCMS	Gas Chromatogram with Mass Detector
GEB	Gujarat Electricity Board
GIDC	Gujarat Industrial Development Corporation
GMP	Good Manufacturing Practices
HPLC	High Performance Liquid Chromatography
HPTLC	High Performance Thin Layer Chromatography
IATA	International Air Transport Association
ICH	International Conference on Harmonization
IP	Indian Pharmacopoeia
IPRs	Intellectual Property Rights
ISO	International Organization for Standardization
K.Cal/Hr.	Kilo calorie / hour
KCAL	Kilo Calorie
Kg / Hr	Kilo gram / hour
Kg./Sq.Cm	Kilo gram / square centimeter
KL	Kilo Litre
KL/day	Kilo Litre / day
KVA	Kilo Watt
LCMS	Liquid Chromatogram with Mass Detector
lit/Hr	Litre / hour
LOD Oven	Loss on Drying Oven
LOI	Letter of Intent
LTME CHMA	L-Tyrosine Methyl Ester and Cyclo Hexyl Mandelic Acid
M_3 /day	Cubic meter / day
MCA-UK	Medical Control Agency –United Kingdom
MNCs	Multinational Companies in the pharmaceutical industry
MSDS	Material Safety Data Sheets
MSGL Reactor	Mild Steel Glass Lined Reactor
MSGL RVD	Mild Steel Glass Lined Rotary Vaccum Dryer
MTPPC	Methyl Triphenyl Phosphonium Chloride
OHSAS	Occupational Health & Safety Assessment Series

Term	Description
pH	To measure the acidity/ alkalinity of any liquid
PTCs	Phase Transfer Catalysts
PTMAC	Phenyl Trimethyl Ammonium Chloride
QC/QA	Quality Control and Quality Assurance
QUATs	Quaternary Ammonium or Phosphonium Compound
R&D	Research & Development
R.O. Water Plant	Reverse Osmosis Water Plant
RVD SS	Rotary Vacuum Dryer Stainless Steel
SHE	Safety, Health and Environment
SS	Stainless Steel
TBAB	Tetra Butyl Ammonium Bromide
TEAB	Tetra Ethyl Ammonium Bromide
TEBAC	Tri Ethyl Benzyl Ammonium Chloride
TPAB	Tetra Propyl Ammonium Bromide
TPPB	Tetra Phenyl Phosphonium Bromide
TR	Ton of Refrigeration
US/USA	United States / United States of America
US-FDA	Food and Drug Administration, United States of America
UV-VIS Spectrophotometer	Ultra Violate- Visible Spectro Photo Meter
WOSs	Wholly Owned Subsidiaries
WTO	World Trade Organisation

SECTION I : RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, the terms "we", "us", "our", the "Company", "our Company", or "Dishman", unless the context otherwise indicates or implies, refers to Dishman Pharmaceuticals and Chemicals Limited and its subsidiaries.

For additional definitions used in this Prospectus, see the section "Definitions and Abbreviations" in this Prospectus. In the section titled "Main Provisions of Articles of Association of Dishman Pharmaceuticals and Chemicals Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources. Throughout this Prospectus, all the figures have been expressed in millions, except in the sections relating to subsidiaries where the same have been disclosed in absolute numbers.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Increasing competition in and the conditions of the global and Indian pharmaceutical industry;
- General economic and business conditions in India;
- Changes in the value of the Rupee and other currencies; and
- Changes in laws and regulations that apply to the Indian and global pharmaceutical industry.

For further discussion of factors that could cause our actual results to differ, see "Risk Factors" beginning on page iv of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India, all references to “U.S. Dollars”, “Dollars”, “US$” and “$” are to the legal currency of the United States, all references to “Pounds”, “£” and “U.K. Pound” are to the legal currency of the United Kingdom, all references to “Euro” and “• ” are to the legal currency of the European Union and all references to “African Rand”, “ZAR” are to the legal currencies of The Republic of South Africa. US Dollars, U.K. Pounds, Euro and African Rand are individually, jointly or collectively referred to as “Foreign Currency” in this Prospectus.

In this Prospectus, Foreign Currency amounts have been translated into Rupees for each period and presented solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The translations should not be considered as a representation that such Foreign Currency amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated elsewhere in this Prospectus, or at all. The following table sets forth, for each period indicated, information concerning the number of Rupees for which each Foreign Currency could be exchanged. The currency conversion rates are taken from the website www.OANDA.com.

	Year ended				**Six months ended**
	December 31, 2000	**December 31, 2001**	**December 31, 2002**	**March 31, 2003**	**September 30, 2003**
US Dollar	46.69	48.34	48.04	47.65	45.88
U.K. Pound	69.73	70.17	77.08	75.04	76.48
Euro	43.99	42.83	50.36	51.46	53.20
African Rand*	6.16	4.06	5.58	5.98	6.46

** The rates are as of February 28 for each respective year, except for September 30, 2003.*

Any percentage amounts, as set forth in “Risk Factors”, “Business Segment”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of the Rupee amounts derived from our consolidated financial statements prepared in accordance with the Indian GAAP and not on the basis of any translated Rupee amount presented solely pursuant to SEBI requirements. Calculation of percentage amounts on the basis of Rupee amounts may lead to results that are different, in a material way, from those calculated as per Foreign Currency amounts.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

Internal to the Company

1. 37.40% of the our gross sales for H1FY 2004 is derived from the QUATs segment. The segment has contributed 30.83%, 48.11% and 53.26% of the gross sales for FY 2003, FY 2002 and FY 2001, respectively. This product segment is competitive and as a result of this, there is volatility in the average price realization for a range of products in this segment manufactured by us. This volatility may adversely affect our profitability .

   Management Perception:

   We have endeavored through our research and development ("R&D") efforts to be cost competitive in the QUATs segment. We are also focusing on developing and producing high value QUATs. Further, as a consequence of diversifying the chemicals we manufacture, the proportion of QUATs we produce compared to other chemicals will be reduced each year.

2. We are engaged in Contract Research and Contract Manufacturing for some of the Multinational Companies ("MNCs") for their existing / new products. Any failure or delay in obtaining the necessary regulatory approvals for sale of these products by these MNCs may adversely affect our future profitability.

   Management Perception:

   Our strategy is to enter into long-term contract manufacturing contracts with MNCs for their products. Further, each country has its own regulatory authority and which has jurisdiction in only a specified country/ies and are independent authorities. We expend both time and money in order to ensure the MNCs are able to comply with their regulatory requirements. Obtaining regulatory approval is a time consuming and costly process and may detract MNCs to change the suppliers having entered into long-term contract.

3. A portion of our revenue is derived from our relationships with MNCs. Any difficulty in sustaining relationships in the future may affect the business that we can generate from these MNCs.

   Management Perception:

   Business is contracted with the MNCs after our manufacturing facility is inspected and qualified for GMP by the MNC customer and after they are satisfied that we do not violate intellectual property rights and will adhere to confidentiality in process and product. The MNC spends time and money in qualifying such suppliers. We will keenly follow up with our relationship with MNCs for a sustained business. Further, we are not dependent on any single MNC for our business.

4. Any failure to keep abreast with the latest trends in the chemical and process technologies may adversely affect our cost competitiveness and ability to develop newer generation products.

   Management Perception:

   We have a dedicated, qualified and experienced team of research personnel who are abreast with the latest trends. Our existing research facility is fully equipped with modern equipment and qualified scientists. Further, our Naroda facility is certified as an R&D center by the Department of Scientific and Industrial Research, Government of India.

5. The R&D activities are core to our business model. We have incurred a recurring expenditure of (2.07% of sales in H1FY 2004 and 1.12% of sales in FY 2003 and 2.69 % of gross sales in FY 2002) in setting up, improving and maintaining our existing R&D facilities. However, as in any R&D activity, no assurance of returns on these investments can be given.

   Management Perception:

   We follow an accounting practice whereby certain capital/revenue expenses relating to research and development activities are grouped under the respective heads of the expenditure instead of being clubbed under R&D. If the aforesaid expenses were to be clubbed under R&D, then the percentage of expenditure on R&D as a percentage of our gross sales would be higher. Though no assurance can be given with regard to the new orders for CRO/ CMO segment, the R&D activities will be beneficial to us indirectly through the cost savings from the process optimization.

6. A conflict of interest may arise between Schutz Dishman Biotech Private Limited ("Schutz Dishman") and ourselves, a joint venture between us and Schutz & Co. Beteiligungsgesellschaft GmbH, Germany and ourselves, which is an associate company of Schutz & Co. GmbH . Schutz Dishman is engaged in the business of manufacture and sale of bulk drugs, fine chemicals, intermediates, *etc.* Schutz Dishman is a private limited company, with a total revenue of Rs. 105.90 mn during FY 2003. Please refer to page 75 for financial highlights of Schutz Dishman.

   Management Perception:

   Under the Shareholders Agreement executed between Schutz & Co. Beteiligungsgesellschaft GmbH and us, Schutz Dishman has to manufacture and market only a specific range of products, for which the technology is given by the foreign co-promoter. The products may change from time to time by mutual consent of both parties of the joint venture and shall be reviewed and /or revised on a yearly basis. Further, according to the aforesaid agreement, as long as we continue to hold shares in Schutz Dishman, we cannot directly or indirectly manufacture or sell the products specified in the joint venture agreement.

7. The following approvals, relating to our existing facilities, will expire on the dates as mentioned in the table below. Application for renewal of these approvals will be made on the dates as mentioned in the table below.

Sr. No.	Statutory Approvals	Expiry Date	Status
1.	Gujarat Pollution Control Board for expansion of the facilities at Bavla	N.A.	Application has been made on September 17, 2002
2.	Certificate of Recognition as an Export House	March 31, 2004	Application will be made for renewal

8. We may require to employ additional contract labour. In this respect, we have applied on October 1, 2002 for amending the Contract Labour Registration Certificate No.981/98 by increasing the number of contract labour to 400 instead of 100.

Management Perception:

In respect of Contract Labour Registration Certificate No.981/98, the same was issued for 100 contract labour workers and thereafter we have applied on October 1, 2002 for amending the same by changing the number of contract labour workers to 400 instead of 100 contract labour workers. We have paid registration fee of Rs. 3,600/- which covers engagement of 400 contract labour workers.

9. The Company has not received the approval of the Gujarat Pollution Control Board for the proposed API plant, proposed intermediate plant, proposed R&D center and the expansion of the existing utilities and facilities.

Management Perception:

As these facilities are to be located at the existing location which have received approvals from Gujarat Pollution Control Board, the Company does not see any difficulty in obtaining necessary permission at an appropriate time.

10. In 2000 and 2001, we took three Rupee loans from EXIM Bank for amounts of Rs. 130 mn, Rs. 120 mn and Rs. 60 mn for the purpose of financing certain expenditures in relation to the Naroda unit and the Bavla unit. Under the terms and conditions of the loan agreements executed with EXIM Bank, the prior sanction of EXIM Bank is required before any fresh capital can be issued, or the Memorandum and Articles of our Company amended. Further, there are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short term loans and long term borrowings. Some of these restrictive covenants require the prior permission of the said banks/financial institutions for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, change in the key personnel, change in our constitutional documents and the right to appoint a nominee director on our Board of Directors upon an event of default.

Management Perception:

Such banks and financial institutions have given us their no objection certificate to enable us to undertake the IPO and carry out all such activities as may be required for the conduct of the IPO.

11. Our sustained growth depends on our ability to attract and retain skilled chemists and scientists, as R&D is a key component of our business model. Our failure to attract and retain skilled manpower could adversely affect our growth strategy. Our success depends partly upon our senior management and key personnel and our ability to attract and retain them.

Management Perception:

Our working conditions and our salary structures, are in line with industry norms and hence we do not foresee any difficulty in attracting and retaining high caliber personnel.

12. The Promoter and the Promoter Group currently hold 99.994% of the present paid up equity capital, which would decrease to 74.99% after the Issue. Hence, as majority stakeholders, the Promoter and the Promoter Group may have the ability to determine the outcome of any shareholder resolution. As only 25.01% of the fully diluted post-issue paid up capital is being offered in this Issue, the shareholders arising out of this Issue may not be in a position to influence any decision taken by the Promoter and the Promoter Group.

13. Contingent Liabilities not provided for by us as on March 31, 2003 and September 30, 2003 are as given below. These contingent liabilities are in the normal course of business. To the extent these contingent liabilities become our actual liabilities, these will adversely affect our results of operations and financial condition in future.

(Rs. in mn)

Sr. No.	Particulars	For the half year ended on September 30, 2003	For the year ended as on March 31, 2003
1.	Guarantee given by bank on behalf of the Company	5.13	5.71
2.	Letter of Credit in favour of suppliers	60.51	107.18
3.	Outstanding guarantee furnished to the bank in respect of joint venture and other Company	310.95	158.97
4.	Claim lodged against Company by others	0.43	0.18
5.	Custom duty, liability, which may arise, if obligation for export is not fulfilled against import of raw material (excluding interest & penalty, if any)	24.80	36.79
6.	Disputed liability toward central excise	2.56	0.09

Note: Subsequent to September 30, 2003 the Company has received two show cause notices demanding payment of Rs. 1.67 mn towards additional excise liability. We have already submitted an application for remission of such duties to the Commissioner of Central Excise.

14. We are defendants in certain legal proceedings, incidental to our business and operations, which if determined against us, could have a material adverse impact on our results of operations and financial condition. We are also subject to certain claims against us arising from disputed excise demands. All of the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. A brief of the outstanding litigation is as follows;

    (I) Civil Cases: One case has been filed against us for the sum of Rs. 1,864,401/- with costs and interest by Par Techno Heat Private Limited regarding a boiler at our Bavla facility. Further, we have also, filed a case against them for the sum of Rs. 156,000,000/- plus loss of capital and interest. Both suits are currently pending.

    (II) Consumer disputes: A consumer complaint for deficiency in service was filed by us for the sum of Rs. 1,950,000/- paid to P.C. Soft Business Automation Pvt. Ltd. for implementation of enterprise resource planning software for us.

    (III) Excise Claims: Show cause notices have been received by us from the Deputy Commissioner of Central Excise, Ahmedabad, for incorrectly availing of credit of duty of excise in amounts totalling Rs. 4.13 mn.

    For more information regarding litigation involving our directors or us, see "Outstanding Litigation" and "Material Developments" on page 183 and page 187, respectively, of this Prospectus.

15. A part of the land and buildings at the Naroda site is yet to acquired by the Company.

    Management Perception:

    We previously used this site as a solvent recovery unit and such operations ceased in October 2002 when a fire destroyed fixed assets and stock at the site. Since this date, we obtain solvent recovery services from third parties. The site is currently unused and so, any delay in the transfer of this property to ourselves is unlikely to impact our operations.

16. The deployment of funds in the project is entirely at our discretion and is not subject to monitoring by any independent agency. All the figures included under the "Objects of the Issue" are based on our own estimates. There has been no independent appraisal of the project. Part of the plant and machinery/equipment are proposed to be imported. Any fluctuation in foreign exchange could affect the cost of such plant and machinery/equipment. In addition, the project is subject to various variables such as possible cost overrun, construction delays/defects.

    Management Perception:

    Based on implementation of similar projects in the past, we believe we have the requisite project execution abilities. Further, we have internally formed a project team consisting of persons from our technical and finance departments. This committee will report on a regular basis to our Board and the Audit Committee.

17. The prices of the raw materials/ solvents consumed by us are susceptible to volatility. A majority of these raw materials are basic chemicals, the demand for which is not dependent on demand by us or the pharmaceutical industry. The other industries, which are generally much bigger consumers of such chemicals, tend to

determine the market prices of such basic chemicals. Such volatility may adversely affect our profitability.

Management Perception:

Our raw materials are general chemicals and are available both in India and in many countries in the world at competitive prices.

18. Employee turnover of key R&D personnel may affect our business and may provide threat of competition to us.

Management Perception:

We have entered into secrecy agreements with our key R&D personnel whereby we enter into definite agreements with each such employee prohibiting the employee from revealing, or disclosing to anyone our confidential information, directly or indirectly indulging with anyone else in the production of similar products using the same formulas, in or outside India, soliciting our clients or those of any of our subsidiaries or group companies, and generally from infringing our trade secrets. Further, the agreements prohibit the employee from directly or indirectly practising any activity, which competes, with our activities during the period of his or her employment, and for a period of 10 years thereafter.

19. We have not filed any application for protecting our intellectual property rights ("IPRs") in the various processes R&D we undertake. Therefore, any other company may/can replicate the said processes to our economic disadvantage.

Management Perception:

Our IPRs are mostly in respect of process improvements and process developments. Each process is split into different steps and is carried out in different units by different set of employees. No one person would be aware of all the steps involved in a particular process with the exception of the heads of research at the two units. The success of our innovative processes and products depends on the effectiveness of the confidentiality agreements to protect our IPRs. If we fail to adequately protect our IPRs, competitors may manufacture and market products similar to ours. We have not filed any applications to protect our IPRs regarding our processes and our R&D. We rely upon confidentiality agreements entered into with key R&D personnel. It is possible that these agreements may be breached and we may not have an adequate remedy for such breach. Furthermore, our trade secrets may otherwise become known or be independently developed by our competitors in full or in part.

20. We have not placed orders for plant and machinery/equipments which is to be financed from the proceeds of the Issue, other than that mentioned under the "Objects of the Issue". We have received quotations from various suppliers for the equipments to be purchased. We have spent Rs.24.67 mn up to April 9, 2004, on the project. For details please refer to the section titled "Objects of the Issue" on page 24 of the Prospectus.

Management Perception:

We have identified for most of the plant & machinery/equipment the vendors and will place orders / Letter of Intent in respect of the same, after the detailed engineering is either completed or reached at an advance stage. For the balance we does not perceive problems in identifying the suppliers.

21. Any future equity offerings by us or our existing shareholders, or the issue of options under an employee stock option plan, may lead to dilution of your shareholding in us or affect the market price of the Equity Shares.

22. Some of the companies in our Promoter Group have incurred losses in the last three years as set out in the table below:

(Rs.in mn)

Promoter Group Companies	2001	2002	2003
Bhadra Raj Holding Private Limited	0.04	0.03	0.02
B.R. Laboratories Private Limited	0.06	—	—
Adiman Technologies Private Limited	0.37	0.27	0.20
Malabar Trading Company Limited	0.47	0.40	0.05
Adiman's Ventures Limited	—	—	0.40

Our wholly owned subsidiaries can be grouped into holding companies and operating companies. In respect of the holding companies viz. Dishman (Cyprus) Ltd. and Pharma Syn B.V. (The Netherlands), each has to incur certain administrative expenses as a corporate entity. These companies have no income and hence there is loss. For further information, please refer to page 134 and page 138, respectively under the heading "Subsidiary Information".

Dishman USA Inc. has passed through the initial stabilizing phase, during which period it had incurred losses. Similarly, Dishman Africa (Proprietary) Ltd. has incurred loss in the first year of operation, i.e. year ended February 28, 2002. For further info refer page 146 under the heading "Subsidiary Information".

In respect of Dishman Holland B.V., with the induction of senior executives, staff and administrative cost have increased substantially. This has impacted the profits of the said company and hence, the profit ratio has reduced in the period ended September 30, 2003. For further information, please refer to page 142 under the heading "Subsidiary Information".

For more information on these companies, please refer to the section "Our Group Companies" on page 75 of this Prospectus.

23. Failure to comply with US FDA Guidelines may adversely affect our future turnover/profitability.

Management Perception:

Under the terms of our contracts with Solvay, Unit 6B was to be built in compliance with the regulations set out by the US FDA in the Code of Federal Regulations, USA. Solvay are comfortable with our level of compliance. In the case of any unforeseen event, we continue to be able to supply to Europe and other markets to enable Solvay to lift committed quantities.

24. We supply our products to regulated markets, where, the third party risks on product liability and public liability are high.

Management Perception:

To safeguard our interests against these possible risks we have taken combined product and public liability insurance.

25. Our revenues are dependant on a small number of clients, including, Solvay (36% of our revenue as of March 31, 2003 is from Solvay). The loss of any one of our major clients, a decrease in the volume of work which we supply to them or a decrease in the price at which we offer our services to them may adversely impact our revenues and profitability.

Management Perception:

In the QUATs and Speciality Chemicals, API and intermediates segment, we have diversified clientele. Although in F.Y. 2004, in the CMO segment, Solvay is the only major customer, we are negotiating with a few major MNCs for entering into similar long term arrangements. In the event, Solvay is unable to place orders for the manufacture, it will, in consultation with us, make reasonable efforts to put the production facilities to another use.

26. Our revenues are highly dependant on clients located in Europe, the United States, The Republic of South Africa, Middle East, Asia Pacific and Japan. Economic slowdowns and other factors that affect the economic health of Europe, the United States, The Republic of South Africa, Middle East, Asia Pacific and / or Japan may affect our business.

27. If we improperly handle any of the dangerous materials used in our business and accidents result, we could face significant liabilities that would lower our profits. We handle explosive and combustible materials. If handled incorrectly or subjected to unsuitable conditions then such materials could harm our employees, other persons and the environment and cause damage to our properties.

Management Perception

We currently, have a policy dealing with safety, health and environment initiatives to be followed by us and our employees, as well as, an occupational health center to give immediate attention to accident victims. Further, our employees receive training including a refresher course to handle the dangerous materials. Furthermore, we have insurance cover for our property.

28. There could be any delay in the schedule of implementation of the proposed project, which may have an adverse impact on our business.

Management Perception:

We have experience in the execution of projects and incurring capital expenditure as we have, in addition to the establishment/additions at Naroda unit, constructed, erected and commissioned 8 production facilities and various utility and infrastructure blocks in last 8 years at Bavla.

Further, the project is being implemented in modules so that the additional capacity will also be created in a modular fashion, which can take care of the additional business envisaged to be serviced from the proposed expansion. Further, even if there is any delay in the implementation, we have sufficient existing capacity and flexibility to take care of the additional initial business, by realigning its priorities during the delayed period, if any.

29. To further strengthen our research capabilities, we propose to invest Rs.95 mn from the proceeds of this Issue, in setting up at our Bavla facility, a dedicated research and development center. However, as in any R&D activity, no assurance of returns on these investments can be given.

Management Perception:

In addition to revenues to be earned by the R&D center through the outside contract research assignments on fee basis, R&D Centre will be beneficial to us indirectly through the cost savings from the process optimization and also as a 'door opener' for the new contract manufacturing assignments.

External to the Company

1. We operate in a globally competitive business environment. Growing competition may force us to reduce the prices of our products and services, which may reduce our revenues and margins and/or decrease our market share, either of which could have a materially adverse effect on our business, financial condition and results of operations.

   Management Perception:

   We are focusing on long-term contracts in regulated markets which have an agreed pricing formula. Further through our R&D efforts we develop / modify the new / existing processes to improve yield / reduce costs.

2. Following India's adoption of product patents for pharmaceuticals in compliance with the World Trade Organisation ("WTO") regime, certain advantages derived from production processes before the expiry of product patents would no longer be available.

   Management Perception:

   Currently, India does not grant or recognize pharmaceutical product patents resulting in the development and sale of products which are under patent in other countries. However, we manufacture APIs and intermediate products for companies who are patent /license holders themselves and also, are not in the business of formulations. Therefore, the implementation of the WTO regime will not materially impact our business.

3. Any change in regulatory environment may have an impact on our business . Our operations are subject to extensive regulation by numerous governmental authorities including, authorities in India, in the European Union and the United States. Any change in the regulatory policies may have an impact on our business.

   Management Perception:

   We keep ourselves abreast of the various developments relating to the regulatory environment and gears ourselves in order to comply with such regulatory changes.

4. Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which we import our raw materials and/or exports our products to, will have an impact on our profitability.

   Management Perception:

   Our exports and imports are spread over many countries. Further, majority of our raw materials are common products available from various countries.

5. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase our future tax liabilities and decrease profits that we might have in future.

   Management Perception:

   Our Bavla unit is a 100% EOU and will enjoy tax holiday status till 2010. For details refer to the section entitled "Tax Benefits" on page 192 of this Prospectus.

6. Terrorist attacks and other acts of violence or war involving India and other countries where sell our products could adversely affect our business. Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001 and Bali on October 12, 2002, and other acts of violence or war, including those involving India, the United States, European Union, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. More generally, any of these events could adversely affect fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession. Further, regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

7. We import a substantial amount of raw materials. Since the cost of these materials is mainly denominated in US Dollars, any adverse fluctuations with respect to the exchange rate of US Dollars for Indian Rupees is likely to affect our input costs. We do not have a policy to hedge our foreign currency exposure. Therefore, we are exposed to losses due to currency fluctuations. However 81.71%, 59.29% and 60.71% of our gross sales for F.Y. 2003, 2002 and 2001 respectively, are from exports.

   Management Perception:

   We are net foreign exchange earners (after adjustment of cost of import against exports). Hence, there is a natural hedge of foreign currency exposure.

8. 70.28% of the gross sales for the year ended March 31, 2003 are from Europe. The exchange rate between the Rupee and the Euro has changed in recent years and may continue to fluctuate in the future. We expect that a majority of our revenue may continue to be generated in the Euros for foreseeable future. The strengthening of the Rupee, particularly with respect to currencies in the European continent, especially the Euros, could impact the earnings from export. We cannot assure you that we will be able to effectively mitigate the adverse impact of currency fluctuations on our results of operations.

9. After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of our competitors, the Indian pharmaceutical industry and the perception in the market about investments in the pharmaceutical sector;
- Performance of the Indian economy;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

There has been no public market for the Equity Shares of our Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

10. An economic down turn may negatively impair our operating results.

11. Our performance is linked to the stability of policies and the political situation in India. The control exercised by the Government, whether Central or State, have been significant with respect to the Indian economy. With the liberalization policy adopted in 1991, the restrictions imposed on the private sector have been largely relaxed. Since 1996, the ruling party forming the government at the center has changed five times. The current government, which was formed in October 1999, has announced policies and taken initiatives that support the continued economic liberalization policies that had been pursued by the previous governments. We cannot assure that these liberalization policies will continue in the future.

    Recent protests against privatization could slowdown the pace of liberalization and reforms. The rate of economic liberalization could change, and specific laws and policies affecting pharmaceutical companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could impact business and economic conditions in India thus, affecting our business. The current government is a coalition of several parties. The withdrawal of one or more of these parties could result in political instability. In addition, general elections will be held in 2004, and different parties may be elected. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares and on the market for our services.

12. Any disruption in the supply of power and water could disrupt our business process or subject it to additional costs.

Management Perception:

The power required at both units is sourced from the Gujarat Electricity Board ("GEB"). We have entered into a contract with the GEB for the supply of 1500 KVA of electricity for Bavla unit and for the supply of 475 KVA to our Naroda unit. Further, we also have 4 DG sets (total 3000 KVA) and 2 DG sets at the Bavla and Naroda units respectively, which can supply 100% of the electricity required by us in case of any disruption of electricity supply from GEB. The water requirement is met from 2 borewells dug at the Bavla plant, while at the Naroda unit the requirement is met from GIDC water supply. Further, where purified water is required, we have installed DM plants for the purification of water at both of our plants. Furthermore, at our Naroda unit, for boiler feed water there are 2 softening plants with a capacity of 25 cu. mt. and 5 cu. mt.

13. Failure to comply with environmental laws and regulations could result in litigation and our business may be adversely affected. We may incur substantial expense in complying with environmental laws and regulations. Also, currently unknown environmental problems or conditions may be discovered. We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

Management Perception:

Our facilities are technically audited by our prospective/existing foreign customers before entering into long term commitments. The inspection includes that we follow the safety, health and environment policies not only as laid down by the Indian authorities but also by the international standards.

14. Increasing employee compensation in India may prevent us from maintaining our competitive advantage and may reduce our profit margins. Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

Management Perception:

Employee compensation in India has been significantly lower than that in the US or Europe for comparably skilled professionals. Further, the geographical mobility of chemists and scientists to USA and Europe, in the pharmaceuticals industry is low and hence the wage structure in India is not connected with that in the US or Europe.

15. Prices of our APIs can fluctuate dramatically, depending on, amongst other factors, the number of producers, their production volumes and changes in demand in the principal drug markets. APIs have become a major component of our total income and may continue to grow as a percentage of our total income.

    Management Perception:

    In respect of APIs, we enter into long-term contracts with customers which normally include a price review clause. Further, with R&D efforts we improve our proven parameters to increase the efficiency.

Notes to risk factors

1. Net worth of the Company as on September 30, 2003 is Rs 519.70 million
2. Public Issue of 3,433,500 Equity Shares of Rs.10 each at a price of Rs. 175/- per share for cash aggregating Rs. 600.86 million (herein after referred to as the “Issue”).
3. The average cost of acquisition of the Equity Shares held by the Promoter works out to Rs 0.10 after including allotment of bonus shares issued to him.
4. Book value of the Equity Shares of the Company as on September 30, 2003 is Rs 50.46 per Equity Share.
5. Investors are advised to refer the paragraph on “Basis of Issue Price” on page 215 of this Prospectus before making an investment in the Issue.
6. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to Retail Bidders and Non-Institutional Bidders (Refer to the paragraph entitled “ Basis of Allotment” on page 217 of this Prospectus).
7. Investors are free to contact any of the BRLMs for any clarification or information pertaining to the Issue.
8. All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

9. Related Party transactions:

PARTICULARS	**FOR THE SIX MONTHS ENDED ON 30/09/2003**	**YEAR**	
		2002-2003	**2001-2002**
RELATION	**NAME OF PARTY**	**NAME OF PARTY**	**NAME OF PARTY**
Subsidiaries	• Dishman USA Inc. • Dishman Europe Ltd. • Dishman (Cyprus) Ltd. • Dishman Holland B.V. • Pharma Syn B.V. • Dishman Africa (Proprietary) Ltd.	• Dishman USA Inc. • Dishman Europe Ltd. • Dishman (Cyprus) Ltd. • Dishman Holland B.V. • Pharma Syn B.V. • Dishman Africa (Proprietary) Ltd.	• Dishman USA Inc. • Dishman Europe Ltd. • Dishman (Cyprus) Ltd. • Dishman Africa (Proprietary) Ltd.
Associates/ Joint Ventures	• Schutz Dishman Biotech Pvt. Ltd. (J.V.) • B. R. Laboratories Pvt. Ltd. • Bhadra Raj Holdings Pvt. Ltd. • Adiman Technologies Pvt. Ltd. • M/s Adiman Ventures (Partnership Firm) • Adiman's Ventures Ltd., U.K. • Malabar Trading Company Ltd.	• Schutz Dishman Biotech Pvt. Ltd. (J.V.) • B. R. Laboratories Pvt. Ltd. • Bhadra Raj Holdings Pvt. Ltd. • Adiman Technologies Pvt. Ltd. • Malabar Trading Company Ltd. • M/s Adiman Ventures (Partnership Firm) • Dishman Investments Pvt. Ltd.	• Schutz Dishman Biotech Pvt. Ltd. (J.V.) • B. R. Laboratories Pvt. Ltd. • Bhadra Raj Holdings Pvt. Ltd. • Adiman Technologies Pvt. Ltd. • Malabar Trading Company Ltd. • M/s Adiman Ventures (Partnership Firm) • Dishman Investments Pvt. Ltd.
Key Management Personnel	Mr. R. T. Vyas - Chairman & Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*	Mr. R. T Vyas - Chairman & Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*	Mr. R. T. Vyas - Chairman & Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*

** Resigned from Directorship w.e.f. 26/11/2003*

b) Transactions with Related Parties: **(R in mn)**

Items	Relation	For the half year ended as on 30/09/2003	2002-2003	2001-2002
Purchase of Goods	Subsidiary Companies, Associates/ Joint Ventures	2.58	2.86	1.40
Sale of Goods	Subsidiary Companies, Associates/ Joint Ventures	311.93	761.88	87.78
For Expenses	Subsidiary Companies, Associates/ Joint Ventures	1.64	0.06	0.15
For Other Income	Subsidiary Companies, Associates/ Joint Ventures	0	51.07	3.43
Investment in Shares	Subsidiary Companies, Associates/ Joint Ventures	0	4.90	0.00
Outstanding Guarantees given for joint venture and other companies	Subsidiary Companies, Associates/ Joint Ventures	310.95	158.97	0.00
Advances taken	Subsidiary Companies, Associates/ Joint Ventures	11.27	0.00	0.00
	Key Management Personnel	3.38	0.00	0.00
Remuneration	Key Management Personnel	5.66	12.06	7.56
Outstanding Receivable	Subsidiary Companies, Associates/ Joint Ventures	209.86	5.59	179.22
Outstanding Payable	Subsidiary Companies, Associates/ Joint Ventures	17.56	63.10	22.31

FOR THE YEAR 2001-2002 *(Rs. in mn)*

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Remune-ration	Out standing Payable	Out standing Receivable
	GROUP COMPANIES							
1	M/s ADIMAN VENTURES	—	—	—	—	—	—	0.35
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	0.89	—
3	B.R.LABORATORIES PVT. LTD.	0.07	6.97	0.12	—	—	—	11.56
4	MALABAR TRADING CO.LTD.	—	—	0.03	—	—	0.58	—
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	—	1.07	—
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	1.28	3.50		3.42	—	19.77	—
	SUBSIDIARIES COMPANIES							
7	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	6.46
8	DISHMAN USA, INC .	—	34.17	—	—	—	—	37.15
9	DISHMAN INVESTMENTS PVT. LTD.	—	—	—	—	—	—	0.01
10	DISHMAN EUROPE LIMITED	0.05	43.14	—	—	—	—	123.69
	KEY MANAGEMENT PERSONNEL							
11	M.D.REMUNERATION	—	—	—	—	4.82	—	—
12	DIRECTORS REMUNERATION	—	—	—	—	2.75	—	—
	R.T.VYAS					2.40		
	D.J.VYAS					0.30		
	DINESH ARYA					0.05		
	Total	**1.40**	**87.78**	**0.15**	**3.42**	**7.57**	**22.31**	**179.22**

FOR THE YEAR 2002-2003 *(Rs. in mn)*

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Investment in Shares	Guarantees in favour of Group Co.	Remuneration	Out standing Payable	Out standing Receivable
	GROUP COMPANIES									
1	M/s. ADIMAN VENTURES	—	—	—	—	—	—	—	—	
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	0.00	—	—	—	—	0.09
3	B.R.LABORATORIES PVT. LTD.	2.40	6.78	0.01	—	—	20.47	—	12.25	5.49
4	MALABAR TRADING CO. LTD.	—	—	0.05	—	—	—	—	—	—
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	0.00	—	—	—	—	0.29	0.01
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	0.13	2.73	0.00	35.64	—	138.50	—	50.56	—
7	DISHMAN INVESTMENTS PVT. LTD.	—	—	0.00	—	—	—	—	—	—
	SUBSIDIARIES									
8	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	—	—	—
9	DISHMAN USA, INC	—	38.41	—	—	4.90	—	—	—	—
10	DISHMAN EUROPE LTD.	0.33	713.97	—	15.43	—	—	—	—	—
	KEY MANAGEMENT PERSONNEL									
11	M.D.REMUNERATION	—	—	—	—	—	—	8.20	—	—
12	DIRECTORS REMUNERATION	—	—	—	—	—	—	—	—	—
	R.T.VYAS	—	—	—	—	—	—	2.40	—	—
	D.J.VYAS	—	—	—	—	—	—	1.10	—	—
	DINESH ARYA	—	—	—	—	—	—	0.36	—	—
	Total	**2.85**	**761.88**	**0.06**	**51.07**	**4.90**	**158.97**	**12.06**	**63.10**	**5.59**

FOR THE SIX MONTHS ENDED ON 30/09/2003 *(Rs. in mn)*

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Advance Taken	Guarantees in favour of Group Co.	Remune-ration	Out-standing Payable	Out-standing Receivable
	GROUP COMPANIES									
1	ADIMAN VENTURES LIMITED (UK)	—	0.09	—	—	—	—	—	—	0.09
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	—	—	0.70	—
3	B.R.LABORATORIES PVT. LTD.	1.73	2.46	0.11	—	0.08	20.47	—	1.73	8.89
4	MALABAR TRADING CO. LTD.	—	—	—	—	0.09	—	—	0.08	0.05
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	0.17	—	—	1.52	—
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	0.84	1.01	1.53	—	10.94	138.50	—	0.84	1.01
	SUBSIDIARIES									
7	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	—	—	6.46
8	DISHMAN USA, INC.	—	26.68	—	—	—	—	—	0.59	29.46
9	DISHMAN EUROPE LIMITED	—	281.70	—	—	—	151.98	—	1.40	163.89
	Key Management Personnel									
10	M.D.REMUNERATION	—	—	—	—	—	—	3.38	—	—
11	DIRECTORS REMUNERATION	—	—	—	—	—	—		—	—
	Dinesh Arya	—	—	—	—	—	—	0.18	—	—
12	Payment to Director's Relative	—	—	—	—	—	—	—	—	—
	Sukanya Arya	—	—	—	—	—	—	—	—	—
13	MRS. D.J.VYAS	—	—	—	—	1.10	—	0.90	1.11	—
14	SHREE J.R.VYAS	—	—	—	—	—	—		6.86	—
15	SHREE R.T. VYAS	—	—	—	—	2.28	—	1.20	2.73	—
	Total	**2.58**	**311.93**	**1.64**	**0.00**	**14.65**	**310.95**	**5.66**	**17.56**	**209.86**

10. Details of Loans and Advances

BREAK UP OF LOANS AND ADVANCES

(Rupees in mn)

	As at 30/09/03	As at 31/03/03	As at 31/03/02	As at 31/03/01	As at 31/03/00	As at 31/03/99
Receivables From Promoters						
J.R.Vyas	—	—	—	—	—	—
R.T.Vyas	—	—	—	—	—	—
Receivables From Promoter Group	—	—	—	—	—	—
Receivables from Group Companies						
Adiman Ventures Limited (UK)	—	—	—	—	—	—
Bhadra Raj Holdings Pvt. Ltd.	10.00	10.00	10.00	10.00	10.00	10.08
Dishman USA, Inc.	—	—	—	—	—	—
Dishman Europe Ltd.	—	—	—	—	—	—
Dishman (Cyprus) Ltd.	—	—	—	—	—	—
Adiman Technologies Pvt. Ltd.	—	—	—	—	—	—
Malabar Trading Co. Ltd.	—	—	—	—	—	—
M/s Adiman Ventures	—	—	0.35	0.20	—	—
B. R. Laboratories Pvt. Ltd.	29.50	29.50	32.68	37.20	34.77	18.41
Schutz Dishman Biotech P. Ltd.	—	—	—	—	—	—
Adiman Consultant	—	—	0.16	0.16	0.16	0.14
Dishman Agro Projects Pvt. Ltd.	—	—	—	—	1.32	1.20
Dishman Investments Pvt. Ltd.	—	—	0.01	0.01	0.01	0.01
Dishman Specialty Pvt. Ltd.	—	—	—	—	0.06	0.06
Dishman Export Pvt. Ltd.	—	—	—	—	0.02	0.01
Others	121.41	130.02	87.95	106.10	63.86	47.41
Total	**160.91**	**169.52**	**131.15**	**153.67**	**110.20**	**77.32**

SECTION II : INTRODUCTION

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included elsewhere in this Prospectus.

COMPANY OVERVIEW

We are a research driven company in synthetic chemistry. Synthetic chemistry research includes finding the optimized synthetic route using commercially available raw materials, yield improvements to increase the profitability, effluent reduction and improving the through-put of the whole reaction process. It is that branch of chemistry where a product is synthesized or produced as a result of a chemical reaction. When two or more chemicals are reacted together, and a new molecule or product is formed as a result, the type of chemistry is called as synthetic chemistry. Our research and development efforts are focused on process improvements of our contract manufactured molecules, laboratory and pilot studies for new molecules, ongoing process improvements and optimization of the processes used at our facilities and in-house applications related to various speciality chemicals and intermediates. We started our commercial production in 1989, based on the experience in R&D activities of our promoter, Shri. Janmejay R. Vyas. This production included various fine and speciality chemicals like quaternary ammonium compounds (called "Ammonium QUATs") from our Naroda facility in the state of Gujarat. Ammonium QUATs have multiple applications as phase transfer catalysts used for production of active pharmaceutical ingredients ("APIs"), agro chemicals, polymers, surfactants, disinfectants, *etc*. Some of the Ammonium QUATs like Cetrimides and Cetyl Pyridinium Chloride are also APIs.

QUATs are bulky molecules with molecular weight ranging from 300 to 500. They have the ability to distribute themselves in both the organic and the aqueous phase. In short, they act as transport vehicles carrying the reactant from aqueous phase to organic phase where the other reactant is present. They are commonly termed as Phase Transfer Catalyst ("PTC") as they are used in very small amounts. They can be of two types, ammonia or phosphonium quaternary compounds.

Since our inception, our focus has been on the developed markets of the U.K. and USA and bulk of our products are being marketed in these countries. Subsequently in 1997, we ventured into quaternary phosphonium compounds. Phosphonium and ammonium quaternary compounds are together referred to as "QUATs" herein after. We are one of the global producers of QUATs in the world. During 1995-96, we introduced bulk actives and pharma intermediates, based on our knowledge of synthetic chemistry. We also visualized about graduating into a contract manufacturing organization ("CMO") based on our R&D experience and relationships developed with global MNC customers. To facilitate this graduation, in 1997, we set up a modern production facility at Bavla, now a 100% EOU, near Ahmedabad. Currently we have eight production units at Bavla, out of which two are commercially dedicated for contract manufacturing for Solvay Pharmaceuticals B.V., The Netherlands ("Solvay"). This is our first long term contract as a CMO. We have completed two contract research projects with Solvay and have undertaken one for another MNC.

Our unconsolidated total income and profit after tax for the year ended March 31, 2003 was Rs. 1043.88 mn and Rs. 142.57 mn respectively as compared to a total income and profit after tax of Rs. 873.39 mn and Rs. 71.01 mn respectively for the year ended March 31, 2002. For details on our financial statements, refer to the section Financial Information on page 87 of this Prospectus. The break-up of our income from the product segments viz. QUATs and speciality chemicals, bulk actives and intermediates and contract manufacturing and contract research segment and for the last three years and the period ended September 30, 2003 was as stated below:

(In Rs. Mn.)

Product segment	As on March 31, 2003			For the period ended September 30, 2003
	2001	**2002**	**2003**	
QUATs and Specialty chemicals	391.04	410.36	352.74	194.69
Bulk actives and intermediates	328.09	391.46	379.45	139.70
Contract manufacturing and contract research	15.02	51.07	411.89	186.15
TOTAL	**734.15**	**852.89**	**1144.08**	**520.54**

We export our products to Europe, USA, Japan, Asia-Pacific, The Republic of South Africa, Middle East, *etc*. Our income from export of our products and services was Rs. 445.71 mn, Rs. 505.69 mn and Rs. 934.79 mn for the year ended March 31, 2001, March 31, 2002 and March 31, 2003, respectively. We have set-up wholly owned/step down subsidiaries in USA, the U.K., Cyprus, The Netherlands and The Republic of South Africa to provide us a locational and/or marketing presence in these countries.

As on March 31, 2003, the geographical spread of our sales of different product segments was as stated below. The percentage figures are the sale in a particular area as a percentage to the total sale of the product segment.

	QUATs & Speciality chemicals		Bulk actives & intermediates		CM & CR		Total	
	Rs.Mn	**%**	**Rs.Mn**	**%**	**Rs.Mn**	**%**	**Rs.Mn**	**%**
Europe	265.25	75.20	126.85	33.43	411.89	100.00	803.99	70.28
North America	18.08	5.13	28.98	7.64	-	-	47.06	4.11
Japan	6.75	1.91	-	-	-	-	6.75	0.59
Asia-Pacific	10.36	2.94	40.80	10.75	-	-	51.16	4.47
Middle-East	15.55	4.41	7.50	1.98	-	-	23.05	2.01
South Africa	0.72	0.20	2.06	0.54	-	-	2.78	0.24
India	36.03	10.21	173.26	45.66	-	-	209.29	18.30
TOTAL	**352.74**	**100.00**	**379.45**	**100.00**	**411.89**	**100.00**	**1144.08**	**100.00**

The technologies employed in our facilities for production of the above mentioned product segments are developed in-house. However, in case of contract manufacturing certain specific technologies are given to us under the CDA arrangements by our clients. As on October 31, 2003, we employed a dedicated team of 106 scientists at our R&D facilities. For the year ended March 31, 2003, March 31, 2002 and March 31, 2001 we incurred a total expenditure Rs.12.80 mn, Rs.22.95 mn and Rs.6.26 mn representing 1.12%, 2.69% and 0.85% of our total income in the year respectively, in setting up, improving and maintaining our existing R&D facilities. However, in accordance with the accounting practice followed by the Company, certain other capital/revenue expenses relating to R&D activities have been grouped under the respective heads of the expenditure.

Our facilities located at Naroda and at Bavla are certified as following Good Manufacturing Practices ("GMP") by the Commissioner, Food & Drugs Control Administration, Gujarat State. Unit 6B of the Bavla facility is built on the principles set out in certain regulations of the US FDA set out in the Code of Federal Regulations, USA. We have also been awarded ISO 9001:2000 by Bureau Veritas Quality International's certificate of approval for quality management system, which is valid up to December 21, 2004.

OUR COMPETITIVE STRENGTHS

We believe that we are well positioned to enhance our position as a supplier of specialty chemicals and emerge as a outsourcing partner for companies in the global pharmaceuticals and chemical related industries, on account of our competitive strengths that include the following:

- QUATs and Specialty Chemicals

We manufacture a wide range of QUATs at both our facilities, including PTCs. Phase Transfer Catalysis is a novel way of catalyzing reaction. PTCs are chemical substances that improve process time and yield of chemical reactions involving two separate phases such as liquid-solid or gas-liquid. They are integral to reactions like alkylation, oxidation, reduction, displacement, etherification and esterification. Major PTC groups are quaternary ammonium and phosphonium compounds. However, some other compounds such as crown ether and glycols are also used as PTCs. QUATs are finding multifarious applications as PTCs, bulk drugs, *etc*. used in the manufacture of bulk drugs, agro-chemicals, drug intermediates, perfumery aldehydes, cosmetics, textiles, specialty chemicals and polymers and resins. Furthermore, they are also used for water treatment, acqua-culture, electroplating *etc*.

We have researched upon the commercial significance of PTC-based technology and have over 20 years experience in the field of specialty chemicals. We have focused our efforts on exports, as the domestic market for these products was limited in the 90s. We also strengthened our R&D and introduced new products over 1990-93. We have developed our QUATs business in the European markets and expect to move into other developed markets. The QUATs business has acted as a stepping-stone for our other businesses. We have been able to prove through our R&D prowess in QUATs, our ability to improve processes and thereby reduce the costs of end products. The QUATs business also allowed us to engage in relationships with major pharmaceuticals and chemical companies in Europe and North America. We have thus been able to get other business for the manufacture of other products such as APIs and Intermediates.

Our Advantage

We have a unique advantage over our competitors in QUATs production owing to our dedicated facilities, and long-term experience in establishing and improving technology to manufacture QUATs at the least possible cost and best possible quality. Additionally, such large volumes offer significant raw material price benefits to us besides the advantages on the logistics and supply chain management fronts.

At Naroda (near Ahmedabad in Gujarat), we have a facility for each of the QUATs and continuous production is undertaken for such regular large volumes.

- Contract Manufacturing and Contract Research

In the contract manufacturing ("CM") and contract research ("CR") areas, we have core strengths in the following two areas:

API's for Under Patent drugs:

The QUATs business has been a significant growth driver for our APIs division. We have been able to prove through process innovation in QUATs, our ability to improve processes yields and thereby reduce costs for customers. Since our QUATs customers also have businesses relating to APIs and other Intermediates, we were able to get business to manufacture APIs. The QUATs business also allowed us to engage in relationships and dialogues with other global pharmaceuticals and chemical companies in Europe and North America.

We have now commenced manufacturing of intermediates and APIs for MNCs in Europe and North America. The rapidly evolving pharmaceutical market scenario has necessitated the MNCs to focus on their core competencies and to outsource chemical manufacturing and research services for New Chemical Entities ("NCEs") during the last few years. NCE, also known as new molecular entity, new drug substance, new drug product, is a compound not previously described in the literature. The term also applies to a drug molecule that is being registered in a specific region (*e.g.* US/UK) for the first time. It can also be a simple salt form of the already approved drug. In the process of drug discovery to introduction of new API, some of the compounds are found suitable to progress further in the clinical trials etc. In the pharmaceutical industry, these compounds are termed as 'NCE'. Essentially, NCE is a bulk drug substance which still in clinical trial phase. Since we have experience in process innovations, as well as being able to provide required manufacturing facilities, we have been able to cater to the outsourcing needs of MNCs.

Our Advantage

Constant focus on key drivers listed below has enabled us to attain significant business from several MNCs abroad in terms of process development and supply of intermediates for APIs for their discovery products:

- Adherence to IPR;
- R&D capabilities to develop efficient and cost effective processes at short notice;
- Complete infrastructure of process research laboratories, scale up, pilot plant and validation block;
- Large manufacturing facility complying to GMP standards capable of producing volumes with tight delivery schedules; and

- o Complying with environment regulations.

We have also realised the risk that any NCE candidate may drop out of development, due to various reasons. To mitigate such risks, we have over the years been trying to develop relationships with several MNCs who are developing drugs across the disease spectrum.

Drug Intermediates:

We started investing in drug intermediates seven years ago when some PTC customers requested us to supply drug intermediates made via the PTC route. In this period, we have made progress in developing intermediates as per customer requests. Using PTC knowledge, we have developed a better synthetic route for some fast moving intermediates and are able to offer a better proposition to our customers.

Our drug intermediate business can be broadly divided into two categories:

- o Drug intermediates developed by us and offered to the market *e.g.* intermediates of Lanzoprazole, Glibenclamide and Loratadine. Drug intermediates that are specifically developed on one or more customers' request, e.g. Rabeprazole intermediate and Omeprazole intermediate. These are either offered exclusively to these customers or to any other markets with the customers' consent.
- o The drug intermediate business in Europe, USA and Japan is not price-driven alone. More emphasis is on quality, production in GMP and US FDA approvable facilities, etc. Competition in this field can arise only between two identical companies meeting all the parameters. Then only, the price factor comes into consideration. Additionally, being first within the overseas markets is very important.

Our Advantage

We through our quality systems and measures are up to the required levels; this allows us to mitigate risk from competitors and new entrants. Our strength in process innovation helps us constantly to improve cost parameters. Additionally we also have GMP facilities in place that compliment our process skills thereby allowing us to dedicate manufacturing facilities to our customers.

Our long-standing presence in the QUATs market has facilitated a brand-building exercise in the European and North American chemicals and pharmaceuticals markets. This branding is further strengthened by our subsidiaries in both Europe and North America, which act as business development centers for our Indian operations.

- ▪ Research and Development

We are a research-driven company. All the technologies for products being produced currently have not only been developed in-house, but have also tried to better previous benchmarks of quality, yield and safety, (except regarding the agreement with Solvay for the manufacture of an API and an intermediate where the original technology was provided by Solvay for us to research and improve the process). We believe that R&D will be an on-going growth facilitator for us. Apart from developing new technologies, the R&D efforts are aimed at continuously upgrading existing manufacturing techniques to improve process yields and make world-class quality products. Our R&D activities include:

- o Contract research & process improvement of contract manufactured molecules;
- o Pilot studies for new molecules for clients;
- o Process optimization & improvement; and
- o Research for in-house applications (production of APIs / intermediates & fine chemicals).

Our Advantage

Our R&D orientation and understanding of synthetic routes of process innovations has resulted in development work for customers under CDA and with the intention of getting long-term manufacturing contracts.

We also have our own generic development programme. We have identified a number of molecules going off patent between 2004-2010. We have involved R&D teams for raw material sourcing, process optimisation, in-process control tests, analytical method development, the subsequent activity of test and validation projects, and stability studies of the products. This has resulted in us having several molecules in our research pipeline at different stages of development.

- ▪ Management Depth

We are a closely held company promoted by Mr. Janmejay R. Vyas . He is a qualified chemical technologist from UDCT, Mumbai. He has been associated to the pharmaceutical industry for the last 22 years and has experience in the field of R&D, manufacturing and marketing.

A team of technocrats, professionals, and consultants having experience in the pharmaceuticals and specialty chemicals industry help manage our strategic intent. The Board has an advantage of the services of Dr. Henk Pluim, former International Project Director, Solvay as our Director.

Biographies of key personnel responsible for market development for European and US regions (being employees of our subsidiaries) are as follows:

Dr. Henk Pluim

He is employed by Dishman Holland B.V. and has recently joined Dishman as a Director, and will be looking after International Marketing, based out of the Netherlands. He was earlier with Solvay for a period of 18 years and has occupied several important positions including being Project Director of new APIs. He is an expert in the pharmaceuticals industry with deep insights into the CMO model. He has done extensive research work and has delivered several lectures on business outsourcing opportunities in the pharmaceuticals segment to many global companies. He has been instrumental in bringing many significant relationships like Solvay besides GSK plc, Novartis AG, Merck and others to us.

Mr. Doug Welter

He joined the board in 2001 as Senior Vice President Marketing - Pharmaceuticals and International Markets in Dishman USA. He has around 25 years of experience in the pharmaceuticals and specialty chemicals industry and has worked with large corporations like Zeeland Chemicals (Cambrex Group), Nordic Synthesis, Inc. etc. He is responsible for all North/ South American business covering sales of the regular commercial products (PTC/ Phosphonium Chlorides/ Anti-microbial). He also oversees business development of new higher value added opportunities including advanced intermediates/ bulk APIs/ contract manufacturing and research for ethical/ virtual pharmaceutical sectors.

Mr. Graham Rowe

He looks after strategy development, marketing and sales for our European operations. He has got 15 years of experience as senior purchasing manager in Europe. He is a graduate in chemistry with diploma in accounting and finance.

Mr. Mike Armstrong

He has about 20 years experience in marketing and sales in the pharmaceuticals and specialty chemicals industry. Mr. Armstrong has good exposure to the markets in UK and has excellent business development relationships across the European markets.

Mr. Curtis Koeppe

He joined in 2001 as a Sales Executive – QUATs in Dishman USA and has around 23 years of experience. He has worked with large corporations like Zeeland Chemicals, Hydrite Chemicals, etc. His responsibilities include all sales and marketing activities for QUATs sales in North America. The emphasis is on the personal care, biocide, polymer, zeolite catalysts and powder coating industries.

- Manufacturing Facilities

Multi-purpose and multi-product production facilities: The production equipments employed at our production facilities located at Naroda and Bavla are multi-purpose and multi-product. These equipments allow us to produce a variety of QUATs and specialty chemicals, intermediates and APIs by merely changing the process parameters and input mix. Our production facilities are cost competitive because of the optimized manpower deployment, ability to recover reaction inputs and reuse it and our process efficiency.

Wide range of production capabilities: We are capable of meeting the requirements of our customers from laboratory sale research to commercial production, on the strength of our existing infrastructure consisting of R&D laboratories, pilot facilities and production units.

Approved Facilities: Our facilities located at Bavla and Naroda are GMP approved and have ISO 9001:2000 quality certification for total quality management system. Further, unit 6B of the facility, currently used for the manufacture of an API for Solvay is built on the principles set out in certain regulations of the US FDA set out in the code of Federal Regulations

- IPR Adhering Status

We feel it is important for companies to maintain internal processes in place that respect the IPRs of our customers. We are confident about our ability to provide comfort to global pharmaceutical and chemicals companies with respect to the protection of our IPRs. It is this strength of ours that got us the contract with Solvay. We are confident we can leverage this strength in the future to gain more business.

- Customer Relationship Management Skills

We constantly try to address customer needs around a spectrum of products and services. Our strengths in production (approved and dedicated facilities that can provide from laboratory scale to commercial production) and research (process innovation so as to optimize cost containment) allows us to attain repeat business from our MNC customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy.

- International Subsidiaries

We realise the importance of having a localised presence to serve customers in a more meaningful manner. Our international subsidiaries act as business development centers, help build brand awareness, and provide market intelligence inputs. We have created offices in United Kingdom (Dishman Europe Limited), Netherlands (Dishman Holland B.V.), United States of America (Dishman USA, Inc.), and The Republic of South Africa (Dishman Africa (Proprietary) Limited). We feel that rather than function as independent profit centers, the subsidiaries should help align a structure that facilitates the growth. It is our intention to continue with our subsidiary structure on a long-term basis as we feel this will add to new business initiatives. We have an experienced and qualified marketing team, comprising foreign nationals. The employees in our subsidiaries are experienced in the field of sales and business development in their specific countries and geographies. Most of the employees in our subsidiaries have had experience of working in pharmaceutical and specialty chemical companies. We expect to leverage on their experience to gain international relationships with large multinational pharmaceutical and chemical entities around the globe thereby enhancing our presence in the international market.

- Risk Management Policy

Certain of our markets are regulated, where third party risks on product liability and public liability are high. To safeguard our interests against these possible risks, we have taken combined product and public liability insurance. This has generated additional comfort and confidence in our customers.

OUR STRATEGY

We believe that we are well positioned to expand in the contract research and manufacturing outsourcing opportunities relating to the global pharmaceutical and chemical related industries. Our research and development base and 'CM partner' status will position us as an "outsourcing partner" for most global companies.

Our strategy is to ensure the following:

1. Establish ourselves as a leading supplier of QUATs and specialty chemicals, intermediates, and APIs with a focus on high value QUATs.
2. Develop as a Contract Research Outsourcing ("CRO") and Contract Manufacturing Outsourcing partner of choice in the global pharmaceutical and chemical industries.

- QUATs and Specialty Chemicals Business

We offer a wide range of products in our QUATs portfolio. Earlier we had focused more on volume sales while trying to ensure the lowest cost of production. This practice resulted in gaining synthetic chemistry skills in the production process as well as relationships with key customers in the QUATs markets.

In the recent past we have been trying to focus on developing and producing high-value QUATs compounds while at the same being able to generate cost effective processes. This allows us in being present in the top end of the market while at the same time realizing higher margins. Also we feel that the production of high value QUATs needs special skills, skills that would not be widely available thereby mitigating risk from competition and new entrants.

Further, to ensure that our portfolio of QUATs does not become a "commodity" in nature, we, in the past have discarded few QUATs from our portfolio. We believe that as a product becomes a commodity in nature it becomes highly competitive and relatively less profitable. Hence, our strategy is to focus on developing and producing QUATs that have specialized applications and have high-value realisations. For details on our QUATs production and marketing, see "Our Business Segments" on page 44 of this Prospectus.

- Contract Manufacturing Outsourcing

Our focus is to undertake contract-manufacturing business of APIs and intermediates for patented drugs only. Our strategy is to emerge as a strong CMO working closely with global chemical and pharmaceutical inventor/patent holder companies. Our focus is to manufacture APIs and intermediates and not formulations. We believe our focus on contract manufacturing of patented drugs helps in avoiding conflicting business situations with our clients.

Our focus will be on developing long-term relationships with customers and attaining preferred supplier status for the manufacture of APIs and Intermediates. We do not believe in being dependent on any one business/customer and thus are constantly working along to gain long-term contracts from customers in different geographies and products. Our association with Solvay started in 1999. Presently, we manufacture 3 (three) intermediates and 1 (one) APIs for Solvay as a Contract Manufacturer and 1 (one) intermediate as a toll manufacturer.

We believe the following factors will help position us as a preferred outsourcing partner:

- Understanding of synthetic chemistry so as to try and reduce cost of production by process improvement;
- Availability of dedicated facilities for customer to who we act as outsourcing partners;
- Approved facilities which have been made conforming to compliance with the regulations set out by the US FDA in the Code of Federal Regulations, USA;
- Non-competing business proposition in-terms of producer of intermediates and APIs and not formulations;
- Our intellectual property respecting status has positioned us as an independent outsourcing partner to various pharmaceutical and chemical companies.

Our independent CMO position is further strengthened because we have not obtained investments from any of our customers and are financially capable to make investments to service customer manufacturing needs.

From the proceeds of this Issue, the Company proposes to invest Rs. 180 mn for API and intermediate plants for augmenting the capacities, inter alia, for contract manufacturing activities. For details, see "Objects of the Issue" on page 24 of this Prospectus.

- Contract Research Outsourcing (CRO)

Based on the learning achieved from the QUATs business i.e. improving process yields and thereby effective cost management, we have been able to carve out a niche in the area of synthetic chemistry. The QUATs business has also helped us create relationships with large MNCs in the pharmaceuticals and chemicals industries.

Till recently CR was not viewed as an independent profit center. It was used for process optimization and improvement, cost containment and development of new routes and processes as well for development of new applications. CR was only being conducted with an aim to gaining long-term supply contracts with customers. With a view to make CR an independent profit center, we have now started executing contract research assignments on a stand-alone basis. Further, to give impetus to the CM assignments both in the pharma and non-pharma segment and to capitalize on the potential outsourcing market related to the pharmaceutical and the chemical related industries, we will develop and strengthen our contract research capabilities for APIs and intermediates. The contract with Solvay was also a result of a similar process optimization contract that resulted in us being chosen as a preferred supplier for the API and Intermediates.

Presently, we provide contract research for APIs and intermediates from our facilities located at Bavla and Naroda. To further strengthen our research capabilities, we propose to invest Rs. 95 mn from the proceeds of this Issue, in setting-up at our Bavla facility, a dedicated R&D center.

- Generics Business

We have identified few drugs that are currently under patent production and are going off patent in the next 2/3 years. We have started preparation of Drug Master Files ("DMFs") for the production of the API/Intermediates of APIs going into the formulations of the aforesaid drugs.

A DMF is a set of documents that a manufacturer of the bulk drug or formulated products have to submit to a regulatory /licensing authority like the United States Food and Drug Administration ("USFDA"). It is used to provide confidential detailed information about production facilities, stability data of the product, manufacturing method and description of the raw materials used in the manufacturing, packaging, how it can be analysed, storing of drugs used for human purpose, etc. This is a confidential document.

It contains the detailed manufacturing process, quality of the raw material and packaging material used to manufacture, pack and store the referenced drug substance. It also contains stability study data, information about the impurities, drug testing methods, manufacturing records etc. The DMF is an important document used in the process of getting approval from these licensing authorities to sale and market the drug substance in their region.

We believe that based on our strategic positioning as a CMO, we will be able to locate marketing partners in the regulated markets for these future generics and develop a long-term manufacturing relationship with them. Using our R&D facilities and pilot plants, we have started developing several such APIs, identified by our US and European marketing team, from lab oratory scale to pilot, together with DMF.

THE ISSUE

Equity Shares offered:	
Fresh Issue	3,433,500 Equity Shares
Of which:	
Qualified Institutional Buyers portion	up to 1,716,700 Equity Shares *i.e.* up to 50% of the Issue (Allocation on a discretionary basis) This is 12.50% of the post-issue paid up capital of the Company
Non Institutional portion	At least 858,400 Equity Shares *i.e.* at least 25% of the Issue (Allocation on a proportionate basis) This is 6.25% of the post-issue paid up capital of the Company
Retail portion	At least 858,400 Equity Shares *i.e.* at least 25% of the Issue (Allocation on a proportionate basis) This is 6.25% of the post-issue paid up capital of the Company
Equity Shares outstanding prior to the Issue	10,300,000 Equity Shares
Equity Shares outstanding after the Issue	13,733,500 Equity Shares
Objects of the Issue	For information on the use of the Issue proceeds, see "Objects of the Issue" on page 24 of this Prospectus.

GENERAL INFORMATION

Authority for the Issue

The Fresh Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the extraordinary general meeting of the shareholders of the Company held on January 1, 2004 and by a resolution passed by the Board of Directors of the Company at their meeting held on November 26, 2003.

Prohibition by SEBI

Our Company, our directors, our promoter, our subsidiaries, our group companies, other companies promoted by our promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

The Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under, with:

- The Company has net tangible assets of at least Rs.30 million in each of the preceding three full years of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits as per Section 205 of Companies Act, for at least three of the immediately preceding five years;
- The Company has a net worth of at least Rs.10 million in each of the three preceding full years; and
- The proposed Issue size, including all previous public issues in the same financial year, is not expected to exceed five times the pre-Issue net worth.

The net profit, net worth, net tangible assets and monetary assets derived from the auditor's report included in this Prospectus under the section "Financial Statements (excluding Subsidiaries)", as at, and for the last five years ended March 31, 2003 and as at, and for the six months ended September 30, 2003, is set forth below:

(Rs. in mns)

	As at and for year ended March 31, 1999	As at and for year ended March 31, 2000	As at and for year ended March 31, 2001	As at and for year ended March 31, 2002	As at and for year ended March 31, 2003	As at and for six months ended Spetember 30, 2003
Net tangible assets(1)	485.98	755.26	1027.96	1355.28	1476.27	1521.69
Monetary assets(2)	14.26	16.80	33.58	27.43	22.46	25.72
Net profits, as restated	48.04	100.01	64.64	71.01	142.57	55.61
Net worth (3)	159.51	245.33	301.86	339.81	463.73	519.70
Distributable Profits(4)	74.32	163.40	99.82	159.99	269.26	319.06

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets(excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

(2) Monetary assets include cash on hand and bank and quoted investments

(3) Net worth of the Company includes equity share capital and reserve (net of revaluation reserve and miscellaneous expenditure not written off)

*(4) The Distributable profits of the Company is as per Section 205 of the Act and has been calculated from the audited financials statements of the respective year/period **before making adjustments** for restatement of financials statements.*

Disclaimer Clause

AS REQUIRED, A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL

CONSULTANTS PRIVATE LIMITED AND IL&FS INVESTSMART LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED AND IL&FS INVESTSMART LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 23, 2004 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

(A) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

(C) THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A <u>WELL-INFORMED DECISION</u> AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS."

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, AHMEDABAD, GUJARAT, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

<u>THE FILING OF THE PROSPECTUS</u> DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

Caution

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.dishmangroup.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

We shall not be responsible to the Bidders in any failure in downloading the bid due to faults in the hardware / software system or otherwise.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts and societies registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to non-residents including NRIs and FIIs. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be issued or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the National Stock Exchange

As required, a copy of this Prospectus has been submitted to NSE. NSE has given vide its letter dated February 9, 2004 permission to the Company to use the NSE's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The NSE has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of The Stock Exchange, Mumbai

As required, a copy of this Prospectus has been submitted to BSE. The BSE has given vide its letter dated February 20, 2004, permission to this Company to use the BSE's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinised this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act, has been delivered for registration to the Registrar of Companies Gujarat, Ahmedabad ("RoC") and a copy of the Prospectus to be filed under Section 60 of the Companies Act has been delivered for registration with RoC. A copy of this Prospectus has been filed with the Corporate Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares. The Company has nominated The National Stock Exchange of India as the Designated Stock Exchange ("**DSE**") for the Issue.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 70 days from the Bid/ Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalisation and adoption of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Fresh Issue amount, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days, the Company and every director of the Company, jointly and severally, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

No statement made in this Prospectus shall contravene any of the provisions of the Companies Act, and the Rules made thereunder.

If the number of allottees in the proposed Issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company and every director becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date but before allocation without assigning any reason thereof.

Letters of Allotment or Refund Orders

The Company shall give credit to the Beneficiary Account with Depository Participants within two working days from allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first bidder's sole risk.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allocation and allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/ Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and

- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as an escrow collection bank(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the bidders.

Issue Program

BID/ISSUE OPENS ON	**:**	**MONDAY,**	**MARCH**	**29,**	**2004**
BID/ISSUE CLOSES ON	**:**	**WEDNESDAY,**	**APRIL**	**7,**	**2004**

Bids and any revision in bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band, subject to a maximum of thirteen days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site of the Company and/or the BRLMs and at the terminals of the members of the Syndicate.

Book Running Lead Managers

Enam Financial Consultants Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021
Tel. : +91-22- 5638 1800
Fax. : +91-22- 2284 6824
e-mail: dishman.ipo@enam.com

IL&FS Investsmart Limited
The IL&FS Financial Centre,
Plot C-22, G-Block
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051
Tel. : +91- 22- 2653 3333
Fax. : +91- 22- 2653 3093
e-mail: dishman.ipo@investsmartindia.com

Statement of Inter-Se Allocation of Responsibility

The responsibilities and co-ordination for various activities in this Issue have been distributed between the BRLMs and CBRLM as under:

SR. No.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Enam and Investsmart	Enam
2.	Due diligence of the company's operations / management / business plans/legal etc.	Enam and Investsmart	Enam
3.	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Enam and Investsmart	Enam
4.	Drafting and approval of Issue and statutory publicity material, etc.	Enam and Investsmart	Enam
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	Enam and Investsmart	Investsmart
6.	Appointment of Registrar, Bankers and Ad agency	Enam and Investsmart	Investsmart
7.	Appointment of Printer	Enam and Investsmart	Enam
8.	Marketing of the Issue, which will cover *inter alia,* Formulating marketing strategies, preparation of publicity budget Finalize Media & PR strategy Finalizing centers for holding conferences for brokers, etc. Finalize collection centers Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the v material	Enam and Investsmart	Enam
9.	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	Enam and Investsmart	Enam
10.	Finalizing of Pricing & Allocation	Enam and Investsmart	Enam
11.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Enam and Investsmart	Investsmart
12.	The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Enam and Investsmart	Investsmart

Syndicate Members

ENAM Securities Private Limited
2nd floor, Khatau Bldg
44, Bank Street
Off. SB Road
Fort, Mumbai 400 023
Tel: +91-22-2267 7901
Fax: +91-22-2266 5613

Registered Office of the Company

Dishman Pharmaceuticals and Chemicals Limited
Bhadra Raj Chambers
Swastik Cross Roads
Navrangpura
Ahmedabad –380 009
India
Tel: +91-79-2644 3053/ 2644 5807/ 2656 0089
Fax +91-79-2642 0198

Company Secretary and Compliance Officer

Mr. Deepak S. Pandya
Company Secretary
Dishman Pharmaceuticals and Chemicals Limited
Bhadra Raj Chambers, Swastik Cross Roads,
Navrangpura
Ahmedabad –380 009
Tel: +91-79-2644 3053 / 2644 5807
Fax +91-79- 2642 0198
e-mail: deepak@dishmangroup.com

Registrar to the Issue

INTIME Spectrum Registry Limited
C-13, Pannala Silk Mills Compound
LBS Marg
Bhandup (West)
Mumbai 400 078
Tel: +91-22-2592 3837
Fax: +91-22-2567 2693
Email: isrl@intimespectrum.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post- Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Legal Advisors to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Advocates & Solicitors
Peninsula Chambers, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai – 400 013
Tel. : +91-22-2496 4455/ 5660 4455
Fax. : +91-22-2496 3666

Auditors to the Company

M/s. Kunte & Associates
Chartered Accountants
502, Aniket, C.G. Road
Navrangpura
Ahmedabad –380 009
Tel. : +91-79-2646 2272/ 2640 3345
Fax. : +91-79-2640 3769
Email: kunte.modha@vsnl.com

Escrow Collection Bank/Banker to Issue

HDFC Bank Limited
Manekji Wadia Building
Nanik Motwani Marg
Fort, Mumbai- 400 023
Tel. : +91-22-2270 1616

Bankers to the Company

State Bank of India
Overseas Branch
Navjivan Trust New Bldg
B/h Gujarat Vidyapith
Navjivan P.O.
Ahmedabad 380 014
Tel: +91-79-2754 4606
Fax: +91-79-2754 3018

Bank Of Baroda
Corporate Banking Branch
57, Shrimali Society
Netaji Road
Mithakhali Six Road
Ahmedabad 380 009
Tel: +91-79-2656 5221
Fax: +91-79-2656 0008

Corporation Bank, Industrial Finance Branch, Ahmedabad
Investment and International Banking Division
1st Floor, 15, Mittal Chambers
Nariman Point
Mumbai 400 021
Tel : +91-22-2202 3304
Fax : +91-22-2285 1715

Bank of India
Ahmedabad Corporate Banking Branch
2nd Floor, Bank of India Bldg
Bhadra
Ahmedabad 380 001
Tel: +91-79-2539 4965
Fax: +91-79-2539 6193

Credit Rating

As this is an issue of Equity Shares, credit rating is not required.

Trustees

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Managers

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Issue Price. The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgement about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date. See page 199 for the section on "Terms of the Issue" in this Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfil their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED 801/ 802, Dalamal Towers, Nariman Point, Mumbai 400 021	1,716,700	300.42
ENAM SECURITIES PRIVATE LIMITED 2nd floor, Khatau Bldg, 44, Bank Street, Off, SB Road Fort, Mumbai 400 023	100	0.017
IL&FS INVESTSMART LIMITED The IL&FS Financial Centre, Plot C-22, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051	1,716,700	300.42
TOTAL	3,433,500	600.86

The above Underwriting Agreement is dated April 12, 2004.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at their meeting held on April 12, 2004, 2003, have accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of this Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

CAPITAL STRUCTURE

(Share Capital as on March 19, 2004)			(Rs. million)
		Value	Aggregate value
A. Authorised Capital			
15,000,000	Equity Shares of Rs. 10 each	150.00	150.00
B. Issued, Subscribed And Paid-Up Capital			
10,300,000	Equity Shares of Rs. 10 each fully paid-up (Out of above 10,100,000 equity shares have been issued as bonus shares by way of capitalization of reserves)	103.00	103.00
C. Present Issue to the public in terms of this Prospectus			
3,433,500	Equity Shares of Rs. 10 each	34.33	600.86
D. Issued, Subscribed and Paid-up Capital after the Issue			
13,733,500	Equity Shares of Rs. 10 each	137.33	137.33
E. Share Premium Account			
	Before the Issue	Nil	Nil
	After the Issue	566.53	566.53

The authorised equity share capital of the Company was increased from Rs. 100mn to Rs. 150mn and the new authorised share capital of Rs. 150mn have been reclassified into 12mn equity shares of Rs. 10/- each and 0.3mn preference shares of Rs. 100/- each vide an ordinary resolution passed at its Extra ordinary general meeting held on March 24, 2000.

The authorized share capital of the Company of Rs. 150mn was reclassified into 15mn equity shares of Rs. 10/- each vide an ordinary resolution passed at its Extra-ordinary general meeting held on February 1, 2002.

Notes to the Capital Structure:

1) Share Capital History of our Company:

Date on which Equity Shares were allotted and made fully paid-up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for allotment (bonus, swap etc.)	Cumulative Number of Equity Shares	Cumulative Share Premium (Rs. in mn)
June 29, 1983	20	10	10	Cash	Subscription to shares on signing of Memorandum of Association	20	-
July 9,1983	2010	10	10	Cash	Further Issue	40	-
September 27, 1986	25,000	10	10	Cash	Further Issue	25,040	-
January 2, 1992	64,960	10	10	Cash	Further Issue	90,000	-
October 30, 1993	270,000	10	-	Non Cash	Bonus (3:1)	360,000	-
November 12, 1994	630,000	10	-	Non Cash	Bonus (1.75:1)	990,000	-
January 17, 1995	10,000	10	10	Cash	Further Issue	1,000,000	-
December 15, 1995	2,000,000	10	-	Non Cash	Bonus (2:1)	3,000,000	-
November 1, 1996	100,000	10	10	Cash	Further Issue	3,100,000	-
March 14,1998	2,050,000	10	-	Non Cash	Bonus (2.05:3.10)	5,150,000	-
April 10, 2000	5,150,000	10	-	Non Cash	Bonus (1:1)	10,300,000	-
Total	**10,300,000**						

2) Promoter Contribution and Lock-in

Name of the Promoter	Date on which Equity Shares were allotted/ transferred and made fully paid-up	Nature of payment of consideration	Number of Equity Shares	Par Value Rs.	Issue/ Transfer Price Rs.	Percentage of Paid-up Capital Pre-Issue %	Post Issue %	Lock-in Period $ (in years)
Janmejay R. Vyas	June 29, 1983	Subscription to shares on signing of Memorandum of Association	10	10	10	0.00	0.00	1
	September 27, 1986	Cash	6250	10	10	0.06	0.05	1
	September 27, 1987#	Cash	6250	10	10	0.06	0.05	1
	January 2, 1992	Cash	32,730	10	10	0.32	0.24	1
	October 30, 1993	Bonus	135,720	10	-	1.32	0.99	1
	November 12, 1994	Bonus	316,680	10	-	3.07	2.31	1
	January 17, 1995	Cash	5,000	10	10	0.05	0.04	1
	December 15, 1995	Bonus	1,005,280	10	-	9.76	7.32	1
	March 14, 1998	Bonus	754760 242410	10	-	9.68	5.50 1.77	1 3
	December 1,1998*	Cash	300	10	10		0.00	
	February 3, 2000*	Cash	500	10	10		0.00	
	April 10, 2000	Bonus	2,504,290	10	-	24.31	18.23	3
Sub-total			**5008580**			**48.63**	**36.47**	

$ *Lock-in period shall start from the date of allotment of Equity Shares in terms of this Prospectus.*

* Transferred to various *ersons*

\# *Transferred from Bhupendrabhai Shah*

Other than the above, the entire pre-Issue share capital of the Company shall be locked in for the period of one year from the date of allotment of this Issue.

Neither the promoters nor the directors of the Company nor the promoter group have purchased or sold any Equity Shares during a period of six months preceding the date on which the Prospectus is filed with SEBI.

3) Shareholding Pattern

Shareholding pattern of the Company before and after the Issue:

Category	Pre-Issue Number of Equity Shares	Pre-Issue Percentage	Post-Issue Number of Equity Shares	Post-Issue Percentage
Promoter Group	10,299,400	99.994	10,299,400	74.99
Promoter				
Janmejay R. Vyas	5,008,580	48.627	5,008,580	36.47
Bhadra Raj Holdings Private Limited	332,260	3.226	332,260	2.42
Relatives of the Promoter	4,958,560	48.141	4,958,560	36.11
Public / Others	600	0.006	3,434,100	25.01
Total	**10,300,000**	**100.00%**	**13,733,500**	**100.00%**

4) Equity Shares held by the top ten shareholders

The list of top 10 shareholders of the Company and the number of equity shares held by them is as follows:

a) Top ten shareholders as on the date of and ten days prior to filing the Prospectus with SEBI is as follows:

Sr. No.	Name of the Shareholders	Number of Equity Shares
1	Janmejay R. Vyas	5,008,580
2	Rajnikant T. Vyas	2,764,660
3	Devhooti J. Vyas	2,192,900
4	Bhadra Raj Holdings Pvt. Ltd.	332,260
5	Mansi J Vyas	600
6	Aditi J Vyas	200
7	Arpit J Vyas	200
8	Bharat P Padia	200
9	Dinesh Arya	200
10	Parul Oza	200

b) Top ten shareholders two years prior to filing the Prospectus with SEBI is as follows:

Sr. No.	Name of the Shareholders	Number of Equity Shares
1	Janmejay R. Vyas	5,008,580
2	Rajnikant T. Vyas	2,764,660
3	Devhooti J. Vyas	2,192,900
4	Bhadra Raj Holdings Pvt. Ltd.	332,260
5	Mansi J Vyas	600
6	Aditi J Vyas	200
7	Arpit J Vyas	200
8	Bharat P Padia	200
9	Dinesh Arya	200
10	Parul Oza	200

5) As of the date of the Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our equity shares. The shares locked in by the promoter are not pledged to any party. The promoter may pledge the equity shares with banks or FIs as additional security for loan whenever availed by him from banks/FIs.

6) The Company, its Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.

7) The Company has not raised any bridge loan against the proceeds of the Issue.

8) In this Issue, in case of over-subscription in all categories, up to 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.

9) A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, i.e., 3,433,500 Equity Shares, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

10) An oversubscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of 50 while finalising the allotment.

11) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus with SEBI until the equity shares offered through this Prospectus have been listed.

12) We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to the ESOP or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

13) We have revalued our land and building and plant and machinery at Naroda Unit in the year 1995. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash, except for bonus Equity Shares issued out of free reserves. For details please refer to note no.1 given under this section.

14) At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

15) The Company had 10 members as of November 30, 2003.

16) In 2000 and 2001, we took three Rupee loans from EXIM Bank for amounts of Rs. 130mn, Rs. 120mn and Rs. 60mn for the purpose of financing certain expenditures in relation to the Naroda unit and the Bavla unit. Under the terms and conditions of the loan agreements executed with EXIM Bank, the prior sanction of EXIM Bank is required before any fresh capital can be issued, or the memorandum and articles of our Company amended. EXIM Bank has given us a no objection certificate dated January 1, 2004, to enable us to undertake the IPO. Further, there are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short term loans and long term borrowings. Some of these restrictive covenants require the prior permission of the said banks/financial institutions for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, transfer/change in the key personnel, change in our constitutional documents and the right to appoint a nominee director on our Board of Directors upon an event of default.

17) Securities offered to the public through this Issue will be made fully paid-up or forfeited within 12 months from the date of allotment of securities.

OBJECTS OF THE ISSUE

The objects of the Issue are as stated below:

- To finance the following capital expenditure program at Bavla:
  - o Setting-up API and intermediate manufacturing plant;
  - o Setting-up of a dedicated research and development center; and
  - o The expansion of the existing facilities and utilities.
- To part finance the working capital margin.
- The expenses of the issue would also be met out of the proceeds of this issue.
- To enable listing of the equity shares of the Company on the stock exchanges.

REQUIREMENT OF FUNDS, PROJECT COST AND MEANS OF FINANCE

The above mentioned proposed expenditure program will be financed from the proceeds of this Issue.

The break-up of the utilization of funds in the proposed capital expenditure program and other expenses is as stated below:

Sr. No.	Proposed expenditure program	Amount (in Rs. mn.)
1.	Site development	4.00
2.	GMP API plant	117.50
3.	GMP intermediate plant	62.50
4.	Dedicated research and development center	95.00
5.	Expansion of existing facilities	30.00
6.	Expansion of existing common utilities	85.00
7.	Provision for contingencies	15.00
8.	Working Capital margin	80.00
9.	Issue expenses	36.00
	Total	**525.00**

The year-wise break-up of utilization of issue proceeds of the above mentioned capital expenditure program is stated below:

(In Rs. mn)

	Year ending March 31,			
Capital expenditure program	**2004**	**2005**	**2006**	**Total**
Land and site development	0.17	2.83	1.00	4.00
GMP API plant	-	82.50	35.00	117.50
GMP intermediate plant	-	48.50	14.00	62.50
Dedicated research and development center	2.20	62.80	30.00	95.00
Expansion of existing facilities	6.15	23.85	-	30.0
Expansion of existing utilities	0.75	49.25	35.00	85.00
Sub-Total	**9.27**	**269.73**	**115.00**	**394.00**
Working Capital		80.00		80.00
Issue Expense	15.40	20.60		36.00
Contingencies		10.62	4.38	15.00
Total	**24.67**	**380.95**	**119.38**	**525.00**

(Source: Estimates by the Company's management)

MEANS OF FINANCE

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. The project is proposed to be financed from equity issue. The free cash and cash equivalents for the year ended March 31, 2003 and for the period from April 1, 2003 to September 30, 2003 is Rs. 210.12 mn and Rs. 71.26 mn, respectively. As per our unconsolidated audited financial statements as of September 30, 2003 we had cash and bank balances of Rs. 25.47mn, which can be utilized by us to meet any shortfall in the proceeds of the Issue. Since the funds raised in the Issue are higher than our total budgeted requirements, we intend to use the excess to repay our existing outstanding working capital lending from the banks.

We have appointed M/s. B Mehtalia Consultants Private Limited as architect and consulting engineers for designing and supervising the construction of all civil works at Bavla site. Ms. Balaji Construction have been appointed as civil contractor for the civil works at Bavla. Based on the detail working drawings furnished by the consultants, the work of excavation and foundation has begun for the R&D Centre under the supervision of consultants during February 2004.

As of April 9, 2004 we have incurred an expenditure of Rs. 24.67 mn as per the certificate of Ms. Kunte & Associates Chartered Accountants. The details of the work done and expenditure incurred under each head is as shown under.

1. SITE DEVELOPMENT

Site development at our Bavla facility will include construction of roads, land filling, percolating wells and constructing fence walls. The break-up of the proposed expenditure and the amount of actual expenditure of Rs. 4 mn (as at April 9, 2004) relating to site development is as stated below:

(In Rs. mn)

Key site development activities	**Amount of expenditure incurred**	**Balance amount**	**Proposed expenditure amount**
Constructing roads	0.09	1.71	1.80
Land filing	0.08	0.42	0.50
Percolating wells	-	1.20	1.20
Constructing fence walls	-	0.50	0.50
Total	**0.17**	**3.83**	**4.00**

(Source: Company’s management estimates and Auditors Certificate)

The activity of construction of road and land filling has commenced. The work of road construction has been awarded to Ms. P. Mody and an expenditure of Rs. 0.09 mn has been incurred up to April 9, 2004. Similarly, the work of land filling has been awarded to Aai Shree Mogal and an expenditure of Rs. 0.08 mn has been incurred up to April 9, 2004.

Roads

We propose to construct a 0.60 kms (appx. Area 2,500 sq. mt.) coal tar road inside our Bavla facility. We have not awarded the construction assignment to any contractor/ construction company.

Land filling

We propose to undertake land filling in an area of 28350 sq. mt., inside our Bavla facility. This will level the land and will act as a safeguard against the rain water.

Percolating wells

We propose to dig six wells of 6 mt. depth each at our Bavla facility. These wells will improve the ground water table.

Compound fence walls

We propose to construct 250 mt. of wall fencing at our Bavla facility.

2. GMP API PLANT

We propose to set-up a multi-purpose and multi-product GMP API plant at our existing Bavla facility. This plant will have a manufacturing capacity of 125 MT per annum. This plant will employ 67 personnel consisting of manager, officer, chemists and skilled workers. We propose to utilize this plant to manufacture the following APIs:

Proposed API	Capacity (in MT per annum)	Raw Materials required	Present status of development of proposed API
Bupivacine	10	2-picolnic acid 2, 6-xylidine butyl bromide palladium on carbon	API developed. Scale-up for commercialisation is under progress. Drug Master file for the U.S.A. under preparation
Lacidipine	10	O-phthalaldehyde Triphenylphosphine Tert. Butylchloroacetate Ethylacetoacetate Ethyl-3-aminocrotonate Piperidine	API developed. Planning for pilot production. Preparation of Drug Master File for U.S.A.
Pantoprazole	20	Maltol 4 choro-2,3-dimethoxy pyridine-N-oxide 5-Difluorometoxy –2- mercapto benzimidazole Dimethyl sulphate Acetic anhydride Phosphorus oxychloride Hydrogen peroxide Metachloro perbenzoic acid Diisopropyl ethyl ether Thionyl chlodire	Process for Pantoprazole from 4 choro-2,3-dimethoxy pyridine-N-oxide is ready for pilot scale tests.
Benazapril	10	Phenylethylbromide Diethyloxalate Ethyl-2-oxo-4-phenylbutyrate sodiumcyanoborohydride	API in development stage. Laboratory trials are over. Pilot studies are in progress.
SLV-XXX	50	Alpha-tetrolone Hydroxyl amine hydrochloride Polyphosphoric acid Phosphorus pentachloride Ter-butylchotoacetate L(+) tartaric acid	API developed, scale-up for commercialisation undertaken and approved by customer.
S-Oxybutyrin	25	LTME CHMA	Key intermediate already produced commercially and supplied to the customer.
Total	**125**		

The plant will be located within our existing Bavla facility. The plant will be constructed in an area of approximately 2500 sq. mts. The plant is designed to include the production area, a drying and packaging area/powder processing area, a raw material day store, a intermediate storage area, a local utility area, a tank farm, a mother liquor / recovered solvent area, an in process quality control and laboratory and change room. The detailed break-up of the cost estimate for this API plant is as stated below:

Proposed capital expenditure program	Amount (in Rs. mn.)
Plant erection/ civil work	12.50
Plant and Machinery and Potent material handling process	105.00
Total	**117.50**

(Source: Estimates by the Company's management)

Civil Work

The civil work consists of the plant building, machinery foundations and infrastructure facilities. We have yet to commence civil work. The estimated expenditure on civil work relating to this plant is as stated below:

Civil work	Estimated Date of completion	Amount (in Rs. mn.)
Main Plant Building	September 2005	7.60
Tank Farm area	September 2005	0.60
Powder Processing area	September 2005	4.30
Total		**12.50**

(Source: Estimates by the Company's management)

Plant and Machinery

The major process and handling equipment for which we have received quotations from suppliers are as follows:

Sr.No.	Description	Capacity	Nos.	Amount in Rs.mn	Name of the Supplier	Date of Quotation
1.	SS Reactor with Condensor and Receiver	5 KL 10KL 15KL	7 4 2	9.47 7.20 4.40	Steelcon Engineering Steelcon Engineering Steelcon Engineering	November 25, 2003
2.	MSGL Reactor plus Condensor	2KL 5KL 10KL	3 5 2	2.40 7.05 4.13	Swiss Glasscoat Equipment Limited Swiss Glasscoat Equipment Limited Swiss Glasscoat Equipment Limited	November 24, 2003
3.	Hastelloy Reactor	10KL	3	25.70	Steelcon Engineering	November 25, 2003
4.	SS C/F-3 Point Suspension	48"	2	1.20	Joflo Engineers & Contractors	November 25, 2003
5.	SS C/F-4 Point Suspension	48"	2	1.18	Joflo Engineers & Contractors	November 25, 2003
6.	Air Jet Mill	-	1	0.67	Microtech Engineering Co.	November 24, 2003
7.	SS RVD	3 KL	1	3.00	Ultradrytech	November 26, 2003
8.	Filter Sparkler	18"x12	4	1.20	Subodh Engineering Pvt. Ltd.	November 25, 2003
9.	Vacuum Conveyor		2	1.00	Cybernetik Technologies (Private) Limited	November 15, 2003
10.	SS Tank	15 KL	4	1.96	ASPA Engineering & Fabricators	November 25, 2003
11.	MS Tank	20 KL	4	0.47	ASPA Engineering & Fabricators	November 25, 2003
12.	ML Tank	1 KL	6	0.48	ASPA Engineering & Fabricators	November 25, 2003
13.	Vacuum Pump	175 M^3	4	0.30	P.P.I. Systems	November 25, 2003

Sr.No.	Description	Capacity	Nos.	Amount in Rs.mn	Name of the Supplier	Date of Quotation
14.	Steam Ejector		2	0.69	Chem Process Systems Pvt. Limited	November 25, 2003
15.	Scrubber		2	0.70	Elasto Polymer Processors	November 24, 2003
16.	SS Process Pump		12	0.36	P.P.I. Systems	November 25, 2003
17.	Clean room HVAC System			8.00	ACV Systems Pvt. Limited	December 29, 2003
18.	Hoist		2	0.75	#	
19.	Material handling equipment (Hyd.Trolley, SS Trolley, Ladder, etc.)		1 Set	0.20	Movement Material Handling Company	November 25, 2003
20.	SS/MS Pipes, Pipes fittings & Valves, etc.			10.95	Various*	
21.	Insulation			3.65	Various*	
22.	Electrification & Instrumentation			3.65	Various*	
23.	Potent Material Handling Process			5.00	#	
	Total			**105.00@**		

(Source: Estimates by the Company's management)

\# These equipments are available in the market and are to be sourced from various suppliers

@ *Rounded off to the nearest million*

Status

The API plant will be set-up on the available land at our existing Bavla facility. We have not yet commenced any activity relating to civil work or plant and machinery. The utilities and effluent treatment facilities required for this plant will be sourced from our existing utility block, whose capacity is being augmented, at our Bavla facility. We will need to obtain approval from the Gujarat Pollution Control Board for the aforesaid expansion. No further approvals are required to operate the API plant except as stated in the Risk Factors on page iv of the Prospectus. M/s B. Mehtalia Consultants Pvt. Ltd. are appointed as Architects and consultants engineers for designing and supervising the construction of all civil works.

Schedule Of Implementation

We propose commencement of detailed engineering by February 2004. The schedule of implementation based on the civil work commencing in July 2004 is as stated below:

Activity	Commencement date	Completion date
Finalisation of detailed engineering	February 2004	July 2004
Civil works	July 2004	September 2005
Placement of orders for plant and machinery	July 2004	October 2004
Delivery of plant and machinery	November 2004	April 2005
Installation and commissioning	March 2005	August 2005
Commencement of production	October 2005	

(Source: Estimates by the Company's Management)

3. GMP INTERMEDIATE PLANT

We propose to set-up a multi-purpose and multi-product GMP intermediate plant at our existing Bavla facility. This plant will have a manufacturing capacity of 300 MT per annum. This plant will employ 75 personnel consisting of manager, officer, chemists and skilled workers. We propose to utilize this plant to manufacture the following intermediates:

Proposed Intermediate	**Capacity (in MT per annum)**	**Raw Materials required**	**Present status of development of proposed intermediate**
Paroxetin Int.	40	Catechol Anhy. Zinc chloride	The process for developing the API has been developed.
Topiramate Int.	100	D-Fructose	API developed. 1800 kgs already produced and sold to customers.
Ondasetron Int.	10	1-3 Cyclohexane Dione Phenyl Hydrazine	Test runs and validation batches completed
Prazole Int.	100	Substituted Pyridines	Commercialised
Losartan Int.	50	DHA Valeronitrile NCS	Commercialised
Total	**300**		

The plant will be located within our existing Bavla facility. The plant will be constructed in an area of approximately 3200 sq. mts. The plant is designed to include a production area; a drying and packaging area/powder processing area; a raw material day store; an intermediate storage area, a local utility area, a tank farm, a mother liquor/recovered solvent storage area; an in process quality control & laboratory and a change room. The detailed break-up of the cost estimate of Rs. 62.5 mn for this GMP intermediate plant is as stated below:

Proposed capital expenditure programme	**Amount (in Rs. mn.)**
Plant construction/ civil work	12.50
Plant and Machinery	50.00
Total	**62.50**

(Source: Estimates by the Company's Management)

Civil Work

The civil work consists of the plant building, machinery foundations and infrastructure facilities. We have yet to commence civil work. The estimated expenditure on civil work relating to this plant is as stated below:

Civil work	**Estimated Date of completion**	**Amount (in Rs. mn.)**
Plant Building and Tank Farm area	July 2005	12.50
Total		**12.50**

(Source: Estimates by the Company's Management)

Plant and Machinery

The major process and handling equipment for which we have received quotations from the suppliers are as follows:

Sr.No.	Description	Capacity	Nos.	Amount in Rs.mn	Name of the Supplier	Date of Quotation
1.	SS Reactor with Condensor and Receiver	5 KL 10KL 15KL	5 5 4	6.00 8.00 8.00	Steel Con Engineers	November 25, 2003
2.	MSGL Reactor	2KL 5KL 10KL	4 4 2	2.20 3.60 3.10	Swiss Glasscoat Equipments Limited	November 24, 2003
3.	SS Centrifuge	48”	2	2.40	Sukhras Machines Pvt. Limited	November 6, 2003
4.	Sparkler	18”x12	2	0.60	#	
5.	SS Tank	15 KL	4	1.96	ASPA Engineers & Fabricators	November 25, 2003
6.	MS Tank	20 KL	4	0.47	ASPA Engineers & Fabricators	November 25, 2003
7.	ML Tank SS	1 KL	4	0.32	ASPA Engineers & Fabricators	November 25, 2003
8.	Vacuum Pump		6	0.45	P.P.I. Systems	November 25, 2003
9.	Process Pump		12	0.36	P.P.I. Systems	November 25, 2003
10.	Scrubber		2	0.70	Elasto Polymer Processors	November 24, 2003
11.	Plant AHU		1	1.65	Aerotherm Products	November 24, 2003
12.	Hoist		1	0.37	#	
13.	Material handling equipment		1 Set	0.20	Movement Material Handling Company	December 1, 2003
14.	SS/MS Pipes, Fittings & Valves, etc.			6.30	Various suppliers*	
15.	Insulation			2.10	Various suppliers*	
16.	Electrification & Instrumentation			2.10	Various suppliers*	
	TOTAL			**50.88@**		

(Source: Estimates by the Company’s Management)

\# These equipments are available in the market and are to be sourced from various suppliers.

@ Rounded off to the nearest million

Status

The intermediate plant will be set-up on the available land at our existing Bavla facility. We have not yet commenced any activity relating to civil work or plant and machinery. The utilities and effluent treatment facilities required for this plant will be sourced from our existing utility block at our Bavla facility. We will need to obtain approval from the Gujarat Pollution Control Board for the aforesaid expansion. No further approvals are required to operate the API plant except as stated in the Risk Factors on page iv of the Prospectus. M/s B. Mehtalia Consultants Pvt. Ltd. are appointed as architect and consultants engineers for designing and supervising the construction of civil works.

Schedule Of Implementation

We propose to commence detailed engineering by February 2004. The schedule of implementation based on the civil work commencing in June 2004 is as stated below:

Activity	Commencement	Completion
Finalisation of detailed engineering	February 2004	July 2004
Civil works	June 2004	July 2005
Placement of orders for plant and machinery	June 2004	October 2004
Delivery of plant and machinery	November 2004	February 2005
Installation and commissioning	February 2005	June 2005
Commencement of production	August 2005	

(Source: Estimates by the Company's Management)

4. DEDICATED RESEARCH AND DEVELOPMENT CENTER

To further strengthen our research and development capabilities and provide for various contract research related activities, we propose to set-up a dedicated research and development center at our Bavla facility, in an area of approximately 2280 sq. mts. The dedicated research and development center will focus on contract research, new process development, kilo quantity production in the pilot plants, handling of "potent" molecules and development of future generics and preparation of drug master files.

The center will consist of 8 independent research and development units and 1 GMP pilot plant. There will also be a dataroom and a library. The center will house approximately 135 personnel consisting of 1 unit head, 64 chemists and 70 assistants.

The estimated cost for setting-up the dedicated research and development center is Rs. 95 mn. The architect M/s. B Mehtalia Consultants Pvt Ltd have finalised the basic drawings. They have also finalised the foundation and other drawings. Ms. Balaji Associates have been appointed as the construction contractor. An expenditure of Rs. 2.20 Million has been incurred on civil work of main laboratories area and pilot plant building till April 9, 2004. Thus, the Company has already commenced the activity of engineering and civil works. The detailed break-up of the cost estimate and the amount incurred till April 9, 2004 for the dedicated R&Dcenter is as stated below:

(In Rs. mn)

Proposed expenditure program	Amount incurred	Balance amount	Amount
Civil work	2.20	17.80	20.00
Equipments	-	75.00	75.00
Total	**2.20**	**92.80**	**95.00**

(Source: Estimates by the Company's Management and Auditors Certificate)

Civil Work

The civil work consists of the center building and infrastructure facilities. We have commenced civil work. The estimated expenditure and the expenditure actually incurred on civil work relating to the dedicated R&D center is as stated below:

Civil work	Estimated Date of completion	Actual Expenditure (In Rs. mn)	Total Amount (in Rs. mn.)
Main laboratories area and Pilot plant building	September 2005	2.20	20.00
Total		**2.20**	**20.00**

(Source: Estimates by the Company's Management and Auditors Certificate)

Equipment

The major process and handling equipment for which we have received quotations from the suppliers are as follows:

Sr.No.	Description	Capacity	Nos.	Amount in Rs.mn	Name of the Supplier	Date of Quotation
1.	SS Reactor	200 Ltr.	4	2.00	Metafab	November 25, 2003
2.	MSGL Reactor	250 Ltr.	4	1.40	Swiss Glass Coat Equipments Ltd.	November 24, 2003
3.	Hastelloy Reactor	200 Ltr.	3	3.60	Metafab	November 25, 2003
4.	Nustch Filter	18" Dia	4	0.24	ASPA Engineers & Fabricators	November 19, 2003
5.	Sparkler Filter	8"x 8 plate	4	0.40	Subodh Engineering Pvt. Limited	November 15, 2003
6.	SS Centrifuge	36" Dia	2	1.80	Sukhras Machines Pvt. Limited	November 6, 2003
7.	SS RVD	300 Ltr.	2	0.80	#	
8.	Air Jet Mill	3" Dia	1	0.35	#	
9.	Reaction Assembly SS	10 Ltr.	4	1.40	Amar Equipments	
10.	Chilling Plant	13 TR	2	2.80	Airtech Cooling Towers Pvt. Limited	November 25, 2003
11.	Vacuum Pumps		4	0.30	P.P.I. Systems	November 25, 2003
12.	Schrubber		1	0.35	Elasto Polymer Processors	November 24, 2003
13.	Hoist		1	0.30	#	
14.	AHU (As PCA)		1	0.50	Aerotherm Products	November 24, 2003
15.	Laboratory Furniture		8 Mod-ules	16.00	Various	
16.	Laboratory glass assembly		1 Lot	1.00	Various	
17.	HPLC Column		6	12.00	To be imported*λ	
18.	GCMS/LCMS		2	10.00	To be imported*λ	
19.	GC		6	6.00	To be imported*λ	
20.	Particle Size Analyzer		1	3.50	To be imported*λ	
21.	IR Atomic Absorption & Polar Meter		2	4.00	To be imported*λ	
22.	Potent Substance Handling lab. Equipments		1 Lot	5.00	To be imported*λ	
23.	DM Water Generator		1	0.40	#	
	TOTAL			**75.00**@		

(Source: Estimates by the Company's Management)

#The equipments to be imported are available in the market and are to be sourced from different suppliers in different geographical regions. There is no one supplier from whom these have to be sourced.

λ These are QC/QA equipments for testing of the segments.

@ Rounded off to the nearest million

Status

The dedicated research and development center will be set-up on the available land at our existing Bavla facility. We have not yet commenced any activity relating to civil work or equipments. The utilities and effluent treatment facilities required for this center will be sourced from our existing utility block at our Bavla facility, which is being augmented. We will need to obtain approval from the Gujarat Pollution Control Board for the aforesaid expansion. No further approvals are required to operate the R&D Centrer except as stated in the Risk Factors on page iv of the Prospectus.

Schedule Of Implementation

We propose to commence detailed engineering by March 2004. The schedule of implementation based on the civil work commencing in February 2004 is as stated below:

Activity	Commencement	Completion
Finalisation of detailed engineering	March 2004	August 2004
Civil works	February 2004	September 2005
Placement of orders for equipment	August 2004	November 2004
Delivery of equipment	December 2004	May 2005
Installation and commissioning	April 2005	November 2005

(Source: Estimates by the Company's Management)

5. EXPANSION OF EXISTING FACILITIES

The existing facilities are adequate for the present requirements. In order to increase production capacity by debottlenecking and addition of key equipments, an additional investment of Rs. 30 mn is estimated in the existing facilities. This expansion will employ 24 personnel consisting of manager, officer, chemists and skilled workers. Increased demand for existing products would be met by making the aforesaid changes.

Based on the detailed engineering the civil works have commenced through M/s. Balaji Associates. An expenditure of Rs. . 3.14 mn has been incurred on civil works. We have already placed order for SS Tanks, Centrifuge (Nutch Filter)), MSGL RVD and Pipes and Pipes Fittings and incurred an expenditure of Rs. 3.01 Millions on Plant and Machinery and Equipment upto April 9, 2004.

The detailed break-up of the cost estimate and the amount of expenditure actually incurred for the extension of the existing facilities is as stated below:

(In Rs. mn)

Proposed expenditure program	Actual Expenditure incurred	Balance	Amount
Civil work	3.14	1.86	5.00
Equipment	3.01	21.99	25.00
Total	**6.15**	**23.85**	**30.00**

(Source: Estimates by the Company's Management and Auditors Certificate)

The usage of the above mentioned equipment in the existing facilities and its relevance is as stated below:

Equipment:

Sr.No.	Proposed System/Equipment	Location	Qty	Justification
1	High Vacuum Distillation System	Unit-5 Unit-7	2 2	For distillation of intermediate to increase productivity of intermediate and to improve product quality
2	SS RVD	Unit-4 Unit-1 Unit-7 Unit-2	1 1 1 1	For drying the intermediates by increasing the production capacity and improve the quality of product
3	MSGL RVD	Unit-7 Unit-2	1 1	For drying the finished product by increasing the production capacity and improve the quality of product
4	MSGL Reactor	Unit-7 Unit-1	2 1	To increase productivity of intermediate (debottlenecking)
5	Centrifuge	Unit-7	4	To increase productivity of intermediate (debottlenecking)
6	MS Tank	Solvent Yard	4	To increase storage capacity and to maintain stock of solvents
7	SS Tank	Unit-7	1	For storage of intermediates to avoid drum handling

Plant and Machinery

We propose to install the following machineries at unit no. 2,6A and 7 at our existing Bavla facility. We have received quotations from suppliers for these machineries as stated below:

Sr.No.	Description	Capacity	Nos.	Amount in Rs.mn	Name of the Supplier	Date of Quotation
1	High Vacuum Dist.Sys.		4	1.64	ASPA Engineers & Fabricators	November 25, 2003
2	RVD SS	3 KL	1	3.20	Ultradrytech Engineers	November 25, 2003
3	MSGL RVD	1.5 KL	2	3.70	Nile Equipments Pvt. Limited	November 25, 2003
4	MSGL Reactor	10 KL	3	4.66	Swiss Glasscoat Equipments Limited	November 24, 2003
5	SS Reactor	10KL	3	4.80	Steel Con Engineers	November 25, 2003
6	Centrifuge	48" Dia	1	1.20	Sukhras Machines Pvt. Limited	November 6, 2003
7	MS Tank	20 KL	4	0.47	ASPA Engineers & Fabricators	November 25, 2003
8	SS Tank	15 KL	1	0.49	ASPA Engineers & Fabricators	November 25, 2003
9	Pipes & Pipe Fitting			3.00	Various*	
10	Insulation			1.00	Various*	
11	Electrification & Instrumentation			1.00	Various*	
	Total			**25.00**@		

** These equipments are available in the market and are to be sourced from various suppliers.*

@ Rounded off to the nearest million.

Civil Work

The civil work will involve additions and alterations to the existing utility building. The civil work has commenced at the site. The estimated expenditure on civil work relating to the utility building will be Rs. 5 mn as per Company's management estimates.

Schedule Of Implementation

The schedule of implementation for the expansion of the existing facilities is as stated below:

Activity	Commencement	Completion
Finalisation of detailed engineering for the utility building	February 2004	May 2004
Civil works	February 2004	May 2005

6. EXPANSION OF EXISTING COMMON UTILITIES

We propose to augment the utilities for our Bavla facility to meet and balance the increasing demand of the proposed GMP API plant, GMP Intermediate plant and the expansion of the existing facilities, of various utilities and services. We have placed orders for effluent water evaporators and pipes and pipes fitting and incurred an expenditure of Rs. 0.75 mm on utility plant and machinery up to April 9, 2004.

The details of the utilities to be procured to minimize production losses is as stated below:

(In Rs. mn)

Proposed expenditure program	Actual Expenditure incurred	Balance bamount	Amount
Utilities	0.75	49.25	50.00
Furniture and fixtures	-	20.00	20.00
Laboratory equipments	-	15.00	15.00
Total	**0.75**	**84.25**	**85.00**

(Source: Estimates by the Company's management and Auditors Certificate)

The usage and reason for augmentation of the above mentioned utilities in the existing facilities and its relevance is as stated below:

Sr.No.	Proposed System/Equipment	Qty	Justification
1	Vapour Absorption Chiller (200 TR)	1	To improve performance of existing HVAC (Heating Ventilation and Air conditioning) system of unit 6A & 6B by providing dedicated chilling plant.
		1	For unit 9 and 10 as well as standby of existing VAC (Vapour Absorption Chiller) to minimize production loss due to maintenance/shutdown.
2	Brine Chilling Plant (40 TR)	2	For unit 8 to meet increased production capacity of intermediates.
		2	For unit 9 and 10 as local utility.
3	DG Set (1000 KVA)	1	To balance/meet increased demand as well as to minimize production loss, when outside power is not available.
4	Incinerator (solid + liquid)	1	As stand by of existing liquid incinerator to minimize production losses due to waste disposal/incineration problem.
5	Effluent Water Evaporator	1	As part of Company's water resource management plan. To obtain reusable and recyclable water and reduce ground water usage.
6	DM Water Plant	1	For unit 9 and 10 as well as standby of existing DM water plant to minimize production losses due to maintenance/sanitization shutdown.
7	R.O.Water Plant	1	To improve boiler/cooling system efficiency by improving water quality and minimize operation and maintenance cost.
8	Fork Lift	2	To met increasing demand of material handling.
9	New Power Installation and Distribution	-	To meet increasing demand of electric power.

We propose to install the following additional utilities at our existing Bavla facility. We have received quotations from suppliers for these utilities as stated below:

Sr.No.	Description	Capacity	Nos.	Amount in Rs.mn	Name of the Supplier	Date of Quotation
1	Vapour Absorption Chiller	200 TR	2	6.52	Thermax Limited	November 25, 2003
	Brine Chilling Plant	40 TR	4	7.38	Aerotherm Products	November 25, 2003
	Cooling Tower	1000 TR	4	2.61	Artech Cooling Tower Pvt. Limited	November 25, 2003
	D.G.Set	1000 KVA	1	5.88	Magnum Power	November 24, 2003
	Incinerator (solid + liquid)	1000Ltr./hr	1	2.18	Venus Incinerator	November 24, 2003
	Effluent Water Evaporator	150M^3/day	1	6.90	Chem Process Systems Pvt. Limited	November 20, 2003
	DM Water Plant	1M^3/hr	1	4.90	Ion Exchange Limited	December 30, 2003
	R.O.Water Plant (for Boiler)	7.5M^3/hr	1	1.50	Ion Exchange Limited	November 16, 2003
	Fork Lift		2	1.30	Godrej & Boyce Mfg. Co. Limited	November 29, 2003
	New power requirement and installation		1	4.00	Various *	
2	Pipes & Pipe Fittings, etc			4.30	Various *	
3	Electrification & Instrumentation			2.15	Various*	
	TOTAL			**50.00@**		

(Source: Estimates by the Company's management)

* These equipments are available in the market and are to be sourced from various suppliers.

@ Rounded off to the nearest million

Laboratory Equipment

We propose to procure various laboratory equipment for our quality assurance and quality control department located at our Bavla facility. The details of these laboratory equipment to be procured for our quality assurance and quality control department is as stated below:

Sr.No.	Description	Nos.	Amount in Rs.mn
1	HPLC	4	8.00
2	GC	1	1.00
3	Spectrometer	1	1.50
4	Head space GC	1	1.50
5	Balance	2	0.50
6	M.P. Apparatus	2	0.40
7	Water purified system	1	0.40
8	pH Meter	2	0.35
9	Autotitration	1	0.30
10	LOD Oven	2	0.10
11	Vaccum Oven	1	0.02
12	Karlfisher	2	0.07
13	Muffal Furnace	2	0.05
	Total		**15.00@**

@ Rounded off to the nearest million

(Source: Estimates by the Company's Management)

Of the above mentioned equipments, first four equipments are to be imported, in which case we have short listed the suppliers. In case of the balance equipments, we have yet to finalize the suppliers. The price estimates of the equipments being of small value are drawn up based on our past experience. We have not obtained any fresh quotations for the same.

Status

The civil work and plant and machinery for the above mentioned expansion of existing facilities will be on the available land at our existing Bavla facility. We have not yet commenced any activity relating to civil work or plant and machinery. The utilities and effluent treatment facilities required for this existing plant is being sourced from our existing utility block at our Bavla facility. We will need to obtain approval from the Gujarat Pollution Control Board for the aforesaid expansion. No further approvals are required to operate the common utilities except as stated in the Risk Factors on page iv of the Prospectus.

Schedule Of Implementation

The schedule of implementation for the expansion of the existing facilities is as stated below:

Activity	Commencement	Completion
Placement of orders for laboratory equipments	May 2004	September 2004
Delivery of laboratory equipments	September 2004	December 2004
Installation and commissioning of laboratory	December 2004	April 2005

(Source: Estimates of the Company's Management)

8. MARGIN FOR WORKING CAPITAL

The requirement for margin for working capital has been computed based on the working capital requirements for the F.Y. 2004-05. We are negotiating a proposed ECB with a foreign lender for an amount of Rs. 413 mn and are in the process of negotiating the balance amount of Rs. 637mn with various multi-lateral agencies. The Company plans to restrict its working capital borrowings from the Indian banks through part of these proceeds. Accordingly, the working capital requirements for the company's Indian operations have been computed as under:

	F.Y. 2004-05 Amount (Rs. in mns)
I. CURRENT ASSETS	
Imported raw materials	112.70
Indigenous raw materials	73.20
W.I.P.	240.50
Finished Goods	187.50
Stores and Spares	1.50
Receivables	394.00
Other current assets	160.00
Total Current Assets	**1169.40**

	F.Y. 2004-05 Amount (Rs. in mns)
I. CURRENT LIABILITIES	
Creditors	149.30
Other Current Liabilities	74.00
Total Current Liabilities	**223.30**
Working Capital Gap	946.10
Less: Borrowings/ECB Borrowings*	750.00
Net Working Capital	**196.10**

(Source: Estimates of the Company's Management)

The above net working capital is proposed to be partly furnished through the proceeds of the IPO to the extent of Rs. 80 million, and the balance from internal cash generations.

* The break-up of the bank finance/ ECB proceeds is as under:

Existing Fund-Based Bank Limits	390.00
Proposed ECB	360.00
Total	**750.00**

SECTION III : ABOUT US

INDUSTRY OVERVIEW

IMS Health Incorporated, USA ("IMS Health") (IMS World Review 2002, www.imshealth.com) estimates the world pharmaceutical market to have grown by 8% and to have recorded US $400bn sales in 2002. This has been calculated using audited retail sales of prescription drugs and some over-the-counter products in more than 60 countries. IMS Health projects that the global industry would register growth even in the face of continued government pressure on pricing and a number of other widely used drugs going off patent. IMS Health estimates average annual global sales to grow 18.5% and the global pharmaceutical market to expand to US$ 561 billion by 2005. The United States is the largest market contributing 51% of world pharmaceutical sales and over 70% of the growth of the world pharmaceutical market in 2002. This market comprises of drugs that are under patent and drugs gone off patent, also known as generics. The life of a generic medicine begins when the original brand's patent life ends. Patents typically run for 20 years from the date when the patent application was submitted, or filed; an additional five years' exclusivity can sometimes be obtained through a Supplementary Protection Certificate ("SPC") or similar measure. Since many producers along with the original patent holder can manufacture the drug, the markets usually experience a decline in price of the drugs.

The global generics market is estimated to have been worth $39.5bn in 2000*, growing at around 5% per annum. The biggest national market is the United States, with an estimated $12.5bn* and a faster growth rate than the global figure. Generics in western Europe (including central and eastern European countries) account for 44%, North America for around 33%, and Japan for almost 11%*. Generic penetration varies widely from country to country; in Europe, for example, generics account for about 18% of the German and 16% of the UK pharmaceutical markets but less than 5% of the pharma markets in Italy and Spain; France is in a growth phase, with generics having 5-10% of the pharma market*. By the end of year 2004, it is expected that the value of the total western European generics sector may have risen to $19bn*, representing almost 15% of all pharmaceuticals.

Vis-à-vis developed markets like the US and Europe, India and other emerging markets witness a significant disparity in the ratio of sales of pharmaceutical products to volumes. In the emerging markets, volumes of pharmaceutical products sold are much higher than in developed markets while they rank much lower in terms of sales, mainly due to lower selling prices. These markets lack effective product patent protection laws and are not as highly regulated as developed markets. Therefore, local pharma companies escape investing heavily in product development and yet market the same products as their competitors by simply changing the manufacturing process. Given the low entry barriers, competition is intense which forces manufacturers to sell their products at much lower prices in these markets compared to developed markets.

Masses in emerging markets are unable to bear higher pharmaceutical prices due to lower per capita income, even when volumes are higher due to higher incidence of diseases. This contributes to lowering of pharma product prices in these markets. Besides, to make pharma products more accessible and affordable to a larger part of the populace, governments of many emerging markets have put prices under control.

Besides lowering of selling prices, the above-mentioned factors have also led Indian subsidiaries of pharmaceutical multinationals to be slow to introduce their parents' latest products.

India: Preparing the ground for Product Patent Regime

Under the WTO agreement, member nations (especially developing countries, including India) have been given a transition period, up to 2005, to enforce product patents in their countries (but only for patents registered after January 1995). In the interim, these countries are expected to enact relevant laws and stopgap measures (including the granting of exclusive marketing rights) to ensure a smooth transition to the new patent regime.

India, which currently recognizes only process patents, is gearing up to introduce the product patent regime in January 2005. The patent legislation, which allows grant of exclusive marketing rights (EMRs) to original patent holders, has been passed by the Parliament. However, the patent act still has to be amended to recognize product patents. The new patent act is to be approved before the January 2005 deadline, though a few modifications might be required to incorporate domestic industry associations' demands like compulsory licensing provisions.

As and when the new patent act becomes a reality, companies can no longer copy molecules (drugs) discovered by pharmaceutical multinationals whose patents are registered after January 1995. A corollary to this is that pharmaceutical multinationals can now introduce new products for which patents have been taken after January 1995 from their parents' pipelines without the risk of having these products copied by Indian companies. This, in turn, implies that product introductions (especially of new drugs) by pharmaceutical multinationals are likely to increase in the future.

This would be positive in the long run (especially for MNCs), but may not affect medium-term earnings of either domestic or multinational companies (primarily because product patents will be awarded to only those drugs for which the patent was filed after January 1995).

Moreover, even Indian domestic pharmaceutical companies are expected to benefit from the increased pace of new product launches, as many will be looking to capitalize on their selling and distribution capabilities by entering into alliances with the MNCs for launching their latest drugs in India.

Opportunities for Indian Pharma post Intellectual Property Rights Era

The opportunities in the pharmaceutical industry can be broadly segmented into:

1. Discovery/ invention related opportunities viz., molecular design and modeling, initial synthesis (combinatorial chemistry), screening, toxicological studies, animal studies, clinical trials etc.
2. Manufacture of API/ intermediates for:
   i. NCE under drug discovery by MNCs
   ii. Generic products
3. Manufacture of dosages
4. Marketing of dosages

The large MNCs have core competencies in discovery/ invention of new molecular entities and marketing them worldwide. Typically, these companies invest a significant part of their income in research and development activities each year. The compounds go through several stages of development viz. Phase I (Animal studies), Phase II (Human studies – sample), Phase III (Human studies – population) and then enter the market after approvals by the regulating agencies of individual countries. The NCEs, once introduced, enjoy exclusivity due to patent protection in most of the markets in the developed countries.

The MNCs, till recently, preferred to manufacture their own API requirements. This was primarily due to the threat of patent infringement in the outsourcing model. However, the changing market dynamics have compelled these MNCs to increasingly focus on their core area viz., discovery/ invention of new molecules. This has led to gradual increase in outsourcing of chemical manufacturing services and very recently even the research services for process development for NCEs.

Typically, the MNCs commence their search for a vendor for its API requirements for a NCE, 2 to 3 years prior to its introduction in the market. The typical capabilities required to offer services to MNCs would be good R&D capabilities, capability of understanding patents, developing non-infringing processes that are safe, cost efficient and environmentally suitable. It would require the API supplier to have world-class manufacturing facilities, which comply with the GMP, the knowledge of regulatory requirements in various countries, and working on a strict time schedule, as any delay would impact the launch time in the market.

The expiry of a patent opens opportunity for generic versions to be introduced. Such an opportunity for manufacturing APIs for such generic products typically starts at least 5 years before expiry of patent for sales exclusivity of a product on the market. The key success factor to tap this opportunity is to come up with an efficient, patent non-infringing process that can sustain severe price erosion in the dosage forms post patent-expiry.

Typically the price erosion can be as high as 90% of the original selling price. Thus it becomes essential for the API producers to be competitive to market products for the generics market. Also, regulatory compliance such as US-FDA, MCA-UK, Certificate of Suitability (CoS) for Europe *etc*., are needed for selling in various advanced markets where price realisations can be higher by 10 to 20% as compared to open markets. The API producer would also require knowledge of the way the MNCs try to defend patent-expiry of their products by obtaining extension of patent cover by introducing single isomers, improved chemical entities, new delivery systems, paediatric dosages, etc.

The generic API products have been traditionally manufactured in Europe and USA and more recently in India and China. The end user market for generic API products is broadly divided into two categories i) regulated markets and ii) open markets. The competition is more intense in the open markets as the formulators in these markets can easily switch from one API source to another without much regulatory compliance or documentation. Thus, this segment is highly competitive and has a high price volatility, which primarily depends on demand and supply of the product in the open markets. Switching of an API source for a formulator in the regulated markets is a time consuming process involving elaborate regulatory documentation and compliance. Hence any formulator would undertake to change its source of API only after due evaluation of the strengths of the API producers. These competitive market conditions have offered an opportunity to quality conscious Indian manufacturers, having the necessary regulatory clearances, to replace the traditional high cost European API producers.

The pharmaceutical industry is becoming increasingly competitive as most of the API producers worldwide are trying to focus on the expiry of patents of several very successful products. This has resulted in the market becoming relatively fragmented with no single API producer gaining a significant share of the product. The intense competition and price sensitivity of the market provides good opportunities for low cost producers in India.

Outsourcing – Pharmaceutical Industry Perspective

In the leaner, more cost sensitive and competitive future, gains in shareholder value are as likely to come as much from using capital more efficiently as from expanding the scale of pharmaceutical operations. Outsourcing will play a key part in improving capital efficiency and focusing resources. Of the 44 products generating blockbuster sales in 2000, 33 will lose patent protection in the US before 2007, exposing approximately $45.5bn of US ethical revenues to generic competition**. Globally, patents protecting 80% of blockbusters in 2000 will expire by 2007, freeing up $67bn to generic erosion**.

The R&D and sales and marketing functions of major pharmaceutical companies are suffering from declining productivity. To date, the industry's main strategic response to this – mergers and acquisitions – has not been fully effective in addressing this dynamic. A networked pharmaceutical model is the answer to the longer-term challenges faced by the industry. According to this business model, major pharmaceutical companies, which currently operate approximately majority of the activities in-house, will eventually perform only a fraction in-house. The remainder of the functions will be conducted externally, via a carefully selected, risk-managed portfolio of straight outsourcing arrangements and strategic alliances.

Traditionally, the term 'outsourcing' in the pharmaceutical industry has implied converting the fixed costs of maintaining the necessary personnel, infrastructure and expertise to execute a development operation, into the variable costs of paying a subcontractor to perform that process when it is required, often on an 'ad hoc' basis. These subcontractors frequently take the form of contract research, manufacturing and sales organizations (usually referred to as CROs, CMOs and CSOs).

The three prevalent outsourcing themes in the current context are:

1. Contract Research Organisations

As mentioned, pharmaceutical and biotechnology companies can hire CROs to outsource part or all of their R&D processes. The CRO industry, which was born in the 1970s, now consists of over 1,000 companies across the US and the European Union**. The sector has witnessed continued consolidation over the past few years, with M&A activity more than matching that of the pharmaceutical industry as a whole. However, there are still many boutique CROs specializing in particular therapy areas or even a particular set of indications within one therapy area. Larger CROs, such as Quintiles, now offer an exhaustive list of core and ancillary R&D services from pre-clinical studies to product launch**. Some CROs have acquired upstream capabilities such as discovery (e.g. PPD Development), some have acquired downstream capabilities such as contract sales and marketing (e.g. Quintiles), some both**. Traditionally, CROs have focused on carrying out clinical development services but now that the largest offer an increasingly sophisticated and broad range of services, they can almost be thought of as contract pharmaceutical organizations.

CRO market consists of early-stage development to test the safety, side effects and efficacy of drugs, as well as late stage development to test their long-term safety, efficacy and performance compared to alternatives in the market. The services provided to the client include clinical monitoring and data management, protocol design, bio manufacturing, and medical report writing.

The top 4 CROs have grown to control 49% of outsourced clinical development. The important players in this market are Quintile (20%), Covance (16%), Paraxel (7%) and PPD (6%)**.

2.Contract Manufacturing Organisations

Pressure on sales growth (due to the rising number of drugs going off-patent, slower new drug approvals and declining period of product exclusivity), and rising R&D costs in order to maintain an NCE pipeline may result in margins of R&D oriented pharmaceutical companies being further squeezed. Around the world, government and health insurers are struggling to check the ever-mounting expense on prescription drugs. The Hatch-Waxman Act of 1984 has had a tremendous impact on the US prescription drug market. As many blockbuster products* approach patent expiry, even the US FDA is planning a public advertising campaign to encourage the use of generic drugs, which already account for 47% of ethical prescriptions, against 18% in 1984**. The share of generics in total prescriptions is also expected to be over 50%, as many innovator products are due to lose their patent protection over the next ten years. Between 2001 and 2010, in the US alone, patents of 42 of the 52 blockbuster drugs, with global sales of over $1bn in 2001 and combined sales of approximately $82bn, will expire**.

Many R&D-based pharmaceutical companies are expected to be affected by the number of drugs going off-patent, as mentioned above. Hence, we believe that, to maintain the momentum growth, these MNCs have to reduce manufacturing costs, MNCs are expected to increasingly outsource part of manufacturing of bulk actives and formulations. This would definitely enhance the prospects for countries that offer a low-cost manufacturing base such as India, China, Korea and Taiwan.

CMOs provide chemistry services that assist in early-stage discovery and small-scale manufacturing process development. They also manufacture APIs and intermediate ingredients – both chemical and biological compounds used to make drugs – in clinical trial-scale and commercial-scale quantities. CMOs also provide secondary dosage form manufacturing, i.e. making pills and injectable drugs.

CMOs include companies such as DSM/Catalytica, Degussa-huls/Laporte and Lonza.

3. Contract Sales & Marketing Organisations (CSOs)

CSOs help drug companies promote, market and sell new and existing drugs. CSOs build sales forces and conduct promotional marketing of medical education services.

The greatest new product opportunities for bulk pharmaceutical and chemical manufacturers continue to emerge from branded prescription products losing patent protection. An estimated US $50 billion (dose-form level) of prescription pharmaceuticals are expected to lose patent protection between 2003-2007* as many of these off patent drugs “go generic”. Drug companies will purchase the services of bulk pharmaceutical chemical manufacturers to produce them.

Sources:

** Source: Reuters: The Generics Outlook 2001 (Paul Evers)** Source: Pharmaceutical R&D Outsourcing strategies: An analysis of market drivers and resistors to 2010 (Steve Birch)*

Competition:

The Company operates in three different segments namely (i) QUATs and speciality chemicals, (ii) Intermediates and APIs and (iii) CM and CR. There is no listed entity in India carrying out all the three activities together as one corporate entity. The competition therefore will be different under different segments.

(i) QUATs

As regards QUATs there is no listed company which manufacturers QUATs in India. There are a few small unlisted organisations which manufacture a limited range of products in QUATs. Hence, the financial data of the same is not available.

(ii) APIs and Intermediates and CMO/CRO

In our view in this segment the following listed company is operating and their summarised performance indicators are given below;

(Rs. in mn, except per share data)

Company Name	**Year**	**Sales**	**Net profit**	**Operating profit**	**EPS**
Shasun Chemicals & Drugs Ltd.	2002-03	2472.9	161.4	233.4	24.67

(SOURCE: PROWESS DATABASE)

SWOT Analysis

Strengths:

- Management depth and ability to manage client relationships.
- R&D capabilities to develop efficient and cost effective process at short notice.
- IPR adhering status.
- International subsidiaries enhancing the presence in the international market.
- Multi-purpose and multi-product production facilities having ISO 9001:2000 Quality certification and unit 6B at the Bavla facility, which is built on the principles, set out in the code of Federal Regulations.
- 100% EOU status at Bavla.

Weaknesses:

- Reliance on business from a small number of clients.
- Business revenues skewed to Europe.
- Size of operations:
  - Attraction of talent
  - MNCs prefer larger balance sheet

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.

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 NCE at any stage due to various reasons.

OUR BUSINESS SEGMENTS

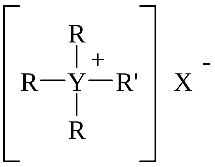
Our present business is organized under the following segments: QUATs and Speciality chemicals, Intermediates and APIs and CM and CR. In each of these segments, we undertake "regular" and "customized" production. Regular production means yearly planned production of chemicals, intermediates and APIs that is marketed by us and our subsidiaries. Whereas, customized production refers to production of chemicals, intermediates and APIs that is undertaken by us based on a long term contract or agreement entered into with the customer. Our business is carried on from two different facilities. For details on "Our Location and Facilities", refer to page 52 of this Prospectus.

QUATs AND SPECIALITY CHEMICALS

We produce diverse ammonium and phosphonium quaternary compounds. QUATs are used as a catalyst to transfer a reactant from one phase to another. In the role of a catalyst the QUATs provides the following benefits:

- Initiates the reaction;
- Decreases reaction time;
- Decreases reaction temperature;
- Eliminates the use of toxic and carcinogenic solvents;
- Facilitates the separation of non-reacted reactants from product; and
- Increases the yield through suppression of side reactions.

Chemical diagram of QUATs is depicted as under :



QUAT

R- Alkyl
X- Halide
Y-Nitrogen or Phosphorus

Since, QUATs are used in small quantities in the production process, the additional cost involved in using the QUATs is negligible and the benefits are compelling. QUATs are classified into: short chain quartenary ammonium compounds, long chain quartenary ammonium compounds, quartenary phosphonium compounds, phosphoranes, pyridinium QUATs and wittig reagents. The classes of QUATs produced by us and their application details is as stated below:

Sr. No.	QUATs type	Name of QUATs	Specific Application/ Role	Relevant Industries
1	Short chain quartenary ammonium compounds (Also called "phase transfer catalysts")	● TBAB ● TEAB ● TPAB ● TEBAC ● PTMAC	Exclusively used as catalysts in the manufacturing industries	● Pharmaceuticals ● Dyes and Intermediates ● Paints and polymers ● Agrochemicals ● Perfumes and flavours
2	Long chain quartenary ammonium compounds	● CETRIMIDE ● CPC ● CTAB ● CTAC ● BKC	● Extraction of high value organic molecules in aqueous media ● Disinfectants ● Wood preservatives ● In cosmetics as disinfectants, softners and emulsifiers	● Textile auxillaries ● Phase transfer catalyst ● Disinfectant in cosmetics ● Emulsifier in polymerization ● Formulation of insecticides ● Formulation of Biocides ● Fungicide in herbicidal formulation ● Corrosion inhibitor ● Bacterial and fungicidal formulations ● Haircare products

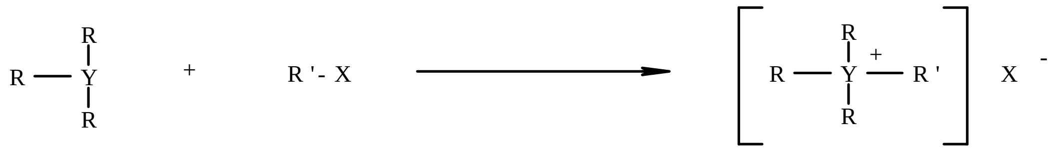
3	Quartenary phosphonium compounds	● ETPPB ● TPPB ● MTPPC ● B_4TPPB ● B_3TPPC	● Temperature resistant used in fluorination reaction and polymerization ● Powder coating ● Disinfectants for wool against moths	● Epoxy Resins ● PTC ● Polymerization's ● Olefin synthesis ● Paper Industry ● Food container coatings ● Witting Reagents

PRODUCTION PROCESS

The production process undertaken to produce QUATs is called "quatenerisation". Quatenerisation involves the reaction of amine with alkylhalides or alkylsulfates. The principal raw materials required in various quatenerisation process are tri ethyl amine, tri butyl amine, fatty di methyl amine, ethyl bromide, methyl bromide, benzyl chloride, di methyl sulfate etc. We procure the raw materials required for QUATs production from domestic as well as overseas markets.

The production process of QUATs is normally a one or two step synthesis. If it is a simple QUAT, *e.g.* tertiary amine and a halide such as butyle bromide, ethyl bromide *etc*. are reacted in presence of a solvent such as acetone, acetonitrile, *etc*. Depending on the QUAT, the reaction is conducted either under the pressure or reflux whereby quatenerisation takes place. In case of a solid QUAT, this reaction mix is sent to a crystalliser and in case of a liquid QUAT the mix is sent to distillation to remove the solvent. Crude QUAT so obtained is then purified by charcoal treatment in another solvent and recrystallised. Such purified QUAT is filtered in centrifugals or Nutch filters. Wet cake of QUAT is then dried in a tray dryer/ fluid bed dryer or rotary vacuum dryer and sent for milling and packing.

A typical manufacturing process diagram of QUAT is as under:



Q U A T

R- Alkyl
X- Halide
Y- Nitrogen or Phosphorus

The details of our QUATs actual production and sales for last three years and the period ending September 30, 2003 is as stated below:

	For the year ended March 31,			For the period ended September 30, 2003
	2001	**2002**	**2003**	
Actual Production (in MT)	1,467	1,228	1,054	649
Actual Sale (in MT)	1,445	1,223	1,035	642
Income (in Rs. mn)	391.04	410.36	352.74	194.69

We manufacture a large number of QUATs having a diverse range of price realisation. The total turn over and the average realisation vary from year to year based on the product mix in the year.

SALES AND MARKETING

QUATS produced at our Naroda and Bavla facilities are exported and sold domestically. Domestically, we sell our QUATs directly to customers from our production facilities. Globally, our QUATs exports are through (i) our Mumbai office; (ii) Dishman Europe; (iii) Dishman USA; (iv) Dishman Africa. Except our Mumbai office, other subsidiaries buy from us, stock and sell and market QUATs in their regions. In case of exports, our subsidiaries act as our marketing arms in their respective locations for procuring orders and facilitating the execution of the orders while we act as the producers. We exported 86.25%, 90.68 % and 90.72 % of our QUATs production in the year ended March

31, 2001, 2002 and 2003, respectively. The details of our QUATs sales geographically in-terms of domestic and exports for the last three years and the period ended September 30, 2003 is as stated below:

	For the year ended March 31,						**For the period ended September 30, 2003**	
	2001		**2002**		**2003**			
	(In Rs. mn)	**(In MT)**	**(In Rs. mn)**	**(In MT)**	**(In Rs. mn)**	**(In MT)**	**(In Rs. mn)**	**(In MT)**
Sales: Domestic	63.74	199	42.53	114	36.03	96	61.66	191
Sales: Export	327.30	1246	367.83	1109	316.71	939	133.03	451
Total Sales	**391.04**	**1445**	**410.36**	**1223**	**352.74**	**1035**	**194.69**	**642**

Majority of our QUATs production is exported to U.S.A., Europe, Japan, Far East, Middle East, South Africa, *etc*. Our customers include large MNCs in the pharma, polymer and agro industry.

INTERMEDIATES AND APIs

Utilizing our expertise in handling complex chemistries, we graduated from being a major QUATs producer to one of the global suppliers of intermediates and APIs to the pharmaceutical industry. We have developed expertise in the development, process optimization, scale-up and GMP production of intermediates and APIs. Equally, we are familiar with international IPRs and our processes are checked to avoid patent infringement. The experience of our R&D scientists, the competence of our chemists and the flexibility of our GMP facilities provide to our customers´ products with characteristics of a global quality.

Presently, we produce intermediates and APIs at our production facilities located at Naroda and Bavla for the domestic market as well as for exports. Our Bavla facility is a 100% EOU. Our capabilities include synthesis route selection with respect to non-infringement for patents, laboratory process validation, optimization and validation of the process for successful scale-up from laboratory scale to commercial quantities. Pilot facilities are available at our facilities to carry out production of experimental quantities from a kilo to hundreds of kilograms. At the production facilities, production is undertaken in multi-purpose and multi-product plants. The final steps of manufacture, like purification, drying and milling, are handled in separate clean room areas and often personalized to the most demanding customer needs.

Presently, we produce the following intermediates and APIs:

List of major intermediates	**List of major API's**
Omeprazole Intermediate	Thioridazine
Lanzoprazole Intermediate	Xipamide
Glibenclamide Intermediate	Omeprazole
Loratadine Intermediate	Tramadol
Rabeprazole Intermediate	Bisacodyl
Thioridazine Intermediate	Picosulphate Sodium
Baclofen Intermediate	CPC
Ticaracillin Intermediate	Cetrimide
Paroxetin Intermediate	BKC
Losartan Intermediate	Lidocaine
	Glipizide
	Glibenclapuide
	PAM Iodide and chloride

The intermediates and APIs produced by us finds application in, antiseptic detergents, preservation in eye drops/ hospital disinfectant, as an active ingredient in the cosmetic and pharmaceutical industry, stimulant laxative, cathartic, disinfectant and bactericidal, local anaesthetic, anti-arrhythmic, cholinesterase reactivator, antidote (nerve gases and cholinesterase inhibitor type insectides), antipsychotic drug, laxative, *etc*.

PRODUCTION PROCESS

The production process varies from product to product. However, typically, the process involves either a single step or multiple step reactions in different reactors, as per the required process parameters, using the required raw materials/ starting materials and intermediate products. Depending on the requirements of the customer, the finished product can be either in lump, powder or liquid form. It is then suitably packed in different packaging material.

We use a wide range of raw materials. We also use a wide range of solvents for carrying out the reactions. The major raw materials used are Farmin- DM –40, Farmin- DM –20, Apitol- 120, Cetyl Chloride, Dimethyl Sulfate, 2- Methyl Mercapto Phenothiozine, Piperidine-2-ethyl chloride hydrochloride, Phenol, Pyridine 2 Aldehyde, Pyridine, Benzyl chloride, etc. The raw materials are imported as well as procured domestically. The raw materials can be imported without any restrictions. If the raw materials are imported under the advance licensing scheme or under the EOU status, no custom duty is leviable. We are not dependent on a single source for sourcing its raw materials.

The details of our API and Intermediate (other than CMO) actual production and sales for last three years and the period ending September 30, 2003 is as stated below:

	For the year ended March 31,			**For the period ended September 30, 2003**
	2001	**2002**	**2003**	
Actual Production (in MT)	274	658	394	332
Actual Sales (in MT)	257	654	386	327
Income (in Rs. mn)	328.09	391.46	379.45	139.70

We manufacture a large number of APIs and intermediates having a diverse range of price realisation. The total turn over and the average realisation vary from year to year based on the product mix in the year.

SALES AND MARKETING

Intermediates/APIs produced at our Naroda and Bavla facilities are exported as well as marketed domestically. Domestically, we sell our Intermediates/APIs directly to customers from our production facilities. In case of exports, our subsidiaries act as our marketing arms in their respective locations for procuring orders and facilitating the execution of the orders while we act as the producers. Our subsidiaries in UK, USA and The Republic of South Africa market the APIs to formulation companies and intermediates to API/Speciality Chemical producers. We exported 35.06%, 23.74% and 56.03% of our Intermediates and APIs production in the year ended March 31, 2001, 2002 and 2003 respectively. The details of our Intermediates and APIs sales geographically in-terms of domestic and exports for the last three years and the period ended September 30, 2003 is as stated below:

	For the year ended March 31,						**For the period ended September 30, 2003**	
	2001		**2002**		**2003**			
	(In Rs. mn)	**(In MT)**	**(In Rs. mn)**	**(In MT)**	**(In Rs. mn)**	**(In MT)**	**(In Rs. mn)**	**(In MT)**
Sales: Domestic	224.70	167	304.68	499	173.26	170	82.56	188
Sales: Export	103.39	90	86.78	155	206.19	216	57.14	139
Total Sales	**328.09**	**257**	**391.46**	**654**	**379.45**	**386**	**139.70**	**327**

A majority of our Intermediates/ APIs production are exported to U.S.A., Europe, Japan, Far East, Middle East, South Africa, *etc*.

CAPACITY AND CAPACITY UTILIZATION

We manufacture several bulk drugs and intermediates requiring different through put time and yield-ratio in our multi product plants at Bavla and Naroda. The capacity varies considerably depending on the product mix. The installed capacity therefore cannot be indicated.

CONTRACT MANUFACTURING & CONTRACT RESEARCH

Contract Manufacturing

As a contract manufacturer, we undertake manufacturing on behalf of the innovator/ patent holder. These engagements are in-terms of the relevant agreements entered into with the customers. In the last few years, in line with our vision, we have made efforts to develop our contract manufacturing business. We are working closely with Solvay in the capacity as an independent CMO.

Our first major contract as a CMO is with Solvay. The contract is for supplying API Eprosartan Mesylate (“EM”), patented in 1993, and its intermediates upto December 2008, extendable annually thereafter. The patent for EM expires in the year 2013 and thus, it has a significantly long patent protection period. EM is an anti-hypertensive drug formulated by Solvay and marketed under the brand name “Teveten”.

Solvay is a member of the approximately Euro 9 billion plus Solvay Group of chemical and pharmaceutical companies, a global research-based pharmaceutical Group, headquartered in Brussels, Belgium. The Solvay Group employs more than 32,000 people in four core businesses: Pharmaceuticals, Chemicals, Plastics and Processing. (*Figures as per a press release dated March 18, 2002. Details available at www.solvay.com*)

Owing to its high dosage requirement, it was imperative for Solvay to reduce the cost of EM and with this objective Solvay were looking for developing one more major supplier other than the existing European supplier. In 1999 Solvay signed a LOI and provided us with the technology for the manufacture of API to us. In 2001, the final agreements were executed for the supply of EM and its three starting materials. As per the agreements Solvay will buy its requirements of EM to the extent of 30% each from us and the existing European supplier and the balance 40% is to be sourced from either of the aforesaid suppliers, at the discretion of Solvay. The commercial production for EM and its starting materials have started from March 2003. Further, Solvay undertakes to buy the quantity manufactured by us. In the event, Solvay is unable to place orders for the manufacture, it will, in consultation with us, make reasonable efforts to put the production facilities to another use.

Further, according to the toll manufacturing agreement after 2008, we can terminate the contract at the end of each year by giving a prior notice of 36 months to Solvay, while Solvay can terminate the same by giving a prior notice of 12 months to us. After termination, our right to use the process, compound, patent, know-how and information received from Solvay shall cease with immediate effect.

According to the terms of the aforesaid agreement, all the intellectual property rights regarding the compound, process, patents, know-how, improvements and other information relating to the product shall remain the property of Solvay. Any patentable improvement or other invention of a general nature, made by us, resulting solely from our efforts shall be our property. We shall inform Solvay of any such improvement or invention. If such improvements result in any cost reductions in the manufacture of the intermediate 7-DHC we are entitled to be paid upto 20% of such savings. Further, we also agree to grant a perpetual exclusive royalty free license with the right to sub license the use of such patentable invention. If we do not seek to patent such improvement or invention, Solvay shall have the rights to do so at its own expense.

We have entered into a Contract Manufacturing agreement to produce the starting materials for EM for use by Solvay, another MNC manufacturing EM for Solvay or by us in our manufacture of EM under the above contract. Under this agreement there has been no transfer of technology by Solvay. However, Solvay have rights to use any improvements on the starting materials or the process of production of the same, discovered or invented by us. If such improvements result in any cost reductions on the part of Solvay, we are entitled to be paid upto 50% of such savings.

This agreement is effective until December 2008 and annually extendable thereafter. Further, we can terminate this contract at the end of each year by giving a prior notice of 36 months to Solvay, while Solvay can terminate the same by giving a prior notice of 12 months to us. After the termination, our right to use the process, compound, patent, know-how and information received from Solvay shall cease with immediate effect.

Solvay has also entered into a toll manufacturing Contract in May 2002 for toll production of another intermediate, 7-DHC. According to the toll manufacturing agreement, Solvay shall provide free of cost the starting materials required for the manufacture of the intermediate. Further, it shall also provide us every month with rolling forecast of its expected requirement for the following 26 weeks. If we fail to deliver the ordered quantities on the delivery date, we shall be obliged to pay a penalty varing from 1% to 10% of the order value, for a delay ranging from 1 week to 3 weeks.

This contract is for supplying the product up to December 2007 and is extendable annually thereafter. Further, we can terminate this contract at the end of each year by giving a prior notice of 36 months to Solvay, while Solvay can terminate the same by giving a prior notice of 12 months to us. After the termination, our right to use the process, compound, patent, know-how and information received from Solvay shall cease with immediate effect.

According to the terms of the aforesaid agreement, all the intellectual property rights regarding the compound, process, patents, know-how, improvements and other information relating to the product shall remain the property of Solvay. Any patentable improvement or other invention of a general nature, made by us, resulting solely from our efforts shall be our property. We shall inform Solvay of any such improvement or invention. If such improvements result in any cost reductions in the manufacture of the intermediate 7-DHC we are entitled to be paid up to 50% of such savings. If such improvements result in quantity reduction of the starting materials to be used, we will be entitled to be paid up to 25% of such savings. Further, we also agree to grant a perpetual exclusive royalty free license with the right to sub license the use of such patentable invention. If we do not seek to patent such improvement or invention, Solvay shall have the rights to do so at its own expense.

The total income arising out of business with Solvay for the FY 2003 and for the HY 2004 was Rs. 411.89 mn and Rs.186.15mn, respectively.

Other CMO Contracts in pipeline

We are negotiating similar long term contracts for developments/CM of different molecules with pharma and non-pharma MNCs.

Contract research

Our research work has provided us with the knowledge to enter into contract research and development. Presently, we undertake research work at our existing R&D facilities at Naroda and Bavla. We undertake contract research for customers on either a pure commercial basis or as joint developing partner. In the latter case, we share the research risk with our customers, with the understanding that upon commercialisation, the production of the intermediate/ API may be awarded to us by the customers as sole/preferred supplier. With past experience gained in R&D activities, coupled with our long standing relationship with global MNC companies, we have now viewed contract research as a precursor or door opener in getting contract manufacturing proposals.

We were awarded in the month of December 2001, a contract research assignment by Solvay to carry out the research work on potential molecule under development at Solvay, which has since been completed. Further, we have also been approached by another MNC to develop/optimize a molecule for them.

OTHER BUSINESS SEGMENTS:

Adimans Travels:

Adiman Travels is a division of our Company carrying on travel related business in the form of air ticketing, hotel booking, car rentals *etc*. They are holding a valid IATA license. The business is carried on mainly for our employees and in addition for walk-in passengers. The revenue income is generated from the commission received from airlines, hotels etc. Their office is situated at the first floor of our registered office. As of November 30, 2003 there were 10 (ten) employees. The net income after providing for the expenses was Rs. (0.34) mn, Rs. (0.68) mn, Rs. (0.16) mn and Rs. 0.06 mn during the financial years ended March 31, 2001, 2002, 2003 & six months period ending on September 30, 2003 respectively.

Business Center:

Another of our division is operating a business centre at 3rd Floor, Samudra Annexe, Nr. Klassic Gold Hotel, off. C.G. Road, Ahmedabad. Initially, the property was acquired to have a corporate office there. To make optimum use of the office space, business centers were established. The division caters to the needs of a total business centre. The total area is around 4,335 sq. ft. There are 21 air conditioned rooms, 3 air conditioned meeting rooms to accommodate 5 persons in each room, one air condition conference room to accommodate 30 persons, along with a reception room and a pantry. The facility is provided to various companies either on a long-term basis (for a maximum period of 11 months to be renewed thereafter) or on daily basis in respect of meeting rooms and conference rooms. In addition, the business centre is equipped with a fax, 16 telephone lines with intercom facility connecting to all rooms, a photocopying machine, internet facility *etc*. The secretarial services are available on call. The messenger services as well as courier services are made available to the occupants. As of November 30, 2003, there were 9 (nine) employees. The net income after providing for the expenses was Rs.2.58 mn, Rs. 1.04 mn, Rs. 0.91 mn and Rs. 0.27 million during the financial years ending March 31, 2001, 2002, 2003 & six months period ending on September 30, 2003 respectively.

Awards/Recognitions received by the Company

The Company has also received awards from manufacturers as a recognition of their efforts. Johnson and Johnson has awarded the Company ‘Breakthrough thinking with business partners’ in March 2003 and ‘True Business Partners’ in March 2002. The Company also received recognition as a preferred supplier from AstraZeneca at the latters business meet in 2003.

Working Capital Facilities

The Company has been availing working capital facilities under consortium banking arrangements with its bankers comprising of State Bank of India, Bank of India, Corporation Bank and Bank of Baroda.. The details of the fund based and non-fund based limits from these banks as on September 30, 2003 was as under:

Name of the Bank	Nature of Limit	Limit (Rs. In mn)
Fund Based Limits		
State Bank of India	Pre and post shipment credit viz. Export Packing Credit and Foreign Bill discounting	107.70
	Cash Credit & Working Capital Demand Loan	21.00
	Sub-Total	**128.70**
Bank of Baroda	Pre and post shipment credit viz. Export Packing Credit and Foreign Bill discounting	85.80
	Cash Credit & Working Capital Demand Loan	15.60
	Sub-Total	**101.40**
Corporation Bank	Pre and post shipment credit viz. Export Packing Credit and Foreign Bill discounting	72.60
	Cash Credit & Working Capital Demand Loan	13.20
	Sub-Total	**85.80**
Bank of India	Pre and post shipment credit viz. Export Packing Credit and Foreign Bill discounting	62.70
	Cash Credit & Working Capital Demand Loan	11.40
	Sub-Total	**74.10**
Total Fund Based		**390.00**
Non Fund Based Limits		
State Bank of India	Letter of Credit	52.80
	Bank Guarantee	3.30
		56.10
Bank of Baroda	Letter of Credit	41.60
	Bank Guarantee	2.60
		44.20
Corporation Bank	Letter of Credit	35.20
	Bank Guarantee	2.20
		37.40
Bank of India	Letter of Credit	30.40
	Bank Guarantee	1.90
		32.30
Total Non- Fund Based		**170.00**

We have availed of term loan aggregating Rs.75mn from Infrastructure Leasing and Financial Services Limited to meet our medium term working capital requirement as per agreement dated February 12, 2004

OUR RESEARCH AND DEVELOPMENT EFFORTS

Our research and development efforts are headed by our Managing Director, Mr. Janmejay R. Vyas. Our research and development laboratories are located at our Naroda and Bavla facilities. For details on our research and development facilities, refer to "Our Location and Facilities" on page 52 of this Prospectus. As on November 30, 2003, we engaged 106 chemists/scientists in our laboratories. Our team of chemists have experience in a wide range of chemical processes including conventional and catalysed reactions. The focus of our efforts in the speciality chemical segment have been on converting "user friendly" processes by way of catalysis to "user and eco friendly" processes (please refer examples given below), cost effectiveness, milder reaction conditions, avoidance of costly solvents and hazardous reagents such as hydrides/ alkoxides, lower waste streams and impurity profiles.

Examples of "user and eco friendly" processes:

(a) Nitrations of heterocyclics are normally conducted using nitric acid plus concentrated sulphuric acid in large quantities. This makes the process quite risky and generates a large effluent stream of spent acids. Our R&D team has, after large number of trials, established a method to do the same nitration using a catalyst and 40 % nitric acid in water. This process is very safe and there is no waste generation since nitric acid is consumed in reaction forming water. We perform number of such heterocyclic nitrations and this innovation has offered an eco-friendly and user-friendly process to our production departments. Moreover, avoiding using a strong oxidant like sulphuric acid in the process also helps in reducing the formation of impurity to a lower level.

(b) In one of our reactions, we had to use an alkoxide as a reagent. The alkoxides are highly flammable and unstable compounds. After conducting many experiments and trials, our R&D has developed a replacement of the same using a PTC plus caustic soda together with alcohol. This has replaced costly and dangerous alkoxides with low cost reagents.

Apart from process improvements, R&D is also responsible and involved in the following activities:

1. Material Safety Data Sheets ("MSDS"): This is an important document, which provides information on safe handling, spillage handling instructions, hazards of fire, exposure to human, possible emergency measures, *etc*. Every customer will ask for an MSDS before ordering material first time. During transport of the material, it has to be a part of the shipping documents. R&D will prepare the same and provide it to the Safety, Health and Environment department, production department and QA.
2. Analytical Techniques: Together with the analytical development department, R&D will develop methods for suitable methods of analysis, physical chemical properties, impurity characterisation and identification, *etc*. This is essential for the QA/QC department as well as for customers who will be buying the product.

Our research and development team undertakes the operation of the pilot and scale-up facilities with focus on process validation, process optimizations, product development report *etc*.

The process for all our products other than CMO have been developed in-house. In case of the CMO segment, the process technology of certain products is given to us under a CDA by our customers, under the terms of the contracts executed with them. In such cases, the technology for intermediate products/starting materials is usually developed/modified by us.

We have filed six DMFs for four products, namely, Xipamide, Cetylpyridinium chloride, Tramadol Hydrochloride and Eprosartan mesylate up to November 30, 2003 with the foreign regulatory authorities like FDA-USA, AFSSAPS-France, EDQM-France, BfArM-Germany and MOH-Italy, etc. We believe that the DMFs already filed plus the DMFs that are being filed will present a significant opportunity for our foray into the field of future generics, and thus give further impetus to the CMO segment, as explained under the "Our strategy" section at page 7 of this Prospectus.

Our new R&D center at our Bavla facility, is envisaged to be set up utilizing the proceeds of present Issue to the tune of Rs.95 mn, as explained under the section "Objects of the Issue" at page 24 of the Prospectus.

As of November 2003, more than 25 products are at various stages of development in our R&D Department.

Manpower in Research and Development

Particulars	March 31, 2001	March 31, 2002	March 31, 2003	November 30, 2003
Total Manpower *(excluding whole time Directors)*	395	413	459	480
Manpower in R&D	90	95	106	106
% of R&D manpower & Total Manpower	22.78	23.00	23.09	22.08

OUR LOCATION AND FACILITIES

OUR BAVLA FACILITY

Our Bavla facility is located 40 kms from the head office of the Company and 55 kms from our Naroda facility. This facility was set-up in 1996, on land measuring 76 acres. Our Bavla facility is a 100% EOU. Our Bavla facility comprises of eight production units for production of intermediates, APIs and phase transfer catalysts, research and development laboratories, quality assurance and control block, various utility blocks, warehouses, mechanical workshops and an administrative block. Our Bavla facility has the following reaction capabilities: grignard reaction, halogenations, dehydrobrominations, alkylations, oxidations, reductions and hydrolysis, acetylations and nitration, hydrogenations, arymmetric synthesis, *etc*.

OUR PRODUCTION UNITS

The details of our production units at Bavla is as stated below:

Unit No.	Description of the Unit
1	A two floor structured set-up, with the available area measuring 700 sq. mts. and 300 sq. mts. for the ground floor and the first floor respectively. This GMP unit is designed for production of intermediates for the non-regulated markets. The major equipment installed in this unit are reactors (4 nos.), centrifuges (2 nos.) and rotary vacuum dryer (1 no.) The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater.
2	A three floor structured set-up, with the available area measuring (900 X 3) sq. mts. This GMP unit is designed for production of intermediates and APIs for the non-regulated markets. These intermediates and API's are Glibenclamide, Omeprazole Intermediates, GSK Intermediates I & II, *etc*. Also, the unit has a dedicated finished products area for final step solid handling and packing. The major equipments installed in this unit are glass lined reactors of various capacities (5 nos.), SS 316 reactors of various capacities (16 nos.), centrifuges (4 nos.), air jet mill (1 no.) and rotary vacuum dryer (1 no.) The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen. This unit also has a R&D facility.
3	A two floor structured set-up, with the available area measuring (225 X 2) sq. mts. This unit is designed as a pilot plant facility. The major equipments installed in this unit are glass lined reactors of various capacities (2 nos.), SS 316 reactors of various capacities (6 nos.), centrifuges (2 nos.), fluid bed dryer (1 no.) and glass reaction assembly (2 nos.) The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen.
4	A two floor structured set-up, with the available area measuring (400 X 2) sq. mts. This unit is designed for production of intermediates, QUATs and PTCs. Also, the unit has a dedicated packaging area. The major equipment installed in this unit are glass lined reactors of various capacities (2 nos.), SS 316 reactors of various capacities (6 nos.), centrifuges (2 nos.) and fluid bed dryer (1 no.). The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen.
5	A two floor structured set-up, with the available area measuring (400 X 2) sq. mts. This unit is designed for distillation and solvent recovery. The major equipment installed in this unit are SS 316 bubble cap distillation column (1 nos.), SS 316 packed column (1 no.), glass lined reactors of various capacities (1 no.), SS 316 reactors of various capacities (3 nos.), centrifuges (2 nos.) and high vacuum system (1 no.). The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen.

6 - A	A two floor structured set-up, with the available area measuring (400 X 2) sq. mts. This GMP unit is for production of APIs for the regulated markets. The unit has a dedicated powder processing area. The major equipments installed in this unit are hastalloy reactor (1 no.), glass lined reactors of various capacities (3 nos.), SS 316 reactors of various capacities (6 nos.), centrifuges (2 nos.), fluid dryer bed (1 no.) and rotary vacuum dryer (1 no.). The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen. It also has a R&D facility.
6 - B	A two floor structured set-up, with the available area measuring (600 X 2) sq. mts. This GMP unit is built on the principles set out in certain regulations of the US FDA set out in the Code of Federal Regulations, USA, used for the production of API EM, a hypertensive drug, currently for European markets. The requirements of Solvay are met from this unit. The unit has a dedicated powder processing area. Further, there is also a well equipped R&D laboratory in the unit. The major equipments installed in this unit are hastalloy reactor (1 no.), glass lined reactors of various capacities (2 nos.), centrifuges (2 nos.), fluid dryer bed (1 no.), nitrogen jet mill (1 no.) and rotary vaccum dryer (1 no.). The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen.
7	A three floor structured set-up, with the available area measuring (1100 X 3) sq. mts. This GMP unit is designed exclusively for production of intermediates and APIs. The unit has a cold storage facility. The major equipments installed in this unit are glass lined reactors of various capacities (6 nos.), SS 316 reactors of various capacities (21 nos.), centrifuges (6 nos.), thin film evaporator (1 no.) and rotary vaccum dryer (2 nos.) and high vaccum system (3 nos.). There is a well equipped QC/QA, analytical laboratory and R&D facility in the unit. The unit is connected to various utility blocks for steam, chilled water, thermic fluid heater and nitrogen.

There are two warehouses, one for the storage of raw materials, measuring 600 sq. mts and the other for the storage of finished goods, measuring 400 sq. mts. Both these warehouses are as per GMP guidelines. They are equipped with racks, hydraulic lifting materials, handling/unloading equipment, closed circuit camera for security control. There is also one solvent storage yard with ten underground tanks, each with 10 KL storage capacity. There is also a separate material-handling gate with an electronic weigh bridge. The finished goods storage warehouse also has a separate cold storage area.

We conduct various hazardous operations like high pressure reactions or hydrogenation in an isolated block. This block is equipped with high pressure reactors for conducting reduction by catalytic hydrogenation. The reaction capacity of this block is of 10 kilo litres with pressure limit of 20 kg/ cm^2. The reaction conditions are controlled by special control and safety systems.

All the production blocks, utility and service blocks and administrative block are covered with fire hydrant systems.

In addition to the above mentioned facilities, there are various independent operations related facilities like liquid-liquid extraction, liquid-solid extraction, vaccum distillation, vaccum drying, solvent recovery, evaporation and process scrubbing. For details on our effluent treatment facilities, refer “Our Location and Facilities” on page 56 of this Prospectus.

Our Bavla facility has a quality system comprising of quality control, quality assurance and analytical development. The quality control section is responsible for sampling, physio-chemical and instrumental analysis of raw materials, in-process materials, intermediates and finished products for qualifications and routine calibrations. The quality assurance section is involved in the preparation of protocol and monitoring qualification, strict process control, process validations, stability studies, inspections and audit and procedure related documentation. The analytical development section is involved in development of various analytical methods, validation of analytical test procedures, isolation and characterization of new molecules, etc. The quality control and assurance laboratory is equipped with the following major equipments- HPLC with Photo Diode Array Detector, HPLC with UV Detector, Preparative Liquid Chromatograph with UV Detector, GAS Chromotograph with Headspace Sampler, CAMAG HPTLC, UV-VIS Spectrophotometer, Auto Titrator, Digital pH Meter, etc.

The main utilities used in the Bavla facility are power and water. The maximum power demand is estimated at 1500 KVA. This is sourced from the Gujarat Electricity Board (“GEB”). We have entered into a contract with the GEB for the supply of 1500 KVA of electricity. Further, we also have 4 (four) DG sets (total 3000 KVA) in the facility which can supply 100% of the electricity in case of any failure from the GEB. The per day requirement of water at the Bavla facility is 90,000 cu. mt. This is met from 2 (two) borewells dug at the plant. Further, where purified water is required, we have installed De-mineralisation (“DM”) plants for the same.

In addition to the above, the facility has other common utilities. Each of the production units are connected to various central utility blocks for utilities like boiler, thermic fluid heater, chilling plants, cooling tower, high vacuum system, effluent treatment facility, etc. The details of the various utility equipments at our Bavla facility is as stated below:

No.	Equipment	No. of equipments	Capacity
1	Boiler	1	12T/Hr @ 10.5 Kg/Sq.Cm
2	Boiler (FBC)	1	12T/Hr @ 17.5 Kg/Sq.Cm
3	Thermic Fluid Heater	3	1,500,000 KCAL/Hr.
4	Brine Chilling Plants	2	50 TR/ 10deg.C
		2	40 TR/ 10deg.C
		2	13 TR/ 10deg.C
5	Vapor Absorption Chilling Plant	1	400 TR @ 6deg.C
6	Cooling Tower	3	2125 TR
7	DM Water USP Grade	1	2 cu.M/hr.
8	Soft Water	1	300 CuM/reg.
9	Raw Water	2 (Tanks)	900 KL
10	Air Compressor	5	35 cfm each
11	Air Compressor	1	110 cfm
12	High Vacuum System	3 (Steam Ejector)	2.5cu.M/H @ 0.05 Torr
13	High Vacuum System	3 (Booster Vacuum System)	1800 Cu M/H @ 0.05 Torr
14	Electrical	Electricity	MD 1500 KVA
15	Electrical	Generator	2500 KVA
16	Nitrogen Plant	1	250 cuM/hr
17	Effluent Treatment	1	500 KL/day
18	Fire Hydrant and Fire fighting system	6Kgs pressure hydrant system throughout the facility including the administration block and warehouse. 16 mobile foam units. To maintain the pressure we have a underground and a overhead tank.	Underground tank- 700 KL Overhead tank- 200 KL

OUR NARODA FACILITY

Our Naroda facility is located 15 kms from our registered office, within Ahmedabad Municipal Corporation limits. Our Naroda facility was set-up and commenced production in 1987. Our Naroda facility consisting of a production facility and warehouse is dispersed in and around the Gujarat Industrial Development Corporation ("GIDC") area. The details of property in Naroda is as stated below:

- Production facility set-up on land measuring 5,214 sq. mts.
- Warehouse facility 3,096 sq. mts. located 1.5 km from the production facility. This warehouse is used for storage of raw materials and solvents.

Our Naroda facility undertakes production of speciality chemicals (like QUATs, PTC, etc), intermediates and APIs for the domestic market as well as exports. Our Naroda production facility is GMP approved and ISO:9001-2000 certified.

Our warehouse is located on a land leased from the GIDC. The lease is for a period of 99 years. It has a built-up area of 200 sq. mts. The warehouse has a shade for the storage of solid materials. In addition, it also has an overhead and underground storage for solvents. The warehouse is under lock and key.

We have taken on lease a new plot next to the existing Naroda facility. We had applied to the Office of the Development Commissioner, Kandla Special Economic Zone, Gujarat for permission to set up a 100% EOU on the aforesaid plot. We were granted the said permission on December 23, 2003.

OUR PRODUCTION FACILITY

The details of our production units at Naroda is as stated below:

Product type	Description of the Production set-up
Speciality chemicals (QUATs, PTCs, etc)	A two floor structured set-up, with the available area measuring 863 sq. mts. The production set-up also has a separate facility for packaging. The major equipment installed in this production set-up are SS reactors of various capacities (8 nos.), lead reactors (5 nos.), centrifuges (4 nos.), fluid dryer bed (2 nos), tray dryer of 96 trays each (4 nos.) and rotary vaccum dryer (1 no.). The production set-up is connected to various utility blocks for steam, chilled water, thermic fluid heater and vaccum.
Intermediates	A two floor structured set-up, with the available area measuring (327 X 2) sq. mts. The major equipment installed in this production set-up are SS reactors of various capacities (6 nos.), glass lined reactors of various capacities (2 nos.), centrifuges (3 nos.), fluid dryer bed (1 no.), tray dryer (1 no.), jet mill (1 no.) and rotary vaccum dryer (1 no.). The production set-up is connected to various utility blocks for steam, chilled water, thermic fluid heater and vaccum.
Pilot plant	Within the production facility is located a pilot plant facility to undertake kilo synthesis. The major equipment installed in this pilot plant are SS reactors of various capacities (3 nos.), glass lined reactors of various capacities (1 no.), centrifuges (1 no.) and tray dryer (1 no.). The pilot plant is connected to various utility blocks for steam, chilled water, thermic fluid heater and vaccum.
Solvent recovery facility	Within the production facility is located a solvent recovery facility for distillation and recovery of used / spent solvents. The major equipment installed in this recovery plant are SS 316 bubble cap distillation columns (1 no.) and SS 316 reactors of various capacities (3 nos.). The recovery plant is connected to various utility blocks for steam, chilled water, thermic fluid heater and vaccum.

In addition to the above mentioned facilities, there are various independent operation related facilities like pressure reactions, crystallization and vaccum distillation. For details on our effluent treatment facilities, refer “Our Location and Facilities” on page 56 of this Prospectus.

We operate a research and development laboratory at the production facility. The laboratory is set-up at the top floor of the administration office building. The laboratory is equipped with various equipment like air oven, vaccum oven, digital pH meter, oil ring vaccum pump, watering vaccum pump, mechanical stirrer, etc. The quality control and assurance section is attached to the laboratory. The quality control and assurance laboratory is equipped with the following major equipment- HPLC with Photo Diode Array Detector, HPLC with UV Detector, Preparative Liquid Chromatograph with UV Detector, GAS Chromotograph with Headspace Sampler, CAMAG HPTLC, UV-VIS Spectrophotometer, Auto Titrator, Digital pH Meter, etc.

The main utilities used in the Naroda facility are power and water. The maximum power demand is estimated at 400 KVA. This is sourced from the GEB. We have entered into a contract with the GEB for the supply of 475 KVA of electricity. Further, we also have 2(two) DG sets in the facility which can supply 100% of the electricity in case of any failure from the GEB. The per day requirement of water at the Naroda facility is 24.5 cu. mt. This is met from GIDC water supply. Further, where purified water is required, we have installed DM plants for the same. Further, for boiler feed water there are 2(two) softening plants having capacity of 25 cu. mt. and 5 cu. mt .

The details of the various utility equipments at our Naroda facility is as stated below:

No.	Equipment	No. of equipments	Capacity
1.	Fire Tube Steam Boiler (B-1)	1	600 Kg/Hr
2.	Fire Tube Steam Boiler (B-2)	1	900 Kg/Hr
3.	Fire Tube Steam Boiler (B-3)	1	3000 kg /hr.
4.	Fire Tube Steam Boiler (B-4)	1	1000 kg /hr
5.	Thermic Fluid Heater (TFH- 1)	1	2 lac K.Cal/Hr.
6.	Thermic Fluid Heater (TFH- 2)	1	2 lac K.Cal/Hr.
7.	Softening Plant No. 1	1	25 M^3/day
8.	Softening Plant No. 2	I	12 M^3 / day
9.	MS Incinerator with MS Jacket & Scrubber Unit	1	500 lit/Hr
10.	Ammonia Chilling Plant with MS water receiver Tank, Ammonia receiver tank and condensor	1	40 TR
11.	FRP Cooling Tower No. 1	1	125 TR
12.	FRP Cooling Tower No. 2	1	65 TR
13.	FRP Cooling Tower No. 3	1	15 TR
14.	FRP Cooling Tower No. 4	1	15 TR
15.	FRP Scrubber Unit No. 1	1	350 CFM
16.	FRP Scrubber Unit No. 2	1	200 CFM
17.	Central Exhaust System with FRP Blower	1	5000 CFM
18.	Air Compressor No. 1	1	9 CFM
19.	Air Compressor No. 2	1	100 CFM
20.	Air Compressor No. 3	1	9 CFM
21.	Fume Chamber with FRP Blower	1	1100 CFM
22.	Cooling Tower No. 5	1	15 TR

OUR EFFLUENT TREATMENT FACILITIES

Our products and processes are developed and undertaken in accordance with strictly defined rules to ensure the safety of our employees and environment. We adhere to environmental regulations stipulated by the Gujarat Pollution Control Board. We also operate an effluent treatment plant and a liquid spray incinerator at our production facilities located at Naroda and Bavla. We employ 12 persons in our Naroda facility and 21 persons in our Bavla facility to operate our effluent treatment facilities at Naroda and Bavla respectively.

The major effluent treatment facility located at each of our production located facilities consists of an effluent treatment plant and an incineration system. The effluent treatment plants are of 25 KL/day at Naroda and 250 KL/day at Bavla capacity. At these effluent treatment plants, the diluted effluent stream is processed through a oil and grease separator, neutralization cum equalization tanks, primary settling tank, two stage aeration tanks, holding tank, sand filter, activated carbon filter and sludge drying beds. The diluted effluent stream would include a second wash of the reactor, blow down of utilities and domestic sewage. The treated water is re-utilized for irrigation and gardening purposes.

The incineration system is used to treat concentrated effluents like a first wash of the reactor/equipment, concentrated mother liquor ("ML") from production process. These incineration systems have a capacity of 2000 litres/ hour. The high concentrated stream of wastewater is incinerated in a incinerator and collected in a collection tank. It is then circulated in the ML tank through a ventury scrubber which releases flue gas. The flue gas is scrubbed through alkaline media and stored in alkaline scrubber tank. The treated gas is released in the atmosphere through a chimney and the incinerator ash from the combustion bed is removed, collected in bags and stored in sludge yard.

In the case of Naroda, the sludge generated from the effluent treatment plant and the incinerator system are sent to the government recognized site. The sludge generated at Bavla is sent to Naroda which is in turn is sent to a government recognized site.

Export Obligation

We are not obligated to export except when we obtain advance license for duty free import of raw materials and as per the existing EOU policy of the Government of India.

OUR SAFETY, HEALTH AND ENVIRONMENT INITIATIVES

We have implemented on October 3, 2003, a policy dealing with Safety, Health and Environment ("SHE"). The policy encompasses the following steps on our part;

- Compling with all applicable safety, health and environment laws and regulations,
- Enhancing awareness among employees through effective communication and training,
- Investigation all workplace accidents, incidents leading to possible pollution to environment and/or illnesses in order to promptly correct/prevent any such conditions and/or practices, and
- To integrate SHE in business planning and decision

The Head of SHE reports directly to the Managing Director. Further, the Company has also appointed an external consultant to help implement a system as required under OHSAS 18001and ISO 14001.

An occupational health center with modern provisions for immediate attention to accident victims and health checks is under execution. In addition to a safety manager, an industrial hygienist has also been appointed to watch for possible occupational hygiene problems for early detection and rectification.

RESPONSIBLE CARE

The Company is making efforts to avoid any impact of the Company's operations on the environment and people. The Company tries to follow all applicable local and global regulations and guidances of authorities to the best achievable level. *e.g.* in chemistry, for instance, when one outsources any chemical application, the manufacturer will apply at least the same rules and standards as are applicable in-house by the outsourcing partner. It ensures that companies do not export their problems to areas where possibly less strict regulation exists.

CORPORATE / MARKETING OFFICE

The head office/corporate office of the Company is located at the registered address in Ahmedabad. It is located on a premises of approximately 1753 sq. ft on ownership basis and 2000 sq. ft rented premises. The entire corporate administration, finance, personnel, export and import procurement and market support services of the Company is controlled from this office. The office employs 86 employees, reporting to the respective head of departments ("HODs"). These HODs report to the Director Mrs. Devhooti J. Vyas and/or the Managing Director Mr. Janmejay R. Vyas.

Our Mumbai office supervises and co-ordinates the marketing activities for India, Middle East and Asia Pacific region and is located at Sangeet Plaza, Andheri (West), Mumbai and is headed by the Senior Vice President. The office premises are owned by the Company.

OUR HUMAN RESOURCE

We employed 413, 459 and 480 employees (excluding wholetime Directors) as on March 31, 2002, March 31, 2003 and November 30, 2003 respectively. We believe our ability to grow depends on our human resource. The details of our human resource is as stated below:

Employee Category	Number of employees as on November 30, 2003
Whole-time Directors	3
Managerial	108
Chemists/ Scientists	181
Support Staff	146
Skilled workers	45
Total	**483**

In case of certain key employees belonging to the chemists / scientists category, we enter into secrecy agreements with each such employee prohibiting the employee from revealing, or disclosing to anyone our confidential information, directly or indirectly indulging with anyone else in the production of similar products using the same formulas, in or outside India, soliciting our clients or those of any of their subsidiaries or group companies, and generally from infringing our trade secrets. Further, the agreements prohibit the employee from directly or indirectly practising any activity which competes with our activities during the period of his or her employment, and for a period of 10 years thereafter.

Training

Training is a regular activity. All employees have to undergo training programmes in safety, work knowledge, GMP, *etc*. The training records are maintained and used for the purpose of evaluation, periodical tests, *etc*.

In addition to the above, we also employ contract workers at our production facilities located at Naroda and Bavla. As on November 30, 2003, 631 contract workers were employed by us.

OUR HISTORY

We were originally incorporated on June 29, 1983 as Dishman Pharmaceuticals and Chemicals Private Limited, under the Companies Act. Our Company became a deemed public company w.e.f. April 1, 1996 and the word "Private" was deleted on February 17, 1997. Subsequently, on January 1, 1999, we renamed ourselves as Dishman Pharmaceuticals and Chemicals Limited and a fresh certificate of incorporation with the aforesaid name was issued on October 12, 1999. Our registered office is located at Bhadra Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad – 380 009. The Company was initially incorporated as a private limited company with Mr. Dilip Patel and Mr. J. R. Vyas as the shareholders and with Mr. J. R. Vyas, Mr. R. T. Vyas, Mr. Dilip Patel and Mr. Mahendra K. Patel as directors. This Company was dormant till 1989. Thereafter, J. R. Vyas, activated this Company and was appointed as the Managing Director of the Company.

Our main objects as set forth in our Memorandum of Association are:

- To carry on business of manufacturers, dealers, buyers, sellers, importers and exporters of pharmaceuticals, medical and chemical preparations (including synthetic and other vitamin preparations) and drugs, compounds such as yeasts, vitamins, hormones, protein, aminoacids and preparations containing minerals and medicines.
- To manufacture, buy, sell, import, export and otherwise deal in all types of medical and surgical instruments, equipments, tools and machineries.

Our objects incidental or ancillary to the attainment of our main objects are;

- To buy, purchase, sell and supply all sorts of know-how, patents, designs, research and project reports, project feasibility studies and to enter into the required agreements, royalty agreements in connection with manufacture of drugs, medicines, chemicals, pharmaceuticals items, machineries, tolls, equipments and medical and surgical instruments.
- To establish, provide, maintain and conduct or otherwise subside research laboratories and experimental workshops for scientific and technical research, experiments and to undertake and carry on all scientific and technical research experiment and test of all kinds and to promote studies and research both scientific and technical investigations and inventions by providing subsidizing, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing the remuneration to technical professors or teachers and by providing scholarships, prizes and grants to students or independent studies or otherwise and generally encourage, promote and reward students, researchers, investigators, experiments, tests and invasions of all kinds that may be considered likely to assist any of the businesses which the Company is authorised to carry on.

Our activities are carried out and in the past have been carried out in accordance with the objects as specified in our Memorandum of Association.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date	Change
December 11, 1991	Authorised Share Capital of the Company was increased from Rs.1mn to Rs.2.5 mn and new authorised share capital of Rs.2.5 mn have been classified into 250,000 equity shares of Rs.10/- each.
October 22, 1993	Authorised Share Capital of the Company was increased from Rs.2.5 mn to Rs.10 mn by addition of 750,000 equity shares of Rs.10/- each.
September 20, 1995	Authorised Share Capital of the Company was increased from Rs.10 mn to Rs.30 mn by addition of 2,000,000 equity shares of Rs.10/- each.
November 1, 1996	Authorised Share Capital of the Company was increased from Rs.30 mn to Rs.50 mn by addition of 2,000,000 equity shares of Rs.10/- each.
December 5, 1997	Authorised Share Capital of the Company was increased from Rs.50 mn to Rs.100 mn by addition of 5,000,000 equity shares of Rs.10/- each.
July 13, 1998	Authorised Share Capital of Rs.100 mn was reclassified into Rs.69.80 mn divided into 6,980,000 equity shares of Rs.10/- each, Rs. 30 mn divided into 300,000 preference shares of Rs.100/- each and Rs.200,000/- divided into 20,000 Unclassified shares of Rs.10/- each.
March 24, 2000	Authorised Share Capital of the Company was increased from Rs.100 mn to Rs.150 mn and new authorised share capital of Rs.150 mn have been reclassified into 12,000,000 equity shares of Rs.10/- each and 300,000 preference shares of Rs.100/- each.
February 1, 2002	Authorised Share Capital of Rs.150 mn was reclassified into 15,000,000 equity shares of Rs.10/- each.

For details on the capital raised refer to the section on "Capital Structure" on page 20 of this Prospectus.

Major/ key Events

Year	Key Events, Milestones and Achievements
1989	Production of QUAT started
1990	Commence first export to Europe of QUATs
1995	Leadership position in QUATs
1996	Forward integration into bulk drug intermediates and commencement of Bavla facility, with a vision to be a CMO of choice
1997	Unit-I at Bavla commences production of intermediates
1997 to 1998	Establishment of marketing subsidiaries-Dishman Europe Limited, U.K. and Dishman USA INc., USA
1998	Unit-II & III at Bavla commences production of APIs and intermediates
1999	LOI with Solvay
1999	Unit-IV at Bavla commences production
2000	Unit-V at Bavla commences production
2001	Incorporation of Dishman Africa (Proprietary) Limited as a marketing subsidiary in the African continent
January 2001	Final agreements with Solvay
March 2001	Inauguration of Solvay Units 6B & 7
January 2002	Contract research project awarded by Solvay and completed successfully
May 2002	A new long term toll manufacturing contract for 7-DHC awarded by Solvay
F.Y. 2002-03	Conversion of the entire Bavla facility into 100% EOU unit
2003	Commencement of Solvay commercial production
2003	Signing of an umbrella agreement with a MNC based in the US
2003	Started supplies of clinical trial quantities of a new Solvay API
2003	Acquired the share capital of Chemconserve B.V., the Netherlands; whose name was changed to Pharma Syn B.V. and continued the phosphonium QUATs business in the name of the new Company, Dishman Holland B.V., a Wholly Owned Subsidiary of Pharma Syn B.V.

OUR MANAGEMENT

BOARD OF DIRECTORS

Our Managing Director, Shri. Janmejay R. Vyas, conducts our day-to-day operations under the overall supervision, direction and control of our Board of Directors. As per our Articles of Association, we cannot have less than three or more than twelve directors. We currently have eight directors.

The following table sets forth certain details regarding the members of our Board as of date of filing this Prospectus with SEBI:

Name, Designation, Father's Name, Address, Occupation	Age (in years)	Other Directorships
Shri Rajnikant T. Vyas **Chairman & Managing Director** (S/o Shri Thakorlal Vyas) B-1/A, Rajhans Soc., Nr. St.Xaviers College Corner, Ellisbridge, Ahmedabad- 380 006 *Industrialist*	79	● Schutz Dishman Biotech Private Limited ● B.R.Laboratories Private Limited ● Bhadra Raj Holdings Private Limited ● Adiman Technologies Private Limited ● Malabar Trading Company Limited
Shri Janmejay R. Vyas **Managing Director** (S/o Shri Rajnikant T.Vyas) B-1/A, Rajhans Soc., Nr. St.Xaviers College Corner, Ellisbridge, Ahmedabad- 380 006 *Industrialist*	52	● Schutz Dishman Biotech Private Limited ● B.R.Laboratories Private Limited ● Bhadra Raj Holdings Private Limited ● Adiman Technologies Private Limited ● Dishman Europe Limited ● Dishman (Cyprus) Limited ● Dishman USA Inc. ● Malabar Trading Company Limited ● Dishman Africa (Proprietary) Limited
Smt. Devhooti. J. Vyas **Wholetime Director** (W/o Shri Janmejay R.Vyas) B-1/A, Rajhans Soc., Nr. St.Xaviers College Corner, Ellisbridge, Ahmedabad- 380 006 *Business*	52	● Schutz Dishman Biotech Private Limited ● B.R.Laboratories Private Limited ● Bhadra Raj Holdings Private Limited
Dr. Klaas Zijlstra **Director** (S/o Shri Gerrit Zijlstra) Redover, Coldharbour Road West Byfleet, Surrey KT 146J1, U.K. *Retired*	60	Nil
Dr. Henk Pluim **Director** (S/o Shri Hermanus Pluim) Beyerincklaan 6, 1222 TH Hilversum The Netherlands *Business*	50	Nil
Shri Prabhakar R.Dalal **Nominee Director of Exim** (S/o Shri Ramchandra Dalal) 1302, Wallace Apartments – I Sleater Road, Grant Road (West) Mumbai – 400 007 *Service*	51	Nil

Name, Designation, Father's Name, Address, Occupation	Age (in years)	Other Directorships
Shri Yagneshkumar B. Desai **Director** (S/o Shri Bhagwati Prasad Desai) 901-A, Dheeraj Gaurav Heights –II Off New Link Road Andheri (West), Mumbai 400 053 *Retired –Managing Director of Export-Import Bank of India*	62	● Deutsche Trustee Services (India) Private Limited ● Kabra Extrusiontechnik Limited ● LIC Housing Finance Limited
Mr. Sanjay Majmudar **Director** (S/o Shri. Shailesh Majmudar 24, Sumadhur Co.op Hsg. Soc. Ltd. B/h Ocean Park, Ambawadi Ahmedabad 380 015 *Chartered Accountant*	41	● Aarvee Denims and Exports Limited

BRIEF BIOGRAPHY OF THE DIRECTORS

Mr. Rajnikant T. Vyas, Chairman & Managing Director, retired as the Manager of Fine Knitting Mills, a textile company, with whom he was associated for over 40 years. He also started his own power loom business. He is instrumental in the strategic decision making and growth of the Company.

Shri Janmejay R. Vyas, Managing Director, has a bachelor's degree in chemistry from St. Xavier's College, Ahmedabad and a bachelor's degree in Pharma & Fine Chemical Technology from the UDCT, Mumbai. During 1974 to 1983, he was acting as a consultant to various pharmaceutical companies. In 1983, along with others, he promoted the Company. While establishing us, his focus has been on research and developing various in-house technologies for quaternary ammonium compounds and APIs. He has been the head of our R&D division since 14 years. In 1987, he set-up our Naroda facility. Based on his understanding of the potential international outsourcing opportunity developing in the global pharmaceutical industry, he initiated our expansion at Bavla in 1996. His emphasis on quality and adhering to international manufacturing standards ensured that our Bavla facility was set-up and developed as per internationally accepted standards. He has successfully marketed our in-house technologies and products, research and production capabilities both domestically and internationally. He has been felicitated with (i) the 'Bharatiya Udyog Ratan Award' in September 2000 by the Indian Economic Development & Research Association, New Delhi and (ii) the 'Outstanding Entrepreneur'1999 by the Federation of Gujarat Industries, Baroda.

Mrs. Devhooti J. Vyas, Whole time Director, wife of Shri. J.R. Vyas, holds a Bachelors degree in Botany, from the Bombay University. She joined the Company in 1997. She is in charge of Administration and Human Resources of the Company.

Dr. Klaas Zijlstra, Director, holds a masters degree in organic Chemistry, from the University of Leyden in 1968. He has over 35 years of experience in the global chemical industry. He started his career in 1968 as an Assistant Technologist at Shell Chemicals, Pernish, The Netherlands. Till 1996, he was associated in various capacities like design engineer, manager, head operations and coordinator- marketing with Shell Chemical Company (U.S.A.), Fine Chemicals Shell (Holland), Shell Chemicals (Rotterdam), Shell International (London), Technochemie, a subsidiary of Shell (Germany) and Shell Fine Chemical Ltd. (London). In 1996, he joined Inspec Fine Chemicals (United Kingdom) as a business strategy manager and was instrumental in establishing product strategies. In 1999, he retired from Inspec Fine Chemicals. In 2002, he was appointed on our Board as an Additional Director. He advises us on the global business strategy to be undertaken.

Dr. Henk Pluim, Director, holds a masters degree and a doctorate in organic chemistry from the University of Groningen. He has been associated with Solvay since 1985. In Solvay, he was part of the chemical development department in the role of a group leader, section leader and department head. In 1999, he became the global project director at Solvay. In 2002, he retired from Solvay and in 2003 he joined as a Director on our board. Dr. Pluim's experience in organic chemistry, chemical development and bulk pharmaceutical chemicals involving research and development and scale-up of chemical processes have been valuable to us. Also, his experience in project management involving pharmaceutical projects provides us the international understanding and perspective critical in execution of contract manufacturing business. Currently, he is the Managing Director of Dishman Holland B.V.

Mr. Prabhakar R. Dalal, Nominee Director from Export Import Bank of India, is the General Manager and Group Head (lines of credit) in Export Import Bank of India, Mumbai. A banker by profession, he holds a masters degree in commerce, bachelor degree in law and a post graduate diploma in foreign exchange and risk management from World Trade Institute, Mumbai. He has over 30 years experience in the banking sector, spanning 10 years in commercial banking and the balance in international trade finance, project financing, institutional relations and corporate finance. He is a Fellow of the Indian Institute of Bankers.

Mr. Yagneshkumar B. Desai, Director, holds a bachelors degree in economics. He 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 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- general manager, executive director and managing director. He is a Fellow of the Indian Institute of Bankers.

Mr. Sanjay Majmudar, Director, is a Chartered Accountant by profession. In addition, he has also holds a bachelors degree in law and is a Company Secretary. He has an experience of 18 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 Chairmn 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 corporate law, direct tax, auditing and accounting. He has joined us in 2004, as an independent Director.

REMUNERATION OF OUR DIRECTORS

For details of remuneration of our whole-time directors, please refer to the section titled "Statutory and other information'.

Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any qualification shares in us. The shareholding of our directors as on date of this Prospectus is listed in the table below:

Sr. No.	Name of the Director	Number of Equity shares of Rs. 10 each	Percent of Outstanding Equity Capital
1.	Mr. Janmejay R. Vyas	5,008,580	48.627%
2.	Mr. Rajnikant T. Vyas	2,764,660	26.841%
3.	Mrs. Devhooti J. Vyas	2,192,900	21.290%
	Total shares	**9,966,140**	**96.758%**

TERM OF OFFICE OF DIRECTORS

While under the Articles, one-third of our Directors are not liable to retire by rotation, we have not appointed any non-rotational directors as yet. In accordance with our Articles, such directors should also be appointed by the Company in general meeting. For the details of the terms of office of the above directors, please refer to the section "statutory and other information".

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Changes in our Board of Directors in the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Devhooti J. Vyas	03/09/2001	—	Appointed as Whole-time Director
Mansi J. Vyas	15/10/2001	—	Appointed as Additional Director
Dr. Klaas Zijlstra	01/01/2002	—	Appointed as Additional Director
Dinesh M. Arya	01/04/2002	—	Appointed as Whole-time Director
Prabhakar R. Dalal	16/08/2003	—	Appointed as Nominee Director of Exim Bank of India
Dr. Henk Pluim	16/08/2003	—	Appointed as Additional Director
Aditi J. Vyas	—	20/10/2003	Ceased to be a Director upon resignation
Mansi J. Vyas	—	20/10/2003	Ceased to be a Director upon resignation
Dinesh M. Arya	—	26/11/2003	Ceased to be a Director upon resignation
Yagneshkumar B. Desai	26/11/2003		Appointed as Additional Director
Mr. Pravinkumar Metha	—	09/01/2004	Ceased to be a Director upon death
Mr. Sanjay Majmudar	14/02/2004	—	Appointed as Additional Director

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions, including with respect to the appointment of independent directors to our Board and the constitution of the following Board committees:

the Audit Committee, the Remuneration Committee and the Investors Grievances Committee.

Audit Committee

We have already constituted the Audit Committee. As per the provisions of Section 292A of the Companies Act, 1956, an Audit Committee was formed by the Board of Directors of the Company at its meeting held on September 3, 2001. 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 February 14, 2004, which was further reconstituted by passing a circular resolution on February 24, 2004 duly signed by the Directors of the Company. The Committee consists of the following members :

1. Mr. Y. B. Desai
2. Mr. Sanjay Majmudar
3. Dr. Klaas Zijlstra

Mr. Y. B. Desai has been elected as the Chairman of the Audit Committee. Mr. Deepak S. Pandya, Secretary of the Company, shall act as the Secretary to the Committee. The Audit Committee shall meet at least thrice a year. One meeting shall be held before finalisation of annual accounts and one every six months.

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and annual accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee. Further, the Audit Committee will discuss with the project team about the project cost, means of finance, schedule of implementation *etc*. and to review periodically progress of the particular project vis-à-vis the planned one, to seek information or report from the project team, to monitor the progress on the project and to report the progress including expenses incurred on a particular project to the Board of Directors periodically.

Remuneration Committee

The Committee consists of the following members:

1. Mr. Sanjay Majmudar
2. Mr. Y. B. Desai
3. Dr. Klaas Zijlstra

Mr. Sanjay Majmudar has been elected as the Chairman of the Remuneration Committee. Mr. Deepak S. Pandya, Secretary of the Company, shall act as the Secretary to the Committee.

The functions of the committee will be to determine the our policy on specific remuneration packages for Executive Directors including pension rights and any compensation payments. The Committee shall recommend 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 should take into account the financial position of our, profitability, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc. and be in a position to bring out objectivity in determining the remuneration package, while striking a balance between our interest and that of the shareholders.

Investor Grievance Committee

The said Committee has been reconstituted by passing a circular resolution on February 24, 2004 duly signed by our Directors.

The Committee consists of the following members :

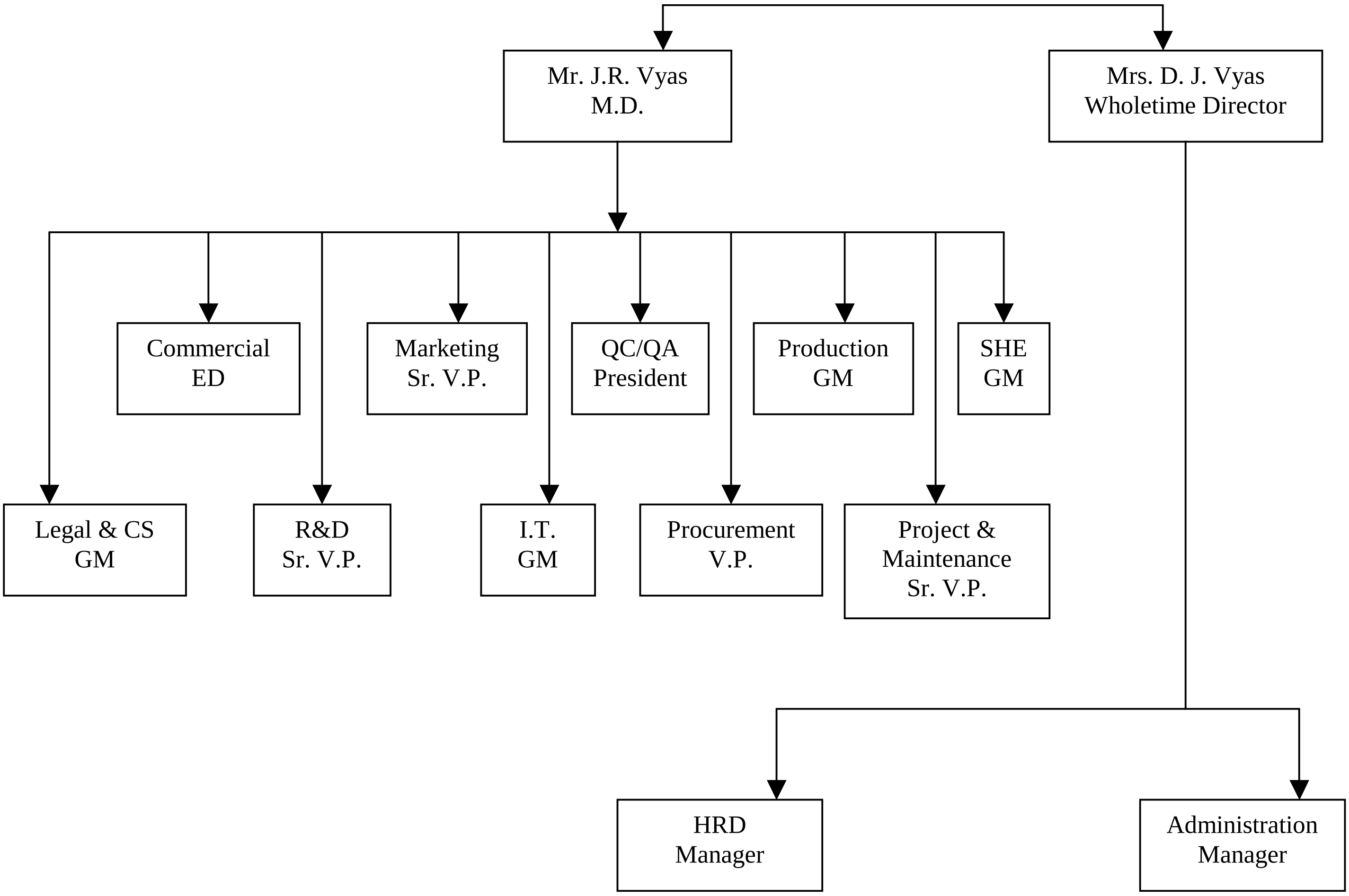
1. Mr. Sanjay Majmudar
2. Mr. Janmejay R. Vyas
3. Dr. Klaas Zijlstra

Mr. Sanjay Majmudar has been elected as the Chairman of the Investor Grievance Committee. Mr. Deepak S. Pandya, Secretary of the Company, shall act as the Secretary to the Committee and also as a Compliance Officer.

The Committee empowered to collect the relevant information from all our 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 Company undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing.

ORGANISATION STRUCTURE



Details of our key managerial personnel are as follows:

Mr. Bharat Padia, **Executive Director,** age 49, holds a graduate degree in commerce. He has over 23 years experience in finance, secretarial, legal and foreign exchange related functions related to the textile and bulk drugs and fine chemicals industry. Prior to joining us, he was associated with Jyoti Processors Ltd. as a finance controller. In 1988, he joined us and presently is involved in financial planning, fund raising and legal related activities of our Company. He draws a gross salary of Rs. 360,000/- p.a.

Dr. Vasanti Yadav, Senior Vice President (Marketing), age 49, is a Ph. D., from University Institute of Chemical Technology, Mumbai. She has 15 years experience in the field of process development. Prior to joining us, she was associated with Hindustan Lever Research centre for 6 years. In 1998, she joined us as part of our technical marketing team. She draws a gross remuneration of Rs. 850,000/- p.a.

Mr. Pankaj Patel, Deputy General Manager (Engineering & Projects), age 39, holds a degree in mechanical engineering. Prior to joining us, he was associated with Cellulose Products of India Ltd., United Ester and Nitrochem Ltd. and Swastik Nitro Aeromatics Ltd. In 1997, he joined us as Executive - Projects and Maintenance. Presently, he leads a cross functional project team of 23 personnel. As head of the project team, his responsibilities includes ensuring scheduled progress of project or expansion activities with respect to quality, schedule and associated cost, coordinate with the concerned department on design requirements, system components, testing and installation and commissioning of ordered system. He draws a gross salary of Rs. 320,000/- p.a.

Mr. Vipin Vishnoi, General Manager (Safety, Health & Environment), age 47, has a diploma in industrial safety and a masters in business administration. Prior to joining us, he was associated with J. K. Synthetics, Krishak Bharati Co-operative Ltd and Tata Chemicals Ltd. In 2003, he joined us as General Manager – Safety, Health and Environment. Presently, he is responsible for ensuring safety, health, environment and fire protection at our production facilities. He is involved in the formulation of various systems and procedures relating to fire protection and safety and undertakes routine inspection of our production facilities to ensure safety levels are maintained. He draws a gross salary of Rs. 425,000/- p.a.

Ms. Parul Oza, Senior Vice President (Corporate Strategy & Overseas Projects), age 39, holds a bachelor's degree in chemical engineering and a degree in masters in business administration. She has over 16 years of experience. Prior to joining us, she was associated with Metrochem Industries Ltd., Khatau Junker Ltd. and Dalal Consultants and Engineering Ltd. In 1999, she joined us as Vice President – Corporate Planning. Presently, her responsibilities includes formulation of corporate strategies, production planning and marketing of the company and co-ordination with European and US markets. She receives a gross remuneration of Rs. 1,200,000/- p.a.

Dr. Jayshree H. Shah, Senior Vice President (R&D), age 51, holds a post graduate degree in organic chemistry and a Ph. D. in organic chemistry. She has over 23 years of experience, of which 17 years is in the synthesis of phosphonium and ammonium quats, drugs and drug intermediates. Prior to joining us, she was associated with Electro Ferro Alloys Pvt. Ltd. and Cellulose Products of India Ltd. In 1988, she joined us as a chief chemist. Presently, her responsibilities include management of our Naroda facility. Her gross remuneration is Rs. 800,000/- p.a.

Mr. Natvarlal D. Shah, President (Finance), age 69, is a commerce graduate from the Gujarat University and a cost accountant by qualification. He has around 49 years experience in engineering, chemicals, fertiliser and pertro-chemicals, steel and power industries in the Government, private and joint sector. Before retirement as Executive Director, Gujarat Narmada Valley Fertilizers Company Limited, in 1995, he was associated with Gujarat State Fertilizers and Chemicals Limited, Jyoti Limited, Ahmedabad Electricity Company Limited, Essar Steel, Gujarat Power Corporation Limited, *etc*. After his retirement from GNFC he was associated for around 5 years with a precious metal industry Parekh Platinum Limited as Chief of Finance as a whole time director. He joined us in July 2000. His gross remuneration is Rs. 420,000/- p.a.

Mr. Narendranath G. Thaker, General Manager (Finance & Accounts), age 49, is a chartered accountant and a company secretary by qualification. He has over 22 years of experience in the manufacturing industry. Prior to joining us, he was associated with Woollen & Synthetic Textile Manufacturing Company Ltd., Vadodara Halol Toll Road Company Ltd., Westex Motors Nig. Ltd. (Nigeria), Metropolitan Group of Companies (Nigeria), Golden Oil Industries Ltd., Hoganas India Ltd. and Bajaj Tempo Ltd. In 2003, he joined us as General Manager (Finance and Accounts). His experience has been in the areas of finance, accounts, legal, operations and secretarial. Presently, his responsibilities are relating to Finance and Accounts of the Company. His gross remuneration is Rs. 800,000/- p.a.

Mr. Rampal Singh Mayal, Deputy General Manager (Production), age 45, holds a bachelor's degree in science. He has 23 years experience in the manufacture of drug intermediaries and API's. Prior to joining us, he was associated with Zandu Chemicals Ltd. In 1999, he joined us as Deputy General Manager (Technical) with responsibilities of handling the activities related to production and technical aspects. He draws a gross annual salary of Rs. 453,360/- p.a.

Mr. Yogesh M. Patel, Vice President (Operation), age 47, holds a degree in chemical engineering. He has over 20 years experience in the chemical industry and has worked through various areas of production, operation, maintenance, planning and commissioning of new projects. Prior to his joining us, he was associated with Jumbo Chemicals Pvt. Ltd., United Ester and Nitrochem Ltd., Cellulose Products of India Ltd. and Gujchem Distillers India Ltd. In 2000, he joined us as Factory Manager. He has over 20 years experience. Prior to joining us, he was working with Jumbo Chemicals Private Limited as General Manager. His responsibilities include general administration, operation and maintenance of the plant and draws a gross remuneration of Rs.460,260/- p.a.

Mr. Deepak S. Pandya, General Manager (Legal) & Company Secretary, age 37, has a degree in commerce and law and a qualified company secretary. Prior to joining us, he was associated with Gujarat Toolroom Ltd. and Sharda Drugs Ltd. In January, 2000, he joined us as Company Secretary. He is primarily responsible for all the statutory compliances by the Company under the various corporate laws. He has been the designated as the compliance officer for the Company. He draws a gross salary of Rs. 400,000/- p.a.

Key employees of our subsidiaries

Mr. Graham G. Rowe, Commercial Director, Dishman Europe Limited, age 52, has a graduate degree in chemistry from the University of Sheffield, England and a certified diploma in Accountancy and Finance from Institute of Certified Accounts, U.K. & diploma in Marketing from the Institute of Marketing, U.K. He is also a Member of the Society of Chemical Industry, U.K.. He has over 29 years experience in the pharmaceutical and chemical industry. Prior to joining us he has worked in various capacities in McBride Plc., Rhone-Poulenc Ltd., U.K., Woodnab Chemicals Ltd. and Ciba-Geigy Ltd, U.K. He joined us in 2000 and is in charge of the marketing, sales and administration of the company. His gross annual remuneration is Rs. 6,500,800/- p.a. (converted at the rate as prevalent on September 30, 2003).

Curtis E. Koeppe, Marketing Director, Dishman USA Inc., age 47, holds a Master of Philosophy degree in Bio-Inorganic Chemistry from the City University of New York, USA and a BSc, Chemistry form the University of North Dakota; Grand Forks, North Dakota, USA. Prior to joining us, he has worked in various capacities in sales and marketing in Hydrite Chemical Company, Cottage Grove, WI, Zeeland Chemicals, Inc., Koch Chemical Company's Whitehall Chemical Division, Aceto Chemical, New York, USA. He joined us in June 2001 and has the overall responsibility of sales and marketing activities for QUATs sales in North America. His gross annual remuneration is Rs. 5,046,800/- p.a. (converted at the rate as prevalent September 30, 2003).

Mark Eugenio, Director (Sales and Marketing), Dishman USA, Inc., age 40, holds a Bachelor of Science, Cum Laude and a major in professional chemistry from the Bridgewater State College, Bridgewater, Massachusetts. He has over 18 years experience in the pharmaceutical and chemical industry. Prior to joining us he has worked in various capacities in marketing alongwith Rohm and Haas/ Morton International, Inc. Danvers, Massachusetts and Hyperion Catalysis, Inc. Lexington, Massachusetts, USA. He joined us in 2001 and is responsible for developed concise marketing communications program for Dishman USA. His gross annual remuneration is Rs. 5,046,800/- p.a. (converted at the rate as prevalent on September 30, 2003).

Douglas R. Welter, Sr. Vice President, Dishman USA Inc., age 49, BS in Biology with emphasis in Chemistry, Pennsylvania State University. He has over 27 years experience in the pharmaceutical and chemical industry. Prior to joining Dishman USA he has worked in various capacities in senior positions in the sales and marketing divisions in Zeeland Chemicals, Nordic Synthesis, Inc. He joined us in 2001 and is in responsible for all North/South American business covering sales of the regular commercial products and the business development of new higher added value opportunities, including advanced intermediates, bulk APIs, contract manufacturing and research for the ethical, virtual pharmaceutical sectors, utilizing the existing technology base/in-house R&D/process development groups. His gross annual remuneration is Rs. 5,046,800/- p.a. (converted at the rate as prevalent on September 30, 2003).

Michael Armstrong, Marketing director, **Dishman Europe Limited,** age 50, holds an Honours degree in Materials Technology, from the University of Surrey, Guildford, England. He has over 25 years experience in marketing and sales of pharmaceuticals. He is the founder partner and director of MDA Chemicals Limited, England, a company engaged in chemical trading, involved in import, export and distribution of organic intermediates and active pharmaceuticals ingredients. He joined in February 1998 and is responsible for developing new sales into the European region, establishing, staffing and managing overseas branch offices and subsidiaries. The other key task is the marketing of new contract research and development facilities in India. His gross annual remuneration is Rs. 6,500,800/- p.a. (converted at the rate as prevalent on September 30, 2003).

Shareholding of our Key Managerial Personnel

The shareholding of our key managerial personnel as on date of this Prospectus is listed in the table below.

Name of the Key Managerial Personnel`	Number of Equity shares of Rs. 10 each	Percent of Outstanding Equity Capital
Ms. Parul P. Oza	200	0.002%
Mr. Bharat P. Padia	200	0.002%
Total	**400**	**0.004%**

Bonus or Profit sharing plan for our Key Managerial Personnel

Currently, we do not have a performance linked bonus or a profit sharing scheme for our employees. The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in the Company.

Changes in our Key Managerial Personnel in the last three years

Following are the changes in our key managerial personnel in the last three years :

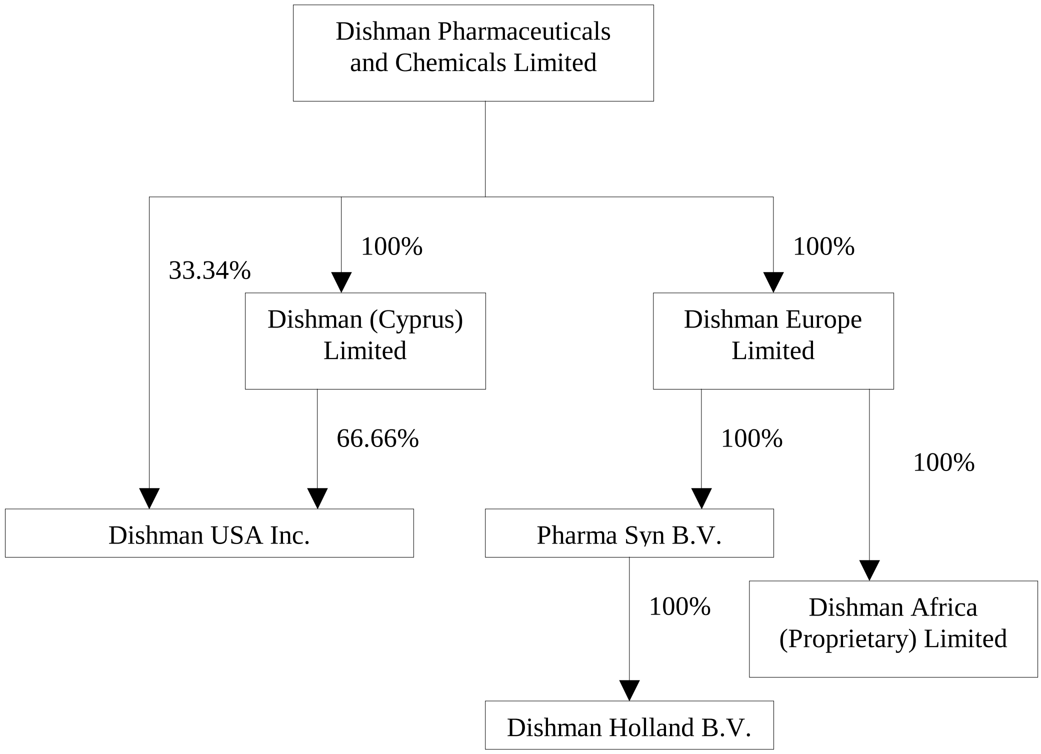
Name of the Employee	Last Designation	Year of Change	Reason for change
Dr. A. K. Sabarwal	President (Quality Assurance)	01/02/2001	Resignation
Mr. H. V. Ruparel	President (Corporate Planning)	28/02/2001	Resignation
Dr. V. K. Bhalla	President (Corporate Quality Assurance & Regulatory Affairs)	30/11/2002	Resignation
Mr. Rajiv M. Dhru	Sr. Vice President (Technical)	30/11/2002	Resignation
Mr. Neeraj Shrivastav	President (Corporate Quality Assurance & Regulatory Affairs)	31/07/2003	Resignation

OUR PROMOTER

Shri Janmejay R. Vyas, age 52, (Voter ID No. GJ/11/068/177511, Driving Licence No. GJ01/806177/01, PAN No. AAGPV5002P, Passport No. E4651435, Bank A/c No. SB 34202, Bank of India, Navrangpura Branch, Ahmedabad) Managing Director, has a bachelor's degree in chemistry from the St. Xavier's College, Ahmedabad and a bachelor's degree in Pharma & Fine Chemical Technology from the UDCT, Mumbai. During 1974 to 1983 he acted as a consultant to various pharmaceutical companies. In 1983, he incorporated the Company. While establishing us, his focus has been on research and developing various in-house technologies for quaternary ammonium compounds and APIs. He has been the head of our research and development division since 14 years. In 1987, he set-up our Naroda facility. Based on his understanding of the potential international outsourcing opportunity developing in the global pharmaceutical industry, he initiated our expansion at Bavla in 1996. His emphasis on quality and adhering to international manufacturing standards ensured that our Bavla facility was set-up and developed as per internationally accepted standards. He has successfully marketed are in-house technologies and products, research and production capabilities both domestically and internationally. He has been felicitated with (i) the 'Bharatiya Udyog Ratan Award' in September 2000 by the Indian Economic Development & Research Association, New Delhi and (ii) the 'Outstanding Entrepreneur'1999 by the Federation of Gujarat Industries, Baroda.

We have provided all the information pertaining to the Promoters background, qualification, experience, Driving Licence No., Voter ID, PAN Number, Bank A/c No. to the Stock Exchanges where our shares are proposed to be listed.

OUR SUBSIDIARIES



1) Dishman Europe Limited ("Dishman Europe")

Dishman Europe was incorporated on July 15,1997, as a private limited company under the Companies Act 1985–1989 with the Registrar of Companies for England and Wales. Dishman Europe's registered office is located at 48-50 Mortimer Street, London W1W 7RW, U.K. Dishman Europe is engaged in the activities of importation and distribution of chemical and pharmaceutical products. In addition, Dishman Europe, also collects market information about our products in the areas served by them and analyses the data on market trends for us. Further, Dishman Europe is also involved in identifying potential MNC's for contract manufacturing and contract research and negotiating contracts along with us.

Shareholding pattern

As on November 30, 2003, the entire paid up equity capital of Dishman Europe was held by us.

Board of Directors

The Board of Directors of Dishman Europe as on November 30, 2003 consists of Mr. Janmejay R. Vyas (Managing Director), Ms. Aditi. J. Vyas, Mr. Mike I. Armstrong (Marketing Director) and Mr. Graham Rowe (Commercial Director).

Financial Performance

These financial statements of Dishman Europe have been reported in U.K. Sterling Pound (U.K.) and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.K. Sterling Pound could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented on the following basis.

1. All revenue and expenses items are converted at average rates (Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such U.K. Sterling Pound amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	December 31, 2000	December 31, 2001	March 31, 2003	September 30, 2003
Closing Rate	Rs. 69.73	Rs. 70.17	Rs. 75.68	Rs. 76.48
Average Rate	Rs.68.11	Rs.68.07	Rs.73.18	Rs.76.27

The key financial highlights of Dishman Europe for the financial year ended December 31, 2000, December 31, 2001, for the period from January 1, 2002 to March 31, 2003 and for the period from April 1, 2003 to September 30, 2003 are as follows:

(in Rs. mn, except per share data)

For the year ended	December 31, 2000	December 31, 2001	For the period January 1, 2002 to March 31, 2003	For the period April 1, 2003 to September 30, 2003
Total revenues	157.30	334.06	997.13	382.08
Profit after tax	5.20	9.15	34.64	9.26
Equity share capital	10.89	10.89	10.89	10.89
Reserves	7.88	1.58	38.34	48.17
Earnings per share (Rs.)	32.69	57.35	217.85	58.26
Book Value per share (Rs.)	18.95	78.43	309.62	371.42

(Source: Audited Financial Statements)

2) **Dishman (Cyprus) Limited ("Dishman Cyprus")**Dishman Cyprus was incorporated on October 9, 1997 under the Company Law, Cap. 113, as a limited liability company. Dishman Cyprus's registered office is located at 17 Gr. Xenopoulou Street, Totalserve House, Limassol, Cyprus. The principal activity of Dishman Cyprus is to act as a holding company.

Shareholding pattern

As on November 30, 2003, the entire paid up equity capital of Dishman Cyprus was held by us.

Board of Directors

The Board of Directors of Dishman Cyprus as on November 30, 2003, consists of Mr. Janmejay R. Vyas and Mrs. Andry Tryphonos.

Financial Performance

These financial statements of Dishman Cyprus have been reported in U.S. Dollars and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented on the following basis.

1. All revenue and expenses items are converted at average rates (Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such U.S. Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	December 31, 2000	December 31, 2001	December 31, 2003	September 30, 2003
Closing Rate	Rs. 46.69	Rs. 48.34	Rs. 48.04	Rs. 45.88
Average Rate	Rs.44.95	Rs.47.22	Rs.48.68	Rs.46.67

The key financial highlights of Dishman Cyprus for the financial year ended December 31, 2000, December 31, 2001, December 31, 2002 and for the period from January 1, 2003 to September 30, 2003 are as follows:

(in Rs. mn, except per share data)

For the year ended	December 31, 2000	December 31, 2001	December 31, 2002	For the period January 1, 2003 to September 30, 2003
Total revenues	0.03	Nil	Nil	Nil
Profit after tax	0.25	(0.07)	(0.10)	(0.09)
Equity share capital	3.22	3.22	3.22	3.22
Reserves	2.91	2.93	2.82	2.60
Earnings per share (Rs.)	(3.23)	(0.95)	(1.27)	(1.21)
Book Value per share (Rs.)	127.32	130.86	128.78	121.78

(Source: Audited Financial Statements)

3) **Dishman U.S.A., Inc. ("Dishman USA")**Dishman USA was incorporated on July 21, 1998 under and by virtue of the New Jersey Business Corporations Act, N.J.S.A. 14:1-1 et seq. Dishman USA's registered office is located at 550, Union Avenue, Suite-9, Middlesex, NJ 08846. Dishman USA, is engaged in importing and distributing chemical and pharmaceutical products, primarily for us. It also undetakes marketing activities in the region for us. In addition, Dishman USA, also collects market information about our products in the areas served by them and analyses the data on market trends for us. Further, Dishman USA is also involved in identifying potential MNC's for Contract manufacturing and contract research and negotiating contracts along with us.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of Dishman USA was as follows:

Name of the Shareholder	(%)
Dishman (Cyprus) Limited	66.66
Dishman Pharmaceutical and Chemicals Limited	33.34
Total	**100.00**

Board of Directors

The Board of Directors of Dishman USA as on November 30, 2003 consists of Mr. Janmejay R. Vyas.

Financial Performance

These financial statements of Dishman USA have been reported in U.S. Dollars and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented on the following basis.

1. All revenue and expenses items are converted at average rates (Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such U.S. Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	December 31, 2000	December 31, 2001	March 31, 2003	September 30, 2003
Closing Rate	Rs. 46.69	Rs. 48.34	Rs. 48.47	Rs. 45.88
Average Rate	Rs.44.95	Rs.47.22	Rs.48.68	Rs.46.68

The key financial highlights of Dishman USA for the financial year ended December 31, 2000,2001, March 31, 2003 and September 30, 2003 are as follows *(in Rs. mn, except per share data)*

For the year ended	December 31, 2000	December 31, 2001	March 31, 2003	For the period April 1, 2003 to September 30, 2003
Total revenues	160.68	53.21	99.75	64.26
Profit after tax	5.84	(2.77)	(22.93)	1.90
Equity share capital	3.30	3.30	3.30	3.30
Reserves	4.96	2.42	(20.38)	(17.60)
Earnings per share (Rs.)	(5836.56)	(2773.68)	(22933.99)	1904.54
Book Value per share (Rs.)	13867.80	11529.48	(6411.03)	(4202.73)

(Source: Audited Financial Statements)

4) Pharma Syn B.V. ("Pharma Syn")

Chemconserve B.V. ("Chemconserve") was a private company with limited liability incorporated under the laws of The Netherlands. The entire share capital of Chemconserve was held by the holding company, Deka Holding B.V. a private limited company incorporated under the laws of the Netherlands. Dishman Europe acquired through a share purchase agreement dated April 9, 2003, the entire share capital of Chemconserve from Deka Holding B.V. As per the aforesaid agreement, except for phosphonium QUATs business, all other existing business of Chemconserve together with the name was to be transferred to the previous owners. Chemconserve was renamed as Pharma Syn and a fresh certificate of incorporation was received on March 20, 2003. Pharma Syn's registered office is located at Weena 290, 3012 HJ Rotterdam, The Netherlands. The principal activity of Pharma Syn is to act as a holding company.

Shareholding pattern

As on November 30, 2003, the entire paid up equity capital of Pharma Syn was held by Dishman Europe.

Board of Directors

The Board of Director of Pharma Syn as on November 30, 2003 consists of Mr. Mike I. Armstrong.

Financial Performance

These financial statements of Pharma Syn have been reported in Euros and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one Euro could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented on the following basis.

1. All revenue and expenses items are converted at average rates (Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such Euro amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	March 31, 2003	September 30, 2003
Closing Rate	Rs. 47.56	Rs. 53.20
Average Rate	Rs.52.77	Rs.57.64

The key financial highlights of Pharma Syn for the financial year ended March 31, 2003 and for the period from April 1, 2003 to September 30, 2003 are as follows: *(in Rs. mn, except per share data)*

For the year ended	March 31, 2003	September 30, 2003
Total revenues	Nil	Nil
Profit after tax	(0.02)	(0.03)
Equity share capital	0.10	0.10
Reserves	8.16	9.11
Earnings per share (Rs.)	(8.31)	(13.20)
Book Value per share (Rs.)	4131.73	4609.51

(Source: Audited Financial Statements)

5) Dishman Holland B.V. ("Dishman Holland")

Dishman Holland was incorporated on May 8, 2003. Dishman Holland's registered office is located at Weena 290, 3012 HJ Rotterdam, The Netherlands. Dishman Holland is in the business of importing and sourcing phosphonium QUATs from manufacturers in Europe and marketing the same world wide. Dishman Holland was incorporated on May 8, 2003 as subsidiary of Pharma Syn.

Shareholding pattern

As on November 30, 2003, the entire paid up equity capital of Dishman Holland was held by Pharma Syn B.V.

Board of Directors

The Board of Directors of Dishman Holland as on November 30, 2003 is Pharma Syn.

Financial Performance

These financial statements of Dishman Holland have been reported in Euros and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one Euro could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented on the following basis.

1. All revenue and expenses items are converted at average rates(Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such Euro amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	March 31, 2003	**September 30, 2003**
Closing Rate	Rs. 47.56	Rs. 53.20
Average Rate	Rs.52.77	Rs.57.64

The key financial highlights of Dishman Holland for the financial year ended March 31, 2003 and for the period April 1, 2003 to September 30, 2003 are as follows: *(in Rs. mn, except per share data)*

For the year ended	**March 31, 2003**	**September 30, 2003**
Total revenues	52.29	89.42
Profit after tax	6.56	0.48
Equity share capital	0.95	0.95
Reserves	5.82	7.13
Earnings per share (Rs.)	364.39	26.58
Book Value per share (Rs.)	375.97	448.75

(Source: Audited Financial Statements))

6) Dishman Africa (Proprietary) Limited ("Dishman Africa") Dishman Africa (formerly known as Bryston Trading (Proprietary) Limited) incorporated on March 1, 2001 under the Companies Act, 1973 (South Africa) and has obtained its certificate of commencement of business on the same day. Its name was changed on May 21, 2001. Dishman Africa's registered office is located at 202, Brickfield Road, Overport, Durban 4001, South Africa. Dishman Africa was promoted by Dishman Europe. Dishman Africa, is engaged in importing and distributing chemical and pharmaceutical products, primarily for us. It also undertakes marketing activities in the region for us. In addition, Dishman Africa, also collects market information about our products in the areas served by them and analyses the data on market trends for us. Further, Dishman Africa is also involved in identifying potential MNC's for Contract manufacturing and contract research and negotiating contracts along with us.

Shareholding pattern

As on November 30, 2003, the entire paid up equity capital of Dishman Africa was held by Dishman Europe.

Board of Directors

The Board of Directors of Dishman Africa as on November 30, 2003 consists of Mr. M. Reddy and Mr. Janmejay. R. Vyas.

Financial Performance

These financial statements of Dishman Africa have been reported in South African Rand and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one South African Rand could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented on the following basis.

1. All revenue and expenses items are converted at average rates(Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such South African Rand amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	February 28, 2002	**February 28, 2003**	**For the period March 1, 2003 to September 30, 2003**
Closing Rate	Rs. 5.58	Rs.4.59	Rs. 6.46
Average Rate	Rs.4.66	Rs.6.22	Rs.6.99

The key financial highlights of Dishman Africa for the financial year ended February 28, 2002, February 28, 2003 and for the period from March 1, 2003 to September 30, 2003.

(in Rs. mn, except per share data)

	February 28, 2002	**February 28, 2003**	**For the period March 1, 2003 to September 30, 2003**
Total revenues	Nil	4.47	6.65
Profit after tax	(0.52)	0.97	1.03
Equity share capital	467.00	467.00	467.00
Reserves	(0.63)	0.26	1.22
Earnings per share (Rs.)	(5193.33)	9697.11	10313.47
Book Value per share (Rs.)	(6329.53)	2574.40	12163.71

(Source: Audited Financial Statements)

Pricing Policy for Subsidiaries:

Dishman Europe and Dishman USA are our marketing arms. The inter company transactions, between us and Dishman Europe and Dishman USA and between Dishman Europe and Dishman USA themselves are based on the principle of arms length. These subsidiaries are marketing arms and not commission agents. Thus, no fixed commission is paid on the business generated by them, but they have to create a market for our products. They also act as independent profit centers. A benchmark price at which we bill these subsidiaries is fixed based on the cost of production; our mark-up and the average prevailing international market price. The price fixed for a product is common to all subsidiaries and is around 10% lower than the average prevailing international market price for the product, as they buy in bulk, have to incur additional expenditure on storage, handling of the products, inland freight, render services viz. collection and analysis of market information reports to us *etc*. for which no separate fees/charges are paid to these subsidiaries. While we indicate the floor price below which these subsidiaries should not market the products in the international markets, the subsidiaries are free to sell at the international market rates, which they can obtain in a particular market on the terms and conditions prevailing in the said market. The following principles are generally followed in fixing the selling price to these subsidiaries:

Our cost of production;

The average prevailing international market price for the product;

The scope of services rendered by subsidiaries;

The risks assumed by subsidiaries;

The volume of the business in a particular product;

The end price that may be realized in the particular market;

The area of the market;

The size of the market that can be reasonably captured looking into the regulations prevailing in the market.

The range of products that can be offered by us in the said market, *etc*.

OUR GROUP COMPANIES

1) **Schutz Dishman Biotech Private Limited ("Schutz Dishman")**Schutz Dishman was originally incorporated as a private limited company on November 8, 1995 under the Companies Act and its registered office is located at 2nd, Bhadra Raj Chambers, Swastik Cross Roads, Navarangpura, Ahmedabad 380 009. Subsequently, Schutz Dishman became a deemed public company w.e.f. 28th May, 1997 and the word "Private" was deleted in certificate of incorporation on 29th August, 1997, by the Office of the Registrar of Companies, Gujarat. Subsequently, w.e.f. 1st June, 1999, Schutz Dishman was converted again in to a private limited company, a fresh certificate of incorporation was issued to that effect on 12th October, 1999, by the Office of the Registrar of Companies, Gujarat. Schutz Dishman was set-up in terms of a joint venture and shareholders agreement amongst Schutz & Co. Beteiligungsgesellschaft GmbH ("**Schutz GmbH**") and our promoter and relatives of the promotor. Schutz GmbH, a company organized under the laws of Germany has its registered office located at Kleine Reichenstr. 1, D-20457 Hamburg, Germany. Schutz GmbH is an associate company of Schutz & Co. (GmbH& Co.). Schutz & Co. (GmbH& Co.) is engaged in the sale, marketing and distribution of the products such as bulk drugs and fine chemicals.Schutz Dishman is engaged in the manufacture and sale of bulk drugs, intermediates, *etc*. in the export/international market and in India. Schutz Dishman's manufacturing facilities are located at Bavla.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of Schutz Dishman was as follows:

Name of the Shareholder	(%)
Mr. Janmejay R. Vyas	13.91
Mr. Rajnikant T. Vyas	7.67
Mrs. Devhooti J. Vyas	6.09
Dishman Pharmaceuticals and Chemicals Limited	22.33
Schutz & Co.	50.00
Total	**100.00**

Board of Directors

The Board of Directors of Schutz Dishman as on November 30, 2003 consists of Mr. Rajnikant T. Vyas, Mr. Janmejay R. Vyas, Mrs. Devhooti J. Vyas, Ms. Aditi J. Vyas, Mr. Rudolf Tiemann, Mrs. Katrin Tiemann and Dr. Reinhold Alt.

Financial Performance

The key financial highlights of Schutz Dishman for the financial year ended March 31, 2001, March 31, 2002 and March 31, 2003 was as follow;

(in Rs. mn, except per share data)

For the year ended March 31,	2001	2002	2003
Total revenues	94.28	108.79	105.90
Profit after tax	7.55	16.80	11.77
Equity share capital	15.00	15.00	15.00
Reserves	25.16	41.97	45.96
Earnings per share (Rs.)	5.04	11.20	7.85
Book Value per share (Rs.)	26.75	37.96	40.62

(Source: Audited Annual Report)

2) Bhadra Raj Holdings Private Limited ("Bhadra Raj")

Bhadra Raj was incorporated on December 20, 1984 as a private limited company under the Companies Act. Bhadra Raj is a holding and investment company.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of Bhadra-Raj was as follows:

Name of the Shareholder	(%)
Janmejay R. Vyas	21.50
Rajnikant T. Vyas	21.50
Devhooti J. Vyas	17.00
Dishman Pharmaceuticals and Chemicals Limited	40.00
Total	**100.00**

Board of Directors

The Board of Directors of Bhadra Raj as on November 30, 2003 consists of Mr. Rajnikant T. Vyas, Mr. Janmejay R. Vyas, Mrs. Devhooti J. Vyas and Ms. Aditi J. Vyas.

Financial Performance

The key operating results financial position of Bhadra Raj for the financial year ended March 31, 2001, March 31, 2002 and March 31, 2003 are as follows:

(in Rs.mn, except per share data)

For the year ended March 31,	2001	2002	2003
Total revenues	Nil	Nil	Nil
Profit after tax	(0.04)	(0.03)	(0.02)
Equity share capital	0.0029	0.0029	0.10
Profit and Loss account(Reserves)	(4.86)	(4.90)	(4.92)
Earnings per share (Rs.)	(128.83)	(118.82)	(2.33)
Book Value per share (Rs.)	(16836.97)	(16955.78)	(484.34)

(Source: Audited Annual Report)

3) B.R. Laboratories Private Limited ("B.R. Laboratories")

B.R. Laboratories was incorporated on May 26, 1994 as a private limited company under the Companies Act. B.R. Laboratories is engaged in the manufacture of specialty chemicals (lubricants), aerosols and formulations of neutraceutical products.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of B. R. Laboratories was as follows:

Name of the Shareholder	(%)
Rajnikant T. Vyas	34.00
Janmejay R. Vyas	34.00
Devhooti J. Vyas	31.97
Dishman Pharmaceuticals and Chemicals Limited	0.03
Total	**100.00**

Board of Directors

The Board of Directors of B.R. Laboratories as on November 30, 2003 consists of Mr. Rajnikant T. Vyas, Mr. Janmejay R. Vyas, Mrs. Devhooti J. Vyas and Ms. Aditi J. Vyas.

Financial Performance The key financial highlights of B.R. Laboratories for the financial year ended March 31, 2001, March 31, 2002 and March 31, 2003 was as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2001	2002	2003
Total revenues	8.74	13.82	38.86
Profit after tax	(0.06)	0.11	0.38
Equity share capital	0.0055	5.00	5.00
Profit and Loss account(Reserves)	(2.49)	(2.38)	(2.00)
Earnings per share (Rs.)	(107.53)	0.22	0.77
Book Value per share (Rs.)	(22454.98)	(21.05)	2.46

(Source: Audited Annual Report)

4) Adimans Technologies Private Limited ("Adimans Technologies")

Adimans Technologies was incorporated on May 27, 1996 as a private limited company under the Companies Act. Currently the company has no commercial activity.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of Adimans Technologies was as follows:

Name of the Shareholder	(%)
Mr. Rajnikant T. Vyas	50.00
Mr. Janmejay R. Vyas	50.00
Total	**100.00**

Board of Directors

The Board of Directors of Adimans Technologies as on November 30, 2003 consists of Mr. Rajnikant. T. Vyas and Mr. Janmejay. R. Vyas.

Financial Performance

The key financial highlights of Adimans Technologies for the financial year ended March 31, 2001, March 31, 2002 and March 31, 2003 are as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2001	2002	2003
Total revenues	Nil	Nil	Nil
Profit after tax	(0.37)	(0.27)	(0.20)
Equity share capital	0.10	0.10	0.10
Reserves	0.60	0.33	0.13
Earnings per share (Rs.)	(37.12)	(26.45)	(19.77)
Book Value per share (Rs.)	22.21	0.50	(15.00)

(Source: Audited Annual Report)

5) Adiman's Ventures Limited, U.K. ("Adiman's Ventures")

Adiman's Ventures was originally incorporated on November 24, 2000 as Armaad Ventures Limited under the Companies Act 1985 of the U.K. as a private limited company. Subsequently, on April 25, 2003, its name was changed to Adiman's Ventures Limited. Adiman's Ventures is a trading company marketing products of the Company and of other companies in small volume packaging in the U.K. and Europe. It has started commercial activities in the fiscal year ended November 2003.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of Adiman's Ventures was as follows:

Name of the Shareholder	(%)
Ms. Aditi J. Vyas	50.00
Ms. Mansi J. Vyas	50.00
Total	**100.00**

Board of Directors

The Board of Directors of Adiman's Ventures as on November 30, 2003 consists of Ms. Aditi J. Vyas and Ms. Mansi J. Vyas.

Financial Performance

These financial statements of Adiman's Ventures have been reported in U.K. Sterling Pound (U.K.) and have been translated into Rupees for each period presented, solely to comply with the requirements of Clause 6.8.4 of the SEBI Guidelines. Investors are cautioned to not rely on such translated amounts. The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.K. Sterling Pound could be exchanged at the rate available on website www.OANDA.com. The foreign currency amounts have been translated in to Indian Rupees for each period and presented in the following basis.

1. All revenue and expenses items are converted at average rates(Yearly average).
2. All other items are converted on the last working day.

The translations should not be considered as a representation that such U.K. Sterling Pound amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated below, or at all.

	November 30, 2003
Closing Rate	79.27
Average Rate	Rs. 75.99

The key financial highlights of Adiman's Ventures for the financial year ended November 30, 2001, November 30, 2002 and November 30, 2003 are as follows: **(in Rs. mn, except per share data)**

For the year ended November 30,	2001	2002	2003
Total revenues	NIL	NIL	0.44
Profit after tax	NIL	NIL	(0.40)
Equity share capital	0.00016	0.00016	0.00016
Reserves	NIL	NIL	(0.41)
Earnings per share (Rs.)	—	—	(201,624.14)
Book Value per share (Rs.)	—	—	19,573.56

(Source: Audited Annual Report)

6) M/s Adiman Ventures ("Adiman")

Adiman was set-up in-terms of a partnership deed dated August 10, 2000 amongst Mrs. Devhooti J. Vyas, Ms. Aditi J. Vyas, Ms. Mansi J. Vyas and Master Arpit J. Vyas. The registered office of Adiman is situated at 412, Bhadra Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad – 380 009. The partnership firm is currently non-operational.

Share of profit and losses in the partnership

Based on the partnership deed, the share of profit and loss among the partners is as stated below:

Name of the Partner	Profit (%)	Loss (%)
Mrs. Devhooti J. Vyas	25.00	33.34
Ms. Aditi J. Vyas	25.00	33.33
Ms. Mansi J. Vyas	25.00	33.33
Master Arpit J. Vyas	25.00	—
Total	**100.00**	**100.00**

Financial Performance

The key financial highlights of Adiman for the financial year ended March 31, 2001, March 31, 2002 and March 31, 2003 are as follows:

(in Rs. mn)

For the year ended March 31,	2001	2002	2003
Total revenues	Nil	Nil	Nil
Profit after tax	(0.0042)	(0.0011)	(0.0017)
Capital	0.15	0.38	0.46
Reserves	Nil	Nil	Nil
Earnings per share (Rs.)	N.A.	N.A.	N.A.
Book Value per share (Rs.)	N.A.	N.A.	N.A.

(Source: Audited Annual Report)

7) Malabar Trading Company Limited ("Malabar Trading")

Malabar Trading was incorporated on April 18, 1980 as a public limited company under the Companies Act and received its certificate for commencement of business on April 24, 1980. Although the shares are listed they are not being traded. The shares are listed on the BSE. Malabar Trading was acquired by Mr. Janmejay R. Vyas, Mr. Rajnikant T. Vyas, Mrs. Devhooti J. Vyas and us in terms of a memorandum of understanding and followed by an open offer in October 1998. The total paid up share capital of Malabar Trading as on November 30, 2003 was Rs. 0.5 mn divided into 50,000 shares of Rs.10/- each. The registered office is located at 401, Sangeet Plaza, 4th Floor, Marol Maroshi Road, Andheri (East), Mumbai 400 059.

Malabar Trading was incorporated with the object to carry on business as merchants, traders, to import, export and deal in chemicals, textile auxiliary material, etc. Malabar Trading's activities have been on a low scale and is currently making a loss.

Shareholding pattern

As on November 30, 2003, the shareholding pattern of Malabar Trading was as follows:

Name of the Shareholder	(%)
Mr. Rajnikant T. Vyas	18.10
Mrs. Devhooti J. Vyas	17.95
Dishman Pharmaceuticals and Chemicals Limited	17.90
Mr. Janmejay R. Vyas	18.15
Others	27.90
Total	**100.00**

On 12 March, 2003, Mr. Janmejay R. Vyas executed a memorandum of understanding ("MOU") with Mr. Vishnu G. Sharma for the transfer of shares of Malabar Trading within 60 days from the date of the MOU and received an advance of Rs. 0.51 lakhs. The transfer, however, did not occur. Given Malabar Trading's limited activities and current financial position, we along with the Promoters, intend in future to dispose of our shareholding in Malabar Trading in accordance with applicable laws and regulations.

Board of Directors

The Board of Directors of Malabar Trading as on November 30, 2003 consists of Mr. Rajnikant T. Vyas, Mr. Janmejay R. Vyas and Mr. Vishnu G. Sharma.

Financial Performance

The key financial highlights of Malabar Trading for the financial year ended March 31, 2001, March 31, 2002 and March 31, 2003 are as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2001	2002	2003
Total revenues	Nil	Nil	Nil
Profit after tax	(0.47)	(0.40)	(0.05)
Equity share capital	0.50	0.50	0.50
Reserves	(1.70)	(2.10)	(2.15)
Earnings per share (Rs.)	(9.41)	(7.96)	(1.07)
Book Value per share (Rs.)	(31.32)	(32.02)	(33.10)

(Source: Audited Annual Report)

COMPANIES FOR WHICH AN APPLICATION HAS BEEN MADE TO REGISTRAR OF COMPANIES FOR STRIKING OFF NAME

Dishman Investments Private Limited ("Dishman Investments")

Dishman Investments was incorporated on January 6, 1998 as a private limited company under the Act. Dishman Investments was promoted by Mr. Janmejay. R. Vyas and Mr. Rajnikant. T. Vyas. Dishman Investments has not carried out any commercial activity since incorporation. On December 10, 2002, the Board of Directors of Dishman Investments resolved to strike off the name of Dishman Investments from the register maintained in the office of the Registrar of the Companies, Gujarat by making an application under section 560 of the Act. Amal Datt & Associates, Chartered Accountants, have vide their certificate dated December 11, 2002 certified that Dishman Investments has no due to the Government or to the banks and financial institutions and that Dishman Investments has no assets and liabilities. Office of the Registrar of Companies, Gujarat has issued a notice bearing No. ROC/33522/560(3)/2002/4331 dated 11th February, 2003, pursuant to Section 560(3) of the Companies Act.

Companies of the promoter Group/Subsidiaries referred to BIFR/under winding up/ having negative net worth

None of the Group Companies of the Promoter or ventures promoted by the Promoter are BIFR cases. None of the Group Companies of the Promoter or ventures promoted by the Promoter have negative net worth , except Dishman USA, Malabar Trading, Adimans Technologies and Bhadra Raj Holdings.

There have been no sales or purchases between companies in the Promoter Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under the section titled "Related Party Transactions" on page 82 of the Prospectus.

RELATED PARTY TRANSACTIONS

The Company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

a) List of related parties and relationships, where control exists:

PARTICULARS	FOR THE SIX MONTHS ENDED ON 30/09/2003	YEAR 2002-2003	2001-2002
RELATION	NAME OF PARTY	NAME OF PARTY	NAME OF PARTY
Subsidiaries	Dishman USA Inc. Dishman Europe Ltd. Dishman (Cyprus) Ltd. Dishman Holland B.V. Pharma Syn B.V. Dishman Africa (Proprietary) Ltd.	Dishman USA Inc. Dishman Europe Ltd. Dishman (Cyprus) Ltd. Dishman Holland B.V. Pharma Syn B.V. Dishman Africa (Proprietary) Ltd.	Dishman USA Inc. Dishman Europe Ltd. Dishman (Cyprus) Ltd. Dishman Africa (Proprietary) Ltd.
Associates/ Joint Ventures	Schutz Dishman Biotech Pvt. Ltd. (J.V.) B. R. Laboratories Pvt. Ltd. Bhadra Raj Holdings Pvt. Ltd. Adiman Technologies Pvt. Ltd. M/s. Adiman Ventures (Partnership Firm) Adiman's Ventures Ltd., U.K. Malabar Trading Company Ltd.	Schutz Dishman Biotech Pvt. Ltd. (J.V.) B. R. Laboratories Pvt. Ltd. Bhadra Raj Holdings Pvt. Ltd. Adiman Technologies Pvt. Ltd. Malabar Trading Company Ltd. M/s. Adiman Ventures (Partnership Firm) Dishman Investments Pvt. Ltd.	Schutz Dishman Biotech Pvt. Ltd. (J.V.) B. R. Laboratories Pvt. Ltd. Bhadra Raj Holdings Pvt. Ltd. Adiman Technologies Pvt. Ltd. Malabar Trading Company Ltd. M/s. Adiman Ventures (Partnership Firm) Dishman Investments Pvt. Ltd.
Key Management Personnel	Mr. R. T. Vyas - Chairman, Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*	Mr. R. T Vyas - Chairman, Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*	Mr. R. T. Vyas - Chairman, Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*

** Resigned from Directorship w.e.f. 26/11/2003*

b) Transactions with Related Parties:

(R in mn)

Items	**Relation**	**For the half year ended as on 30/09/2003**	**2002-2003**	**2001-2002**
Purchase of Goods	Subsidiary Companies, Associates/ Joint Ventures	2.58	2.86	1.40
Sale of Goods	Subsidiary Companies, Associates/ Joint Ventures	311.93	761.88	87.78
For Expenses	Subsidiary Companies, Associates/ Joint Ventures	1.64	0.06	0.15
For Other Income	Subsidiary Companies, Associates/ Joint Ventures	0.00	51.07	3.43
Investment in Shares	Subsidiary Companies, Associates/ Joint Ventures	0.00	4.90	0.00
Outstanding Guarantees Given for joint venture and other companies	Subsidiary Companies, Associates/ Joint Ventures	310.95	158.97	0.00
Advances taken	Subsidiary Companies, Associates/ Joint Ventures	11.27	0.00	0.00
	Key Management Personnel	3.38	0.00	0.00
Remuneration	Key Management Personnel	5.66	12.06	7.56
Outstanding Receivable	Subsidiary Companies, Associates/ Joint Ventures	209.86	5.59	179.22
Outstanding Payable	Subsidiary Companies, Associates/ Joint Ventures	17.56	63.10	22.31

FOR THE YEAR 2001-2002

(Rs. in mn)

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Remune ration	Out standing Payable	Out standing Receivable
	GROUP COMPANIES							
1	M/s. ADIMAN VENTURES	—	—	—	—	—	—	0.35
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	0.89	
3	B.R.LABORATORIES PVT. LTD.	0.07	6.97	0.12	—	—	—	11.56
4	MALABAR TRADING CO.LTD.	—	—	0.03	—	—	0.58	—
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	—	1.07	—
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	1.28	3.50		3.42	—	19.77	—
	SUBSIDIARIES COMPANIES							
7	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	6.46
8	DISHMAN USA INc.	—	34.17	—	—	—	—	37.15
9	DISHMAN INVESTMENTS PVT. LTD.	—	—	—	—	—	—	0.01
10	DISHMAN EUROPE LTD.	0.05	43.14	—	—	—	—	123.69
	KEY MANAGEMENT PERSONNEL							
11	M.D.REMUNERATION	—	—	—	—	4.82	—	—
12	DIRECTORS REMUNERATION	—	—	—	—	—	—	—
	R.T.VYAS					2.40		
	D.J.VYAS					0.30		
	DINESH ARYA					0.05		
	Total	**1.40**	**87.78**	**0.15**	**3.43**	**7.57**	**22.31**	**179.22**

FOR THE YEAR 2002-2003

(Rs. in mn)

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Investment in Shares	Guarantees in favour of Group Co.	Remuneration	Outstanding Payable	Outstanding Receivable
	GROUP COMPANIES									
1	M/s ADIMAN VENTURES	—	—	—	—	—	—	—	—	—
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	—	—	—	0.09
3	B.R.LABORATORIES PVT. LTD.	2.40	6.78	0.01	—	—	20.47	—	12.25	5.49
4	MALABAR TRADING CO. LTD.	—	—	0.05	—	—	—	—	—	—
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	—	—	—	0.29	0.01
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	0.13	2.73	—	35.64	—	138.50	—	50.56	—
7	DISHMAN INVESTMENTS PVT. LTD.	—	—	—	—	—	—	—	—	—
	SUBSIDIARIES									
8	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	—	—	—
9	DISHMAN USA, INc.	—	38.41	—	—	4.90	—	—	—	—
10	DISHMAN EUROPE LTD.	0.33	713.97	—	15.43	—	—	—	—	—
	KEY MANAGEMENT PERSONNEL									
11	M.D.REMUNERATION	—	—	—	—	—	—	8.20	—	—
12	DIRECTORS REMUNERATION	—	—	—	—	—	—	—	—	—
	R.T.VYAS	—	—	—	—	—	—	2.40	—	—
	D.J.VYAS	—	—	—	—	—	—	1.10	—	—
	DINESH ARYA	—	—	—	—	—	—	0.36	—	—
	Total	**2.85**	**761.88**	**0.06**	**51.07**	**4.90**	**158.97**	**12.06**	**63.10**	**5.59**

FOR THE SIX MONTHS ENDED ON 30/09/2003

(Rs. in mn)

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Advance Taken	Guarantees in favour of Group Co.	Remune ration	Out standing Payable	Out standing Receivable
	GROUP COMPANIES									
1	ADIMAN VENTURES LIMITED (UK)	—	0.09	—	—	—	—	—	—	0.09
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	—	—	0.70	—
3	B.R.LABORATORIES LTD.	1.73	2.46	0.11	—	0.08	20.47	—	1.73	8.89
4	MALABAR TRADING CO. LTD.	—	—	—	—	0.09	—	—	0.08	0.05
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	0.17	—	—	1.52	—
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	0.84	1.01	1.53	—	10.94	138.50	—	0.84	1.01
	SUBSIDIARIES									
7	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	—	—	6.46
8	DISHMAN USA, INc.	—	26.68	—	—	—	—	—	0.59	29.46
9	DISHMAN EUROPE LTD.	—	281.70	—	—	—	151.98	—	1.40	163.89
	KEY MANAGEMENT PERSONNEL									
10	M.D.REMUNERATION	—	—	—	—	—	—	3.38	—	—
11	DIRECTORS REMUNERATION	—	—	—	—	—	—		—	—
	DINESH ARYA	—	—	—	—	—	—	0.18	—	—
12	PAYMENT TO DIRECTOR'S RELATIVE	—	—	—	—	—	—	—	—	—
	SUKANYA ARYA	—	—	—	—	—	—	—	—	—
13	MRS. D.J.VYAS	—	—	—	—	1.10	—	0.90	1.11	—
14	SHREE J.R.VYAS	—	—	—	—	—	—	—	6.86	—
15	SHREE R.T. VYAS	—	—	—	—	2.28	—	1.20	2.73	—
	Total	**2.58**	**311.93**	**1.64**	**0.00**	**14.65**	**310.95**	**5.66**	**17.56**	**209.86**

SECTION IV : FINANCIAL INFORMATION

Kunte & Associates

Chartered Accountants
502, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009.
Phone: (79) 26462272, 26403345 Fax: (79) 26403769
E-mail: kunte.modha@vsnl.com

Auditor's Report

UNCONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, UNDER INDIAN GAAP (INCLUDING SUBSIDIARIES) FOR THE YEARS ENDED MARCH 31, 1999, 2000, 2001, 2002 AND 2003 AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2003

The Board of Directors
Dishman Pharmaceuticals and Chemicals Limited
Bhadra-Raj Chambers
Swastik Cross Roads,
Navrangpura, Ahmedabad – 380 009

Dear Sirs

1. We have examined the accounts of **Dishman Pharmaceuticals and Chemicals Limite**d ('the Company') for the five financial years ended March 31, 1999, March 31 2000, March 31, 2001, March 31, 2002 and March 31, 2003 being the last date to which the accounts of the Company have been made up and audited by us for presentation to the members of the Company.
2. We have also examined the accounts of the Company for the six months ended September 30, 2003 prepared and approved by the Board of Directors of the Company and audited by us for the purpose of disclosure in the Offering Memorandum being issued by the Company in connection with the public issue of 3,433,500 Equity shares being fresh issue of Equity shares through book building route.
3. We have accepted the relevant accounts in respect of **Dishman Europe Limited** ('DEL'), a wholly owned subsidiary of the Company, for the four consecutive financial years ended 31st December 2001, for the fifteen months ended on March 31, 2003 and for the six months ended September 30, 2003 being the last date to which the accounts of DEL have been prepared and approved by its Board of Directors, audited and reported by M/s Munslows, Chartered Certified Accountants & Registered Auditors, UK the auditors of DEL.
4. We have accepted the relevant accounts in respect of **Dishman USA Inc** ('DUSA') a subsidiary of the Company for the four consecutive financial years ended December 31, 2001, fifteen months ended 31st March 2003 and for the six months ended September 30, 2003 being the last date to which the accounts of DUSA have been prepared and approved by its Board of Directors and reported by **M/s Pandya Kapadia & Associates** Certified Public Accountants PA Independent Auditors of DUSA.
5. We have also accepted the relevant accounts in respect of **Dishman Cyprus Limited ('DCYP),** a wholly owned subsidiary of the Company for the five consecutive financial years ended December 31 2002 and for the nine months ended September 30, 2003 being the last date to which the accounts of DCYP have been prepared and approved by its Board of Directors, audited and reported by M**/s P G Economides & Co**, Cyprus Chartered Certified Accountants, auditors of DCYP.
6. We have also accepted the relevant accounts in respect of **Pharma Syn B.V.,** a subsidiary of the Company for the three months ended March 31, 2003, and for the six months ended September 30, 2003 being the last date to which the accounts of **Pharma Syn B.V**. have been prepared and approved by its Board of Directors, audited and reported by **M/s JMH Maatschap van Adviseurs**, Auditors.
7. We have accepted the relevant accounts in respect of **Dishman Holland B.V. ('DHL'),** a subsidiary of the **Pharma Syn B.V.** for the three months ended on March 31. 2003 and for the six months ended on September 30, 2003 being the last date to which the accounts of DHL have been prepared and approved by its Board of Directors, audited and reported by **M/s JMH Maatschap van Adviseurs,** the auditors of **DHL.**
8. We have also accepted the relevant accounts in respect of **Dishman Africa (Proprietary) Limited (DSA),** a subsidiary of the Company for the financial years ended February 28, 2002, February 28, 2003 and seven months ended September 30, 2003 being the last date to which the accounts of **DSA** have been prepared and approved by its Board of Directors, audited and reported by **M/s Desai Jadwat Incorporated,** Chartered Accountants, (S.A) Registered Accountants and Auditors of **DSA.**
9. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 (the Act), the Securities and

Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (SEBI Guidelines) and our terms of reference with the Company dated 27th November, 2003, requesting us to make this report for the purpose of the Offering Memorandum as aforesaid, we report that:

(a) The restated profits of the Company for the financial year ended March 31, 1999, 2000, 2001, 2002, 2003 and for the six months ended September 30, 2003 are as set out in **Annexure I** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in **Annexure III & V** to this report.

(b) The restated assets and liabilities of the Company as at March 31, 1999, 2000, 2001, 2002, 2003 and as at September 30, 2003 are as set out in **Annexure II** to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure III** to this report.

(c) The rates of dividends paid by the Company in respect of the financial years ended March 31, 1999, 2000, 2001, 2002, and 2003 are as shown in **Annexure VI** to this report.

(d) We have examined the following financial information relating to the company and as approved by the Board of Directors for the purpose of inclusion in the Offering Memorandum:-

(e) Accounting Ratios as appearing in **Annexure VII** to this report.

(f) Capitalisation Statement as at September 30, 2003 as appearing in **Annexure VIII** to this report.

(g) Statement of Tax shelters as appearing in **Annexure IX** to this report.

(h) Details of Other Income as appearing in **Annexure X** to this report.

(i) Details of Sundry Debtors as appearing in **Annexure XI** to this report

(j) Details of Loans and Advances as appearing in **Annexure XII** to this report.

(k) Details of Un Secured Loans as appearing in **Annexure XIII** to this report

(l) Details of Secured Loans as appearing in **Annexure XIV** to this report

In our opinion the above financial information of the Company read with **Significant Accounting Policies attached in Annexure IV & V** to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

10. In accordance with para 6.18.3 of the SEBI Guidelines, also attached are restated summary financial statements of Company's subsidiaries in **Annexures XV to XX** to this report. The summary financial statements of the Company's subsidiaries have not been consolidated into the Company's financial statements.

11. We have accepted the relevant restated Summary financial statements read with significant accounting policies in respect of **Dishman Europe Limited** for the four consecutive financial years ended December 31, 2002, for the fifteen months ended 31st March 2003 and for the Six months ended 30th September, 2003. The relevant restated summary of **Dishman Europe Limited** read with significant accounting policies are attached in **Annexure XV** to this report.

12. We have accepted the relevant restated Summary financial statements read with significant accounting policies in respect of **Dishman USA, INc.** for the four consecutive financial years ended December 31, 2002, for the fifteen months ended 31st March 2003 and for the six months ended 30th September 2003. The relevant restated summary financial statements of **Dishman USA, INc.** read with significant accounting policies are attached in **Annexure XVI** to this report.

13. We have accepted the relevant restated summary financial statements read with significant accounting policies in respect of **Dishman (Cyprus) Limited** for the five consecutive financial years ended December 31, 2002 and for the nine months ended September 30, 2003. The relevant restated summary financial statements of **Dishman (Cyprus) Limited** read with significant accounting policies are attached in **Annexure XVII** to this report.

14. We have accepted the relevant restated summary financial statements read with significant accounting policies in respect of **Pharma Syn B.V.** for the three months ended 31st March 2003 and for the six months ended 30th September 2003. The restated summary financial statements of **Pharma Syn B.V.** read with significant accounting policies are attached in **Annexure XVIII** to this report.

15. We have accepted the relevant restated summary financial statements read with significant accounting policies in respect of **Dishman Holland B.V.** for the three months ended 31st March 2003 and for the six months ended 30th September 2003. The restated summary financial statements of **Dishman Holland B.V.** read with significant accounting policies are attached in **Annexure XIX** to this report.

16. We have accepted the relevant restated summary financial statements read with significant accounting policies in respect of **Dishman Africa (Proprietary) Limited** for the financial years ended February 28 2002, February 28, 2003 and for the seven months ended September 30, 2003. The restated summary financial statements of **Dishman Africa (Proprietary) Limited** read with significant accounting policies are attached in **Annexure XX** to this report

This report is intended solely for your information and for inclusion in the Offering Memorandum in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For M/s Kunte & Associates
Chartered Accountants

Parag P. Jhaveri
Partner

Membership Number 39190
Place : Ahmedabad
Date : 8/1/2004

Annexure I - SUMMARY OF PROFIT AND LOSS ACCOUNT AS RESTATED

(Rs. in Million)

PARTICULARS	FOR HALF YEAR ENDED ON	FOR THE YEAR ENDED ON 31ST MARCH				
	30.09.2003	2003	2002	2001	2000	1999
INCOME						
Sales :						
Export Sales	376.32	934.79	505.69	445.71	655.18	242.07
Domestic Sales	144.22	209.29	347.21	288.44	172.05	108.08
	520.54	**1144.08**	**852.89**	**734.15**	**827.23**	**350.15**
Less : Sales Tax, Return & Sales Capitalised	3.97	61.44	25.42	24.00	4.35	4.28
	516.57	**1082.64**	**827.47**	**710.15**	**822.88**	**345.87**
Increase/(Decrease) in Stock	60.47	-45.66	34.67	85.92	2.19	76.96
Other Income	1.18	6.90	11.25	7.82	16.19	8.87
	578.22	**1043.88**	**873.39**	**803.89**	**841.26**	**431.70**
EXPENDITURE						
Manufacturing Expenses	322.60	613.47	544.15	511.20	537.26	250.31
Employees' Emoluments	46.54	79.03	65.95	58.90	49.99	31.02
Administrative & Other Expenses	49.22	88.91	77.53	68.16	65.25	41.66
Depreciation	34.44	40.84	35.79	33.91	23.61	15.71
Financial Charges	60.21	59.41	61.29	56.08	57.39	39.79
Miscellaneous Expenditure W/off	0.31	0.62	0.56	1.16	1.01	0.75
	513.32	**882.28**	**785.27**	**729.42**	**734.51**	**379.26**
Profit before Tax and Other Adjustment	**64.90**	**161.60**	**88.12**	**74.47**	**106.75**	**52.44**
Prior Period Adjustments	4.79	2.88	9.42	0.13	0.93	1.10
	60.11	**158.71**	**78.71**	**74.34**	**105.81**	**51.34**
Provision for Tax						
Current Tax	4.50	10.00	7.70	9.70	5.80	3.30
Deferred Tax	0.00	6.15	0.00	0.00	0.00	0.00
Net Profit after tax as per audited statement of Accounts (A)	**55.61**	**142.57**	**71.01**	**64.64**	**100.01**	**48.04**
Carried forward Profit from Previous year	263.45	126.69	88.98	35.18	63.39	26.28
Profit available for appropriation	**319.06**	**269.26**	**159.99**	**99.82**	**163.40**	**74.32**
Less : Transfer to General Reserve	0.00	0.00	0.00	0.00	105.00	5.00
Transfer to Capital Redemption Reserve	0.00	0.00	24.90	0.00	0.00	0.00
Proposed/Interim Dividend on						
- Equity	0.00	5.15	5.15	5.15	18.03	5.15
- Preference	0.00	0.00	2.47	4.23	2.90	0.19
Corporate Dividend Tax on						
- Equity	0.00	0.66	0.53	0.53	1.98	0.57
- Preference	0.00	0.00	0.25	0.93	0.32	0.02
Balance carried forward to Balance Sheet	**319.06**	**263.45**	**126.69**	**88.98**	**35.18**	**63.39**

Annexure II - SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rupees in Millions)

PARTICULARS		AS AT	AS AT 31ST MARCH				
		30.09.2003	2003	2002	2001	2000	1999
A.	**Fixed Assets:**						
	Gross Block	1224.42	1184.95	593.65	523.30	392.84	278.50
	Less: Depreciation	199.63	165.40	129.96	91.68	57.22	32.93
	Net Block	**1024.79**	**1019.54**	**463.69**	**431.61**	**335.62**	**245.56**
	Add: Capital work in progress	43.53	6.93	396.66	138.93	10.91	8.34
	Total	**1068.32**	**1026.47**	**860.35**	**570.54**	**346.53**	**253.91**
	Less: Revaluation Reserve	19.22	19.57	20.36	21.04	21.73	22.41
	Net Block after adjustment of Revaluation Reserve	1049.10	1006.90	839.99	549.50	324.80	231.50
B.	**Investments**	26.20	26.16	23.07	24.21	24.21	27.86
C	**Current Assets, Loans & Advances**						
	Inventories	453.11	354.42	376.75	332.35	242.90	218.44
	Sundry Debtors	293.78	352.94	237.19	220.93	211.58	103.15
	Cash and Bank Balances	25.47	22.20	25.38	30.40	13.67	11.14
	Loans and Advances	160.91	169.52	131.15	153.68	110.20	77.32
	Total	**933.27**	**899.08**	**770.47**	**737.36**	**578.36**	**410.04**
D.	**Liabilities and Provisions:**						
	Secured Loans	938.49	1007.71	843.54	701.95	520.90	326.13
	Unsecured Loans	67.10	8.41	191.44	43.66	8.53	19.36
	Current Liabilities and Provisions	464.27	433.28	258.74	263.61	152.61	164.41
	Deferred Tax Liability	19.01	19.01	0.00	0.00	0.00	0.00
	Total	**1488.87**	**1468.41**	**1293.72**	**1009.21**	**682.04**	**509.89**
E.	**Net Worth (A+B+C-D) ***	**519.70**	**463.74**	**339.81**	**301.86**	**245.33**	**159.51**
F.	**Represented by**						
	Paid-up Share Capital:						
	-Equity Shares	103.00	103.00	103.00	103.00	51.50	51.50
	- 17% Cumulative Redeemable Preference Shares	Nil	Nil	Nil	24.90	24.90	12.20
	Reserves and Surplus	438.82	383.55	260.45	198.53	196.91	120.80
	Less: - Revaluation Reserve	19.22	19.57	20.36	21.04	21.73	22.41
	Reserve & Surplus after adjustment of Revaluation Reserve	**419.60**	**363.98**	**240.09**	**177.49**	**175.18**	**98.39**
	Total	**522.60**	**466.98**	**343.09**	**305.39**	**251.58**	**162.09**
G.	**MISC. EXPENDITURE UPTO THE EXTENT NOT W/OFF**	2.90	3.24	3.28	3.53	6.25	2.58
H.	**Net worth (F-G) ***	**519.70**	**463.74**	**339.81**	**301.86**	**245.33**	**159.51**

The accompanying significant accounting policies and notes are integral part of this statement

*** Note:-** In accordance with Clause 6.18.7 (b) (v) of the SEBI Guidelines, the Statement of Assets & Liabilities as restated has been prepared after deducting the revaluation reserve balance from both Fixed Assets and Reserves.

ANNEXURE –III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. BACKGROUND

Dishman Pharmaceuticals and Chemical Limited (Dishman) was incorporated as a Pvt. Ltd. Co. in 1983. It became a deemed Public Limited Company with effect form 1st April 1996. After obtaining necessary approval the status was converted into a Public limited company with effect form 1st January 1999.

Dishman is engaged in manufacturing and marketing of chemicals such as Quaternary Compounds (Quats) including Phase Transfer Catalyst (PTC), Bulk Drug & intermediates and Fine & Specialty Chemicals. The Company is recongnised Export house and holding ISO 9002 certificate issued by BVQI, Switzerland.

Dishman has established two wholly owned subsidiaries namely Dishman Europe Ltd. and Dishman Cyprus Ltd. Dishman USA Inc. is Subsidiary of Dishman Cyprus Limited. Dishman Africa (Proprietary) Limited and Pharma Syn BV are subsidiaries of Dishman Europe Limited. Dishman Holland BV is a step down subsidiary of Pharma Syn BV

The Company has also under its fold a Business Center and a Travel Agency operating since the year 1998-99 and the accounts of both are grouped and consolidated in the Profit & Loss account and Balance Sheet of Dishman Pharmaceuticals and Chemicals Limited.

100% EOU STATUS

Substantial portion of the profits of the Company are exempted from income tax, being profits form undertaking situated at Bavla Unit which is 100% Export Oriented Unit (EOU) approved by Kandla Free Trade Zone. Under the tax holiday the Company can utilize exemption of profits form income taxes for a period of ten consecutive years. The tax benefits are available to the Company for its undertaking situated in Bavla till the year 31/03/2010.

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Financial Statements have been prepared under Historical Cost Convention and in accordance with generally accepted Accounting Principles, applicable Standards issued by the Institute of Chartered Accountants of India except otherwise stated and as per the relevant applicable provisions of the Companies Act, 1956

The Company generally follows mercantile system of accounting and recognizes items of income and expenditure on accrual basis except Export Benefits receivable, Insurance claims and municipal property tax, which are accounted, on cash basis.

a) Revenue Recognition

i. Sales include inter divisional transfer, excise duty, sales tax and constructive sale as per the terms of agreement and are net sales return and trade discount

ii. Export Sales include exchange rate difference arising on realization

iii. Dividend incomes on investments are accounted for which the right to receive the payment is established.

iv. Incomes from activities related to travel agency and business center are accounted on accrual basis.

v. Income from Research & Development and other activities are accounted on accrual basis

b) Fixed Assets

i. Fixed Assets are stated at their cost of acquisition net of CENVAT less accumulated deprecation but includes freight, duties, taxes and other incidental expenses relating to acquisitions and installations

ii. Direct Expenses as well as pro rata identifiable expenses incurred on projects during the period of construction is capitalised

iii. Financing costs on loans specifically borrowed for projects incurred during the period of construction is capitalised

iv. The cost of assets including expenditure during the construction period not put to use before the period end are shown as capital work in progress

c) Revaluation Reserve:-

The Company has revalued its Land & Building and Plant & Machinery as on 31st march, 1995 and aggregate addition resulting there from amounting to Rs. 25.mn has been correspondingly credited to the revaluation reserve account. We are informed that the Revaluation is based upon technical report of senior approved valuers.

d) Depreciation

i. Depreciation on Fixed Assets has been provided on Straight-line method at the rates and in manner prescribed in Schedule XIV of the Companies Act, 1956

ii. Addition to fixed assets on account of transaction of foreign currency liabilities for acquisition of fixed assets is depreciated over the residual life of the respective assets

iii. During the period the company has developed the production process of manufacturing molecules and also updated/ modified the existing production process of various products. As part of Research & Development activity expenses incurred up to 30th September 2003 are to on account of Product Development would be amortized over the period of useful life of each product once the exploitation of the respective product starts.

e) Inventories

i. Raw materials are valued at cost net of Cenvat

ii. Stock in process is valued at cost determined by taking in to material cost, labour charges, and other direct expenses

iii. Finished goods are valued at cost or realizable market value whichever is lower. The cost is determined by taking material, labour, Excise Duty and related factory overheads including deprecation

iv. Packing materials is valued at the cost net of cenvat

v. Stores, Spares and consumables are valued at cost net of cenvat if any

vi. Goods in transit is valued at cost

Note: Wherever applicable cost is determined using the first in fist out (FIFO) method and due allowance is estimated and made for defective and obsolete items

f) Excise Duty

Excise duties recovered are included in the sale of goods. Excise duty paid on clearances are shown separately as an item of manufacturing and other expenses

g) Custom Duty

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

h) Amortization of Miscellaneous Expenditure

i. Deferred Revenue expenditure are being amortized over a period of 10 years

ii. Library books are written off over a period of 10 Years

i) Foreign Currency Transactions

i. Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Exchange differences relating to Fixed Assets are adjusted in the cost of the asset. Any other exchange differences are dealt with in the Profit and loss Account. Assets & Liabilities of monetary items are reinstated at the period-end exchange rate and the differences arising from such reinstatement are recognized in the Profit & Loss Account.

ii. Investment in the shares of foreign Subsidiary company is expressed in Indian Rupees at the rate of exchange prevailing on the date of investment.

j) Investment

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost.

k) Research and Development Expenditure

Revenue expenditure on research and development net of expenditure capitalised and treated as IPR's is charged to revenue under respective heads of accounts in the year in which it is incurred. Capital expenditure on research and development is shown as an addition to the fixed Assets. The Company would amortize the product development expenditure over the useful life of product developed and put to commercial use.

l) Borrowing Cost

Borrowing cost that is attributable to the acquisition or constructions of qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charge to revenue.

m) Keyman Insurance Policy

The company has taken Keyman insurance Policies of Rs 100 Million on the life of Shri J R Vyas the Managing Director of the company. Every year the company has to pay Rs 9.47 Million by way of insurance premium towards this policy and the same will be payable for 12 years. Insurance premium paid by the company is treated as revenue expenditure and charge to Profit and Loss Account accordingly. The receipt at maturity or otherwise shall be treated as income in the year of receipt.

n) Retirement Benefits:

i. The Company has established the "Dishman Employees Group Gratuity Trust Fund'. Liabilities with regard to the gratuity plan are determined by actuarial valuation.

ii. Contribution to Provident Fund is accounted on accrual basis and charged to Profit and Loss Account for the year.

iii. The liability for leave encashment is provided as per the Company's Rules for accumulation/encashment of leave by the employees.

n) Provision for Income Tax

The provision of taxation is based on assessable profits of the company determined under the Income Tax Act, 1961.

o) Deferred Tax

The Company accounts for taxes on income to include the effect of time difference in the tax expenses in the profit & loss account and the deferred tax assets and liabilities in the balance sheet in accordance with the Accounting Standard AS 22 on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. The Company has evaluated various elements of tax computation to determine whether any deferred tax asset or liability needs to be recognised.

p) Secured Loans

A Working Capital Loans are secured against hypothecation of Inventories, Collateral security of books debts, first charge on Fixed Assets of the Company situated at Naroda and second charge on Fixed Assets of the Company situated at Bavla. These Loans are also secured by way of personal guarantee of promoter Directors of the Company.

B i Term Loan from Exim Bank is secured against first charge on movable and immovable assets, present and future, situated at Bavla. Personal guarantees of Promoter Directors are also given in favour of Exim Bank.

ii Loan under Production Equipment Finance Programme (PEFP) Scheme from Exim Bank is secured as exclusive first charge on assets acquired under the said loan, by hypothecation of assets and personal guarantee of Managing Director is also given in favour of the Bank. Further, the Key man insurance policy of Rs. 50 Million, covering the life of Mr. J. R. Vyas, Managing Director of the Company has been assigned in favour of the Exim Bank.

iii Loan under Export Oriented Units (EOU)(D) scheme from Exim Bank is secured by an exclusive charge on the entire Fixed Assets including mortgage of immovable property, excluding assets specifically charged to Bankers for working capital facility and on the personal guarantee of Managing Director given in favour of Exim Bank. The Company has also assigned the Keyman insurance policy of Rs.50 Million, covering the life of Mr. J. R. Vyas, Managing Director of the Company, in favour of the Exim Bank.

iv Term Loans availed from M/s Lord Krishna Bank Ltd., The Vysya Bank Ltd., & Nutan Nagrik sahkari Bank Ltd. are secured by equitable mortgage of various immovable properties situated at Mumbai, at Vinchhia, at Samundra Annexe and at Naoda being Plot No. 1216/11 and 1216/25. Personal guarantees of Promoters/Directors are also given in favour of Banks for certain term loans.

v Term loans availed from Rabo Bank Ltd. & Lord Krishna Bank Ltd. are secured by way of hypothecation charge on first pari passu basis on all receivables / payments for sales to Solvay Pharmaceuticals B.V., Netherlands and personal guarantee of Promoter Directors.

C Hire Purchase Finance is secured by hypothecation of respective assets and personal guarantee of Directors.

ANNEXURE-IV

Notes to the Accounts

1. Estimated amount of contract remaining to be executed on Capital Accounts not provided for (Net of Advances) approximate Rs 5.55 Million (Previous year Rs.3.98 Million).
2. During the period the Company is developing / developed various products and has also updated/modified existing production process for which the Company has identified Rs. 20 Million out of various expenses, related to this and treated as intangible asset which will be amortized over the useful life of each product once the exploitation of these products starts.

3. Contingent Liabilities **(Rs. in Million)**

		For the year ended as on 31st March					For the half year ended on 30-9-03
		1999	2000	2001	2002	2003	
A	Guarantee given by Bank on behalf of company	2.87	7.57	5.01	20.41	5.71	5.13
B	Letter of Credit in favour of suppliers	49.21	61.27	66.20	24.87	107.18	60.51
C	Disputed liability toward Income Tax demand	7.27	6.89	1.10	1.10	-	-
D	Out standing guarantee furnished to the Bank in respect of joint venture and other Company	-	-	-	-	158.97	310.95
E	Claim lodged against Company by others	0.27	-	0.22	0.22	0.18	0.43
F	Custom duty , liability, which may arise, if obligation for export is not fulfilled against Import of raw material (Excluding Interest & Penalty if any)	-	51.60	8.68	15.37	36.79	24.80
G	Disputed liability toward Central Excise	-	0.01	-	-	0.09	2.56

4. Export Obligations **Rupees in Millions**

Details of year wise Custom duty liability, which may arise, if obligation for export is not fulfilled against Import of raw material (excluding interest and penalty if any) are as under.

Year	**1998-99**	**1999-00**	**2000-01**	**2001-02**	**2002-03**	**30/09/03**
Custom Duty Liability	-	51.60	8.68	15.37	36.79	24.80

5. Auditors' Remuneration

(Rs. in Million)

	For the Half Year ended 30/09/2003	**2002-03**
Audit Fees	0.16	0.30
Tax Audit fee	Nil	0.08
	0.16*	0.38*

* Including service tax

6. Directors' Remuneration **(Rs. In Million)**

	For the half year ended 30/9/2003	**2002-2003**
Salaries	5.66*	12.06
	5.66	12.06

* Includes provision for the current six months of Rs.3.38 Million

Managerial Remuneration

Computation of Net Profit in accordance with Section 198 & 309(5) of The Companies Act, 1956.

(Rs. In Million)

	For the Half year ended 30th Sept. 2003	**For the year ended 31st March 2003**	**For the year ended 31st March 2002**	**For the year ended 31st March 2001**
Remuneration to Chairman & other Directors	2.28	3.86	3.00	2.40
Commission payable to MD				
Profit before other adjustment and Tax as per Profit & Loss Account	68.28	168.91	91.77	77.64
Add : Remuneration paid to Chairman & Managing Director and other Directors	2.28	3.86	3.00	2.40
Depreciation IPR Amortized	0.14	-	-	-
Loss on sale of Assets	0.31	0.14	0.17	0.68
Loss on Sale of Investments	-	0.19	0.47	-
Diminution in Value of Invest. Of Shares	-	-	0.02	-
Provision for bad and doubtful debts	-	0.47	0.41	3.19
Depreciation as per Books of Accounts	34,41	40.84	35.79	33.91
	105.42	214.41	131.63	117.82
Less :				
Profit on Sale of Assets	0.05	-	-	-
Depreciation as per Books of Accounts	34.41	40.84	35.79	33.91
Sundry balance written back	-	1.29	-	0.64
Net Profit as per Section 198 & 309(5)	**70.96**	**172.28**	**95.84**	**83.27**

Entitlement of Maximum Remuneration to Managing Director @ 5% of the Net Profit as per Section 198 & 309(5) of the Companies Act, 1956 = Rs. 3.38 Million (Previous year Rs. 8.20 Million)

7. **Prior Period Expenses:**

(Rs in mns)

Year	**1998-99**	**1999-00**	**2000-01**	**2001-02**	**2002-03**
Expense	1.24	1.23	2.58	6.14	3.22
Income	0.36	0.30	2.38	0.51	0.34
Net	0.88	0.93	0.20	5.63	2.88

8. **Expenditure on Research & Development as Certified by the Management is as under:**

(Rs. in Million)

	For the half year ended 30/9/2003	**Year ended 2002-2003**
Capital expenditure	7.28	6.95
Revenue expenditure	3.50*	5.85*
	10.78	12.80

* Net of treated as IPR.

Expenditure other than revenue expenditure mentioned above has been debited to respective account.

9. Liability on account of custom duty of Rs. Nil Million (Previous year Rs. 0.56 Million) on goods lying in bonded warehouse as per company's practice charged to the Profit and Loss account only in the year in which the goods are cleared from the bonded

warehouse. Such treatment has no impact on the profit for the half-year ended as on 30th September 2003.

10. (i) The company has identified the suppliers who are covered under the "Interest on delayed payments to small scale and ancillary industrial Undertakings Act, 1993". The liability under the said Act on account of interest is not ascertained as at 30 th September 2003. However, no claims have been received for interest from suppliers with reference to the above Act.

(ii) As ascertained by the company Sundry Creditors includes an amount of Rs. 22.88 Million (Previous year Rs. 27.60 Million) due to small scale industrial Undertaking (SSI) the names of SSI which is outstanding for more than 30 days are detailed as under

List of Sundry Creditors

1 Ablaze Glass Works Pvt. Ltd.
2 Amar Industries
3 Ami Industrial Corporation
4 Anmol Safety Products (P) Ltd.
5 Aspa Engineers & Fabricators
6 Chipco Bonding Systems
7 Chitra Machines Tools
8 Deepali Udyog
9 Dwarkesh Chemicals
10 Explosions Prof. Electrical
11 Finair
12 Gayatri Engineering Works
13 GoodLuck Plastic Industries
14 Insulation Associates
15 Jay Ambe Fabricators
16. Jay Timber Mart
17 Khosla Filters- Gujarat
18 Maruti Containers
19 Meck Lubricators & Petro Chemicals
20 Metro Enviro Chem Associates
21 P P I Systems
22 Par Polypack India Ltd.
23 Prabhat Chemicals Co.
24 Shaurya Organics Pvt. Ltd.
25 Shreenath Enterprise
26 Shri Ashapura Saw Mills
27 Tapama (India) laboratories
28 Trilok Chemicals Pvt. Ltd.
29 Valson Valves Co.
30 Vishwakarma Industries

The above information regarding Small-Scale Industrial undertakings has been identified on the basis of information available with the company, which has been replied upon by the Auditors.

11. Assets acquired on Hire Purchase Arrangement:

The total of minimum Hire installment payable at the balance sheet date is as under;

For a period not later than 1 year	Rs. 7.14 Million
For a period later then 1 year and not later than 5 years	Rs. 12.38 Million
For Later than 5 years	Rs. Nil

Hire charges recongnised in the profit and Loss accounts Rs. 0.31 Million (Rs 0.52 million.)

12. During the previous year fire took place in the company's Jumbo Plant (Unit-II) at Naroda. The entire fixed assets and stock of the company was destroyed in fire. The Company has lodged an Insurance Claim amounting to Rs.23.85 Million towards loss of fixed assets and stock. Due to uncertainty of time and amount involved in settlement of claim the Company has decided not to book profit/ loss on loss of fixed assets and stock during the previous year. The entire amount of Fixed Assets (net block) and stocks has been transferred to insurance claim receivable account and any profit or loss towards loss of fixed assets and stocks will be accounted for in the year in which the claim is settled.

13. Taking into consideration, the process formula and composition/proportion of raw material, quantitative details regarding raw-material consumption are not given, as in view of the management, the same will be prejudicial to the interest of the Company.

14. Balance of Sundry Debtors, Sundry Creditors, Loans and Advances and Personal Accounts are subject to confirmation.

15. In the opinion of the Directors, current assets and loans and advances have the value at which they are stated in the Balance Sheet if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

16. Sales include inter divisional transfer of Rs. 26.65 Million (previous year Rs. 43.93 Million)

17. The Company has not given effect for the Deferred Tax assets/Liabilities as per AS-22, "Taxes on Income" for the period 30th September 2003. The effect, if any, for Deferred Tax Assets/Liabilities will be accounted for at the year end.

18. i Sundry Debtors included Rs.185.47 Million (previous year Rs. 291.15 Million) due from subsidiary company and current liabilities include Rs. 1.40 Million (previous year Rs.1.40 Million) due to Subsidiary Companies.

ii Exports sales includes Rs.2.42 Million (previous year Rs. 2.69 Million) of foreign exchange rate difference.

19. Unsecured Loan includes Rs. 10.70 Million (Previous year Rs. 6.89 Million) due to directors.

20. Particulars in respect of goods manufactured, Licensed and Installed Capacities for 5 and half years are as under

	For the year ended on					For the Half Year ended on
Year	**1998-99**	**1999-00**	**2000-01**	**2001-02**	**2002-03**	**30/09/03**
Unit	**MT**	**MT**	**MT**	**MT**	**MT**	**MT**
Licenced Capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Installed Capacity	2000	2500	N.A.*	N.A.*	N.A.*	N.A.*
Quantity Manufactured**	1253.00	1126.00	1761.13	1941.67	1691.21	1073.03

* The company manufactures several Bulk Drugs and Intermediates requiring different through put time and yield-ratio in its multi product plants at Bavla and Naroda. The capacity varies considerably depending on the product mix. The installed capacity therefore can not be indicated.

** In above manufactured quantity does not include recovered solvent.

21. Related Party Disclosure

The Company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

a) List of related parties and relationships, where control exists:

PARTICULARS	**FOR THE SIX MONTHS ENDED ON 30/09/2003**	**YEAR**	
		2002-2003	**2001-2002**
RELATION	**NAME OF PARTY**	**NAME OF PARTY**	**NAME OF PARTY**
Subsidiaries	Dishman USA Inc. Dishman Europe Ltd. Dishman (Cyprus) Ltd. Dishman Holland B.V. Pharma Syn B.V. Dishman Africa (Proprietary) Ltd.	Dishman USA Inc. Dishman Europe Ltd. Dishman (Cyprus) Ltd. Dishman Holland B.V. Pharma Syn B.V. Dishman Africa (Proprietary) Ltd.	Dishman USA Inc. Dishman Europe Ltd. Dishman (Cyprus) Ltd. Dishman Africa (Proprietary) Ltd.
Associates/ Joint Ventures	Schutz Dishman Biotech Pvt. Ltd. (J.V.) B. R. Laboratories Pvt. Ltd. Bhadra Raj Holdings Pvt. Ltd. Adiman Technologies Pvt. Ltd. M/s. Adiman Ventures (Partnership Firm) Adiman's Ventures Ltd., U.K. Malabar Trading Company Ltd.	Schutz Dishman Biotech Pvt. Ltd. (J.V.) B. R. Laboratories Pvt. Ltd. Bhadra Raj Holdings Pvt. Ltd. Adiman Technologies Pvt. Ltd. Malabar Trading Company Ltd. M/s. Adiman Ventures (Partnership Firm) Dishman Investments Pvt. Ltd.	Schutz Dishman Biotech Pvt. Ltd. (J.V.) B. R. Laboratories Pvt. Ltd. Bhadra Raj Holdings Pvt. Ltd. Adiman Technologies Pvt. Ltd. Malabar Trading Company Ltd. M/s. Adiman Ventures (Partnership Firm) Dishman Investments Pvt. Ltd.
Key Management Personnel	Mr. R. T. Vyas - Chairman, Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*	Mr. R. T Vyas - Chairman, Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*	Mr. R. T. Vyas - Chairman, Managing Director Mr. J. R. Vyas – Managing Director Mrs. D. J. Vyas – Whole Time Director Mr. D. M. Arya – Director*

** Resigned from Directorship w.e.f. 26/11/2003*

b) Transactions with Related Parties: **(Rupees in Millions)**

Items	**Relation**	**For the half year ended as on 30/09/2003**	**2002-2003**	**2001-2002**
Purchase of Goods	Subsidiary Companies, Associates/ Joint Ventures	2.58	2.86	1.40
Sale of Goods	Subsidiary Companies, Associates/ Joint Ventures	311.93	761.88	87.78
For Expenses	Subsidiary Companies, Associates/ Joint Ventures	1.64	0.06	0.15
For Other Income	Subsidiary Companies, Associates/ Joint Ventures	0.00	51.07	3.43
Investment in Shares	Subsidiary Companies, Associates/ Joint Ventures	0.00	4.90	0.00
Outstanding Guarantees Given for joint venture and other companies	Subsidiary Companies, Associates/ Joint Ventures	310.95	158.97	0.00
Advances taken	Subsidiary Companies, Associates/ Joint Ventures	11.27	0.00	0.00
	Key Management Personnel	3.38	0.00	0.00
Remuneration	Key Management Personnel	5.66	12.06	7.56
Outstanding Receivable	Subsidiary Companies, Associates/ Joint Ventures	209.86	5.59	179.22
Outstanding Payable	Subsidiary Companies, Associates/ Joint Ventures	17.56	63.10	22.31

FOR THE YEAR 2001-2002

(Rs. in mn)

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Remuneration	Outstanding Payable	Outstanding Receivable
	GROUP COMPANIES							
1	M/s. ADIMAN VENTURES	—	—	—	—	—	—	0.35
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	0.89	
3	B.R.LABORATORIES PVT. LTD.	0.07	6.97	0.12	—	—	—	11.56
4	MALABAR TRADING CO.LTD.	—	—	0.03	—	—	0.58	—
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	—	1.07	—
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	1.28	3.50	—	3.42	—	19.77	—
	SUBSIDIARIES							
7	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	6.46
8	DISHMAN USA INc.	—	34.17	—	—	—	—	37.15
9	DISHMAN INVESTMENTS PVT. LTD.	—	—	—	—	—	—	0.01
10	DISHMAN EUROPE LTD.	0.05	43.14	—	—	—	—	123.69
	KEY MANAGEMENT PERSONNEL							
11	M.D.REMUNERATION	—	—	—	—	4.82	—	—
12	DIRECTORS REMUNERATION	—	—	—	—	—	—	—
	R.T.VYAS	—	—	—	—	2.40	—	—
	D.J.VYAS	—	—	—	—	0.30	—	—
	DINESH ARYA	—	—	—	—	0.05	—	—
	Total	**1.40**	**87.78**	**0.15**	**3.42**	**7.57**	**22.31**	**179.22**

FOR THE YEAR 2002-2003

(Rs. in mn)

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Investment in Shares	Guarantees in favour of Group Co.	Remuneration	Out standing Payable	Out standing Receivable
	GROUP COMPANIES									
1	M/s. ADIMAN VENTURES	—	—	—	—	—	—	—	—	—
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	—	—	—	0.09
3	B.R.LABORATORIES PVT. LTD.	2.40	6.78	0.01	—	—	20.47	—	12.25	5.49
4	MALABAR TRADING CO. LTD.	—	—	0.05	—	—	—	—	—	—
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	—	—	—	0.29	0.01
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	0.13	2.73	—	35.64	—	138.50	—	50.56	—
7	DISHMAN INVESTMENTS PVT. LTD.	—	—	—	—	—	—	—	—	—
	SUBSIDIARIES									
8	DISHMAN (CYPRUS) LTD.	—	—	—	—	—	—	—	—	—
9	DISHMAN USA INc.	—	38.41	—	—	4.90	—	—	—	—
10	DISHMAN EUROPE LTD.	0.33	713.97	—	15.43	—	—	—	—	—
	KEY MANAGEMENT PERSONNEL									
11	M.D.REMUNERATION	—	—	—	—	—	—	8.20	—	—
12	DIRECTORS REMUNERATION	—	—	—	—	—	—	—	—	—
	R.T.VYAS	—	—	—	—	—	—	2.40	—	—
	D.J.VYAS	—	—	—	—	—	—	1.10	—	—
	DINESH ARYA	—	—	—	—	—	—	0.36	—	—
	Total	**2.85**	**761.88**	**0.06**	**51.07**	**4.90**	**158.97**	**12.06**	**63.10**	**5.59**

FOR THE SIX MONTHS ENDED ON 30/09/2003

(Rs. in mn)

Sr. No.	Name of the Related Party	Purchase	Sales	Expenses	Income	Advance Taken	Guarantees in favour of Group Co.	Remune ration	Out standing Payable	Out standing Receivable
	GROUP COMPANIES									
1	ADIMAN VENTURES LIMITED (UK)	—	0.09	—	—	—	—	—	—	0.09
2	ADIMAN TECHNOLOGIES PVT. LTD.	—	—	—	—	—	—	—	0.70	—
3	B.R.LABORATORIES PVT. LTD.	1.73	2.46	0.11	—	0.08	20.47	—	1.73	8.89
4	MALABAR TRADING CO. LTD.	—	—	—	—	0.09	—	—	0.08	0.05
5	BHADRA RAJ HOLDING PVT. LTD.	—	—	—	—	0.17	—	—	1.52	—
6	SCHUTZ DISHMAN BIOTECH PVT. LTD.	0.84	1.01	1.53	—	10.94	138.50	—	0.84	1.01
	SUBSIDIARY COMPANIES									
7	DISHMAN CYPRUS LTD.	—	—	—	—	—	—	—	—	6.46
8	DISHMAN USA INC.	—	26.68	—	—	—	—	—	0.59	29.46
9	DISHMAN EUROPE LTD.	—	281.70	—	—	—	151.98	—	1.40	163.89
	KEY MANAGEMENT PERSONNEL									
10	M.D.REMUNERATION	—	—	—	—	—	—	3.38	—	—
11	DIRECTORS REMUNERATION	—	—	—	—	—	—	—	—	—
	DINESH ARYA	—	—	—	—	—	—	0.18	—	—
12	PAYMENT TO DIRECTOR'S RELATIVE	—	—	—	—	—	—	—	—	—
	SUKANYA ARYA	—	—	—	—	—	—	—	—	—
13	MRS. D.J.VYAS	—	—	—	—	1.10	—	0.90	1.11	—
14	SHREE J.R.VYAS	—	—	—	—	—	—		6.86	—
15	SHREE R.T. VYAS	—	—	—	—	2.28	—	1.20	2.73	—
	Total	**2.58**	**311.93**	**1.64**	**0.00**	**14.65**	**310.95**	**5.66**	**17.56**	**209.86**

21 Segmental Results

(Rs in mns)

Particulars	01/04/2003 to 30/09/2003		2002-2003		2001-2002	
	Bulk Drugs & Intermediates	Total Of Reportable Segment	Bulk Drugs & Intermediates	Total Of Reportable Segment	Bulk Drugs & Intermediates	Total Of Reportable Segment
Sales	516.57	516.57	1082.64	1082.64	827.47	827.47
Inter Segmental Sales	Nil	NIL	Nil	NIL	Nil	Nil
Other Income	0.84	0.84	6.14	6.14	10.90	10.90
Segment Revenue	517.41	517.41	1090.29	1090.29	838.37	838.37
Segment Results	64.79	64.79	161.89	161.89	88.53	88.53
Segment Assets	1530.44	1530.44	1496.93	1496.93	1386.24	1386.24
Segment Liabilities	1530.44	1530.44	1499.94	1499.94	1390.16	1390.16
Depreciation	34.21	34.21	40.84	40.84	35.20	35.20

(A) Reconciliation of Reportable Segment with the financial statements.

Particulars	01/04/2003 to 30/09/2003				2002-2003				2001-2002			
	Revenues	Results	Assets	Liabilities	Revenues	Results	Assets	Liabilities	Revenues	Results	Assets	Liabilities
Total of Reportable segment	517.41	64.79	1530.44	1530.44	1090.29	161.89	1496.93	1499.94	838.37	88.53	1386.53	1390.16
Unallocated /other	0.34	0.11	16.97	16.97	0.75	0.30	5.74	2.72	0.36	-0.41	12.20	8.27
As per Financial Statement	517.75	64.90	1547.40	1547.40	1089.54	161.59	1502.67	1502.67	838.72	88.12	1398.43	1398.43

(B) Secondary (Geographical) segment

Particulars	01/04/2003 to 30/09/2003			2002-2003			2001-2002		
	Domestic	Export	Total	Domestic	Export	Total	Domestic	Export	Total
Revenue	140.25	376.32	516.57	147.85	934.79	1082.64	321.78	505.69	827.47
Total Assets	1335.51	211.89	1547.40	1184.64	318.03	1502.67	1398.43	—	1398.43

ANNEXURE –V

Change in Accounting Policies during the last financial year :-

Year	Nature of Change
For the Half Year ended on 30th September 2003	The Company has not given effect for the Deferred Tax assets/Liabilities as per AS-22, "Taxes on Income" for the period 30th September 2003. The effect, if any, for Deferred Tax Assets/Liabilities will be accounted for at the year end.

ANNEXURE –VI

Dividends

We further report that the dividends declared by Dishman Pharmaceuticals & Chemicals Limited in respect of five financial years period ended March 31st 2003, 2002, 2001, 2000, 1999 and for the half year ended on 30th September 2003, are as under

(Rs. in Million)

Particulars		Face Value	Half Year ended 30/09/2003	For the year ended on 31st March				
				2003	2002	2001	2000	1999
A.	Equity Share Capital	Rs. 10/=	103.00	103.00	103.00	103.00	51.50	51.50
	Rate of Dividend	-	Nil	5%	5%	5%	35%	10%
	Amount of Dividend	-	Nil	5.15	5.15	5.15	18.03	5.15
	Corporate Dividend Tax	-	0.00	0.66	0.53	0.53	1.98	0.57
B.	Preference Share Capital	Rs.100/=	Nil	0	0	24.902	24.902	12.202
	Rate of Dividend	-	Nil	Nil	17%	17%	17%	17%
	Amount of Dividend	-	0.00	0	2.47	4.23	2.90	0.19
	Corporate Dividend Tax	-	0.00	0	0.25	0.93	0.32	0.02

ANNEXURE- VII

SUMMARY OF ACCOUNTING RATIOS

(Rs. in mn)

PARTICULARS	For the half year ended on 30/09/03	For The Year Ended On 31st March				
		2003	2002	2001	2000	1999
Net Profit after tax as per audited statement of accounts	55.61	142.57	71.01	64.64	100.01	48.04
Less : Preference Dividend & Tax thereon	0	0	2.72	5.17	3.22	0.21
Net Profit attributable to Equity Shareholders (A)	55.61	142.57	68.28	59.47	96.79	47.83
Weighted average number of shares Outstanding during the year (B)	10.30	10.30	10.30	10.17	5.15	5.15
Number of equity shares outstanding during the year (C)	10.30	10.30	10.30	10.30	5.15	5.15
Net worth	538.92	483.31	360.17	322.90	267.06	181.92
Less:- Revaluation Reserve	19.22	19.57	20.36	21.04	21.73	22.41
Adjusted Net Worth: (D)	519.70	463.74	339.81	301.86	245.33	159.51
Accounting Ratios :						
Earning per share (A)/(C)	*5.40	13.84	6.63	5.77	18.80	9.29
Net Assets value per share (D)/(C)	*50.46	45.02	32.99	29.31	47.64	30.98
Return on Net Worth (%) (A)/(D)	*10.70%	30.74%	20.09%	19.70%	39.46%	29.99%

* The Ratios are calculated only for the half year ended on 30/09/2003

Formula:

Earning Per Share (Rs.) = $\dfrac{\text{Net Profit attributable to Equity Share Holders}}{\text{Weighted Average Number of Equity Shares Outstanding during the year}}$

Net Asset Value Per Share (Rs.) = $\dfrac{\text{Net Worth after adjustment of Misc. expenditure to the extent not w/off \& Revaluation Reserve}}{\text{Number of Equity Shares Outstanding at the end of the year}}$

Return on Net Worth (%) = $\dfrac{\text{Net Profit after tax}}{\text{Net Worth after adjustment of Misc. expenditure to the extent not w/off \& Revaluation Reserve.}}$

Policy on Earning per Share :

The basic Earning per Share is computed by dividing the net profit attributable to the equity shareholders for the period by the number of equity shares out standing during the reporting period.

ANNEXURE-VIII

Capitalisation Statement

(Rs. In Million)

Particulars	As at 31/3/2003	As at 30/9/2003	As Adjusted for the Issue
Debt			
Short Term Debt	8.41	67.10	152.76
Long Term Debt (A)	100,7.71	9,38.49	856.21
Total Debt	**1016.12**	**10,05.59**	**1,008.97**
Equity Share Holder Funds			
Equity Share Capital	103.00	103.00	137.34
Reserves & Surplus	383.55	438.81	1,005.33
Less Miscellaneous Expenditure	(3.24)	(2.90)	(2.90)
Revaluation Reserve	(19.57)	(19.22)	(19.22)
Total Share Holders funds (B)	**464.09**	**519.34**	**1,120.55**
Long Term Debt / Total Share Holders Funds Ratio (A/B)	2.17: 1	1.80: 1	0.76:1

ANNEXURE - IX

STATEMENT OF TAX SHELTERS

(Rs. in Million)

PARTICULARS	For the Period ended on 30/09/2003	For The Year Ended On 31st March				
		2003	2002	2001	2000	1999
Profit/(Loss) before tax as per books (A)	64.90	161.60	88.12	74.47	106.75	52.44
Tax rate	35.88%	36.75%	35.70%	39.55%	38.50%	35.00%
Tax on actual rate on profits	23.28	59.39	31.46	29.45	41.10	18.36
Adjustments						
Permanent Differences						
Export Profits :						
- U/s. 10 B	6.42	42.56	-	-	-	-
- U/s. 80HHC	0.68	2.96	3.54	38.97	71.11	25.13
Dividend U/s. 10(33)	0.03	0.12	0.09	0.87	2.26	0.72
Other Adjustments	-0.29	-1.07	58.40	-1.49	0.91	7.44
Total Permanent Differences (B)	**6.84**	**44.45**	**62.03**	**38.35**	**74.28**	**33.29**
Timing Difference						
Difference between tax depreciation and						
Book depreciation	54.08	88.64	31.46	30.21	26.23	19.53
Provision for Gratuity	0.00	-0.86	-0.95	-1.03	0.00	0.00
Provision for doubtful debts	-	-0.47	-0.41	-3.19	-0.12	-0.16
Others	-70.87	-2.18	-3.01	-14.42	-0.61	-2.76
Total Timing Differences (C)	**-16.79**	**83.12**	**27.09**	**11.57**	**25.51**	**16.60**
Net Adjustments (B+C)	**-9.96**	**116.95**	**88.12**	**49.26**	**99.79**	**49.90**
Tax Saving thereon	**-3.57**	**42.98**	**31.46**	**19.48**	**38.42**	**17.46**
Profit / (Loss) as per Income Tax						
Returns (D) = (A-B-C)	**74.86**	**44.65**	**0.00**	**25.21**	**6.96**	**2.55**
Taxable Income as per MAT	57.78	126.02	84.49	34.63	10.01	7.98
Tax as per return	**4.44**	**12.39**	**7.38**	**11.55**	**4.52**	**3.41**

Notes:

1. The Figures in the above statement for the period ended on 30.09.2003 are provisional and would be finalized at the year-end.
2. The figures of all other years are as per the Returns of Income Filed.

ANNEXURE- X

DETAILS OF OTHER INCOME

(Rs. in Mn)

PARTICULARS	For the Half Year Ended	For The Year Ended On 31st March					Nature
	30/9/2003	2003	2002	2001	2000	1999	
Dividend from Long Term Investments	0.03	0.12	0.09	0.87	2.26	0.72	Recurring
Factory Rent	0.00	2.40	1.20	1.20	1.20	1.20	Recurring
License Premium	0.06	1.37	8.51	0.41	4.92	5.68	Recurring
Income from Other Activities (Net)	0.33	0.75	0.36	2.24	2.57	0.25	Recurring
Sundry Balance Written back (Net)	0.00	1.29	0.00	0.55	0.10	0.00	Non Recurring
Sales Tax Refund	0.00	0.21	0.00	0.00	0.00	0.00	Non Recurring
Insurance Claim	0.36	0.33	0.57	0.50	0.17	0.00	Recurring
Misc. Income	0.34	0.43	0.52	2.04	1.07	0.98	Recurring
Profit on Sale of Securities	0.00	0.00	0.00	0.00	3.32	0.03	Non Recurring
Profit on Sale of Assets	0.05	0.00	0.00	0.00	0.05	0.00	Non Recurring
Duty Draw Back	0.00	0.00	0.00	0.00	0.10	0.00	Recurring
Central Excise Rebate Claim	0.00	0.00	0.00	0.00	0.04	0.00	Recurring
Forex Rate Difference	0.00	0.00	0.00	0.00	0.38	0.00	Recurring
TOTAL	**1.17**	**6.90**	**11.25**	**7.82**	**16.19**	**8.87**	

Details of other income of company's divisions viz Dishman Business Center and Adiman Travels for the last Five and Half year are as under.

(Rs. In mn)

Division	For the year ended on March,1999	For the year ended on March,2000	For the year ended on March,2001	For the year ended on March,2002	For the year ended on March,2003	For the half year ended on September,2003
Adiman Travels	0.16	1. 26	0.44	(0.68)	(0.23)	0.06
Dishman Business Center	0.09	1.31	0.95	1.04	0.52	0.27
TOTAL	**0.25**	**2.57**	**1.39**	**0.35**	**0.29**	**0.33**

ANNEXURE – XI

DETAILS OF SUNDRY DEBTORS

Rs. in Millions

		As on 31/03/1999			As on 31/03/2000			As on 31/03/2001			As on 31/03/2002			As on 31/03/2003			As on 30/09/2003		
Sr. No.	**Party Name**	**More than 6 months**	**Less than 6 months**	**Total**	**More than 6 months**	**Less than 6 months**	**Total**	**More than 6 months**	**Less than 6 months**	**Total**	**More than 6 months**	**Less than 6 months**	**Total**	**More than 6 months**	**Less than 6 months**	**Total**	**More than 6 months**	**Less than 6 months**	**Total**
1	B. R. Laboratories Pvt. Ltd.	0.00	4.90	4.90	0.00	0.00	0.00	0.70	2.88	3.58	4.46	3.92	8.38	6.48	2.80	9.28	0.00	8.89	8.89
2	Dishman Europe Ltd.	0.00	15.15	15.15	0.00	29.90	29.90	0.00	110.19	110.19	11.46	113.32	124.78	0.00	259.08	259.08	18.60	138.00	156.60
3	Dishman USA INC	0.00	20.65	20.65	0.00	116.05	116.05	0.00	25.91	25.91	10.31	26.84	37.15	2.21	29.87	32.07	5.84	23.03	28.87
4	Schutz Dishman Biotech Pvt. Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.95	0.69	1.64	2.08	3.06	5.14	0.00	0.00	0.00	0.00	1.01	1.01
5	Adiman Ventures Ltd. (UK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.09
		0.00	**40.71**	**40.71**	**0.00**	**145.95**	**145.95**	**1.65**	**139.67**	**141.32**	**28.31**	**147.14**	**175.45**	**8.68**	**291.74**	**300.43**	**24.43**	**171.03**	**195.46**
6	Others	6.89	56.26	63.14	4.15	61.59	65.75	8.38	72.93	81.31	10.42	53.41	63.84	10.91	43.70	54.61	11.38	89.03	100.41
	GROSS TOTAL	**6.89**	**96.97**	**103.85**	**4.15**	**207.55**	**211.70**	**10.03**	**212.60**	**222.62**	**38.74**	**200.55**	**241.38**	**19.59**	**335.45**	**355.04**	**35.82**	**260.06**	**295.87**
	Less PROVISION FOR DEBTS	0.71	0.00	0.71	0.12	0.00	0.12	1.69	0.00	1.69	2.10	0.00	2.10	2.10	0.00	2.10	2.10	0.00	2.10
		6.18	**96.97**	**103.15**	**4.04**	**207.55**	**211.58**	**8.34**	**212.60**	**220.93**	**36.64**	**200.55**	**239.29**	**17.49**	**335.45**	**352.94**	**33.72**	**260.06**	**293.78**

The following entities have been considered as Promoters, Promoter Group Companies and Group Company Subsidiaries in the Prospectus

1. **Promoters**

   Shri Janmejay R. Vyas

   Shri Rajnikant T. Vyas

2. **Group Companies**

   Adiman Ventures Limited (UK)

   Bhadra Raj Holdings Pvt. Ltd.

   Dishman USA Inc.

   Dishman Europe Ltd.

   Dishman Cyprus Ltd.

   Adiman Technologies Pvt. Ltd

   Malbar Trading Co. Ltd.

   B. R. Laboratories. Pvt. .Ltd.

   Schutz Dishman Biotech P .Ltd.

ANNEXURE - XII

BREAK UP OF LOANS AND ADVANCES **RUPEES IN MILLIONS**

	As at 30/09/03	As at 31/03/03	As at 31/03/02	As at 31/03/01	As at 31/03/00	As at 31/03/99
Receivables From Promoters						
J.R.Vyas	—	—	—	—	—	—
R.T.Vyas	—	—	—	—	—	—
Receivables From Promoter' Group	—	—	—	—	—	—
Receivables from Group Companies						
Adiman Ventures Limited (UK)	—	—	—	—	—	—
Bhadra Raj Holdings Pvt. Ltd.	10.00	10.00	10.00	10.00	10.00	10.08
Dishman USA Inc.	—	—	—	—	—	—
Dishman Europe Ltd.	—	—	—	—	—	—
Dishman (Cyprus) Ltd.	—	—	—	—	—	—
Adiman Technologies Pvt. Ltd.	—	—	—	—	—	—
Malbar Trading Co. Ltd.	—	—	—	—	—	—
M/s. Adiman Ventures	—	—	0.35	0.20	—	—
B. R. Laboratories Pvt. Ltd.	29.50	29.50	32.68	37.20	34.77	18.41
Schutz Dishman Biotech P. Ltd.	—	—	—	—	—	—
Adiman Consultant	—	—	0.16	0.16	0.16	0.14
Dishman Agro Projects Pvt. Ltd.	—	—	—	—	1.32	1.20
Dishman Investments Pvt. Ltd.	—	—	0.01	0.01	0.01	0.01
Dishman Specialty Pvt. Ltd.	—	—	—	—	0.06	0.06
Dishman Export Pvt. Ltd.	—	—	—	—	0.02	0.01
Others	121.41	130.02	87.95	106.10	63.86	47.41
Total	**160.91**	**169.52**	**131.15**	**153.67**	**110.20**	**77.32**

ANNEXURE- XIII

UNSECURED LOANS

Rs. in Mn

Particulars	As at September 30, 2003	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000	As at March 31, 1999
Payable to:-						
Promoter's	10.69	6.89	4.81	3.44	6.93	2.33
Promoter's Group	-	-				
Group Companies	-	-				
Others	56.41	1.51	186.64	40.22	1.60	17.03
Total:-	**67.10**	**8.40**	**191.45**	**43.66**	**8.53**	**19.36**

Note: Rs. 50.97 Million payable to Schutz Dishman Bio-tech Pvt Ltd. are included in the head of Other Liabilities

Detailed break-up of Unsecured Loans are here under.

ANNEXURE – XIV

SECURED LOANS

Rs. in Mn

Sr.	Particulars	As at September 30, 2003	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001	As at March 31, 2000	As at March 31, 1999
1	**Term Loans**						
	From Financial Institutions and Others	220.57	266.95	151.68	4.02	134.30	73.00
	From Banks	258.70	286.98	286.68	323.36	15.15	9.90
	Foreign Currency Loan	-	7.53	23.67	30.15	42.32	54.90
	Interest Accrued & Due	20.72	10.30	10.88	9.48	1.95	0.22
2	**Working Capital Loan**						
	From banks	431.84	429.19	366.24	329.38	321.81	183.21
3	**Hire Purchase loan**	6.65	6.75	4.39	5.56	5.36	4.90
	GRAND TOTAL	**938.48**	**1007.71**	**843.54**	**701.95**	**520.89**	**326.13**

Detailed break-up of Secured Loans :

Secured Loan **Rs. In Millons**

Sr. No	Particulars	Amount Sectioned	As on March 31 1999	2000	2001	2002	2003	As on 30.9.2003	Rate of Int.	Security	Terms of Repayment
	Term Loans										
1	Bank of Baroda Term Loan	2.50	-	2.47	1.79	1.14	0.65	0.21	4% over PLR	1) D P Note 2) Letter of Installment 3) Hypothection of Vehicle Purchased out of Bank's finance by way of first charges 4) Personal Gurantee of Shri J R Vyas & shri R T Vyas	48 Monthly Installment of Rs.52100/- Each
2	Bank of India Term Loan A\c (1)	9.00	5.44	3.55	2.15	0.94	-		22.25%	1) First Charge by way of Equitable Motgage on the fixed assets value Rs.20.53 Company's factory Land, Building,& fixed assets at Naroda after submitting title clearance reports of the above said properties from our approved lawyer and valuation report from our approved valuer	Quarterly installment of Rs. 0.450
3	Bank of Punjab Ltd	2.80 -	-	-	-	0.71		2.41	13%	1) Hypothecation (Machinery Loan) of Plant and Machineries named Gas 9000 Liters Gas Induction Reactor and 40TR Brine Chilling Plant Proposed to be Purchased and installed at a total cost of Rs.4.18	48 Monthly Installment of Rs.75124/-each

4	Corp.Bank Term Loan A/C (1)	2.50	2.16	1.35	0.80			15.5%		1) Equitable mortgage (first charge) of land and Building and Hypothecation (first charge) of Plant and Machinery etc. at Naroda unit ranking pari-passu with other member banks in the consortium 2) Equitable mortgage (second charge) of land and Building and Hypothecation (second charge) of Plant and Machinery etc. at Bavla (phase I and II projects) ranking pari-passu with other member banks in the consotrium.	quarterly installment of Rs . 133875.00
5	Exim Bank Term Loan Equip	180.00 -	60.86	180.00	162.00	162.00		147.48	15%	1) Exclusive first charges, including mortage on movable and immovable fixed assets,present and future at Bavla 2) Exclusive first charge on assets acquired / to be acquired under the Loan. 3) Personal Gurantee of Mr J R Vyas Managing Director of DPCL 4) Keyman Insurance Policy of Rs.50Covering the Life of Mr J R Vyas Managing Director of DPCL will be assigned to exim bank.	10 Equal Half yearly installment of Rs. 18

6	EXIM BANK TERM LOA A/c (F.C.)	60.05	54.89	42.32	30.15	23.67	7.53	-	six monthly Libor plus 2.5%	1) Exclusive first Mortgage and charge on all immo - vable and Movable fixed assets, present and future in respect of the proposed unit at sanand. Gujarat. 2) Irrevocable and unconditi-onal personal Gurantees of Mr J R Vyas and Mr R T Vyas in their Personal capacities.	10 Equal Half yearly installment usd 161800
7	EXIM BANK TERM LOAN (PROJECT)	130.00	-	-	130.00	117.00	117.00	104.00	14.50%	1) An exclusive charge on the entire fixed assets of DPCL present and future including mortgage of Immovable property exculding assets specifically charged to bankers for working capital 2) Unconditional and irrevocable personal gurantee of Shri J R Vyas Managing Director. 3) Assignment of Keyman Insurance policy of Rs. 50 Covering the life of shri J R Vyas in favour of Exim bank will be extended to cover the proposed Loan.	10 Equal semi Annual installment Rs.13

8	Exim Bank Term Loans (A/c R.S)	10.00	9.00	6.00	4.00	3.00	1.00	-	15.50%	1) Exclusive first Mortgage and charge on all immovable and Movable fixed assets, present and future in respect of the proposed unit at sanand. Gujarat. 2) Irrevocable and uncondit-ionalpersonal Gurantees of Mr J R Vyas and Mr R T Vyas in their Personal capacities.	10 Equal Half yearly installment Rs. 1
9	Lord Krishna Bank Ltd -2411(Term Loan)	100.00	-	-	-	-	100.11	89.79	12.50%	1) First pari - passu charge on the receivable of M\s Solvay Pharmaceuticals B V Netherlands on the lines and along with Rabo India Finance pvt Ltd 2) Personal Gurantee of Director Mr R T Vyas and Mr. J R Vyas 3) An Agreement between the company (M\s DPCL) M\s RIFPL, LKB and interest from the Escrow a\c Maintained with Corporation Bank.Any shrotfall in meeting the installment / periodical interest to be made good by M\s DPCL An undertaking to this effects is to be executed by the co	36 Monthly Installment of Rs. 2.78 Each
10	G.S.F.C. (TERM LOAN)	5.50	4.00	3.30	4.03	1.74	0.58	0.58	18.00%	1) The Unit Shall mortgage following into sercurity with first charge to the corporation: The Non Agricultural land having market value of Rs.20. as per valuation report .	20 monthly installment of Rs. 0.275

11	NUTAN NAGRIK BANK TERM LOAN	3.40	2.31	-	-	-	-	-	14.50%	1) By way of deposit of title deeds of property being 301 to 306 Samundra Annexe off C G Road, Ahmedabad	60 Monthly Installment of Rs.57000/- each
12	NNSB Bank Term Loan 925	4.20	-	-	-	-	4.31	3.87	14%	1)Equitable Mortgage of factory land and Building at plot No.1216/11R and 1216/25 Naroda Ind.Estate costing of Rs.6 by the advocate of the Bank.	20 Quarterly Installment of Rs.0.21 each
13	UTI Bank Ltd (formerly Rabo India Finance Pvt Ltd) Interest rate reduce sanction time — 13.5% March 2003 — 11.25% sept 2003 —— 10.50 %	200.00	-	-	-	149.94	166.26	130.20	10.50%	1) All the receivables / payments from Dishman Europe Ltd to the company for sales routed through Dishman Europe Ltd to Solvay Pharmaceutical B V Netherlands under Agree Ment 1 for Contract Manufacutring agreement dated 25th January,2001 for supply materials (SM) and agreeement 2 for toll Manufac-turing Agreement dated 25th January 2001 for supply of Eprosartum Mesylate both the Agreements, entered in to Between solvay and the Company.	24 Monthly installment of Rs.8.68 each
14	The Industrial Fin.Corp.of India Ltd	70.00	61.00	65.00	-	-	-	-	14%	1) Company's Immovable properties situated at Mouje Lodariyal Tal.Sanand Dist Ahmedabad in the state of Gujarat bearing survey No.47 part ad-measuring 7284.28 sq mtrs. and survey No.48 part sub-plot no.2 admeasuring 14335 Sq.mtrs or thereabouts	22 quarterly installment

15	The Vysya Bank Term Loan	5.00	-	4.96	3.75	2.61	1.32	0.73	14%	1) Exclusive first charge to be created in favour of our Bank by way of equitable Mortgage of the Proposed office premises measuring 3200 sq.ft in the Sangeet Plaza office No.401,401A, 402,403 & 404 situted at Plot No.CTS no.598 Marol Andheri (E) Mumbai - 400059 value of Rs.76.80	50 Monthly Installment of Rs.0.10 each
16	Bank of Punjab Ltd (HP Loan)	1.67	-	1.23	-	-	-	-	-	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.46085 each
	sub total :>>>>>>		138.79	191.05	356.67	462.03	561.46	479.28			
17	Interest Accrued & Due		0.22	1.95	9.48	10.88	10.30	20.72			
	sub total :>>>>>>		139.01	193.00	366.15	472.91	571.76	500.00			
	Working Capital Loan :										
17	Bank of Baroda Epc A\c		20.78	22.06	39.88	37.04	40.01	36.23			
18	Bank of Baroda Fbp A\c		6.12	32.49	26.84	37.37	45.25	48.35			
19	Bank of Baroda Wcdl A\c		8.00	10.41	10.39	10.35	10.11	10.00			
20	Bank of India Epc A\c		50.60	29.89	26.87	27.97	28.45	31.72			
21	Bank OF India FBP A/C		7.64	21.34	26.73	27.92	37.79	43.95			
22	Bank OF India Working Cap.Demand		7.80	12.00	9.38	9.74	9.00	9.00			
23	BOI Local Bill Discounting		-	-	-	-	0.64	-			
24	Corp.Bank Epc A\c		31.47	18.63	33.45	33.49	33.28	38.63			
25	Corp.Bank FBP A/C		28.41	39.46	35.98	31.42	53.00	44.30			
26	Corp.Bank WCDL Loan		11.68	10.93	10.91	11.02	10.75	10.60			
27	IDBI EPC A/C		0.43	-	-	-	-	-			
28	IDBI WCDL LOAN A/C		0.35	-	-	-	-	-			
29	IMPORT LOAN A/C WITH CORP.B		-	-	-	-	(0.13)	-			
30	IMPORT LOAN A\C WITH BOI BA		-	-	-	-	11.59	-			
31	INLAND LC A\C WITH SBI		-	-	-	-	-	1.04			
32	SBI Epc A\c		-	27.94	49.04	48.49	48.61	49.49			
33	SBI Fbp A\c		-	55.73	19.02	48.96	57.96	49.24			
34	State Bank of India Wcdl Loan A\c		-	14.40	17.00	17.00	17.00	17.18			
35	corp Bnak cc a\c		9.42	7.00	11.12	11.65	11.61	4.40			
36	Bank of Baroda cc a\c		-	0.46	5.35	3.88	2.99	3.32			
37	SBI cc a\c		-	17.51	4.31	6.17	5.17	20.01			
38	Bank of INDIA cc a\c		-	1.57	3.11	3.77	17.56	2.81			
39	Deutsche Bank		0.40	-	-	-	-	-			
	sub total :>>>>>>		183.11	321.80	329.36	366.25	429.19	431.73			

Above Working Capital Loans are secured against hypothecation of inventories, Collateral security of book debt, first charge on Fixed Assets of the Company situated at Naroda and second charge on Fixed Assets of the Company situated at Bala. These Loans are also secured by way of personal guarantee of promoter Directors of the Company

HIRE PURCHASE LOAN											
39	Anagram Fin.Ltd (Maruti Actg)	0.22	0.10	0.01	-	-	-	-	22.5%	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.8494 each
40	Anagram Fin.Ltd (Opel Astra)	0.58	0.26	0.02	-	-	-	-	22.5%	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.22650 each
41	Ashok Leyland Fin.Co Ltd (Mh Jeep)	0.30	0.09	-	-	-	-	-	14.6%	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.8361 each
42	Ashok Leyland Fin.Co.Ltd. (Premier)	0.41	0.15	-	-	-	-	-	14.6%	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.11472 each
43	Bank of Punjab Ltd (HP Loan)1.67	-	-	0.86	0.42	0.02	0.00	-	HP CHARGE	36 Monthly ON VEHICLE	Installment of Rs.46085 each
44	Cholamandalam Invet. & Fin.Co.Ltd	0.95	0.59	0.26	-	-	-	-	-	HP CHARGE ON VEHICLE	36 Monthly Rs.8399 + 13901 + 12923 each
45	Contriwide Con.Fun. Ser. Ltd.	0.46	0.12	-	-	-	-	-	-	HP CHARGE ON VEHICLE	24 Monthly installment of Rs.23729 each
46	Citi Corp Finance (I) Ltd	0.36	-	-	-	0.30	0.19	0.12	-	HP CHARGE ON VEHICLE	34 Monthly installment of Rs.12524 each
47	Corp Bank Hp Loan (1)	0.62	-	0.63	0.34	-	-	-	14%	HP CHARGE ON VEHICLE	quarterly installment of Rs.75000 each
48	Corp.Bank Hp Loan (2& 3)	1.00	-	-	0.67	0.17	-	-	14%	HP CHARGE ON VEHICLE	quarterly installment of Rs.120000 each
49	Fiat Sundaram Auto Finance Ltd	1.43	-	-	1.39	0.96	0.48	0.23	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.46525 each
50	Gujarat Lease Finance Co Ltd	0.57	0.01	-	-	-	-	-	-	HP CHARGE ON VEHICLE	35 Monthly installment of Rs.22931 each
51	Gujarat State Finance Corp.	6.07	2.79	0.83	-	-	-	-	-	HP CHARGE ON MACHINERY	48 Monthly installment of Rs.200610 each
52	ICICI Bank Ltd (Computer Loan)	2.29	-	-	-	-	2.24	1.93	-	HP CHARGE ON COMPUTER	36 Monthly Installment of Rs. 81609 each
53	ICICI Bank Ltd (Honda City)	0.82	-	-	-	-	0.68	0.27	-	HP CHARGE ON VEHICLE	11 Monthly installment of Rs.69000 each
54	ICICI BANK (SERVER LOAN A\C)	1.20	-	-	-	-	-	1.17	-	HP CHARGE ON COMPUTER SERVER	36 Monthly installment of Rs.42188 each
55	ICICI BANK LTD (IKON FORD)	0.57	-	-	-	-	-	0.54	-	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.18144 each
56	ICICI BANK LTD (HONDA ACORD)	1.20	-	-	-	0.99	0.62	0.41	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.39600 each
57	Maruti Contriwide Auto Fin. Ser.Ltd	1.28	0.13	1.00	0.30	-	-	-	-	HP CHARGE ON VEHICLE	24 Monthly installment of Rs.10286 X 6 each

58	NNSB Term Loan (Maruti) 907	0.47	-	-	-	-	0.44	0.37	12%	HP CHARGE ON VEHICLE	36 Monthly installment of Rs. 15700 each
59	NNSB Term Loan (Staff Bus) 935	0.85	-	-	-	-	0.85	0.74	14%	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.29000 each
60	NNSB Term Loan (Toyota)922	0.71	-	-	-	-	0.68	0.58	12%	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.24000 each
61	Standard Chartard Bank	0.47	0.27	0.10	-	-	-	-	18.86%	HP CHARGE ON LAPTOP COMPUTER	32 Monthly installment of Rs. 8773 X 2 each
62	Tata Finance Ltd (Adiman) Sumo	0.43	-	-	0.45	0.33	0.13	0.04	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.15218 each
63	Tata Finance Ltd (Hp)	0.36	-	0.94	0.53	0.04	-	-	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.13000 each
64	Tata Finance Ltd (New Sumo)	0.90	-	0.80	0.56	0.24	-	-	-	HP CHARGE ON VEHICLE	36 Monthly Installment of Rs.11105X 3 each
65	Tata Finance Ltd (Staff Bus)	0.53	-	0.53	0.37	0.18	-	-	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.19870 each
66	Tata Finance Ltd (Tata Sumo)	0.37	0.34	0.23	0.11	-	-	-	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.12778 each
67	The Kvb Ltd -Vehicle Loan A\c	1.02	-	-	-	0.77	0.41	0.24	14.5%	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.28300 each
68	The Motor &. General Finance Ltd.	0.25	0.04	-	-	-	-	-	-	HP CHARGE ON VEHICLE	36 Monthly installment of Rs.10293 each
	sub total : > > > > > >		4.89	5.36	5.55	4.39	6.75	6.65			
	Grand Total		327.02	520.16	701.06	843.55	1,007.70	938.37			

Detailed break-up of Unsecured Loan

UNSECURED LOANS **Rs.in Millions**

SR. NO.	PARTICULAR	As on March 31, 1999	2000	2001	2002	2003	As on 30 Sept 2003	Rate of Interest	Terms of Repayment
	PROMOTER'S								
	The short term loan from promoters is interest free and repayable on demand								
1	Mrs.D J Vyas	0.37	1.05	0.20	0.15	0.01	1.11	-	On Demand
2	Shree J R Vyas	0.27	2.86	0.23	2.30	5.16	6.86	-	On Demand
3	Shree R T Vyas	1.69	3.01	3.00	2.35	1.72	2.73	-	On Demand
	Sub Total : >>>>>>	**2.33**	**6.93**	**3.44**	**4.81**	**6.89**	**10.69**		
	Inter Corporate Deposit The intercorporate deposit are interest bearing and interest rate between 17 to 21% The Loan is for a period not exceeding 91days								
4	Lead Slip products Pvt Ltd	0.30	0.60	0.64	0.60	0.60	0.02	18%	On Demand
5	Meck Lubricants & Chemical	-	1.00	3.70	3.70	1.25	1.25	-	On Demand
6	Arihant Traders Pvt Ltd	-	-	2.50	-	-	-	20%	78 Days
7	Horizon Chemicals	-	-	1.70	0.17	-0.33	-	-	On Demand
8	Sanskurt Energy Pvt Ltd	-	-	1.50	-	-	-	21%	91 Days
9	Shri Nityanand Costpin Ltd	-	-	-	2.00	-	1.92	18%	91 days
10	Sagar Agencies Pvt Ltd	-	-	-	-	-	0.50	17%	90 days
11	Mahesh Raj Chemicals	-	-	-	-	-	2.50	18%	91 days
	Sub Total	**0.30**	**1.60**	**10.03**	**6.47**	**1.51**	**6.18**		
	FROM BANK								
12	The KVB Ltd Loan a\c	-	-	30.18	30.17	-	50.23	11% to 13.5 %	Diff Loan for a period not Exceeding 180 days
13	IDBI Bank Ltd	-	-	-	150.00	-	-	12%	Up to 330 Days
	Sub Total	**0.00**	**0.00**	**30.18**	**180.17**	**0.00**	**50.23**		
	OTHERS								
14	Deena Niranjan shah	0.38	-	-	-	-	-	16 to 18%	On Demand
15	Dewang B Patel	0.01	-	-	-	-	-	16 to 18%	On Demand
16	Gargiben Niranjanbhai	0.13	-	-	-	-	-	16 to 18%	On Demand
17	GSFC (bill Discounting)	4.24	-	-	-	-	-	-	On Demand
18	Malvikaben Jagmohandas	0.37	-	-	-	-	-	16 to 18%	On Demand
19	Namrata Rajan	0.05	-	-	-	-	-	16 to 18%	On Demand
20	Niranjan Bhogilal	0.10	-	-	-	-	-	16 to 18%	On Demand
21	Snehal Shah	1.19	-	-	-	-	-	16 to 18%	On Demand
22	Tata Fiannce Ltd	2.51	-	-	-	-	-	-	On Demand
23	Urvi enterprises	1.40	-	-	-	-	-	16 to 18%	On Demand
24	Schutz Dishman Biotech Ltd	6.36						Interest Free	On Demand
	Sub Total	**16.73**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**		
	Grand Total :	**19.36**	**8.53**	**43.66**	**191.44**	**8.41**	**67.10**		

ANNEXURE XV to XX

The Financial Information of Overseas Subsidiaries
The abridged Balance Sheet & Profit & Loss Account of the overseas subsidiaries are detailed as attachment to this report.:

Signatures to Annexure I to XV
Examined to be true
F**or KUNTE & ASSOCIATES**
Chartered Accountants
PARAG P. JHAVERI
PARTNER
Membership No 39190
Place: Ahmedabad
Date : 8/1/2004

SUBSIDIARY INFORMATION

ANNEXURE-XV

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN EUROPE LIMITED

(In UK Pound Sterling)

Fixed Assets	As at December 31, 1998	As at December 31, 1999	As at December 31, 2000	As at December 31, 2001	As at March 31, 2003	As at September 30, 2003
Gross Block						
Opening	12,875.00	17,112.00	17,112.00	19,457.00	20,710.00	45,363.00
Add:- Addition during the Year			2,345.00	1,253.00	24,653.00	19,240.00
Gross Block			19,457.00	20,710.00	45,363.00	64,603.00
Good Will						206,644.00
Less: Acc. Depreciation/ Amortised	1,288.00	3,662.00	6,031.00	8,233.00	14,682.00	42,769.00
Net Block	11,587.00	13,450.00	13,426.00	12,477.00	30,681.00	228,478.00
Investments	-	-	-	-	241,646.00	246,072.00
Current Assets , Loans & Advances						
Sundry Debtors (Others)	134,146.00	235,150.00	279,830.00	580,441.00	2,577,720.00	1,532,640.00
Sundry Debtors (Group Undertaking)	-	-	6,271.00	3,333.00	484,603.00	278,014.00
Inventories	105,369.00	153,146.00	460,262.00	894,366.00	1,507,822.00	1,718,568.00
Cash & Bank Balances	10,562.00	42,278.00	149,348.00	114,723.00	374,569.00	133,793.00
Loans & Advances	-	-	10,494.00	-	-	-
Others	24,808.00	3,208.00	10,066.00	65,190.00	53,965.00	86,287.00
TOTAL ASSETS	**286,472.00**	**447,232.00**	**929,697.00**	**1,670,530.00**	**5,271,006.00**	**4,223,852.00**
Capital Issued & Paid up	159,000.00	159,000.00	159,000.00	159,000.00	159,000.00	159,000.00
Reserves & Surplus						
Reserves & Surplus	(47,717.00)	(192,097.00)	(115,735.00)	18,763.00	492,301.00	613,784.00
Secured Loans						
Bank Loans	-	-	-	-	-	-
Current Liabilities						
Trade Creditors	164,077.00	330,567.00	25,649.00	27,937.00	863,905.00	1,385,750.00
Creditors (Group undertakings)	-	-	829,607.00	1,419,384.00	3,485,360.00	1,025,879.00
Bank Loans	-	130,510.00	-	7,449.00	-	676,608.00
Others	11,112.00	19,252.00	31,176.00	33,463.00	67,495.00	137,822.00
Provisions						
Taxation	-	-	-	4,534.00	202,945.00	225,009.00
TOTAL LIABILITIES	**286,472.00**	**447,232.00**	**929,697.00**	**1,670,530.00**	**5,271,006.00**	**4,223,852.00**
Net Worth	**111,283.00**	**(33,097.00)**	**43,265.00**	**177,763.00**	**651,301.00**	**772,784.00**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN EUROPE LIMITED

(In UK Pound Sterling)

	FOR THE YEAR ENDED AS ON				For the period	For the Period
	December-98	December-99	December-00	December-01	March-03	September-03
Sales & Service Income	463,599.00	819,983.00	1,833,159.00	4,463,425.00	12,861,062.00	4,785,428.00
Other Income						
Interest Income	271.00	413.00	1,017.00	1,038.00	3,485.00	560.00
Other	-	-	168,164.00	9,060.00	147,722.00	12,841.00
Increase / (Decrease) in Stock	-	47,777.00	307,116.00	434,104.00	613,456.00	210,746.00
TOTAL INCOME	**463,870.00**	**868,173.00**	**2,309,456.00**	**4,907,627.00**	**13,625,725.00**	**5,009,575.00**
Trading Costs	334,052.00	757,107.00	1,798,255.00	4,126,623.00	11,851,068.00	4,208,178.00
Staff Cost	37,884.00	114,176.00	250,597.00	335,979.00	532,005.00	234,403.00
Administrative Expenses	137,487.00	94,942.00	128,797.00	205,864.00	390,537.00	170,048.00
Selling & Distribution Expenses	-	25,098.00	27,986.00	71,694.00	154,548.00	171,081.00
Financial Charges	876.00	18,856.00	25,090.00	26,033.00	14,635.00	24,231.00
Amortisation of Goodwill	-	-	-	-	-	20,664.00
Depreciation	1,288.00	2,374.00	2,369.00	2,202.00	6,449.00	7,423.00
TOTAL EXPENDITURE	**511,587.00**	**1,012,553.00**	**2,233,094.00**	**4,768,395.00**	**12,949,242.00**	**4,836,028.00**
Net Profit before Tax	(47,717.00)	(144,380.00)	76,362.00	139,232.00	676,483.00	173,547.00
Provision for Tax	**-**	**-**	**-**	4,734.00	202,945.00	52,064.00
Net Profit after Tax	**(47,717.00)**	**(144,380.00)**	**76,362.00**	**134,498.00**	**473,538.00**	**121,483.00**
Net Profit before Adjustments	(47,717.00)	(144,380.00)	76,362.00	134,498.00	473,538.00	121,483.00
Balance Brought Forward	-	(47,717.00)	(192,097.00)	(115,735.00)	18,763.00	492,301.00
Net Profit carried to B/S	**(47,717.00)**	**(192,097.00)**	**(115,735.00)**	**18,763.00**	**492,301.00**	**613,784.00**

NOTES TO THE ACCOUNTS

The figures are in UK Pounds
The Company was incorporated on the 31st of December 1998.

Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000)

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 form the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover represents net invoice sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2003, is being written off evenly over its estimated useful life of five years.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at the rates calculated to write off the cost, less estimated residual value, for each asset evenly over its expected useful life as follows

Deprecation is at the following annual rate in order to write off each asset over its estimated useful life.

Improvement to property	-20% per annum on cost
Plant & Machinery	-15% per annum on cost
Fixture and fittings	-25% per annum on cost
Office Equipments	-15% per annum on reducing cost.

Stock

Stocks are stated at the lower of cost and net releasable value. After making due allowance for obsolete and slow moving item.

Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing difference between the incidences of income and expenditure for taxation and accounting purpose except to the extent that the Directors consider that liability to taxation in unlikely to crystallize.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the balance sheet. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange rate difference results from the translation of foreign currencies borrowings raised to acquire foreign assets they are taken to reserve and offset against the difference arising from transactions of those assets. All other exchange rate difference are dealt with through the profit and loss account.

Hire purchase and leasing commitments.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciation over their expected useful life. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss over the useful life of the lease. All other leases are regarded as operating leases and the payments made under them are charge to the profit and loss account as incurred.

Pension

The Company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit & loss account. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company's investment at the balance sheet date in the share capital of companies include the following

Pharma Syn B.V.

Country of Incorporation: The Netherlands

Nature of Business: Manufacturing and Distribution of Chemicals

Class of Shares	% Holding
Ordinary	100.00

Half year ended 30/09/2003
Dishman Africa (Proprietary) Limited

Country of Incorporation : South Africa

Nature of business: Distribution of chemicals

Class of Shares	% Holding
Ordinary	100.00

The company acquired the whole of the share capital of the subsidiary undertaking on the effective date of 1st January 2003 on 9th April 2003 for consideration of 350,000 eurors. The company acquired the related know how of the undertaking for consideration of 300,000 eurors on 9th April 2003. Details of the profit or loss for the period to 31st March 2003 and the aggregate capital and reserve are not available and so cannot be disclosed.

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN EUROPE LIMITED

In Indian Rupees

Exchange Rate- Closing	69.73	70.17	75.68	76.48
Exchange Rate- Opening	70.42	69.73	70.37	75.32
Average rate	68.11	68.07	73.18	76.27

	As at December 31, 2000	As at December 31, 2001	As at March 31, 2003	As at September 30, 2003
Fixed Assets				
Gross Block				
Opening	1,193,219.76	1,365,297.69	1,567,332.80	3,469,362.24
Add:- Addition during the Year	159,717.95	85,291.71	1,804,106.54	1,467,434.80
Gross Block	1,352,937.71	1,450,589.40	3,371,439.34	4,936,797.04
Good Will	-	-	-	15,760,737.88
Less: Acc. Depreciation/ Amortised	420,541.63	577,709.61	1,111,133.76	3,270,973.12
Net Block	932,396.08	872,879.79	2,260,305.58	17,426,561.80
Investments	-	-	18,287,769.28	18,819,586.56
Current Assets , Loans & Advances				
Sundry Debtors (Others)	19,512,545.90	40,729,544.97	195,081,849.60	117,216,307.20
Sundry Debtors (Group Undertaking)	437,276.83	233,876.61	36,674,755.04	21,262,510.72
Inventories	32,094,069.26	62,757,662.22	114,111,968.96	131,436,080.64
Cash & Bank Balances	10,414,036.04	8,050,112.91	28,347,381.92	10,232,488.64
Loans & Advances	731,746.62	-	-	-
Others	701,902.18	4,574,382.30	4,084,071.20	6,599,229.76
TOTAL ASSETS	**64,823,972.91**	**117,218,458.80**	**398,848,101.58**	**322,992,765.32**
Capital				
Issued & Paid up	10,886,730.00	10,886,730.00	10,886,730.00	10,886,730.00
Reserves & Surplus				
Profit & Loss A/c	(8,070,201.55)	1,316,599.71	37,257,339.68	46,942,200.32
Capital Reserve Gain / (Loss)	196,541.10	267,668.70	1,084,757.50	1,226,154.36
Secured Loans				
Bank Loans	-	-	-	-
Current Liabilities				
Trade Creditors	1,788,504.77	1,960,339.29	65,380,330.40	105,982,160.00
Creditors (Group undertakings)	57,848,496.11	99,598,175.28	263,772,044.80	78,459,225.92
Bank Loans	-	522,696.33	-	51,746,979.84
Others	2,173,902.48	2,348,098.71	5,108,021.60	10,540,626.56
Provisions				
Taxation	-	318,150.78	15,358,877.60	17,208,688.32
TOTAL LIABILITIES	**64,823,972.91**	**117,218,458.80**	**398,848,101.58**	**322,992,765.32**
Net Worth	**3,013,069.55**	**12,470,998.41**	**49,228,827.18**	**59,055,084.68**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN EUROPE LIMITED

In Indian Rupees

	For the Year Ended		For the period	For the Period
	31, December 2000	31, December-20 01	31, March 2003	30, September 2003
Sales & Service Income	124,856,459.49	303,825,339.75	941,172,517.16	364,984,593.56
Other Income				
Interest Income	69,267.87	70,656.66	255,032.30	42,711.20
Other	11,453,650.04	616,714.20	10,810,295.96	979,383.07
Increase / (Decrease) in Stock	20,917,670.76	29,549,459.28	44,892,710.08	16,073,597.42
TOTAL INCOME	**157,297,048.16**	**334,062,169.89**	**997,130,555.50**	**382,080,285.25**
Trading Costs	122,479,148.05	280,899,227.61	867,261,156.24	320,957,736.06
Staff Cost	17,068,161.67	22,870,090.53	38,932,125.90	17,877,916.81
Administrative Expenses	8,772,363.67	14,013,162.48	28,579,497.66	12,969,560.96
Selling & Distribution Expenses	1,906,126.46	4,880,210.58	11,309,822.64	13,048,347.87
Financial Charges	1,708,879.90	1,772,066.31	1,070,989.30	1,848,098.37
Amortisation of Goodwill	-	-	-	1,576,043.28
Depreciation	165,190.37	154,514.34	488,060.32	567,711.04
TOTAL EXPENDITURE	**152,099,870.12**	**324,589,271.85**	**947,641,652.06**	**368,845,414.39**
Net Profit before Tax	5,197,178.04	9,472,898.04	49,488,903.44	13,234,870.86
Provision for Tax	**-**	322,243.38	14,851,515.10	3,970,921.28
Net Profit after Tax	**5,197,178.04**	**9,150,654.66**	**34,637,388.34**	**9,263,949.58**
Net Profit before Adjustments	5,197,178.04	9,150,654.66	34,637,388.34	9,263,949.58
Balance Brought Forward	(13,394,923.81)	(8,197,745.77)	952,908.89	35,590,297.23
	(8,197,745.77)	**952,908.89**	**35,590,297.23**	**44,854,246.81**
Currency Fluctuation Gain/ (Loss)	127,544.22	363,690.82	1,667,042.45	2,087,953.51
Net Profit carried to B/S	**(8,070,201.55)**	**1,316,599.71**	**37,257,339.68**	**46,942,200.32**

(In Rupees except per share data)

	For the Year Ended		For the period	For the Period
	31, December-00	**31, December-01**	**31, March-03**	**30, September-03**
Total Revenue	157,297,048.16	334,062,169.89	997,130,555.50	382,080,285.25
Profit after Tax	5,197,178.04	9,150,654.66	34,637,388.34	9,263,949.58
Equity Share Capital	10,886,730.00	10,886,730.00	10,886,730.00	10,886,730.00
Reserves	(7,873,660.45)	1,584,268.41	38,342,097.18	48,168,354.68
No. of Equity Shares	159,000.00	159,000.00	159,000.00	159,000.00
EPS	32.69	57.55	217.85	58.26
Book Value	18.95	78.43	309.62	371.42

ANNEXURE-XVI

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN USA INc.

(In US Dollars)

	As at December 31, 1998	As at December 31, 1999	As at December 31, 2000	As at December 31, 2001	As at March 31, 2003	As at September 30, 2003
Fixed Assets						
Gross Block						
Opening	-	6,439.00	8,083.00	8,084.00	11,885.00	18,078.00
Add:- Addition during the Year	6,439.00	1,644.00	1.00	3,801.00	6,193.00	373.00
Gross Block	6,439.00	8,083.00	8,084.00	11,885.00	18,078.00	18,451.00
Less: Accumulated Depreciation	314.00	1,678.00	3,295.00	5,000.00	9,104.00	10,797.00
Net Block	6,125.00	6,405.00	4,789.00	6,885.00	8,974.00	7,654.00
Net Block	6,125.00	6,405.00	4,789.00	6,885.00	8,974.00	7,654.00
Investments	-	-	-	-	-	-
Current Assets , Loans & Advances						
Sundry Debtors (Others)	14,600.00	46,574.00	90,865.00	113,935.00	216,986.00	193,737.00
Sundry Debtors (Related Party)	-	962,361.00	-	-	300.00	40,300.00
Inventories	121,763.00	111,501.00	760,562.00	344,271.00	388,512.00	553,869.00
Cash & Bank Balances	25,895.00	162,286.00	9,412.00	15,171.00	79,546.00	94,478.00
Loans & Advances	1,200.00	44,175.00	17,145.00	125,181.00	560.00	23,159.00
Others	13,167.00	1,800.00	42,745.00	25,406.00	36,561.00	34,728.00
TOTAL ASSETS	**182,750.00**	**1,335,102.00**	**925,518.00**	**630,849.00**	**731,439.00**	**947,925.00**
Capital						
Common Stock	-	80,000.00	80,000.00	80,000.00	80,000.00	80,000.00
Addition in Paid Up Capital	-	-	120,000.00	120,000.00	220,000.00	220,000.00
Reserves & Surplus						
Retained Profit / (Deficit)	(12,348.00)	227,354.00	97,571.00	38,872.00	(432,263.00)	(391,483.00)
Secured Loans						
Current Liabilities						
Trade Creditors (Others)	16,615.00	153,377.00	92,166.00	10,864.00	372.00	2,079.00
Trade Creditors (Related Party)	178,183.00	834,400.00	535,781.00	381,113.00	601,652.00	772,367.00
Others (Related Party)	-	-	-	-	250,000.00	250,000.00
Others	-	-	-	-	10,973.00	14,712.00
Provisions	300.00	39,971.00	-	-	705.00	250.00
TOTAL LIABILITIES	**182,750.00**	**1,335,102.00**	**925,518.00**	**630,849.00**	**731,439.00**	**947,925.00**
Net Worth	**(12,348.00)**	**307,354.00**	**297,571.00**	**238,872.00**	**(132,263.00)**	**(91,483.00)**

STATEMENT OF PROFIT & LOSS ACCOUNT AS RESTATED (Parent Company Format)

DISHMAN USA INc.

(In US Dollars)

	For the Year Ended as on December				For the Period March	For the period September
	31, 1998	**31, 1999**	**31, 2000**	**31, 2001**	**31, 2003**	**30, 2003**
Sales & Service Income	171,853.00	7,287,310.00	2,922,784.00	1,542,936.00	2,004,023.00	1,211,376.00
Other Income						
Interest Income	5.00	5,642.00	2,732.00	181.00	784.00	99.00
Other Income	-		-			
Increase/ (Decrease) in Stock	(133,820.00)	(10,262.00)	649,061.00	(416,290.00)	44,240.00	165,357.00
TOTAL INCOME	**38,038.00**	**7,282,690.00**	**3,574,577.00**	**1,126,827.00**	**2,049,047.00**	**1,376,832.00**
Cost of Sales	9,849.00	6,474,816.00	3,387,564.00	929,480.00	1,478,364.00	965,085.00
Staff Cost	3,753.00	2,679.00	853.00	101,797.00	616,239.00	226,293.00
Administrative Expenses	24,169.00	371,835.00	239,018.00	179,972.00	237,440.00	66,616.00
Selling & Distribution Expenses	11,595.00	39,840.00	71,508.00	80,959.00	169,420.00	69,742.00
Financial Charges	406.00	9,982.00	3,500.00	2,483.00	14,615.00	6,623.00
Depreciation	314.00	1,365.00	1,617.00	1,705.00	4,104.00	1,693.00
TOTAL EXPENDITURE	**50,086.00**	**6,900,517.00**	**3,704,060.00**	**1,296,396.00**	**2,520,182.00**	**1,336,052.00**
Net Profit before Tax	(12,048.00)	382,173.00	(129,483.00)	(169,569.00)	(471,135.00)	40,780.00
Provision for Tax	300.00	142,471.00	300.00	(110,870.00)	-	-
Net Profit after Tax	**(12,348.00)**	**239,702.00**	**(129,783.00)**	**(58,699.00)**	**(471,135.00)**	**40,780.00**
Balance Brought Forward	-	(12,348.00)	227,354.00	97,571.00	38,872.00	(432,263.00)
Net Profit after Adjustments	**(12,348.00)**	**227,354.00**	**97,571.00**	**38,872.00**	**(432,263.00)**	**(391,483.00)**

Notes to the financial statements for the period of 6 months ended September 30, 2003

Significant accounting policies:

1.01 Business Description:

Dishman USA Inc was incorporated under New Jersey Business Corporation Act on July 21, 1998 in the state of New Jersey. The company is a wholly owned subsidiary of Dishman (Cyprus) Ltd., which in turn is a wholly owned subsidiary of an Indian company namely Dishman Pharmaceuticals and Chemicals Ltd, Ahmedabad, India. The parent company is a leading manufacturer of bulk drugs and pharmaceutical chemicals. Dishman USA Inc. is primarily engaged in the marketing and distribution of Dishman group products in North America.

1.02 Basis of preparation of financial statements:

The accompanying financial statements are prepared in accordance with generally accepted accounting principles in United States (US GAAP) under the historical cost convention on an accrual basis. The company adopts the mercantile system of accounting except in cases of significant uncertainties. All amounts are stated in U.S Dollars.

1.03 Use of estimates:

The preparation of financial statements in conformity with GAAP requires management of the company to make estimates and assumption that affect the reported balances of assets and liabilities and disclosure of the contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Examples of such estimates include provisions for doubtful debts, income taxes, useful lives of the fixed assets. Actual results could be different from these estimates.

1.04. Income and Expenses:

All incomes and expenses are recorded using the accrual method of accounting. The expenses incurred by the marketing staff for travel, exhibit and other related expenses are taken to have accrued on the receipt of expense sheets from such marketing personnel.

1.05. Sales and Purchase:

Revenue from sale of goods is recognized when goods are shipped and titles pass to customer. Amount of Sales at is stated net of returns. Import of goods is recognized as purchase when goods are cleared and released by the customs department for delivering the same to company's warehouse.

1.06. Cash & cash equivalents:

Cash and cash equivalent for the purpose of the cash flow statement includes only cash on hand and in bank.

1.07. Inventories:

Inventories comprise of trading stock and are stated at the lower of cost or market. Cost of stock-in-trade is determined on weighted average method and market is determined on the basis of estimated net realizable value. As our appointment was made subsequent to the date of balance sheet, we were not in a position to verify physical inventory. Inventory is taken as valued and certified by the director of the company.

1.08. Fixed Assets:

Fixed assets comprise of furniture & fixtures, office equipments, computers and fax and they are stated at cost less accumulated depreciation.

1.09. Depreciation:

Depreciation on the fixed assets has been computed using straight line method. The estimated useful lived of the assets are as follows:

	Useful life (yrs)
Furniture & fixture and office equipments	5
Computers	5
Fax machines	5

1.10. Income taxes:

Dishman USA Inc (the company) provides for income taxes based on pre tax earning reported in financial statements. Income taxes are computed using the tax accounting method, where taxes are accrued in the same period as the related income and expenses arise. Certain items such as depreciation are recognized for tax purposes in the year other than the years they are reported in the financial statements. The deferred income taxes being very nominal these timing differences are not recognized. Provision for income taxes has not been made for the current period in view of loss for the period except for state taxes.

1.11. Earning per share:

The company adopts SFAS No 128 'Earning per share'. In accordance with the SFAS 128 basic earning per share is computed using weighted average number of common shares outstanding during the period.

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN USA INc.

In Indian Rupees

Exchange Rates- Closing	46.69	48.34	48.47	45.88
Exchange Rates- Opening	43.50	46.69	48.34	45.56
Average Rate	44.95	47.22	48.68	46.67

	As at December 31, 2000	As at December 31, 2001	As at March 31, 2003	As at September 30, 2003
Fixed Assets				
Gross Block				
Opening	351,610.50	377,441.96	574,520.90	823,633.68
Add:- Addition during the Year	44.95	179,483.22	301,475.24	17,407.91
Gross Block	351,655.45	556,925.18	875,996.14	841,041.59
Less: Accumulated Depreciation	153,843.55	241,700.00	441,270.88	495,366.36
Net Block	197,811.90	315,225.18	434,725.26	345,675.23
Less: Revaluation Reserve	-	-	-	-
Net Block after adjustment for	-	-	-	-
Net Block	197,811.90	315,225.18	434,725.26	345,675.23
Capital Works-in - Progress	-	-	-	-
Investments	-	-	-	-
Current Assets , Loans & Advances				
Sundry Debtors (Others)	4,242,486.85	5,507,617.90	10,517,311.42	8,888,653.56
Sundry Debtors (Related Party)	-	-	14,541.00	1,848,964.00
Inventories	35,510,639.78	16,642,060.14	18,831,176.64	25,411,509.72
Cash & Bank Balances	439,446.28	733,366.14	3,855,594.62	4,334,650.64
Loans & Advances	800,500.05	6,051,249.54	27,143.20	1,062,534.92
Others	1,995,764.05	1,228,126.04	1,772,111.67	1,593,320.64
TOTAL ASSETS	**43,186,648.91**	**30,477,644.94**	**35,452,603.81**	**43,485,308.71**
Capital				
Common Stock	3,303,200.00	3,303,200.00	3,303,200.00	3,303,200.00
Addition in Paid Up Capital	5,602,800.00	5,800,800.00	10,663,400.00	10,093,600.00
Reserves & Surplus				
Retained Profit / (Deficient)	4,555,589.99	1,879,072.48	(20,951,787.61)	(17,961,240.04)
Capital Reserve Gain / (loss)	406,213.49	546,404.28	574,155.48	361,709.71
Secured Loans	-	-	-	-
Current Liabilities				
Trade Creditors (Others)	4,303,230.54	525,165.76	18,030.84	95,384.52
Trade Creditors (Related Party)	25,015,614.89	18,423,002.42	29,162,072.44	35,436,197.96
Others (Related Party)	-	-	12,117,500.00	11,470,000.00
Others	-	-	531,861.31	674,986.56
Provisions	-	-	34,171.35	11,470.00
TOTAL LIABILITIES	**43,186,648.91**	**30,477,644.94**	**35,452,603.81**	**43,485,308.71**
Net Worth	**13,867,803.48**	**11,529,476.76**	**(6,411,032.13)**	**(4,202,730.33)**

STATEMENT OF PROFIT & LOSS ACCOUNT AS RESTATED (Parent Company Format)

DISHMAN USA INc.

In Indian Rupees

	For the Year Ended		For the Period	For the Period
	31, March 2000	**31 March, 2001**	**31, March 2003**	**30,September 2003**
Sales & Service Income				
Export	131,379,140.80	72,857,437.92	97,555,839.64	56,534,917.92
Domestic	-	-	-	-
Other Income				
Interest Income	122,803.40	8,546.82	38,165.12	4,620.33
Other Income	-	-	-	-
Increase/ (Decrease) in Stock	29,175,291.95	(19,657,213.80)	2,153,603.20	7,717,211.19
TOTAL INCOME	**160,677,236.15**	**53,208,770.94**	**99,747,607.96**	**64,256,749.44**
Cost of Sales	152,271,001.80	43,890,045.60	71,966,759.52	45,040,516.95
Staff Cost	38,342.35	4,806,854.34	29,998,514.52	10,561,094.31
Administrative Expenses	10,743,859.10	8,498,277.84	11,558,579.20	3,108,968.72
Selling & Distribution Expenses	3,214,284.60	3,822,883.98	8,247,365.60	3,254,859.14
Financial Charges	157,325.00	117,247.26	711,458.20	309,095.41
Depreciation	75,497.73	82,419.70	198,920.88	77,674.84
TOTAL EXPENDITURE	**166,500,310.58**	**61,217,728.72**	**122,681,597.92**	**62,352,209.37**
Net Profit before Tax	(5,823,074.43)	(8,008,957.78)	(22,933,989.96)	1,904,540.07
Provision for Tax	13,485.00	(5,235,281.40)	-	-
Net Profit after Tax	**(5,836,559.43)**	**(2,773,676.38)**	**(22,933,989.96)**	**1,904,540.07**
Net Profit before Adjustments	(5,836,559.43)	(2,773,676.38)	(22,933,989.96)	1,904,540.07
Balance Brought Forward	10,219,562.30	4,383,002.87	1,609,326.49	(21,324,663.47)
	4,383,002.87	**1,609,326.49**	**(21,324,663.47)**	**(19,420,123.40)**
Currency Gain / (Loss)	172,587.12	269,745.99	372,875.86	1,458,883.36
Net Profit after Adjustments	**4,555,589.99**	**1,879,072.48**	**(20,951,787.61)**	**(17,961,240.04)**

(In Rupees except per share data)

	For the Year Ended as on		For the period	For the Period
	31, December-00	**31,December-01**	**31, March-03**	**30, Sept.-03**
Total Revenue	160,677,236.15	53,208,770.94	99,747,607.96	64,256,749.44
Profit after Tax	(5,836,559.43)	(2,773,676.38)	(22,933,989.96)	1,904,540.07
Equity Share Capital	3,303,200.00	3,303,200.00	3,303,200.00	3,303,200.00
Reserves	4,961,803.48	2,425,476.76	(20,377,632.13)	(17,599,530.33)
No. of Equity Shares	1,000.00	1,000.00	1,000.00	1,000.00
EPS	(5,836.56)	(2,773.68)	(22,933.99)	1,904.54
Book Value	13,867.80	11,529.48	(6,411.03)	(4,202.73)

ANNEXURE-XVII

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN (CYPRUS) LIMITED

(In US Dollars)

	As at December 31, 1998	As at December 31, 1999	As at December 31, 2000	As at December 31, 2001	As at December 31, 2002	As at September 30, 2003
Fixed Assets						
Gross Block						
Less: Accumulated Depreciation						
Net Block						
Less: Revaluation Reserve						
Net Block						
Investments	**50,000.00**	**80,000.00**	**200,000.00**	**200,000.00**	**200,000.00**	**200,000.00**
Current Assets , Loans & Advances						
Sundry Debtors	-	145,939.00	84,276.00	87,436.00	87,436.00	87,436.00
Cash & Bank Balances	256.00	6,771.00	14,656.00	2,054.00	16.00	-
Loans & Advances	-	-	-	-	-	-
Others	14,977.00	-	-	-	-	-
TOTAL ASSETS	**65,233.00**	**232,710.00**	**298,932.00**	**289,490.00**	**287,452.00**	**287,436.00**
Capital						
Issued & Paid Up	19,284.00	150,461.00	150,461.00	150,461.00	150,461.00	150,461.00
Reserves & Surplus	**(6,711.00)**	**67,622.00**	**62,234.00**	**60,694.00**	**58,636.00**	**56,582.00**
Secured Loans	-	-	-	-	-	-
Current Liabilities						
Creditors	52,660.00	3,840.00	7,168.00	8,105.00	9,946.00	11,940.00
Bank Over Draft	-	-	-	-	-	27.00
Others	-	7,264.00	75,546.00	67,157.00	65,336.00	65,353.00
Provisions						
Tax		3,523.00	3,523.00	3,073.00	3,073.00	3,073.00
TOTAL LIABILITIES	**65,233.00**	**232,710.00**	**298,932.00**	**289,490.00**	**287,452.00**	**287,436.00**
Net Worth	**12,573.00**	**218,083.00**	**212,695.00**	**211,155.00**	**209,097.00**	**207,043.00**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN (CYPRUS) LIMITED

(In US Dollars)

	For the Year Ended as on December				For the Period ended Sept.	
	31, 1998	**31, 1999**	**31, 2000**	**31, 2001**	**31, 2002**	**30, 2003**
Sales & Service Income	**270.00**	**80,463.00**	**-**	**-**	**-**	**-**
Other Income						
Interest Income	5.00	292.00	722.00	40.00	-	-
TOTAL INCOME	**275.00**	**80,755.00**	**722.00**	**40.00**	-	-
Cost of Sales	-	-	-	-	-	-
Staff Cost	-	-	-	-	-	-
Administrative Expenses	6,964.00	2,883.00	5,857.00	1,395.00	1,840.00	1,995.00
Selling & Distribution Expenses	-	-	-	-	-	-
Financial Charges	22.00	16.00	253.00	185.00	218.00	59.00
Depreciation	-	-	-	-	-	-
TOTAL EXPENDITURE	**6,986.00**	**2,899.00**	**6,110.00**	**1,580.00**	**2,058.00**	**2,054.00**
Net Profit before Tax	(6,711.00)	77,856.00	(5,388.00)	(1,540.00)	(2,058.00)	(2,054.00)
Provision for Tax	**-**	3,523.00	-	-	-	-
Net Profit after Tax	**(6,711.00)**	**74,333.00**	**(5,388.00)**	**(1,540.00)**	**(2,058.00)**	**(2,054.00)**
Balance Brought Forward		(6,711.00)	67,622.00	62,234.00	60,694.00	58,636.00
Net Profit after Adjustments	**(6,711.00)**	**67,622.00**	**62,234.00**	**60,694.00**	**58,636.00**	**56,582.00**

NOTES TO THE FINANCIAL STATEMENTS

The figures shown are in US Dollars $

The company was incorporated on the 9th October 1997.

PRINCIPAL ACCOUNTING POLICIES

The financials statements are prepared under the historic cost convention. The following is a summary of the most important accounting policies used by the company.

a. Foreign currencies:

The financial statements are prepared in United State Dollars (US $).

Assets & Liabilities denominated in currencies other than United States Dollars are translated at the rates of exchange prevailing at the balance sheet dates. Revenue items are translated at the average rate of exchange ruling over the period covered by the financial statement. Gains or losses on exchange are included in operating results.

b. Consolidation

The company has subsidiary undertaking for which section 144 of the Companies Act. Chapter 113 requires group accounts to be prepared and laid before the company at the annual general meeting when the company's own balance sheet & profit and loss account are so laid.

However, no group accounts have been prepare since in the Director's opinion it would involve expense out of proportion to the value to members of the company.

TURNOVER

Turnover represents fee receivable at invoiced value.

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN (CYPRUS) LIMITED

In Indian Rupees

Exchange Rates- Closing	46.69	48.34	48.04	45.88
Exchange Rates- Opening	43.50	46.69	48.34	45.56
Average Rate	44.95	47.22	48.68	46.67

	As at December 31, 2000	**As at December 31, 2001**	**As at December 31, 2002**	**As at September 30, 2003**
Fixed Assets				
Gross Block	-	-	-	-
Less: Accumulated Depreciation	-	-	-	-
Net Block	-	-	-	-
Less: Revaluation Reserve	-	-	-	-
Net Block	-	-	-	-
Investments	9,338,000.00	9,668,000.00	9,608,000.00	9,176,000.00
Current Assets , Loans & Advances				
Sundry Debtors	3,934,846.44	4,226,656.24	4,200,425.44	4,011,563.68
Cash & Bank Balances	684,288.64	99,290.36	768.64	-
Loans & Advances	-	-	-	-
Others	-	-	-	-
TOTAL ASSETS	**13,957,135.08**	**13,993,946.60**	**13,809,194.08**	**13,187,563.68**
Capital				
Issued & Paid Up	3,220,620.00	3,220,620.00	3,220,620.00	3,220,620.00
Reserves & Surplus				
Profit & Loss A/c	2,905,705.46	2,933,947.96	2,816,873.44	2,595,982.16
Capital Reserve	3,804,404.09	4,052,664.74	4,007,526.44	3,682,530.68
Secured Loans	**-**	**-**	**-**	**-**
Current Liabilities				
Creditors	334,673.92	391,795.70	477,805.84	547,807.20
Bank Over Draft	-	-	-	1,238.76
Others	3,527,242.74	3,246,369.38	3,138,741.44	2,998,395.64
Provisions				
Tax	164,488.87	148,548.82	147,626.92	140,989.24
TOTAL LIABILITIES	**13,957,135.08**	**13,993,946.60**	**13,809,194.08**	**13,187,563.68**
Net Worth	**9,930,729.55**	**10,207,232.70**	**10,045,019.88**	**9,499,132.84**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN (CYPRUS) LIMITED

In Indian Rupees

	For the year ended as on			For the Period
	31,December 2000	**31,December 2001**	**31,December 2002**	**ended 30, September 2003**
Sales & Service Income	**-**	**-**	**-**	**-**
Other Income				
Interest Income	33,710.18	1,933.60	-	-
TOTAL INCOME	**33,710.18**	**1,933.60**	**-**	**-**
Cost of Sales	-	-	-	-
Staff Cost	-	-	-	-
Administrative Expenses	273,463.33	67,434.30	88,393.60	91,530.60
Selling & Distribution Expenses	-	-	-	-
Financial Charges	11,812.57	8,942.90	10,472.72	2,706.92
Depreciation	-	-	-	-
TOTAL EXPENDITURE	**285,275.90**	**76,377.20**	**98,866.32**	**94,237.52**
Net Profit before Tax	**(251,565.72)**	**(74,443.60)**	**(98,866.32)**	**(94,237.52)**
Provision for Tax	**-**	**-**	**-**	**-**
Net Profit after Tax	**(251,565.72)**	**(74,443.60)**	**(98,866.32)**	**(94,237.52)**
Balance Brought Forward	3,157,271.18	2,905,705.46	2,831,261.86	2,732,395.54
	2,905,705.46	**2,831,261.86**	**2,732,395.54**	**2,638,158.02**
Currency Gain/ (Loss)	-	102,686.10	84,477.90	(42,175.86)
Net Profit after Adjustments	**2,905,705.46**	**2,933,947.96**	**2,816,873.44**	**2,595,982.16**

(In Rupees except per share data)

	For the year ended as on			For the Period
	31,December 2000	**31,December 2001**	**31,December 2002**	**ended 30, September 2003**
Total Revenue	33,710.18	1,933.60	-	-
Profit after Tax	(251,565.72)	(74,443.60)	(98,866.32)	(94,237.52)
Equity Share Capital	3,220,620.00	3,220,620.00	3,220,620.00	3,220,620.00
Reserves	2,905,705.46	2,933,947.96	2,816,873.44	2,595,982.16
No. of Equity Shares	78,000.00	78,000.00	78,000.00	78,000.00
EPS	(3.23)	(0.95)	(1.27)	(1.21)
Book Value	127.32	130.86	128.78	121.78

ANNEXURE – XVIII

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

PHARMA SYN B.V.

(In Euro)

	As at March 31, 2003	As at September 30, 2003
Fixed Assets		
Gross Block	-	-
Less: Accumulated Depreciation	-	-
Net Block	-	-
Less: Revaluation Reserve		
Net Block	-	-
Investments	18,000.00	18,000.00
Current Assets , Loans & Advances		
Sundry Debtors (Group Company)	174,063.00	174,063.00
Cash & Bank Balances		
Loans & Advances		
Others		
TOTAL ASSETS	**192,063.00**	**192,063.00**
Capital		
Subscribed Capital	90,756.00	90,756.00
Reserves & Surplus		
Other	15,240.00	15,240.00
Agio	68,067.00	68,067.00
Profit & Loss A/c	(315.00)	(773.00)
Secured Loans		
Current Liabilities		
Other Liabilities	18,315.00	18,773.00
Provisions		
TOTAL LIABILITIES	**192,063.00**	**192,063.00**
Net Worth	**173,748.00**	**173,290.00**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

PHARMA SYN B.V.

(In Euro)

	For the three months ended 31, 2003	For the Period Ended 30, 2003
Sales & Service Income		-
Other Income		
Interest Income		-
TOTAL INCOME	**-**	**-**
Cost of Sales		-
Staff Cost		-
Administrative Expenses		-
Selling & Distribution Expenses		-
Financial Charges	315.00	458.00
Depreciation		-
TOTAL EXPENDITURE	**315.00**	**458.00**
Net Profit before Tax	(315.00)	(458.00)
Provision for Tax		-
Net Profit after Tax	**(315.00)**	**(458.00)**
Net Profit before Adjustments	(315.00)	(458.00)
Balance brought forward		(315.00)
Profit carried to the Balance Sheet	**(315.00)**	**(773.00)**

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

PHARMA SYN B.V.

Exchange Rate- Closing	47.56	53.20
Exchange Rate- Opening	50.36	51.32
Average Rate	52.77	57.64

IN INDIAN RUPEES

	As at March 31, 2003	As at September 30, 2003
Fixed Assets		
Gross Block	-	-
Less: Accumulated Depreciation	-	-
Net Block	-	-
Less: Revaluation Reserve	-	-
Net Block after adjustment for	-	-
Net Block	-	-
Investments	856,080.00	957,600.00
Current Assets , Loans & Advances		
Sundry Debtors (Group Company)	8,278,436.28	9,260,151.60
Cash & Bank Balances	-	-
Loans & Advances	-	-
Others	-	-
TOTAL ASSETS	**9,134,516.28**	**10,217,751.60**
Capital		
Subscribed Capital	105,540.00	105,540.00
Reserves & Surplus		
Profit & Loss A/c	(14,981.40)	(41,123.60)
Other	724,814.40	810,768.00
Capital Reserve Gain / (Loss)	4,210,815.36	4,722,679.20
Agio	3,237,266.52	3,621,164.40
Secured Loans	-	-
Current Liabilities		
Other Liabilities	871,061.40	998,723.60
Provisions	-	-
TOTAL LIABILITIES	**9,134,516.28**	**10,217,751.60**
Net Worth	**8,263,454.88**	**9,219,028.00**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

PHARMA SYN B.V.

In Indian Rupees

	For the period Ended March 31, 2003	For the Period ended September 30, 2003
Sales & Service Income		-
Other Income		
Interest Income		-
TOTAL INCOME	**-**	**-**
Cost of Sales		-
Staff Cost		-
Administrative Expenses		-
Selling & Distribution Expenses		-
Financial Charges	16,622.55	26,399.12
Depreciation		-
TOTAL EXPENDITURE	**16,622.55**	**26,399.12**
Net Profit before Tax	(16,622.55)	(26,399.12)
Provision for Tax		-
Net Profit after Tax	**(16,622.55)**	**(26,399.12)**
Net Profit before Adjustments	(16,622.55)	(26,399.12)
Balance brought forward		(16,622.55)
	(16,622.55)	**(43,021.67)**
Currency Gain / (loss)	1,641.15	1,898.07
Profit carried to the Balance Sheet	**(14,981.40)**	**(41,123.60)**

(In Rupees except per share data)

	For the period March 31, 2003	For the Period September 30, 2003
Total Revenue	03	-
Profit after Tax	(16,622.55)	(26,399.12)
Equity Share Capital	105,540.00	105,540.00
Reserves	8,157,914.88	9,113,488.00
No. of Equity Shares	2,000.00	2,000.00
EPS	(8.31)	(13.20)
Book Value	4,131.73	4,609.51

ANNEXURE-XIX

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN HOLLAND B. V.

(In Euro)

	As at March 31, 2003	As at September 30, 2003
Fixed Assets		
Gross Block	-	-
Opening		-
Add:- Addition during the Year		16,120.00
Gross Block		16,120.00
Less: Accumulated Depreciation		1,368.00
Net Block		14,752.00
Investments	-	33,960.00
Current Assets , Loans & Advances		
Sundry Debtors	673,703.00	593,428.00
Cash & Bank Balances	314,908.00	176,629.00
Loans & Advances	-	3,960.00
Others	18,315.00	28,904.00
TOTAL ASSETS	**1,006,926.00**	**851,633.00**
Capital		
Subscribed Capital	18,000.00	18,000.00
Reserves & Surplus	124,293.00	132,489.00
Secured Loans		
Current Liabilities		
Creditors	410,739.00	496,717.00
Others	453,868.00	199,333.00
Provisions		
Tax	26.00	5,094.00
TOTAL LIABILITIES	**1,006,926.00**	**851,633.00**
Net Worth	**142,293.00**	**150,489.00**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN HOLLAND B.V.

(In Euro)

	For the Year Ended 31, 2003	For the Period Ended as on 30, 2003
Sales & Service Income	1,009,918.00	1,541,220.00
Other Income	-	10,153.00
TOTAL INCOME	**1,009,918.00**	**1,551,373.00**
Cost of Sales	843,307.00	1,308,294.00
Staff Cost	25,977.00	133,328.00
Administrative Expenses	14,258.00	48,865.00
Selling & Distribution Expenses	-	-
Financial Charges	2,083.00	51,322.00
Depreciation		1,368.00
TOTAL EXPENDITURE	**885,625.00**	**1,543,177.00**
Net Profit before Tax	124,293.00	8,196.00
Provision for Tax	-	-
Net Profit after Tax	**124,293.00**	**8,196.00**
Balance brought Forward	-	124,293.00
Profit carried to the Balance Sheet	**124,293.00**	**132,489.00**

ACCOUNTING PRINCIPLES AND RESULTS DETEMINATION

The company was incorporated in the year 1st January 2003.

1. **ACCOUNTING RESULTS FOR THE BALANCE SHEET**
   a. **Tangible Fixed Assets**
      Material Fixed assets are valued at historic purchase price net of Depreciation based on economic useful life.
   b. **Claims**
      Claims are valued at nominal value minus eventful provisions for possible uncollectable.
   c. **Liquid Assets**
      The Liquid Assets are valued at historic price.
2. **Result Determination**
   a. **General**
      Profits on Goods and/ or services will be taken on the moment they will be ready and / or realised. Losses will be taken as soon as they are known.
   b. **Net Results**
      The Net results comprise of the goods delivered and services rendered to third parties net of reductions if any.
   c. **Running Costs**
      Costs will be imputed to the period in which they are created.
   d. **Deprecations**
      The Deprecations on the Tangible Fixed Assets will be counted with fixed percentage of historic purchase price of the estimated duration. Profit and Losses by sale of the Tangible Fixed Assets are including the depreciation of tangible assets.

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN HOLLAND B. V.

Exchange Rate- Closing	47.56	53.20
Exchange Rate- Opening	50.36	51.32
Average Rate	52.77	57.64

(In Indian Rupees)

	As at March 31, 2003	As at September 30, 2003
Fixed Assets		
Gross Block		-
Opening	-	-
Add:- Addition during the Year	-	929,156.80
Gross Block	-	929,156.80
Less: Accumulated Depreciation	-	72,777.60
Net Block	-	856,379.20
Investments	-	1,806,672.00
Current Assets, Loans & Advances		
Sundry Debtors	32,041,314.68	31,570,369.60
Cash & Bank Balances	14,977,024.48	9,396,662.80
Loans & Advances	-	210,672.00
Others	871,061.40	1,537,692.80
TOTAL ASSETS	**47,889,400.56**	**45,378,448.40**
Capital		
Subscribed Capital	949,860.00	949,860.00
Reserves & Surplus		
Profit & Loss A/c	5,911,375.08	7,048,414.80
Capital Reserve Gain /(Loss)	(93,780.00)	79,312.80
Secured Loans	-	-
Current Liabilities		
Creditors	19,534,746.84	26,425,344.40
Others	21,585,962.08	10,604,515.60
Provisions		
Tax	1,236.56	271,000.80
TOTAL LIABILITIES	**47,889,400.56**	**45,378,448.40**
Net Worth	**6,767,455.08**	**8,077,587.60**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN HOLLAND B. V.

	For the Year Ended 31,March 2003	For the Period Ended 30,Sept. 2003
Sales & Service Income	53,293,372.86	88,835,920.80
Other Income	-	585,218.92
TOTAL INCOME	**53,293,372.86**	**89,421,139.72**
Cost of Sales	44,501,310.39	75,410,066.16
Staff Cost	1,370,806.29	7,685,025.92
Administrative Expenses	752,394.66	2,816,578.60
Selling & Distribution Expenses	-	-
Financial Charges	109,919.91	2,958,200.08
Depreciation	-	72,777.60
TOTAL EXPENDITURE	**46,734,431.25**	**88,942,648.36**
Net Profit before Tax	6,558,941.61	478,491.36
Provision for Tax	-	-
Net Profit after Tax	**6,558,941.61**	**478,491.36**
Balance brought Forward	-	6,558,941.61
	6,558,941.61	**7,037,432.97**
Currency Gain / (loss)	(647,566.53)	10,981.83
Profit carried to the Balance Sheet	**5,911,375.08**	**7,048,414.80**

(In Rupees except per share data)

	For the Year Ended 31,March 2003	For the Period Ended 30,Sept. 2003
Total Revenue	53,293,372.86	89,421,139.72
Profit after Tax	6,558,941.61	478,491.36
Equity Share Capital	949,860.00	949,860.00
Reserves	5,817,595.08	7,127,727.60
No. of Equity Shares	18,000.00	18,000.00
EPS	364.39	26.58
Book Value	375.97	448.75

ANNEXURE -XX

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN AFRICA (PYT) LIMITED

(In South African Rand)

	As at February 28, 2002	As at February 28, 2003	As at September 30, 2003
Fixed Assets			
Opening	—	14,104.00	53,235.00
Add:- Addition during the Year	14,104.00	39,131.00	(9,937.00)
Gross Block	14,104.00	53,235.00	43,298.00
Less: Accumulated Depreciation	1,205.00	9,937.00	8,295.00
Net Block	12,899.00	43,298.00	35,003.00
Investments	-	-	
Current Assets , Loans & Advances			
Sundry Debtors	-	288,090.00	245,746.00
Cash & Bank Balances	107,194.00	25,579.00	21,705.00
Loans & Advances	-	568,906.00	664,319.00
Others	-	-	-
TOTAL ASSETS	**120,093.00**	**925,873.00**	**966,773.00**
Capital			
Share Capital	100.00	100.00	100.00
Reserves & Surplus	(111,207.00)	42,091.00	189,008.00
Secured Loans	-	-	-
Current Liabilities			
Creditors	231,200.00	864,495.00	695,513.00
Provisions			
Tax	-	19,187.00	82,152.00
TOTAL LIABILITIES	**120,093.00**	**925,873.00**	**966,773.00**
Net Worth	**(111,107.00)**	**42,191.00**	**189,108.00**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN AFRICA (PYT) LIMITED

(In South African Rand)

	For the Year Ended as on February		For the Period Ended as on
	28, 2002	28, 2003	September 30, 2003
Sales & Service Income		699,500.00	906,750.00
Other Income			
Other Income	278.00	19,712.00	44,490.00
TOTAL INCOME	**278.00**	**719,212.00**	**951,240.00**
Cost of Sales	-	56,441.00	
Staff Cost	-	26,494.00	357,970.00
Administrative Expenses	110,280.00	449,998.00	373,374.00
Selling & Distribution Expenses	-	-	-
Financial Charges	-	3,857.00	1,718.00
Depreciation	1,205.00	9,937.00	8,296.00
TOTAL EXPENDITURE	**111,485.00**	**546,727.00**	**741,358.00**
Net Profit before Tax	(111,207.00)	172,485.00	209,882.00
Provision for Tax	-	19,187.00	62,965.00
Net Profit after Tax	**(111,207.00)**	**153,298.00**	**146,917.00**
Profit brought forwards	-	(111,207.00)	42,091.00
Profit carried to the Balance Sheet	**(111,207.00)**	**42,091.00**	**189,008.00**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The figures shown are in South African Rand

DISHMAN AFRICA (PROPRIETARY) LIMITED WAS INCORPORATED IN THE YEAR 1ST MARCH 2001, SO THE FIGURE GIVEN BELOW ARE FOR THE PERIOD SINCE INCORPORATION.

1. ACCOUNTING POLICIES

The financial statements are prepared on the historical cost basis. The following is the principal accounting policy used by the company, which is consistent with that of the previous year.

1.1 Equipment

Equipments are included at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Depreciation is calculated by a charge to income computed on a straight-line basis so as to write off the cost of the assets over their expected useful lives.

The depreciation rates applicable to each category of equipment is as follows:

Furniture and fittings	20.00% p.a.
Office equipment	10.00% p.a.
Computer equipment	33.33% p.a.

2. REVENUE

Revenue comprises turnover, which excludes value-added tax and represents the invoices value of goods and services supplied and commission income.

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED (Parent Company Format)

DISHMAN AFRICA (PYT) LIMITED

Exchange Rates- Closing	5.58	4.59	6.46
Exchange Rates- Opening	4.30	5.99	6.46
Average Rate	4.66	6.22	6.99

(IN INDIAN RUPEES)

	As at February 28, 2002	As at February 28, 2003	As at September 30, 2003
Fixed Assets			
Gross Block			
Opening	-	64,737.36	343,898.10
Add:- Addition during the Year	65,724.64	243,394.82	(69,459.63)
Gross Block	65,724.64	308,132.18	274,438.47
Less: Accumulated Depreciation	6,723.90	45,610.83	53,585.70
Net Block	59,000.74	262,521.35	220,852.77
Investments			
Current Assets , Loans & Advances			
Sundry Debtors	-	1,322,333.10	1,587,519.16
Cash & Bank Balances	598,142.52	117,407.61	140,214.30
Loans & Advances	-	2,611,278.54	4,291,500.74
Others	-	-	-
TOTAL ASSETS	**657,143.26**	**4,313,540.60**	**6,240,086.97**
Capital			
Share Capital	467.00	467.00	467.00
Reserves & Surplus			
Profit & Loss A/c	(620,535.06)	193,197.69	1,220,991.68
Capital Reserve Gain / (Loss)	(12,884.68)	63,775.53	(5,087.61)
Secured Loans	-	-	-
Current Liabilities			
Creditors	1,290,096.00	3,968,032.05	4,493,013.98
Provisions			
Tax	-	88,068.33	530,701.92
TOTAL LIABILITIES	**657,143.26**	**4,313,540.60**	**6,240,086.97**
Net Worth	**(632,952.74)**	**257,440.22**	**1,216,371.07**

STATEMENT OF PROFIT & LOSS, AS RESTATED (Parent Company Format)

DISHMAN AFRICA (PYT) LIMITED

(In Indian Rupees)

	For the Year Ended as on		For the Period Ended
	28, February 2002	28, February 2003	as on Sept. 30, 2003
Sales & Service Income	-	4,350,890.00	6,338,182.50
Other Income			
Other Income	1,295.48	122,608.64	310,985.10
TOTAL INCOME	**1,295.48**	**4,473,498.64**	**6,649,167.60**
Cost of Sales	-	351,063.02	-
Staff Cost	-	164,792.68	2,502,210.30
Administrative Expenses	513,904.80	2,798,987.56	2,609,884.26
Selling & Distribution Expenses	-	-	-
Financial Charges	-	23,990.54	12,008.82
Depreciation	6,723.90	45,610.83	53,592.16
TOTAL EXPENDITURE	**520,628.70**	**3,384,444.63**	**5,177,695.54**
Net Profit before Tax	(519,333.22)	1,089,054.01	1,471,472.06
Provision for Tax	-	119,343.14	440,125.35
Net Profit after Tax	**(519,333.22)**	**969,710.87**	**1,031,346.71**
Net Profit before Adjustments	(519,333.22)	969,710.87	1,031,346.71
Profit brought forwards	-	(519,333.22)	450,377.65
	(519,333.22)	**450,377.65**	**1,481,724.36**
Currency Gain / (loss)	(101,201.84)	(257,179.96)	(260,732.68)
Profit carried to the Balance Sheet	**(620,535.06)**	**193,197.69**	**1,220,991.68**

(In Rupees except per share data)

	For the Year Ended as on		For the Period
	February-02	February-03	September-03
Total Revenue	1,295.48	4,473,498.64	6,649,167.60
Profit after Tax	(519,333.22)	969,710.87	1,031,346.71
Equity Share Capital	467.00	467.00	467.00
Reserves	(633,419.74)	256,973.22	1,215,904.07
No. of Equity Shares	100.00	100.00	100.00
EPS	(5,193.33)	9,697.11	10,313.47
Book Value	-6,329.53	2,574.40	12,163.71

CONSOLIDATED FINANCIAL STATEMENT

KUNTE & ASSOCIATES

Chartered Accountants
502, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009.
Phone: (79) 26462272, 26403345 Fax: (79) 26403769
E-mail: kunte.modha@vsnl.com

CONSOLIDATED FINANCIAL STATEMENTS UNDER INDIAN GAAP (AUDITED)

The Board of Directors
Dishman Pharmaceuticals and Chemicals Limited
Bhadra Raj Chambers
Navrangpura,
Ahmedabad

Dear Sirs

We have audited the attached Consolidated Balance sheet of Dishman Pharmaceuticals and Chemicals Limited ("Dishman" or "the Company" or "the Parent Company") and its subsidiaries (as per the list appearing in Note 2.1 to the consolidated financial statements) [collectively referred to as the "Dishman Group" or "the Group"] as at September 30, 2003, the Consolidated Profit and Loss Account and the Consolidated Cash flow statement for the six months ended on that date annexed thereto. The audit was conducted in accordance with the terms of engagement as specified by the Board of Directors of the Parent Company.

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. We conducted our audit in accordance with generally accepted auditing standards 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 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 provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India ('ICAI').

In our opinion and on the basis of information and explanation given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. in the case of the Consolidated Balance sheet, of the state of affairs of the Dishman Group as at September 30, 2003;
ii. in the case of the Consolidated Profit and loss account, of the profit for the Six months ended September 30, 2003; and
iii. in the case of the Consolidated Cash flow statement, of the cash flows for the Six months ended September 30, 2003.

For and on behalf of
M/s Kunte & Associates
Chartered Accountants

Parag P. Jhaveri
Partner

Place: Ahmedabad
Membership Number 39190
Date:08/01/2004

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2003

(Rupees in Millions)

Sr. No.	Particulars	Sch. No.	As on 30th Sept. 2003	As on 31st March 2003
	Sources of Funds			
	Share Holders Funds			
1	Share Capital	**A**	103.00	103.00
2	Reserve & Surplus	**B**	478.97	407.14
			581.97	510.14
4	**Loan Funds**			
	Secured Loans	**C**	938.48	1,007.71
	Unsecured Loans	**D**	67.10	8.41
	TOTAL		**1,587.55**	**1,526.26**
	Application of Funds			
5	**Fixed Assets**	**E**		
	Gross Block		1230.56	1196.53
	Good Will		28.67	11.50
	Total		1259.23	1208.03
	Less:- Accumulated Depreciation		204.14	173.05
	Net Block		1,055.09	1,034.98
	Capital Work in Progress		43.55	6.95
6	**Investment**	**F**	4.30	4.26
7	**Current Assets, Loans & Advances**	**G**		
	Inventories		606.75	479.62
	Sundry Debtors		266.95	298.57
	Cash & Bank Balance		49.57	70.46
	Loans & Advances		172.04	176.99
	Total Current Assets		1,095.31	1,025.63
8	**Current Liabilities & Provision**	**H**		
	Liabilities		539.14	465.32
	Provision		55.44	64.47
	Total Current Liabilities		594.58	529.79
	Net Current Assets		500.73	495.84
	Deferred Tax Liability		-19.01	-19.01
9	**Miscellaneous Expenses** (To the extent not written off)	**I**	2.90	3.24
	TOTAL		**1,587.55**	**1,526.26**
Notes to Accounts		**Q**		

As per Our Report of even date
For Kunte & Associates
Chartered Accountants

For **Dishman Pharmaceuticals & Chemicals Limited**

Parag P. Jhaveri
Partner
Membership No.:- 39190
Place : Ahmedabad
Date : 08/01/2004

Director **Director**

(Company Secretory)
Date:08/01/2004

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE HALF YEAR ENDED ON 30TH SEPTEMBER 2003

(Rupees in Millions)

Sr. No.	Particulars	Sch. No.	For the Period ended on 30/09/2003	For the Period ended on 31/03/2003
A	**Income**			
	Sales			
	Domestic		213.87	318.79
	Export Sales		376.32	934.79
	Gross Sales		590.19	1,253.58
	Less: Sales Return & Sales Capitalised		3.97	61.44
	Net Sales		**586.22**	**1,192.14**
	Other Income	J	3.58	18.37
	Increase / (Decrease) in Stock	K	88.90	-3.98
	TOTAL INCOME		**678.71**	**1,206.53**
B	**Expenditure**			
	Manufacturing Expenses	L	322.60	613.47
	Employee's Emoluments	M	84.71	152.29
	Administrative & Other Expenses	N	46.76	82.52
	Financial Charges	O	62.98	61.35
	Selling & Distribution Expenses	P	35.42	63.94
	Miscellaneous Expenses written off		0.31	0.62
	Depreciation	E	37.13	42.27
	Less: Transfer from Revaluation Reserve		-0.34	-0.68
	TOTAL EXPENSES		**589.56**	**1,015.78**
	Profit before Tax & other Adjustments		**89.15**	**190.75**
	Provision for Tax		8.89	25.34
	Deferred tax Liability		0.00	6.15
	Profit After Tax		**80.26**	**159.26**
	Prior Period Adjustments		7.52	2.88
	Short Provision of Income Tax for earlier		0.00	0.00

(Rupees in Millions)

Sr. No.	Particulars	Sch. No.	For the Period ended on 30/09/2003	For the Period ended on 31/03/2003
	Years			
	Net Profit for the Year		**72.74**	**156.38**
	Profit Brought Forward		282.75	131.68
	Currency Fluctuations On Consolidation		-0.57	0.50
	Brought forward Loss		0.00	0.00
	Amount Available for Appropriation		**354.92**	**288.56**
	Appropriation			
	Transfer to Capital Redemption Reserve		0.00	0.00
	Preference Share Dividend		0.00	0.00
	Tax on Preference Share Dividend		0.00	0.00
	Proposed Dividend		0.00	5.15
	Interim Dividend		0.00	0.00
	Tax on Dividend		0.00	0.66
	Exchange Fluctuations on conversion		0.00	0.00
	Balance Carried to the Balance Sheet		**354.92**	**282.75**
	Notes to Accounts	**Q**		

As per Our Report of even date
For Kunte & Associates
Chartered Accountants

For Dishman Pharmaceuticals & Chemicals Limited

Director **Director**

Parag P. Jhaveri
Partner
Membership No.:-39190
Place: Ahmedabad
Date: 08/01/2004

(Company Secretary)
Place: Ahmedabad
Date:08/01/2004

SCHEDULES ATTACHED TO CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2003

(Rupees in Millions)

Particulars	As at 30-09-2003	As at 31-03-2003
Schedule: A- Share Capital		
Authorized Share capital:		
1,50,00,000 equity shares (Pr. Yr.1, 50,00,000) of Rs.10/-each	150.00	150.00
Total	**150.00**	**150.00**
***Issued, Subscribed and paid-up Share capital:**		
1,03,00,000 (Pr. Yr..1, 03,00,000) Equity Shares of Rs 10/-each Fully paid up	103.00	103.00
*Out of above 1,01,00,000 Equity Shares have been issued as bonus shares by way of Capitalization of reserves		
Total..	**103.00**	**103.00**
Schedule: B – Reserves and surplus		
Revaluation Reserve:		
As per last Balance Sheet	19.57	20.36
Less: Written off Against Depreciation	0.34	0.68
Less: On Loss of assets due to fire	0.00	0.11
Sub- Total	**19.22**	**19.57**
General Reserve:		
As per Last Balance Sheet	79.92	92.79
Less: Deferred tax liability for transitional period	0.00	12.87
Sub-Total	**79.92**	**79.92**
Capital Redemption Reserve		
Transferred from profit & Loss Account	24.90	24.90
Profit and loss Account		
Surplus as per profit and loss account	354.92	282.75
Total..	**478.97**	**407.14**

(Rupees in Millions)

Particulars	As at 30-09-2003	As at 31-03-2003
Schedule: C - Secured Loans		
Term Loan		
From Financial Institutions and Others	220.57	266.95
From Banks	258.70	286.98
Foreign Currency Loan	0.00	7.53
Interest Accrued & Due	20.72	10.31
Working Capital Loan		
From Bank	431.84	429.19
Hire purchase loan	6.65	6.75
Of the term loans Rs. 110.99 Million (Previous year Rs 227.56 Million) are repayable within a period of six months		
Total..	**938.48**	**1,007.71**
Schedule: D - Unsecured Loans		
From Bank *	50.23	0.00
Loans From Directors	10.69	6.90
From Others	6.18	1.51
Total..	**67.10**	**8.41**
Note: Loan from bank are personally guaranteed by Directors.		
Schedule: F - Investment (At Cost)		
Quoted: (Long Term)		
5250 Equity Shares (Pr. Yr. 5250) of Malbar Trading Co. Limited @ Rs. 10/- each	0.05	0.05
4500 Equity Shares (Pr. Yr. 4500) of Bank of India @ Rs 10/- each fully paid up	0.20	0.20
Unquoted (Long Term)		
6244 Equity Shares (Pr.Yr.6244) of Nutan Nagarik Sahakari Bank Ltd. of Rs. 25/- each fully paid up	0.16	0.16
334980 Equity Shares (Pr.Yr.334980) of Schutz Dishman Bio Tech Pvt. Ltd. of Rs. 10/- each fully paid up	3.35	3.35
30 Shares (Pr Yr. 30) of Stuti Ambawadi Associates of Rs. 100/- each	(3000.00)	(3000.00)
50 Shares of the Sangeeta Plaza Iftex office Premises Co-op Society Limited of Rs. 50/- Each	(2500.00)	(2500.00)

(Rupees In Million)

Particulars	As at 30/09/03	As at 31/03/03
50 shares (P. Yr. 50) of B R Laboratories Pvt. Ltd. Of Rs. 10/- each	(500.00)	(500.00)
4000 Equity Shares (Pr. Yr. Nil) of Bhadr- Raj Holding Private Limited of Rs. 10/-each fully paid up	0.04	0.00
Gold Coins with SBI 100 Coins @ Rs. 4951/- each	0.50	0.50
Total..	**4.30**	**4.27**
Note: Aggregated value of investments:		
Quoted		
At cost price	0.25	0.25
At market price	0.30	0.22
Un Quoted		
At cost price	4.05	4.01

*** Figures in Brackets are in absolute Rupees**

Schedule: G -Current Assets, Loan & Advances

i.	**Inventories** (As taken, Valued and certified by Management)		
	Finished Goods (At cost or market value whichever is lower)	206.62	185.76
	Work in process (At cost)	239.08	171.04
	Raw Material and Goods in Transit (At Cost)	155.84	117.60
	Packing material (At cost)	0.76	0.76
	Stores, Spares& Consumables (At Cost)	4.43	4.46
	Sub- Total	**606.75**	**479.62**
ii	**Sundry Debtors** (Unsecured considered good)		
	Outstanding over six months	6.92	28.46
	Considered Goods	4.83	26.36
	Considered Doubtful	2.10	2.10
	Provision for Doubtful Debts	-2.10	-2.10
	Others	260.03	270.11
	Sub – Total	**266.95**	**298.57**
iii	**Cash And bank Balances**		
	Cash on hand	3.56	0.65
	Balance with Scheduled Bank		
	- in Current Account	26.85	52.74
	- in Margin Account	19.09	17.07
	Cheque in hand	0.08	0.00
	Sub- Total	**49.57**	**70.46**

(Rupees In Million)

Particulars	As at 30/09/03	As at 31/03/03
Loan and Advances (Unsecured, Considered Good)		
Advance Tax & tax deducted at source	34.14	33.24
Balance with central excise	7.35	5.48
Shares Application Money	39.46	39.50
Advanced recoverable in cash or kind for value to be received*	88.53	98.76
Considered Good	79.96	89.79
Considered Doubtful	1.50	1.50
Less: Provision for Doubts Advances	-1.50	-1.50
* Includes due from principal officers of the company Rs. “Nil” /- (P.Y. Rs. “Nil” /-) maximum amount due at any time during the year Rs. Nil (P.Y. Rs0.0 47/-) * Including due from companies in which director is a partners. Rs. 0.0 94/- (P.Y. Rs. 0.36/-)		
Others	2.56	0.00
Sub-Total	**172.04**	**176.99**
Schedule H; Current Liabilities & Provisions		
Current Liabilities		
Acceptances	0.00	3.19
Sundry Creditor (Ref. Note no. 10)	408.51	320.22
Advances from Customers	4.11	9.19
Interest accrued but not due	1.09	1.56
Other liabilities	125.43	131.16
Sub- Total	**539.14**	**465.32**
Provision:		
Provision for Taxation	42.22	52.58
Provision for Leave Encashment	6.55	4.28
Provision for Gratuity	3.72	1.81
Provision for Dividend on Equity Shares	0.00	5.15
Others	2.95	0.00
Tax on Equity Share Dividend	0.00	0.66
Sub- Total	**55.44**	**64.47**
Total..	**594.58**	**529.79**

(Rupees In Million)

Particulars	As at 30/09/03	As at 31/03/03
Schedule: I – Miscellaneous Expenditure		
(To the Extent Not Written –Off or Adjusted)		
Deferred Revenue Expenditure- Others	2.90	3.24
Total..	**2.90**	**3.24**

Schedule: E Fixed Assets (Rupees In Millions)

Particulars	Gross Block				Depreciation				Net Block	
	As At 1-April-03	Additon	Deduc-tion	As at 30-Sep.03	As At 1-April-03	Additon	Deduc-tion	As at 30-Sep-03	As At30-Sep-03	As at 31 Mar-03
Land**	31.55	1.75	0.00	33.31	0.00	0.00	0.00	0.00	33.31	31.55
Building	151.95	1.76	0.00	153.71	17.13	2.45	0.00	19.58	134.13	134.82
Plant & Machinery	794.09	2.79	0.57	796.31	102.78	25.01	0.42	127.37	668.94	691.31
Laboratory Equipments	55.35	7.68	0.00	63.03	9.48	1.42	0.00	10.90	52.13	45.87
Electric Installations	57.99	0.63	0.00	58.62	7.90	1.39	0.00	9.29	49.33	50.09
Electroplating Tank	0.02	0.00	0.00	0.02	0.01	0.00	0.00	0.01	0.01	0.01
Furniture & Fitting	26.53	1.23	0.00	27.76	6.52	1.31	0.00	7.83	19.93	20.01
Typewriter Telefax etc.	0.05	0.00	0.00	0.05	0.01	0.00	0.00	0.01	0.04	0.04
Computer & Printer@	21.59	4.78	0.00	26.37	10.37	2.32	0.00	12.69	14.16	11.22
Weight Scales	2.16	0.00	0.00	2.16	0.42	0.05	0.00	0.47	1.69	1.74
Vehicles@	30.76	1.15	0.60	31.31	9.53	1.47	0.13	10.87	20.44	21.23
Office Equipments	15.06	0.37	0.00	15.43	2.71	0.52	0.00	3.23	12.20	12.35
Safety Equipments	1.05	0.00	0.00	1.05	0.15	0.02	0.00	0.17	0.88	0.90
Product Development	0.00	20.00	0.00	20.00	0.00	0.00	0.00	0.00	20.00	0.00
Intellectual Property Rights	1.43	0.00	0.00	1.43	0.00	0.14	0.00	0.14	1.29	1.43
Total.	**1,189.58**	**42.14**	**1.17**	**1,230.56**	**167.01**	**36.10**	**0.55**	**202.56**	**1,028.48**	**1,022.57**
Capital works in Progress	6.95	57.24	20.64	43.55	0.00	0.00	0.00	0.00	43.55	6.95
Goodwill *	11.50	17.17	0.00	28.67	0.00	1.58	0.00	1.58	27.09	
Total.	**1,208.03**	**116.55**	**21.81**	**1302.78**	**167.01**	**37.68**	**0.55**	**204.14**	**1,099.12**	**1,029.52**
Previous Years	**993.08**	**881.90**	**678.45**	**1196.53**	**130.83**	**48.31**	**6.09**	**173.05**	**1,029.52**	

* Includes Goodwill arising out of Consolidation of accounts of Subsidiaries of Rs. 11.50 Millions.

Notes:

1. The Company had revalued its certain fixed assets viz Land Building & Plant & Machinery as on 31/03/1995 on the basis of their replacement value as of that date determinate by the Approved valuers.
2. Depreciation on Fixed Assets is computed on revalued cost of the fixed Assets in the cases were the Fixed assets have been revalued. However, the difference for the valued cost of the said fixed assets and original cost has been withdrawn from revaluation reserve account and credited to the deprecation fund account of the revalued assets.
3. Deduction to Plant and Machinery, Electric installation, Laboratory Equipment, Factory Building at Bavla Rs.0.09 (Previous year addition Rs. 0.41) being the difference in rate of exchange on the principal amount of the foreign currency loan.

**4. Lease holds land to be written off in the year in which the respective lease period expires.

@5. *Includes Under Hire Purchase Agreement Rs. 11.67 Million (P.Y. Rs. 9.41 Million) of Vehicles and Rs. 2.25 Million (P.Y. Rs. 2.29 Million) of Computer &Printer*

6. The Company will Amortize the Products Development Expenditure once the Intangible asset is put to commercial use in a period of the useful life of each product developed.

Particulars	**For the Period Ended on 30-Sep-03**	**For the Period Ended on 31-Mar-03**
Schedule J: - Other Income		
Dividend From Long Term Investment	0.03	0.12
Factory Rent (TDS Rs. NIL) (Pr. Yr. Rs.0.50/-)	0.00	2.40
Licence Premium	0.06	1.37
Income From Other Activities (Net)	0.33	0.75
Sundry Balance Written Back (Net)	0.00	1.29
Sales tax refund	0.00	0.21
Insurance Claim	0.36	0.33
Misc Income	2.75	11.91
Profit on sales of Fixed Assets	0.05	0.00
Total..	**3.58**	**18.37**
Schedule K : Increase/ (Decrease) In Stock		
Closing Stock		
- Finished Goods	206.62	185.76
- Stock In Process	239.08	171.04
Less: Opening Stock		
-Finished Goods	185.76	135.71
-Stock in process	171.04	225.08
Total..	**88.90**	**-3.98**

Particulars	For the Period Ended on 30-Sep-03	For the Period Ended on 31-Mar-03
Schedule L : Manufacturing Expenses		
Trading Purchase	0.95	4.65
Raw material Consumed	254.75	485.16
Store, Spares & Consumables	1.58	5.85
Packing Material Consumed	8.97	14.29
Material processing charges	1.34	7.81
Excise Duty	16.49	29.95
Power, Fuel & Electricity	25.97	40.10
Repairs & Maintenance		
-Plant & machinery Repairs	2.38	8.40
- Building Repairs	1.01	1.67
Other Repairs	1.88	2.05
Laboratory & Research & Development Expenses	3.99	6.42
Factory Expenses	0.23	0.33
Other Manufacturing Expenses	3.05	6.80
Total..	**322.60**	**613.47**
Schedule M : Employees Emoluments		
Salaries, wages & Bonus etc.	55.18	104.64
P.F And Other Funds	5.41	11.86
Welfare Expense	2.67	3.15
Managerial Remuneration	21.44	32.64
Total..	**84.71**	**152.29**
Schedule N Administrative Expenses		
Conveyance & Travelling	7.97	13.94
Legal and Professional Charge	8.16	17.40
Postage, Telephone and Telex	3.73	7.75
Stationery and printing	2.06	1.62
Office Expenses	0.92	3.38
Books, Periodicals, Sub. & Membership Fees	0.30	0.54
Insurance Premium	12.92	17.49
Provision for Doubtful Debts & Advances	0.00	0.47
Donation	0.01	0.41
Rates & Taxes	5.61	10.64
ECGC Premium	0.78	1.52
Advance License Fee	0.54	1.26
ISO Expenses	0.25	0.07
Office Electricity Expenses	0.93	1.51
Auditor Remuneration	0.60	0.83
Sales Tax Expenses	0.00	0.07
Loss on Sale of Fixed Assets	0.31	0.14
Penalty Expenses	0.01	0.08
Loss on sales of Shares / Forfeiture of shares	0.00	0.19
Recruitment Expenses	0.02	0.04
Miscellaneous Expense	1.65	3.18
Total..	**46.76**	**82.52**

Particulars	For the Period Ended on 30-Sep-03	For the Period Ended on 31-Mar-03
Schedule O; Financial charge		
Interest on Term Loan	35.13	13.07
Other Interest	22.71	40.19
Hire Charges	0.41	0.39
Other Financial Charges	5.15	9.60
Less:-		
Interest received (Gross)	-0.42	-1.88
Total..	**62.98**	**61.35**
Schedule P : Selling & Distribution Expenses		
Sales Commission	5.26	4.46
Advertisement	4.37	3.72
Gift & Complimentary	0.00	0.39
Clearing & Forwarding	14.53	34.97
Other	11.26	20.40
Total..	**35.42**	**63.94**

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2003.

(Rupees in Millions)

	Particulars	For the half year ended on 31-03-2003	For the Period ended on ended on 30-09-2003
A.	**Cash Flow from Operating Activities**		
	Net Profit Before Tax	**89.15**	**190.75**
	Adjustment for:		
	Depreciation	**37.13**	**42.27**
	Amortisation	**0.31**	**0.62**
	Interest Expenses	**58.25**	**53.67**
	Dividend Income	**-0.03**	**-0.12**
	Interest Income	**-0.47**	**-2.18**
	Loss /(Gain) on Sale of Investments (Net)		**0.19**
	Loss /(Gain) on Sale of Fixed Assets (Net)	**0.26**	**0.14**
	Operating Profit before Working Capital Changes	184.61	285.34
	Adjustment for (Increase) / Decrease in Working Capital:		
	Inventories	**-127.13**	**-18.70**
	Trade Receivables	**31.62**	**-179.24**
	Loans and Advances	**5.73**	**-17.35**
	Trade Payables and Provisions	**61.15**	**279.66**
	Cash generated from Operations	155.98	349.70
	Prior Period Adjustments (Net)	**-7.52**	**-2.88**
	Direct Taxes Paid (Net)	**-0.90**	**-19.40**
	Net Cash from Operating Activities	**147.56**	**327.42**
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	**-94.68**	**-230.42**
	Sale Fixed Assets	**0.35**	**7.01**
	(Increase) / Decrease in Misc Expenses	**0.03**	**-0.58**
	Purchase of Investments	**-0.04**	**0.00**
	Sale of Investments		**1.61**
	Inter-Corporate Deposits	**8.46**	**-2.86**
	Interest received	**0.47**	**2.18**
	Dividend Received	**0.03**	**0.12**
	Net Cash used in Investing Activities	**-85.38**	**-222.94**

(Rupees in Millions)

Particulars	For the half year ended on 31-03-2003	For the Period ended on ended on 30-09-2003
C. Cash Flow from Financing Activities:		
Repayment of Long Term Loans	**-19.01**	**-16.00**
Interest Paid	**-58.25**	**-53.67**
Dividend Paid	**-5.15**	
Dividend Tax Paid	**-0.66**	
Net Cash used in Financing Activities	**-83.07**	**-69.67**
Net increase in Cash and Cash Equivalents (A+B+C)	**-20.89**	**34.81**
Cash and Cash Equivalents as at 1st April (Opening Balance)	**70.46**	**35.64**
Cash and Cash Equivalents as at 30th September (Closing Balance)	**49.57**	**70.46**

Notes:

1. The Cash Flow Statement has been prepared under the “Indirect Method” as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date

For Kunte & Associates
Chartered Accountants

For and on behalf of the Board

Parag P. Jhaveri
Partner

Membership No 39190

Director

Director

Place: Ahmedabad

Date: 08/01/2004

Company Secretary

The subsidaries considered in the Consolidated Financial statements as at September 30, 2003 are Dishman Europe Limited, Dishman USA, INc., Dishman (Cyprus) Limited, Pharma Syn B.V., Dishman Holland B.V. and Dishman Afirca (PYT) Limited.

SELECTED FINANCIAL DATA (AS PER UNCONSOLIDATED FINANCIAL STATEMENTS UNDER INDIAN GAAP)

SELECTED FINANCIAL DATA

The following financial data have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of M/s Kunte & Associates dated January 8, 2004 in the section entitled "Indian GAAP Financial Statements" on page 151 of this Prospectus. You should read this financial data in conjunction with our financial statements (as restated) for period ended March 31, 2001 2002, 2003 and the half-year ending September 30, 2003 (H1-2004) including the notes thereto and the reports thereon, which appear elsewhere in this Prospectus, and "Management's Discussion and analysis of financial condition and results of operations". For the purpose of this section, any reference to "we", "us" or "our" refers to Dishman Pharmaceuticals and Chemicals Limited.

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs. In mn)

PARTICULARS	For the Half year ended September 30, 2003	For the year ended March 31, 2003	For the year ended March 31, 2002	For the year ended March 31, 2001
INCOME				
Sales :				
Export Sales	376.32	934.79	505.69	445.71
Domestic Sales	144.22	209.29	347.21	288.44
Gross Sales	**520.54**	**1144.08**	**852.89**	**734.15**
Less : Sales Tax, Return & Sales Capitalised	3.97	61.44	25.42	24.00
Net Sales	**516.57**	**1082.64**	**827.47**	**710.15**
Increase/(Decrease) in Stock	60.47	-45.66	34.67	85.92
Other Income	1.18	6.90	11.25	7.82
	578.22	**1043.88**	**873.39**	**803.89**
EXPENDITURE				
Manufacturing Expenses	322.60	613.47	544.15	511.20
Employees' Emoluments	46.54	79.03	65.95	58.90
Administrative & Other Expenses	49.22	88.91	77.53	68.16
Depreciation	34.44	40.84	35.79	33.91
Financial Charges	60.21	59.41	61.29	56.08
Miscellaneous Expenditure Written off	0.31	0.62	0.56	1.16
Total Expenditure	**513.32**	**882.28**	**785.27**	**729.42**
Profit before Tax and Other Adjustment	**64.90**	**161.60**	**88.12**	**74.47**
Prior Period Adjustments	4.79	2.88	9.42	0.13
	60.11	**158.71**	**78.71**	**74.34**
Provision for Tax				
Current Tax	4.50	10.00	7.70	9.70
Deferred Tax	0.00	6.15	0.00	0.00

(Rs. In million)

PARTICULARS	For the Half year ended September 30, 2003	For the year ended March 31, 2003	For the year ended March 31, 2002	For the year ended March 31, 2001
Net Profit after tax as per audited statement of Accounts (A)	**55.61**	**142.57**	**71.01**	**64.64**
Carried forward Profit from Previous Year	263.45	126.69	88.98	35.18
Profit available for appropriation	**319.06**	**269.26**	**159.99**	**99.82**
Less :				
Transfer to General Reserve	0.00	0.00	0.00	0.00
Transfer to Capital Redemption Reserve	0.00	0.00	24.90	0.00
Proposed/Interim Dividend on				
— Equity	0.00	5.15	5.15	5.15
— Preference	0.00	0.00	2.47	4.23
Corporate Dividend Tax on				
— Equity	0.00	0.66	0.53	0.53
— Preference	0.00	0.00	0.25	0.93
Balance carried forward to Balance Sheet	**319.06**	**263.45**	**126.69**	**88.98**
EARNINGS PER SHARE	*** 5.40**	**13.84**	**6.63**	**5.77**

* represents earnings per share for a period of six months.

II. SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In million)

PARTICULARS	As at September 30, 2003	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001
A. Fixed Assets:				
Gross Block	1224.42	1184.95	593.65	523.30
Less: Depreciation	199.63	165.40	129.96	91.68
Net Block	**1024.79**	**1019.54**	**463.69**	**431.61**
Add: Capital work in progress	43.53	6.93	396.66	138.93
Total	**1068.32**	**1026.47**	**860.35**	**570.54**
Less:-				
Revaluation Reserve	19.22	19.57	20.36	21.04
Net Block (after adjustment of Revaluation Reserve)	1049.10	1006.90	839.99	549.50
B. Investments	26.20	26.16	23.07	24.21

(Rs. In million)

PARTICULARS		As at September 30, 2003	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001
C	**Current Assets, Loans & Advances**				
	Inventories	453.11	354.42	376.75	332.35
	Sundry Debtors	293.78	352.94	237.19	220.93
	Cash and Bank Balances	25.47	22.20	25.38	30.40
	Loans and Advances	160.91	169.52	131.15	153.68
	Total	**933.27**	**899.08**	**770.47**	**737.36**
D.	**Liabilities and Provisions:**				
	Secured Loans	938.49	1007.71	843.54	701.95
	Unsecured Loans	67.10	8.41	191.44	43.66
	Current Liabilities and Provisions	464.27	433.28	258.74	263.61
	Deferred Tax Liability	19.01	19.01	0.00	0.00
	Total	**1488.87**	**1468.41**	**1293.72**	**1009.21**
E.	**Net Worth (A+B+C-D)**	**519.70**	**463.73**	**339.81**	**301.86**
F.	**Represented by**				
	Paid-up Share Capital:				
	- Equity Shares	103.00	103.00	103.00	103.00
	- 17% Cumulative Redeemable Preference Shares	Nil	Nil	Nil	24.90
	Reserves and Surplus	438.82	383.55	260.45	198.53
	Less: - Revaluation Reserve	19.22	19.57	20.36	21.04
	Reserve & Surplus after adjustment of Revaluation Reserve	**419.60**	**363.98**	**240.09**	**177.49**
	Total	**522.60**	**466.98**	**343.09**	**305.39**
G.	Miscellaneous expenditure to the extent of not written off or adjusted	2.90	3.24	3.28	3.53
H.	**Net worth (F-G)**	**519.70**	**463.74**	**339.81**	**301.86**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS PER UNCONSOLIDATED INDIAN GAAP)

You should read the following discussion of our financial condition and results of operations together with our audited financial statements (as restated) for the period ended March 31, 2001, 2002, 2003 and the half-year ending September 30, 2003 (H1-2004), including the notes thereto and the reports thereon, which appear elsewhere in this Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of M/s Kunte & Associates dated January 8, 2004 in the section with the title "Indian GAAP Financial Statements".

The following discussion is based on our audited financial statements (as restated) for fiscal 2001, 2002, 2003 and H1-2004, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year, except for the half-year ended on September 30, 2003, where the period is six months.

Overview

We are a research driven company in synthetic chemistry. Our research and development efforts are focused on process improvements of our contract manufactured molecules, laboratory and pilot studies for new molecules, ongoing process improvements and optimization of the processes used at our facilities and in-house applications related to various speciality chemicals and intermediates. We started our commercial production in 1989, based on the experience in research and development activities of our promoter Shri. Janmejay R. Vyas. This production included various fine and speciality chemicals like QUATs from our Naroda facility in the state of Gujarat.

Since our inception, our focus has been on the developed markets of the U.K. and USA and bulk of our products are being marketed in these countries. We are one of the global producers of QUATS in the world. During 1995-96, we introduced bulk actives and pharma intermediates, based on our knowledge of synthetic chemistry. We also visualized about graduating into a contract manufacturing organization ("CMO") based on our R&D experience and relationships developed with global MNC customers. We have completed two contract research projects with Solvay and have undertaken one for another MNC.

Focus on key drivers listed below have enabled us to obtain higher business from various MNCs from developed countries for their product / process development, supply of intermediates for the pipeline APIs and also for their patented products. Some of the key drivers are listed below: -

(1) Adherence to Intellectual Property Rights / GATT
(2) R&D Department having capabilities to come up with efficient and cost effective processes at short notice.
(3) Increased focus on CMO / CRO activities in both pharma and non-pharma segments.
(4) Infrastructure availability of process research labs, scale up, pilot plant, validation block and full-scale production blocks.
(5) Manufacturing facility complying to GMP standards capable to produce volumes with tight delivery schedules
(6) Manufacturing of the APIs and Intermediates from very basic raw materials and hence ensuring value addition at competitive costs and prices.
(7) Capability to establish new production and other facilities in the shortest possible time for new long-term contracts.
(8) Compliance to Safety, Health and Environment issues.

We are able to sell the products to Solvay in European Countries. We have also filed for regulatory approvals with USFDA for EM. The USFDA approvals, when received would enable us to access the regulated markets in USA, where the market size is too large.

Business Performance

Revenue:

Our unconsolidated total income and profit after tax for the year ended March 31, 2003 was Rs. 1043.88 mn and Rs. 142.57 mn respectively as compared to a total income and profit after tax of Rs. 873.39 mn and Rs. 71.01 mn respectively for the year ended March 31, 2002. The trend of net sales (Export & Domestic) for the past 3 years and H1 2004 is as under:

(Rs. in million)

FY	2001	2002	2003	Six Months ended Sept 03
Export Sales	445.71	505.69	934.79	376.32
Domestic Sales	288.44	347.21	209.29	144.22
Gross Sales	734.15	852.89	1144.08	520.54
Less : Sales Tax, Returns & Capitalisation	24.00	25.42	61.44	3.97
Total Net Sales	710.15	827.47	1082.64	516.57
% age increase over the previous year	-13.70 %	16.52 %	30.84 %	—

We have maintained our focus on development of APIs / Intermediates for the pipeline and patented / licensed products of MNCs while maintaining / strengthening our position in the Quats and Speciality Chemicals. While hitherto our focus was on the business on stock / order to order basis, with repeat orders, we have now entered into long term contract manufacturing (CMO) business and CMO is now a major driver for future business.

(In Rs. Mn.)

	As on March 31, 2003			For the period ended September 30, 2003
Product segment	**2001**	**2002**	**2003**	
QUATS & Specialty chemicals	391.04	410.36	352.74	194.69
Bulk actives & intermediates	328.09	391.46	379.45	139.70
Contract manufacturing and contract research	15.02	51.07	411.89	186.15
TOTAL	**734.15**	**852.89**	**1144.08**	**520.54**

We manufacture a large number of QUATs and intermediates and APIs having a diverse range of price realisation. The total turn over and the average realisation vary from year to year based on the product mix in the year. During FY 2000, there was execution of a one-time single bulk order of Rs. 364.83 million for a MNC in the US. Excluding this, there was an increase in net sales by 53.58 % during FY 2001 compared to the previous year.

We commenced the commercial production as a CMO under the first long-term contract entered into with Solvay with effect from March 2003 in the new dedicated production facilities created for the purpose. Again as per our long-term strategy, we expect the CMO/CRO segment to be a major driver and contributor to the business, coming from the existing customer Solvay and new long-term contracts, which are currently in pipeline and are at various stages of negotiations.

Our net sales in fiscal 2003 of Rs 1082.64 million, represent CAGR of 15.09% since fiscal 2001.

Our export sales represented 61%, 59%, 82% and 72% of our Gross Sales in fiscal 2001, fiscal 2002 and fiscal 2003, H1 2004 respectively. Export sales increased by 13% from Rs. 445.71 million in fiscal 2001 to Rs. 505.69 million in fiscal 2002, and by 85% to Rs. 934.79 million in fiscal 2003.

As most of our business is from exports and with adoption of CMO model, the exports will grow further, our Bavla Plant is operated as 100 % Export Oriented Unit under the Government of India EOU Policy from fiscal 2003 and obtained the permission to operate Naroda new unit as 100 % EOU Unit, when it commences production.

Our business has grown by 31% during fiscal 2003 primarily because of commencement of commercial production of various products to be supplied to Solvay under the various long-term contracts executed with Solvay.

We export our products to Europe, USA, Japan, Asia-Pacific, The Republic of South Africa, Middle East, *etc*. Our income from export of our products and services was Rs. 445.71 mn and Rs. 505.69 mn and Rs. 934.79 mn for the year ended March 31, 2001, March 31, 2002 and March 31, 2003, respectively. We have set-up wholly owned/step down subsidiaries in USA, the U.K., Cyprus, The Netherlands and The Republic of South Africa to provide us a locational and/or marketing presence in these countries.

As on March 31, 2003, the geographical spread of our sales of different product segments was as stated below. The percentage figures are the sale in a particular area as a percentage to the total sale of the product segment.

	QUATS & Speciality chemicals		Bulk actives & intermediates		CM & CR		Total	
	Rs.Mn	**%**	**Rs.Mn**	**%**	**Rs.Mn**	**%**	**Rs.Mn**	**%**
Europe	265.25	75.20	126.85	33.43	411.89	100.00	803.99	70.28
North America	18.08	5.13	28.98	7.64	-	-	47.06	4.11
Japan	6.75	1.91	-	-	-	-	6.75	0.59
Asia-Pacific	10.36	2.94	40.80	10.75	-	-	51.16	4.47
Middle-East	15.55	4.41	7.50	1.98	-	-	23.05	2.01
South Africa	0.72	0.20	2.06	0.54	-	-	2.78	0.24
India	36.03	10.21	173.26	45.66	-	-	209.29	18.30
TOTAL	**352.74**	**100.00**	**379.45**	**100.00**	**411.89**	**100.00**	**1144.08**	**100.00**

Other Income

In past years, Other Income mainly comprised of export benefits from Government of India and the lease rent of our property to our joint venture company. It also includes the income of our other two divisions. The net income after providing for the expenses from Adimans Travels, one of our divisions was Rs. (0.34) mn, Rs. (0.68) mn, Rs. (0.16) mn and Rs. 0.06 mn during the financial years ended March 31, 2001, 2002, 2003 & six months period ending on September 30, 2003 respectively. Similarly, the net income after providing for the expenses from Business Centers, another division of the Company was Rs.2.58 mn, Rs. 1.04 mn, Rs. 0.91 mn and Rs. 0.27 million during the financial years ending March 31, 2001, 2002, 2003 & six months period ending on September 30, 2003 respectively.

Excise Duty:

Excise Duty is levied on the products produced by us. The prevailing rate is 16% ad valorem, payable at the time of removal of the products for domestic sales, after adjustments of the credits of Central Value Added Tax available on capital goods and other inputs procured by the company, as per the Central Excise Rules and Regulations.

Price Trends

We have diversified range products in QUATs and Speciality chemicals segments and we are facing major competition from only a few global companies based in Europe and USA. The general category of QUATs is competitive. However, our strategy is to focus on specialised QUATs having higher value addition and limited competition, so as to balance the product mix in this specific category for the purpose of successfully meeting with the price and margin pressures. However, generally overall price trend in this segment has remained stable over last few years.

In the regulated markets, qualifying or changing an approved source of an API involves elaborate regulatory documentation and compliance and is a time consuming and costly process. Hence the formulators in these markets would select their API suppliers only after a detailed evaluation of their strengths. The general trend is to switch from the high cost European producers to equally quality conscious Indian manufacturers having the necessary regulatory clearances.

We are one of the competitive manufacturers of APIs for the open markets as well as a contract manufacturer for our customers in the regulated markets. We also expect to maintain our competitive edge through continuous research, process improvements and cost reduction. We are also concentrating on business of intermediates and APIs for major end-user customers, where the prices are relatively more stable.

In the long-term contracts executed under the CMO model, *e.g.* in the toll manufacturing contract with Solvay, there is inbuilt mechanism for readjusting the product prices at periodical intervals depending upon the market trend of raw materials, utilities etc. and other related factors

Expenditure

We continuously focus our R&D efforts towards achieving process improvements and cost efficiencies. This has enabled us to partly offset any adverse price movements in these products.

Raw Material Cost:

With the process improvements, appropriate changes in the product mix, adoption of CMO business model etc. our raw material consumption as percentage to the value of production (raw material consumed as % to net sales, exclusive of excise duty +/- stock adjustment) has shown a decreasing trend as shown below.

(Rs. in million)

FY	2001	2002	2003	Six Months ended Sept 03
Net Sales	710.15	827.47	1082.64	516.57
Increase (Decrease) in Stock	85.92	34.67	(45.66)	60.47
Less Excise duty paid	37.85	45.93	29.95	16.49
Value of production, after adjustment of excise duty paid	758.22	816.21	1007.03	560.55
Raw material consumed	396.50	428.62	489.81	255.69
% age of raw material consumed to value of production	52.29 %	52.51 %	48.64 %	45.61 %

Operating (Other than Raw materials) and other expenses:

Operating and other expenses have increased 22.76 % from Rs. 213.64 million in fiscal 2002 to Rs. 262.27 million in fiscal 2003 (compared to an increase of 4.18 % from fiscal 2001 - Rs. 205.07 million - to fiscal 2002). The increase was mainly due to higher net sales by 30.84 % in fiscal 2003 over fiscal 2002. Principal components of operating and other expenses are manufacturing expenses other than raw materials viz. power and fuel, stores & spares, packing materials, repairs and maintenance, laboratory and R & D expenses, factory overheads etc., employee emoluments, administrative, selling & distribution expenses viz. rates & taxes, post, telephone and fax expenses, insurance, office expenses, ISO expenses, clearing, forwarding and freight, outward expenses, sales commission, advertisement expenses etc.

Depreciation

Our Depreciation policy is as under:

1. Depreciation on Fixed Assets has been provided on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
2. Addition to fixed assets on account of transaction of foreign currency liabilities for acquisition of fixed assets is depreciated over the residual life of the respective assets.
3. Expenditure incurred on development of the production process of manufacturing molecules and also updated/modified the existing production process of various products are capitalized as intangible assets and are amortised over the period of useful life of each product once the exploitation of the respective product starts.

Taxation / Deferred Tax

We include the tax expense for the year, comprising current tax and deferred tax, to determine the net profit/(loss) for such year.

We make provision for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

We are entitled and would continue to enjoy Income tax concession under section 80HHC of the Income Tax Act, 1961, albeit on a decreasing basis till FY2005. Our Bavla Unit is declared as 100% EOU during FY 2002-03 and the profit earned from exports by Bavla Unit are exempt under section 10B of the Income Tax Act with effect from FY 2003. Similarly, our Naroda new unit is also declared as a 100 % EOU and the profit that will be earned from exports by new Naroda Unit will be exempt under section 10B of the Income Tax Act. Our Income Tax out-go is expected to decrease over the next few years as the benefit of deduction available under Section 10B will continue, which was not earlier available.

The concessions under Section 80HHC of the Income Tax Act, are available by way of a deduction from the total income chargeable to tax and are tabulated below:

Financial Year	% deduction allowed from total income
2002	70 %
2003	50 %
2004	30 %

We changed our accounting policy for taxes on income in fiscal 2003, to comply with the provisions of new accounting standard relating to accounting for taxes on income, issued by the Institute of Chartered Accountants of India and as applicable to us. We make provision for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates. As prescribed in the Accounting Standard -22, Deferred Tax is provided in the books with effect from April 2002. Deferred Tax Liability as on April 2002, estimated at Rs. 12.87 million has been adjusted against the General Reserve Account as on April 2002

We recognize deferred tax assets only if there is reasonable certainty that they will be realized and we review our deferred tax assets for the appropriateness of their respective carrying values at each balance sheet date.

Earnings Before Interest, Depreciation, Tax and Amortisation.

A comparison of EBIDTA (Rs. in million) and as percentage to value of production after adjustment of excise duty paid for the past periods is as under:

(Rs. in million)

FY	2001	2002	2003	Six Months ended Sept 03
Value of production, after adjustment of excise duty paid	758.22	816.21	1007.03	560.55
Profit After Tax	64.64	71.01	142.57	55.61
Add : Finance Charges	56.08	61.29	59.41	60.21
Depreciation	33.91	35.79	40.84	34.44
Tax	9.70	7.70	16.15	4.50
Amortisation	1.16	0.56	0.62	0.31
EBIDTA	165.49	176.35	259.59	155.07
% of EBIDTA to value of production	21.83 %	21.61 %	25.78 %	27.66 %

The increase in the EBIDTA in fiscal 2003 and H1 2004 over previous years is mainly due to lower raw materials consumption and higher value addition in CMO segment, which commenced its contribution more from fiscal 2003 onwards and higher volumes.

Profit After Tax

The profit after tax was Rs. 55.61 million in H1 2004, Rs. 142.57 million in fiscal 2003, and Rs. 71.01 million in fiscal 2002 and Rs. 64.65 million in fiscal 2001. Our profit after tax margins to net sales have been 9.09 %, 8.58 %, 13.17 % and 10.77 % for the fiscal years 2001, 2002 and 2003 and H1 2004, respectively.

Sundry Debtors

The following table presents the details of our debtors:

(Rs. in million)

Particulars	**30th September 2003**	**31st March 2003**	**31st March 2002**	**31st March 2001**
Net Sales	516.57	1082.64	827.47	710.15
Outstanding Drs at the end of the period	293.78	352.94	237.19	220.93
Debtors Less than 180 Days	260.06	324.48	198.45	212.59
Debtors More than 180 days	33.72	28.46	38.74	8.34
Debtors Less than 180 days as % to total Drs	88.52 %	91.94 %	83.67 %	96.23 %
Debtors More than 180 days as % to total Drs	11.48 %	8.06 %	16.33 %	3.77 %
Bad Debts Written off / Provision	—	0.47	0.41	3.95
No of days outstanding Debtors (Days)	104	119	105	114
% of Bad Debts to sales	-	0.04 %	0.05 %	0.56 %

The number of days for which sales are outstanding are to be considered taking into consideration the fact that the credit period includes the transit time to reach the products to the destination as sales are on CIF basis, the stocking period by WOSs and the credit period offered to the ultimate customers by WOSs as per the practice prevailing in the international market.

OUR RESULTS OF OPERATIONS

The table below sets forth various line items from our audited financial statements for fiscal 2001, 2002, 2003 and H1 2004, as a percentage of net value of production, which is defined as total net sales excluding excise duty and increase / decrease in stock.

(Rs. in million)

Particulars	H1 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
SALES				
Net Sales	516.57	1082.64	827.47	710.15
Less: Excise Duty	16.49	29.95	45.93	37.85
Sub Total	500.08	1052.69	781.54	672.30
Increase / Decrease in Stock	60.47	(45.66)	34.67	85.92
Net Value of Production (NVoP)	**560.55**	**1007.03**	**816.21**	**758.22**
Raw Material Cost to (NVoP)	**45.61%**	**48.64%**	**52.51%**	**52.29%**
Cost of Raw Materials	255.69	489.81	428.62	396.50
Operating and other Expenses to (NVoP)	**26.13%**	**26.04%**	**26.17%**	**27.05%**
Operating & other Expenses	146.49	262.27	213.64	205.07
Depreciation to (NVoP)	**6.14%**	**4.06%**	**4.38%**	**4.47%**
Depreciation	34.44	40.84	35.79	33.91
Finance Charges to (NVoP)	**10.74%**	**5.90%**	**7.51%**	**7.40%**
Finance Charges	60.21	59.41	61.29	56.08
Profit before tax to (NVoP)	**10.72%**	**15.76%**	**9.64%**	**9.81%**
Profit before tax	60.11	158.72	78.70	74.35
Profit after tax to (NVoP)	**9.92%**	**14.16%**	**8.70%**	**8.53%**
Profit after tax	55.61	142.57	71.00	64.65

COMPARISON OF FISCAL 2002 WITH FISCAL 2001

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2002 INCLUDE THE FOLLOWING:

Long-term agreements were executed in January 2001 with Solvay for supply of Eprosartan and its three starting materials. Project work on establishment of dedicated GMP production facility for three starting materials and a production facility considered by Solvay to have been constructed in compliance with certain principles specified by the US FDA in the Code of Federal Regulations, USA.

Value of Production.

Our value of production comprising of export and domestic sales and changes in inventory of finished goods and work-in-process and after adjustment of excise duty paid, increased by 7.65 % from Rs. 758.22 million in fiscal 2001 to Rs. 816.21 million in fiscal 2002.

Net Sales

Net Sales increased 16.52 % from Rs. 710.15 million in fiscal 2001 to Rs 827.47 million in fiscal 2002. Both export and domestic sales contributed to the increase.

Other Income

Other income increased by 43.86 % from Rs. 7.82 million in fiscal 2001 to Rs. 11.25 million in fiscal 2002. The increase primarily resulted from export benefits.

Expenditure

Our expenditure on raw materials consumption increased by 8.10 % from Rs. 396.50 million in fiscal 2001 to Rs. 428.62 million in fiscal 2002. This increase is by and large in line with the increase in the value of production.

The increase in operating and other expenses increased 4.18 % from Rs. 205.07 million in fiscal 2001 to Rs. 213.64 million in fiscal 2002. Expenditure as a percentage of net value of production decreased from 27.05 % in fiscal 2001 to 26.17 % in fiscal 2002 due to increased growth in net sales as compared to expenditure.

During fiscal 2002, the Company had written off preliminary expenses to the extent of Rs.0.56 million compared to Rs. 1.16 million in fiscal 2001.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA increased by 6.56 % from Rs. 165.49 million in fiscal 2001 to Rs. 176.35 million in fiscal 2002. However, EBIDTA as percentage to value of production after adjustment of excise duty paid decreased marginally from 21.83 % in fiscal 2001 to 21.61 % in fiscal 2002.

Finance Charges

Finance charges increased by 9.29 % from Rs. 56.08 million in fiscal 2001 to Rs. 61.29 million in fiscal 2002 as the amount of total secured loan increased from Rs.701.95 million in fiscal 2001 to Rs. 843.54 million in fiscal 2002. The unsecured loan also increased from Rs.43.66 million in fiscal 2001 to Rs. 191.44 million in fiscal 2002. Finance charges as a percentage of value of production marginally increased from 7.40% in fiscal 2001 to 7.51 % in fiscal 2002.

Depreciation

Depreciation increased by0.554 % from Rs. 33.91 million in fiscal 2001 to Rs. 35.79 million in fiscal 2002. Gross block of fixed assets (excluding capital work-in-progress) increased by 13.44 % from Rs.523.30 million in fiscal 2001 to Rs. 593.65 million in fiscal 2002 due to ongoing work on Solvay Project during the year. As a percentage of value of production, depreciation cost decreased marginally from 4.47 % in fiscal 2001 to 4.38 % in fiscal 2002.

Income tax

Provision for current tax decreased from Rs. 9.70 million in fiscal 2001 to Rs. 7.70 million in fiscal 2002.

Profit after tax

Profit after tax was Rs.64.65 million in fiscal 2001 as compared to profit after tax of Rs. 71.01 million in fiscal 2002. The profit after tax as percentage to value of production increased marginally from 8.53 % in fiscal 2001 to 8.70 % in fiscal 2002.

COMPARISON OF FISCAL 2003 WITH FISCAL 2002

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2002 INCLUDE THE FOLLOWING:

Solvay Project was completed and the commercial production commenced. This has an overall impact on turnover and profitability, which improved substantially as explained hereunder:

Value of Production

Our value of production comprising of export and domestic sales and changes in inventory of finished goods and work-in-processand after adjustment of excise duty paid, increased by 23.38 % from Rs. 816.21 million in fiscal 2002 to Rs. 1007.03 million in fiscal 2003.

Net Sales

Net Sales increased by 30.84 % from Rs 827.47 million in fiscal 2002 to Rs 1082.64 million in fiscal 2003. The export sales increased substantially due to the substantial increase in supplies to Solvay.

Other Income

Other income decreased by 38.67 % from Rs. 11.25 million in fiscal 2002 to Rs. 6.90 million in fiscal 2003. The decrease primarily resulted from export benefits.

Expenditure

Our expenditure on raw materials consumption increased by 14.28 % from Rs. 428.62 million in fiscal 2002 to Rs. 489.81 million in fiscal 2003, though the consumption of raw materials as percentage to value of production decreased from 52.51 % to 48.64 %. This increase is by and large in line with the increase in the value of production.

The increase in operating and other expenses increased 22.76% from Rs. 213.64 million in fiscal 2002 to Rs. 262.27 million in fiscal 2003. Expenditure as a percentage of net value of production decreased from 26.17 % in fiscal 2002 to 26.04 % in fiscal 2003 due to increased growth in net sales as compared to expenditure.

During fiscal 2003, the Company had written off preliminary expenses to the extent of Rs.0.62 million compared to Rs. 0.56 million in fiscal 2002.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA increased substantially by 47.20 % from Rs. 176.35 million in fiscal 2002 to Rs. 259.59 million in fiscal 2003. EBIDTA as percentage to value of production after adjustment of excise duty paid also increased from 21.61 % in fiscal 2002 to 25.78 % in fiscal 2003.

Finance Charges

Finance charges decreased by 3.07 % from Rs. 61.29 million in fiscal 2002 to Rs. 59.41 million in fiscal 2003 as the amount of total secured and unsecured loans decreased marginally from Rs.1034.98 million in fiscal 2002 to Rs. 1016.12 million in fiscal 2003. Finance charges as a percentage of value of production decreased from 7.51 % in fiscal 2002 to 5.90 % in fiscal 2003 mainly due to higher sales.

Depreciation

Depreciation increased by 14.11 % from Rs. 35.79 million in fiscal 2002 to Rs. 40.84 million in fiscal 2003, as Solvay project was commissioned during last quarter of fiscal 2003. Gross block of fixed assets (excluding capital work-in-progress) increased by 99.60 % from Rs.593.65 million in fiscal 2002 to Rs. 1184.95 million in fiscal 2003 due to completion of Solvay Project in the last quarter of fiscal 2003. As a percentage of value of production, depreciation cost decreased marginally from 4.38 % in fiscal 2002 to 4.06 % in fiscal 2003, due to higher volume of turnover.

Income tax

Provision for current tax increased from Rs. 7.70 million in fiscal 2002 to Rs. 10.00 million in fiscal 2003, due to higher taxable profits and gradual reduction of tax benefits on export profits.

During fiscal 2003, in view of the change in accounting policy for taxes on income, provision of Rs.19.01 million was made for deferred tax, which included provisions of Rs.12.87 million for cumulative net deferred tax until March 2002, which was adjusted from Reserve and Surplus. This was done to comply with the provision for Mandatory Accounting Standard – 22 "Taxes on Income", which was mandatory for us from fiscal 2003.

Profit after tax

Profit after tax was Rs.142.57 million in fiscal 2003 as compared to profit after tax of Rs. 71.01 million in fiscal 2002. The profit after tax as percentage to value of production increased substantially from 8.70 % in fiscal 2002 to 14.16 % in fiscal 2003.

COMPARISON OF FIRST SIX MONTHS OF FISCAL 2004 WITH FISCAL 2003

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2002 INCLUDE THE FOLLOWING:

Supplies to Solvay continued. Further, as the current period is for six months, compared to full year for fiscal 2003, the comparison is mainly in percentage terms to establish the trend in respect of major items.

Expenditure

Our expenditure on raw materials consumption as percentage to value of production after adjustment of excise duty further reduced from 48.64 in fiscal 2003 to 45.61 % in fiscal H1 2004.

In past our sales in the first half is lower than the second half. The percentages of expenses that do not vary with the production level but are fixed for a period therefore in the first half will be higher compared to the year as a whole. The following comparisons are to be viewed bearing these facts.

The increase in operating and other expenses as a percentage of net sales was marginal - from 26.04 % in fiscal 2003 to 26.13 % in fiscal H1 2004.

During fiscal H1 2004, the Company had written off preliminary expenses to the extent of Rs.0.31 million for a six-month period compared to Rs. 0.62 million in fiscal 2003.

Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA)

EBIDTA margin as percentage to value of production after adjustment of excise duty paid further improved from 25.78 % in fiscal 2003 to

27.66 % in fiscal H1 2004

Finance Charges

Finance charges as a percentage of value of production increased from 5.90% in fiscal 2003 to 10.74 % in fiscal H1 2004 as on commissioning of Solvay Project, the full interest was charged to revenue.

Depreciation

As a percentage of value of production, depreciation cost also increased from 4.06 % in fiscal 2003 to 6.14 % in fiscal H1 2004 as on commissioning of Solvay Project, the full interest was charged to revenue.

Income tax

Provision for current tax increased from Rs. 7.70 million in fiscal 2002 to Rs. 10.00 million in fiscal 2003, due to higher taxable profits and gradual reduction of tax benefits on export profits.

Profit after tax

Profit after tax as percentage to value of production decreased from 14.16 % in fiscal 2003 to 9.92 % in fiscal H1 2004, even when EBDITA improved from 25.78 %in fiscal 2003to 27.66 % in fiscal H1 2004 as higher fixed costs on interest and depreciation were to be absorbed.

Liquidity and Capital Resources

Liquidity

Our primary liquidity needs have been historically to finance our capital expenditure. To fund these costs, we have relied on cash flows from operations.

Cash Flows

The table below summarizes our cash flows for fiscal 2003 and H1 2004:

(Rs. in millions)

Cash Flow	**H1 2004**	**Fiscal 2003**
Net Cash Flow from operating activities	153.07	279.45
Net Cash (Used in) investing activities	(67.99)	(213.31)
Net Cash flow from financing activities	(81.82)	(69.32)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.26	(3.18)
Opening Cash Balance	22.20	25.38
Closing Cash Balance	25.46	22.20

Figures in brackets represent cash outflow

Our cash flows are influenced primarily by capital expenditure, cash from operations and incurrence and repayment of debt. Our net cash flow from operating activities was Rs.279.45 million in fiscal 2003, primarily due to our reduced working capital requirements and profit before tax in fiscal 2003. Our net cash flow from operating activities for H1 2004 was Rs. 153.07 million for six-month period, primarily due to our reduced working capital requirements and net profit before tax in H1 2004.

Net cash used in investing activities was Rs.213.31 million in fiscal 2003 and Rs.67.99 million in H1 2004. Our net cash used in investing activities for fiscal 2003 and H1 2004 related primarily for purchase of fixed assets.

Indebtedness

Key terms of our outstanding indebtedness as of September 30, 2003 were as follows:

The total outstanding secured loans of Rs. 938.49 million (including Rs. 20.72 million interest accrued and due) as on 30th September 2003 can be divided in the following groups. In brief, the terms of each group of loan can be as under:

1. Working Capital finance – Rs. 431.84 million – The interest rates on Pre and post shipment Export Credit is as fixed by RBI from time to time and Cash-credit and Working Capital Demand loan is linked to the lending bank's PLR. The security offered is charge on all current assets; first charge on fixed assets located at Naroda and second charge on fixed assets located at Bavla.

2. Loans from Exim Bank – Rs. 251.48 million – There are two types of loans, Project loan (Rs. 104.00 million), where fixed interest rate is 14.50 % per annum and equipment loan (Rs. 147.48 million), where fixed interest rate is 15 % per annum. These loans are secured interalia by first charge on the assets located at Bavla.
3. Secured Amortising loan against future receivables from Solvay – Rs. 219.99 million. The loan is sanctioned against the secur ity of receivables from Solvay by Rabo India Finance Pvt Ltd (now assigned to UTI Bank Ltd) Rs. 130.20 million at the floating interest rate of 10.50 % per annum and Lord Krishna Bank Ltd at a fixed interest rate of 12.50 % per annum and outstanding amount as on 30th September was Rs. 89.79 million.
4. Loans from Banks of smaller amounts from each bank, whose total outstanding as on 30th September 2003 is aggregating to Rs. 7.80 million. The security offered is the specific asset purchased from the loan and interest rate, which is the fixed rate varies between 14 % to 18 % per annum.
5. Hire Purchase loan from various Banks and Non Banking Financial institutions against the security of the specific assets. The outstanding as on 30th September 2003 is aggregating to Rs. 6.65 million. The interest rate is a fixed rate and varies from 12 % to 15 % per annum.

Historical and Planned Capital Expenditures

In fiscal 2001, we made additions to Fixed Assets, including capital work in process amounting to Rs.258.48 million, primarily for contract manufacturing project.

In fiscal 2002, we made additions to Fixed Assets, including capital work in process amounting to Rs.328.08 million, primarily for our contract manufacturing project.

In fiscal 2003, we made additions to Fixed Assets, including capital work in process amounting to Rs.201.57 million primarily to complete and commission the contract manufacturing project.

In first half of fiscal 2004, we made addition to Fixed Assets, including capital work in process amounting to Rs. 76.07 million.

We have capital expenditure plan with aggregate amount of Rs.394 million in fiscal 2004 to 2006 for the purposes of establishment of the following projects :

- Setting up of a GMP API plant
- Setting up of a GMP Intermediate Plant
- Setting up of a dedicated research and developed centre
- Expansion of the existing facilities

We may adjust the amount of our capital expenditure upward or downwards based on our expansion plans.

Related Party Transactions

For details of related party transactions, please refer to the section entitled “Related Party Transactions” on page 82 of this Prospectus.

Financial Market Risks

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks from changes in both foreign exchange rates and interest rates.

Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to the following indebtedness as on 30th Sept. 03 as the interest rate is variable. In respect all other secured long-term loans, the interest rates are fixed. Similarly, the interest rates on working capital finance are either linked to PLR of the lending banks or rates fixed by RBI for export credits.

The rate of interest applicable to the amount of Rs 130.20 million outstanding as on September 30 , 2003 under our long-term loan from Rabo India Finance Pvt. Ltd. is 10.50 % per annum. This loan was sanctioned with the rate of interest of 13.50 % per annum payable quarterly for first one year and thereafter monthly. The rate of interest was reduced to 11.25 % from March 2003 and has been further reduced to 10.50 % per annum with effect from September 2003. The reduction in the interest rate is under the terms of the agreement without payment of any additional charge. The loan is now assigned to UTI Bank Limited by Rabo India Finance Pvt. Ltd in October 2003.

We have plans to replace the high cost rupee debt by foreign currency low cost debt, as there is a natural hedge of our foreign exchange transaction and we are net foreign exchange earner.

Exchange rate risk

We face exchange rate risk to the extent that our certain payables are denominated in currencies other than Indian rupees. We import equipments, raw materials, components and spares for our business activities. All these costs are denominated in foreign currencies. Similarly we export our products for which inward remittance are in foreign currencies.

Our aggregate cost of imported materials, capital goods and components and aggregate income from cost of exports and net foreign exchange earned, year wise is as under:-

(Rs. in million)

FY	2001	2002	2003	Six Months ended Sept 03
Earnings in foreign currency	445.71	502.79	932.10	341.06
CIF value of imports	118.57	177.70	291.72	134.07
Net foreign exchange earned	327.14	325.09	640.38	206.99

As can be seen from above, in past we are net foreign exchange earner. Considering the natural hedge, we plan to replace high cost rupee debt by foreign currency denominated low cost loan

Appreciation or depreciation of the Indian rupee relating to the currency of our payables/receivables can increase/ decrease our payments /receipts.

Effect of Inflation

During fiscal 2001, 2002 and 2003, the All India Consumer Price Index increased by 3.8%, 4.3% and 4% respectively. Since we set the price for our products sold based on various factors, including inflation, it did not have a significant effect on the result of our operations to date. We do not expect that inflation rates will have a significant impact on our results of operations for the foreseeable future.

Information required as per Clause 6.8 of SEBI Guidelines

1. Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Prospectus, which may be called “unusual” or “infrequent”.

2. Significant economic/regulatory changes

WTO compliance by the Government of India recognizes product patent and will thus require Indian pharmaceutical companies to adhere to product patents and not produce products by merely changing the process of manufacture of an existing product after 2005.

Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However, we export a substantial proportion of our turnover, any inflationary effect on imports will be more than offset by higher realisation on exports.

Barring these factors, there are no significant economic changes that materially affect or are likely to affect income from continuing operations.

3. Known trends or Uncertainties

Other than as described in this Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

4. Future relationship between costs and income

Our R&D department has been successfully developing several new intermediates having good value addition and coming out with innovative and efficient processes resulting in cost reduction. This is expected to gain momentum in the future years.

Other than as described in this Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. Total turnover for the industry

Please refer to the discussions in the paragraphs entitled "Industry Overview" in the Prospectus on page 39.

6. New Products or business segments

Apart from Quats and Speciality Chemicals, APIs, Intermediates and Contract Manufacturing & Contract researches, we do not produce or market any other products in our areas of operation.

7. Seasonality of business

There are no products sold which are seasonal in nature.

8. Dependence on single or few suppliers / customers

We source our raw materials from a number of suppliers and is not under any threat from excessive dependence from any single supplier. The threat from excessive dependence on a single customer/product is not significant as the customer/product base is also diversified. However, in the CMO Segment, although presently we are dependent on one particular customer i.e. Solvay Pharmaceuticals, we are in the process of adding a few more long term contracts in our portfolio.

9. Competitive Conditions

We believe that we are well positioned to enhance our position as a supplier of specialty chemicals and emerge as a outsourcing partner for companies in the global pharmaceuticals and chemical related industries, on account of our competitive strengths that include the following:

- **QUATs and Specialty Chemicals**

  Phase Transfer Catalysis is a novel way of catalyzing reaction. Phase Transfer Catalysts (PTCs) are chemical substances that improve process time and yield of chemical reactions involving two separate phases such as liquid-solid or gas-liquid. We have researched upon the commercial significance of PTC-based technology and have over 20 years experience in the field of specialty chemicals. We focused our efforts on exports, as domestic market for these products was limited in the 90s. We also strengthened our R&D and introduced new products over 1990-93. Dishman has developed its QUATs business in the European markets and expects to move into other developed markets. The QUATs business has acted as a stepping-stone for our other businesses. We have been able to prove through our R&D prowess in QUATs, our ability to improve processes and thereby reduce costs of end products. The QUATs business also allowed us to engage in relationships with major pharmaceuticals and chemical companies in Europe and North America. We have thus been able to get other business for the manufacture of other products such as APIs and Intermediates.

  Our Advantage -

  We have a unique advantage over competitors in Quat production owing to our dedicated facilities, and long-term experience in establishing and improving technology to manufacture QUATs at the least possible cost and best possible quality. Additionally, such large volumes offer a significant raw material price benefits to us besides the advantage on the logistics and supply chain management fronts.

  At Naroda (near Ahmedabad in Gujarat), we have a facility for each of the QUATs and continuous production is undertaken for such regular large volumes.

- **Contract Manufacturing and Contract Research**

  In the Contract Manufacturing (CM) and Contract Research (CR) areas, we have core strengths in the following two areas:

  API's for Under Patent drugs:

  The QUATs business has been a significant growth driver for our APIs division. We have been able to prove through process innovation in QUATs, our ability to improve processes yields and thereby reduce costs for customers. Since our QUATs customers also have businesses relating to APIs and other Intermediates, we were able to get business to manufacture APIs. The QUATs business also allowed us to engage in relationships and dialogues with other Global Pharmaceuticals and Chemical companies in Europe and North America.

  We have now commenced manufacturing of intermediates and APIs for Multi-National Companies (MNCs) in Europe and North America. The rapidly evolving pharmaceutical market scenario has necessitated the MNCs to focus on their core competencies and to outsource chemical manufacturing and research services for New Chemical Entities (NCEs) during the last few years. Since we have a experience in process innovations, as well are able to provide approved manufacturing facilities, we have been able to cater to the outsourcing needs of MNCs.

Our Advantage

Constant focus on key drivers listed below has enabled us to attain significant business from several MNCs abroad in terms of process development and supply of intermediates for APIs for their discovery products:

- o Adherence to IPR
- o R&D capabilities to develop efficient and cost effective processes at short notice complete infrastructure of process research labs, scale up, pilot plant and validation block
- o Large manufacturing facility complying to GMP standards capable of producing volumes with tight delivery schedules
- o Complying with environment regulations

We have also realised the risk that any new chemical entity ("NCE") candidate may drop out of development, due to various reasons. To mitigate such risks, we have over the years been trying to develop relationships with several MNCs who are developing drugs across the disease spectrum.

Drug Intermediates:

Using PTC knowledge, we have developed a better synthetic route for some fast moving intermediates and able to offer a better proposition to our customers. The drug intermediate business in Europe, USA and Japan is not price-driven alone. More emphasis is on quality, production in GMP and US FDA approvable facilities, etc. Competition in this field can arise only between two identical companies meeting all the parameters. Then only, the price factor comes into consideration. Additionally, being first within the overseas markets is very important.

Our Advantage

We through our quality systems and measures are up to the required levels; this allows us to mitigate risk from competitors and new entrants. Our strength in process innovation helps us constantly improve cost parameters. Additionally we also have GMP approved facilities in place that compliment our process skills thereby allowing us to dedicate manufacturing facilities to our customers.

Our long-standing presence in the QUATs market has facilitated a brand-building exercise in the European and North American Chemicals and Pharmaceuticals markets. This branding is further strengthened by our subsidiaries in both Europe and North America, which act as business development centers for our Indian operations.

- **Research and Development**

We believe that R&D will be an on-going growth facilitator for us. Apart from developing new technologies, the R&D efforts are aimed at continuously upgrading existing manufacturing techniques to improve process yields and make world-class quality products. Our R&D activities include:

- o Contract research & process improvement of contract manufactured molecules
- o Pilot studies for new molecules for clients
- o Process optimization & improvement
- o Research for in-house applications (production of APIs / intermediates & fine chemicals)

Our Advantage

Our R&D orientation and understanding of synthetic routes of process innovations has resulted in development work for customers under CDA and with the intention of getting long-term manufacturing contracts.

We also have our own generic development programme. We have identified a number molecules going off patent between 2004-2010. We have involved R&D teams for raw material sourcing, process optimisation, in-process control tests, analytical method development, the subsequent activity of test and validation projects, and stability studies of the products. This has resulted in us having several molecules in our research pipeline at different stages of development.

- **Management Depth**

We are a closely held company promoted by Mr. J. R. Vyas and his family. Mr. J. R. Vyas is a qualified chemical technologist from UDCT, Mumbai. Mr Vyas has been associated to the Pharmaceuticals Industry for the last 22 years and has experience in the field of R&D, manufacturing and marketing.

A team of technocrats, professionals and consultants having experience in the Pharmaceuticals and Specialty Chemicals Industry help manage our strategic intent. The Board has an advantage of the services of Dr. Henk Pluim, Former International Project Director, Solvay Pharmaceuticals; Netherlands, as an advisor to the Board of Directors.

- **Manufacturing Facilities**

  Multi-purpose and Multi-Product production facilities located at Naroda and Bavla allow us to produce a variety of QUATs & specialty chemicals, intermediates and APIs by merely changing the process parameters and input mix. Our production facilities are cost competitive because of the optimized manpower deployment, ability to recover reaction inputs and reuse it and our process efficiency.

  Approved Facilities: Our facilities located at Bavla and Naroda are GMP approved and have ISO 9001:2000 quality certification for total quality management system. Further, unit 6B of the facility, currently used for the manufacture of an API for Solvay is built on the principles set out in certain Regulations of the US FDA set out in the US code of Federal Regulations (US CFR).

- **IPR Adhering Status**

  We feel it is important for companies to maintain internal processes in place that respect the Intellectual Property Rights (IPRs) of their customers. We are confident about our ability to provide comfort to Global Pharmaceutical and Chemicals companies with respect to the protection of their Intellectual Property Rights. It is this strength of ours that got us the contract with Solvay Pharmaceuticals. We are confident we can leverage this strength in the future to gain more business.

- **International Subsidiaries**

  We realise the importance of having a localised presence to serve customers in more meaningful manner. Our International subsidiaries act as business development centers, help build brand awareness and provide market intelligence inputs. We have created offices in United Kingdom (Dishman Europe Limited), Netherlands (Dishman Holland B.V.), United States of America (Dishman USA, Inc.), and South Africa (Dishman South Africa (Proprietary) Limited).

10. Significant developments after September 30, 2003 that may affect our future results of operations

Save as stated elsewhere in the Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statement as disclosed in the Prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liability within the next twelve months.

Save as stated elsewhere in the Prospectus, there is no subsequent development after the date of the auditors' report, which will have a material impact on reserves, profits, earnings per share and book value of the company.

SECTION V : LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATIONS

This is to certify that there are no contingent liabilities not provided for, no outstanding litigations against our Company and those concerning criminal and economic offences by any Directors or Promoters, disputes, showcause notices, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, defaults in creation of full security as per terms of offer / other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under part 1 of Schedule XIII of the Companies Act, 1956) against our Company save and except the following:

Contingent liabilities not provided:

(Rs. In mn)

		For the half year ended on 30th September, 2003	For the year ended as on 31st March 2003
A	Guarantee given by Bank on behalf of Company	5.13	5.71
B	Letter of Credit in favour of suppliers	60.51	107.18
C	Disputed liability toward Income Tax demand	-	-
D	Out standing guarantee furnished to the Bank in respect of joint venture and other Company	310.95	158.97
E	Claim lodged against Company by others	0.43	0.18
F	Custom duty, liability, which may arise, if obligation for export is not fulfilled against Import of raw material (Excluding Interest & Penalty if any)	24.80	36.79
G	Disputed liability toward Central Excise	2.56	0.09

Outstanding Litigations:

A. Criminal Cases

None

B. Civil Cases

1. Case: Par Techno Heat Pvt. Ltd. v/s Dishman Pharmaceuticals and Chemicals Ltd., Civil Suit No. 437 of 2002

   Facts: Suit was filed against our Company on January 25, 2002 in the Ahmedabad City Civil Court by Par Techno Heat for recovery of a sum of Rs. 18,64,401/- along with costs, and interest at 18% p.a. from the date of filing the suit, being the amount(s) allegedly due from our Company to the Plaintiff under a contract entered into between Par Techno Heat and the Company for supply and installation of a 12 TPH (F & A 100 C) fluidized bed combustion boiler at the Bavla Unit of our Company. The boiler supplied to our Company did not meet the required specifications and our Company had rejected the boiler, whereupon Par Techno Heat filed suit against our Company. Our Company had filed its reply to Par Techno Heat's case.

   Status: Par Techno Heat and our Company subsequently filed consent terms before the Court, wherein it was agreed that repairs would be carried out on the boiler, and the cost of such repairs and of commissioning of the boiler would be set off against the amount(s) due to Par Techno Heat under the purchase order for the boiler. Once this is done, it was agreed that the claims in the Suit would not survive. These consent terms were taken on record by the Court vide its order dated August 8, 2002, and the repairs on the boiler have been carried out. The suit, however, is yet to be withdrawn.

2. Case: Dishman Pharmaceuticals and Chemicals Ltd. v/s Par Techno Heat Pvt. Ltd., Civil Suit No. 2468 of 2002

   Facts: Suit was filed by our Company on July 11, 2002 in the Ahmedabad against Par Techno Heat Pvt. Ltd. for recovery of a sum of Rs. 60,00,000/- paid to Par Techno Heat Pvt. Ltd. towards the supply of and installation of the boiler mentioned in Item 1 above at the Bavla Unit of our Company, along with a sum of Rs. 15,00,00,000 by way of damages for extra running costs incurred by our Company due to the fact that the boiler supplied was not working, and also loss of capital and interest.

Status: Pursuant to the consent terms filed in Civil Suit No. 437 of 2002 this present Suit was to be withdrawn. However, the same has yet to be done.

C. Labour Cases

None

D. Monopolies and Restrictive Trade Practices

None

E. Consumer Disputes

1) Dishman Pharmaceuticals and Chemicals Pvt. Ltd. v/s P.C. Soft Business Automation Pvt. Ltd., Complaint Number 12 of 2002

Facts: The consumer complaint was filed by our Company under the provisions of the Consumer Protection Act, 1986 for recovery of an amount of Rs. 19,50,000/- being the amount paid to P.C. Soft Business Automation Pvt. Ltd. for implementation of Enterprise Resource Planning software for the Company, on the grounds that the services rendered were deficient.

Status: As yet no reply has been filed by P.C. Soft Business Automation Pvt. Ltd., and the matter is pending before the Consumer Disputes Redressal Forum.

F. Motor Accident Claims

None

G. Arbitration

None

H. Excise Claims

We have received show cause notices from the Deputy Commissioner Central Excise, Ahmedabad alleging that our Company has incorrectly availed of credit of duty of excise in amounts totaling approximately Rs. 4.13 mn. We have submitted our replies/applications for remissions and await the response of the Deputy Commissioner Central Excise, Ahmedabad.

I. INCOME TAX LIABILITIES

None

J. Land Acquisition Cases

None

L. Claims made by the Company

None

K. Sales Tax Cases

None

L. Intellectual Property Disputes

None

M. Any other Litigation / Claim filed / made by the Company

None

AGAINST OUR PROMOTER

There are no pending disputes/litigations against our promoter for any criminal offence, economic offence or otherwise and no other defaults to financial institutions and no other cases of non-payment of statutory dues, violation of statutory regulations or disputed tax liabilities.

Against our directors

There are no pending disputes/litigations against our Directors for any criminal offence, economic offence or otherwise and no other defaults to financial institutions and no other cases of non-payment of statutory dues, violation of statutory regulations or disputed tax liabilities.

NON PAYMENT OF STATUTORY DUES:

NIL

OVERDUE INTEREST/PRINCIPAL AS ON CURRENT DATE:

NIL

DEFAULTS IN DUES TOWARDS INSTRUMENT HOLDERS LIKE DEBENTURE HOLDERS, FIXED DEPOSITS, AND ARREARS ON CUMULATIVE PREFERENCE SHARES/ OTHER LIABILITIES AS ON CURRENT DATE:

NIL

The Directors of our Company have no interest in our Company except to the extent of their remuneration and reimbursement of expenses and to the extent of any equity shares of our Company held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, members, partners, and/or trustees, and to the extent of benefits arising out of such shareholding.

The Directors of our Company are not interested in any property acquired by our Company within the last two years or any other property proposed to be acquired by our Company. Further, the Directors have not purchased any property in which they had or have a direct or indirect interest or in respect of any payment thereof.

The Officers of our Company have no interest in our Company except to the extent of their remuneration and reimbursement of expenses and to the extent of any equity shares held by them in our Company and to the extent of benefits arising out of such shareholding.

There has not been any disciplinary action taken by SEBI or any stock exchange against our Company or its promoter.

Our Company has not been debarred from dealing in securities and accessing capital markets by any authority or court.

None of the directors of our Company have been debarred from dealing in securities by any authority or court.

There are no small scale undertaking(s) or any other creditors to whom our Company owes a sum exceeding Rs. 0.1mn , and which debt is outstanding for more than 30 days, save and except the following:

LIST OF SSI CREDITORS HAVING OUTSTANDING MORE THAN RUPEES 0.1 MILLION AND OUTSTANDING FOR MORE THAN 30 DAYS AS OF MARCH 9, 2004

Sr. No.	Supplier	Rs. in mn
1	AMAR INDUSTRIES	0.39
2	AMI INDUSTRIAL CORPORATION	0.38
3	ANMOL SAFETY PRODUCTS (P) LTD.	0.16
4	CHITRA MACHINE TOOLS	0.12
5	DWARKESH CHEMICALS	3.74
6	EXPLOSIONPROFF ELECTRICAL CONT	0.39
7	INSULATION ASSOCIATES	0.14
8	JAY AMBE FABRICATORS	0.57
9	KHOSLA FILTERS - GUJARAT	0.14
10	MARUTI CONTAINERS	0.84
11	MECK LUBRICANTS & PETRO CHEM P	2.75
12	PRABHAT CHEMICALS CO	0.66
13	SHAURYA ORGANICS PVT.LTD	2.03
14	TRILOK CHEMICALS PVT. LTD.	0.36
	TOTAL	**12.66**

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

GOVERNMENT APPROVALS

The Company has received all the necessary consents, licences, permissions and approvals from the Government and various Government agencies / private certification bodies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except as stated elsewhere in this Prospectus. It must, however, be distinctly understood that in granting the above consents/ licences/ permissions/ approvals, the Government does not take any responsibility for the financial soundness of the company or for the correctness of any of the statements or any commitments made or opinions expressed.

The company has received the following Government approvals/licenses/permissions:

Item	Document
1.	Letter from Ministry of Commerce & Industry, Government of India dated March 30, 2002 extending all facilities and privileges admissible under the EOU Scheme in respect of the unit at Bavla
2.	Green Card No. KA5EZ / 702 / 2002-03 dated June 26, 2002 in respect of the Bavla Unit issued by the Ministry of Industry & Commerce, Government of India.
3.	Letter of Amendment dated July 16, 2002 amending Green Card issued by the Ministry of Industry & Commerce, Government of India.
4.	Corrigendum to Letter of Permission from Ministry of Commerce & Industry, Government of India dated April 07, 2003
5.	Certificate of Approval from BVQI for achievement of ISO 9001:2000 quality standards
6.	Certificate of Importer-Exporter Code from Ministry of Industry & Commerce, Government of India dated June 20, 2001
7.	Certificate of Recognition as an Export House dated August 8, 1999 issued by the Ministry of Industry & Commerce, Government of India
8.	Acknowledgement from the Ministry of Industry & Commerce, Government of India dated May 1, 2002 that the Export House / Trading House Certificate issued to our Company is valid until March 31, 2004
9.	Renewal of recognition of the in-house R&D Unit of our Company issued by Ministry of Science & Technology dated March 23, 2004 valid up to March 31, 2007.
10.	Allotment of ESI Code dated August 3, 1990
11.	Central Excise Registration Certificate issued in respect of Bavla Unit dated June 25, 2003
12.	Licence No. 03 / 2003-04 / 100% EOU dated June 27, 2003 for a Private Bonded Warehouse at Bavla issued by the Customs Department
13.	Letter of allotment dated June 8, 1999 of new Permanent Account Number issued by the Income-Tax Department
14.	Letter of allotment of Tax Deduction Account Number dated March 26, 2003
15.	Registration Certificate No.30100018 dated 17/10/1986 under the Gujarat Sales Tax Act, 1969 issued in respect of the Naroda Unit
16.	Registration Certificate No. 20714212 dated 17/02/1998 under the Gujarat Sales Tax Act, 1969 issued in respect of the Bavla Unit
17.	New Registration Certificate No, 0752007211 dated 11/06/2002 under the Gujarat Sales Tax Act, 1969
18.	Permission dated 07/03/2003 for Joint submission of Sales Tax Returns and Assessment in respect of both Units.
19.	Registration Certificate No. GUJ 11 J 6800 dated 17/10/1996 under Central Sales Tax Act, 1957.
20.	Central Excise Registration Certificate dated February 19, 2003 in respect of the Naroda Unit
21.	Central Excise Registration Certificate dated February 20, 2003 in respect of the Naroda Unit
22.	Certificate dated December 31, 2002 for Use of a Boiler at the Bavla Unit issued by the Inspector of Boilers, Gujarat Boiler Inspection Department
23.	Licence dated May 20, 2002 to store compressed gas in cylinders at Bavla
24.	Certificate dated August 16, 2002 for use of Boiler at the Naroda Unit
25.	Licence for storage of Petroleum at the Naroda Unit
26.	Licence granted under Bombay Prohibition Act, 1949 for purchase, possession and use of methyl alcohol at the Naroda Unit.
27.	RBI permission dated May 23, 1997 for direct investment in the Company's wholly owned subsidiary in the UK in an amount up to GBP 159,000/- May 23, 1997

28. Approval from the Ministry of Finance dated July 4, 1997 under Section 372 of the Companies Act for investment of GBP 159,000/-.
29. RBI permission dated August 30, 1997 for direct investment in the Company's wholly-owned subsidiary in Cyprus involving a total equity investment of CYP 78,000/-
30. Approval from the Ministry of Finance dated October 7, 1997 under Section 372 of the Companies Act for investment of CYP 78,000/- in the Company's wholly owned subsidiary in Cyprus.
31. RBI permission dated May 29, 1998 to our Company for setting up a stepdown subsidiary in the USA
32. Consent Order dated August 5, 2000 of the Gujarat Pollution Control Board under Section 24 of the Water (Prevention and Control of Pollution) Act, 1974 for the discharge of effluent from Naroda Unit
33. Consent Order dated January 10, 2003 of the Gujarat Pollution Control Board under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 in respect of the Naroda Unit
34. Authorisation by the Gujarat Pollution Control Board under the Hazardous Waste (Management and Handling) Rules, 1989 and amended Rules, 2000 to manage specified hazardous wastes.
35. No objection certificate dated December 23, 2002 from the Gujarat Pollution Control Board for the expansion of the Naroda Unit
36. Letter dated October 23, 2003 from the Ministry of Environment and Forests conveying its approval for the expansion of the Naroda Unit
37. Certificate dated May 3, 2003 from the Chairman, Common Effluent treatment Plant, Naroda that the Naroda Unit has registered 25,000 liters of effluent per day with the treatment plant
38. Site clearance certificate from the Gujarat Pollution Control Board to establish an industrial unit at Bavla for manufacture of certain substances
39. No-objection certificate dated October 8, 2002 issued by the Gujarat Pollution Control Board to expand the Bavla Unit and manufacture eprosartan mesylate
40. No-objection certificate dated July 23, 2002 issued by the Gujarat Pollution Control Board to expand the Bavla Unit and manufacture certain additional chemicals.
41. Consent Order dated April 30, 2001 issued by the Gujarat Pollution Control Board under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 to manufacture certain items at Bavla
42. Consent Order 22137 issued by the Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 in respect of the Bavla Unit.
43. Consent Order dated January 31, 2003 issued by the Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 for use of the existing/new outlet for discharge of effluents from the Bavla Unit
44. Consent Order dated October 8, 2002 issued by the Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 for use of the existing/new outlet for discharge of effluents from the Bavla Unit
45. Consent Order dated October 5, 2002 issued by the Gujarat Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 to operate the Bavla Unit
46. Consent Order dated January 31, 2003 issued by the Gujarat Pollution Control Board under the Air (Prevention and Control of Pollution) Act, 1981 to operate the Bavla Unit
47. No-Objection Certificate dated March 4, 2003 from the Gujarat Pollution Control Board to the setting up of an industrial plant at Bavla for the manufacture of the additional items mentioned in the Certificate
48. Certificate from the Solid Waste Site, Common Effluent Treatment Plant, Naroda certifying that the Naroda unit is a member of the landfill site.
49. Licence No. G/799 dated May 3, 2002 issued by the Office of Commissioner, Food & Drugs Administration, Gandhinagar, Gujarat
50. Licence No. G/1445 dated April 3, 2002 issued by the Office of Commissioner, Food & Drugs Administration, Gandhinagar, Gujarat
51. GMP Certificate issued to the Company certifying that the firm is following Good Manufacturing Practices at Bavla
52. GMP Certificate issued to the Company certifying that the firm is following Good Manufacturing Practices at Naroda
53. No-Objection Certificate from Drugs Controller for manufacture of 100 M. Tons eprosartan mesylate for export to the Netherlands dated October 22, 2002
54. Permission from the Commissioner, Food and Drugs Control Administration to manufacture 1,00,000 Kgs of eprosartan mesylate

for export to the Netherlands

55. Letter dated February 24, 1999 from the Commissioner, Food and Drugs Control Administration issuing a neutral label code for export purposes

56. Acknowledgement dated September 11, 2000 from Ministry of Commerce and Industry for the manufacture of 85 M.T of centrimide solution at Sanand

57. Acknowledgement dated March 22, 2000 from Ministry of Commerce and Industry for the manufacture of 75 MT of phenyl trimethyl ammonium chloride at Sanand

58. Acknowledgement dated October 3, 2000 from Ministry of Commerce and Industry for the manufacture of 95 MT of bactericide aldehyde

59. Acknowledgement dated August 21, 2001 from Ministry of Commerce and Industry for the manufacture of 200 MT eprosartan mestlate

60. Acknowledgement dated June 23, 2000 from Ministry of Commerce and Industry for the manufacture of 35 MT of di-chloro phenol and 35 MT of quartenary posphonium compound

61. Acknowledgement dated June 7, 2000 from Ministry of Commerce and Industry for the manufacture of 75 MT of quartenary ammonium compound

62. Acknowledgement dated August 2, 1996 from Ministry of Commerce and Industry for the manufacture of 500 Tonnes of quartenary ammonium

63. Acknowledgement dated February 22, 2000 from Ministry of Commerce and Industry for the manufacture of 95 MT of bactericide and 85 MT of bactericide amine

64. Acknowledgement dated January 13, 2000 from Ministry of Commerce and Industry for the manufacture of 3000 MT of bulk drugs and 3500 MT of fine chemicals

65. Acknowledgement dated May 17, 2000 from Ministry of Commerce and Industry for the manufacture of 85MT of omiprazole

66. Acknowledgement dated January 5, 2001 from Ministry of Commerce and Industry for the manufacture of 120 MT of alkyl imidazole, 120 MT of bromo methyl benzoic acid ethyl esther and 120 MT of carbethoxy propionic acid.

67. Factory Licence No. 095208 dated June 18, 1998 issued by the Chief Factory Inspector, State of Gujarat in respect of the Bavla Unit

68. Factory Licence No. 090075 dated February 2, 2000 issued by the Chief Factory Inspector, State of Gujarat in respect of the Naroda Unit

69. Contract Labour Registration Certificate No.535/93 dated December 18, 1993 issued by the Assistant Labour Commissioner, Ahmedabad in respect of the Naroda Unit

70. Contract Labour Registration Certificate No. 981/98 dated June 4, 1998 issued by the Assistant Labour Commissioner, Ahmedabad in respect of the Bavla Unit

71. Letter No. GJ/ENF IV/2743 dated 28/02/1991 issued by the Regional Provident Fund Commissioner, Gujarat State allotting Registration No.GJ/18617-A under Employees' Provident Funds and Misc. Provisions Act, 1952 to our Company

72. Letter No. SOD / Tech-1 / HT – 166 / 12811 from Gujarat Electricity Board dated December 18, 2000 permitting physical release of 475 KVA of electricity to the Naroda Unit.

73. Letter No. Com:S:383:230 dated September 13, 2002 permitting release of 1500 KVA of electricity to the Bavla Unit.

74. Certificate No. 82295 issued under the Bombay Shops and Establishment Act, 1948, in respect of our offices in Mumbai.

75. Permission from the Office of the Development Commissioner, Kandla Special Economic Zone, Gujarat 100% EOU dated December 23, 2003.

76. Certificate No. PIIEL 8272 issued under the Bombay Shops and Establishment Act, 1948, in respect of our offices in Bhadra Raj Chambers.

77. Letter dated March 9, 2004 from the Ministry of Environment and Forests conveying its approval for the expansion of the Bavla unit.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends paid by our Company during the last five fiscal years are presented below.

(Rs. in Million)

PARTICULARS			**For the**	**FOR THE YEAR ENDED ON 31ST MARCH**				
		Face Value Rupees	**Half Year ended 30/09/2003**	**2003**	**2002**	**2001**	**2000**	**1999**
A.	Equity Share Capital	10/-	103.00	103.00	103.00	103.00	51.50	51.50
	Rate of Dividend	-	Nil	5%	5%	5%	35%	10%
	Amount of Dividend	-	Nil	5.15	5.15	5.15	18.03	5.15
	Corporate Dividend Tax	-	0.00	0.66	0.53	0.53	1.98	0.57
B.	Preference Share Capital	100/-	Nil	0	0	24.902	24.902	12.202
	Rate of Dividend	-	Nil	Nil	17%	17%	17%	17%
	Amount of Dividend	-	0.00	0	2.47	4.23	2.90	0.19
	Corporate Dividend Tax	-	0.00	0	0.25	0.93	0.32	0.02

(1) In July 2001, the Company redeemed the entire amount of cumulative redeemable preference shares;

(2) The percentage amounts indicated herein refer to the amount of dividend paid as a percentage of the par value of the Equity Shares.

STATEMENT OF TAX BENEFITS

The Board of Directors
Dishman Pharmaceuticals and Chemicals Limited
Bhadra- Raj chambers
Swastik Cross Roads
Navrangpura
Ahmedabad 380 009

Dear Sirs,

We hereby certify that the enclosed annexure states the tax benefits available to **Dishman Pharmaceuticals and Chemicals Limited** (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961and other direct tax laws presently in force.

The contents of this annexure is based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

A shareholder is advised to consider in his/her/its own case the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

For Kunte & Associates
Chartered Accountants

Place Ahmedabad
Date January 8, 2004

Parag P. Jhaveri
Partner
Membership No 39190

ANNEXURE TO THE CERTIFICATE DATED JANUARY 8, 2004

TAX BENEFITS

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. The Company will be entitled to deduction of the relevant amount from its total income chargeable to Income Tax, calculated otherwise than under the provisions of Section 115JB of the Income Tax Act, 1961, In respect of any expenditure incurred or any amount paid, subject to compliance of certain conditions laid down in.
   (a) Section 35 (1) m (i) and (iv) of the Income Tax Act, 1961 in respect of any revenue expenditure incurred or any capital expenditure incurred other than the expenditure on the acquisition or any land, on scientific research related to the business of the Company to the extent of the expenditure incurred.
   (b) Section 35(1)(2AB) of the Income Tax Act, 1961, in respect of any expenditure not being capital expenditure in the nature of cost of any land and building on in-house research and development facility as approved by the prescribed authority and enters into an agreement with the prescribed authority for co-operation in such research and development facility, to the extent of a sum equal to one and one-half times of the expenditure so incurred.
   (c) Section 35 (1) (ii) and (iii) of the Income Tax Act, 1961 in respect of any sum paid to a scientific Research Association which has as its object of undertaking scientific research or to any approved university, college or other institution to be used for scientific research or for research in social science or statistical Research to the extent of sum equal to one and one fourth of the sum paid.
2. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation:-
   a. In respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under Income Tax Rules;
   b. In respect of machinery or plant which has been acquired and installed after 31st March 2002 for the purpose of new industrial undertaking or in respect of the existing manufacturing facilities which benefits in increasing the installed capacity by not less than twenty five percent a further sum of 15% of the actual cost of such machinery or plant will be allowed a deduction;
3. Subject to compliance of certain conditions laid down in section 80HHC of the Income Tax Act, 1961 the Company will be entitled to the benefit of deduction from its total income chargeable to income tax, of an amount equal to 30% of profits for Assessment Year 2004-05 derived from the export of goods out of India, the proceeds where of are realised in convertible foreign exchange, to the extent calculated in accordance with the provisions of the said section.
4. Subject to compliance of certain terms and conditions laid down in Section 10B of the Income Tax Act, 1961, the Company will be entitled to the benefits of deduction from total income of such profits and gains as are derived by 100 % EOU from the exports of goods manufactured by such EOU up to the Assessment Year 2010 –11

(B) TO THE MEMBERS OF THE COMPANY - UNDER THE INCOME TAX ACT, 1961

B.1: Resident Members

1. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(36) of the Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

   For this purpose "eligible equity share" means-
   (a) an equity share in a company being a constituent of BSE – 500 Index of the Stock Exchange, Mumbai as on 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or
   (b) an equity share in a company allotted through a public issue on or after 1st day of March 2003 and listed in a recognized stock exchange in India before 1st day of March 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

   In our opinion, the equity shares under this offer document constitute eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.
3. In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to

the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

4. Under section 48 of the Income Tax Act, 1961 if the company's shares are sold after being held for not less than twelve months, the gains (in cases not covered under Section 10(36) of the Act) if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.

5. Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by

   i. National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;

   ii. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

   iii. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

   iv. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and

   v. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;

6. Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –

   (a) the issue is made by a public company formed and registered in India;

   (b) the shares forming part of the issue are offered for subscription to the public;

7. Under section 54F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subj ect to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

8. Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long term capital gains, (i.e., if shares are held for a period exceeding 12 months) (incases not covered under section 10(36) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

B.2: Non-Resident Indians/ Non Residents Members [Other than FIIs and Foreign venture capital investors]

i. Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating To Certain Incomes of Non-Residents" which are as follows: -

   a. Under section 115E of the Income Tax Act, 1961, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the nonresident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(36) of the Act) be concessionally taxed at the flat rate of 10% (Plus applicable Surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).

   b. Under provisions of section 115F of the Income Tax Act, 1961 long term capital gains (in cases not covered under Section 10(36) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

   c. Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.

ii. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax

iii. In terms of section 10(36) of the Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose "eligible equity share means-

(a) an equity share in a company being a constituent of BSE – 500 Index of the Stock Exchange, Mumbai as on 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or

(b) an equity share in a company allotted through a public issue on or after 1st day of March 2003 and listed in a recognized stock exchange in India before 1st day of March 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

In our opinion, the equity shares under this offer document constitute eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.

iv. Under the first proviso to section 48 of the Income Tax Act, 1961, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.

v. Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by

a. National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;

b. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

c. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and

e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;

vi. Under Section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –

(a) the issue is made by a public company formed and registered in India;

(b) the shares forming part of the issue are offered for subscription to the public;

vii. Under Section 54F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

viii. Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long term capital gains (i.e. if shares are held for a period exceeding 12 months) (incases not covered under section 10(36) of the Act), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

B3 : Foreign Institutional Investors (FIIs)

i. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.

ii. In terms of section 10(36) of the Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose "eligible equity share means-

(1) an equity share in a company being a constituent of BSE – 500 Index of the Stock Exchange, Mumbai as on 1st day of March 2003 and the transaction of purchase and sale of such equity share are entered into on a recognised stock exchange in India; or

(2) an equity share in a company allotted through a public issue on or after 1st day of March 2003 and listed in a recognized stock exchange in India before 1st day of March 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.

In our opinion, the equity shares under this offer document constitutes eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.

iii. The income by way of short term capital gains or long term capital gains (not covered under section 10(36) of the Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961.

- Short term capital gains – 30% (Plus applicable surcharge)
- Long term capital gains – 10% plus applicable surcharge (without cost indexation and protection against foreign exchange fluctuation)

(Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months.)

iv. Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain (in cases not covered under section 10(36) of the Act arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by: -

a. National Bank for agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;

b. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988

c. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and

e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.

v. Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an India company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –

(a) the issue is made by a public company formed and registered in India;

(b) the shares forming part of the issue are offered for subscription to the public;

B.4: Venture Capital Companies/Funds

- In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

C Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957, hence no Wealth Tax will be payable on the market value of shares of the company held by the shareholder of the Company.

D Benefits to Members of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2003.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

OTHER REGULATORY DISCLOSURES

Stock Market Data for our Equity Shares

This being our initial public issuing, the Equity Shares of our Company are not listed on any stock exchange.

Particulars Regarding Public Issues during the Last Five Years

We have not made any public issues during the last five years.

Companies Under the Same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act 1956, other than the subsidiaries and group Companies, details of which are provided in the section "Subsidiaries" on page 69 of this Prospectus and "Group Companies" on page 75 of this Prospectus.

Promise Vis-a-vis Performance

1. Issuer Company

This being our initial public issuing, the Equity Shares of our Company are not listed on any stock exchange.

2. Listed ventures of Promoter

Out of the ventures promoted by the Promoter, only Malabar Trading is a listed company. Malabar Trading has not made any public issues during the last 3 (three) years.

Mechanism for Redressal of Investor Grievances

1. Issuer Company

The agreement between the Registrar to the Issue, Intime Spectrum Registry Limited and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Deepak S. Pandya as the Compliance Officer and he may be contacted in case of any pre- Issue or post- Issue related problems. He can be contacted at: Bhadra Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad – 380 009; Tel.: +91-79 2644 3053; Fax: +91 -79-2642 0198; email: deepak@dishmangroup.com

2. Listed companies under the same management within the meaning of section 370(1B) of the Companies Act.

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act 1956, other than the subsidiaries and group Companies, details of which are provided in the section "Subsidiaries" on page 69 of this Prospectus and "Group Companies" on page 75 of this Prospectus.

Details of borrowings in our Company

Please refer to page 87 of this Prospectus under "Additional Financial Information" for details of borrowings in our Company as specified under Annexure VI to the report on our financial statements.

SECTION VI : OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being issued in the Issue in terms of this Prospectus at a total price of Rs. 175/- per share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission and consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 221 of this Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allocation and allotment of the Equity Shares through this Issue will be done only in electronic form in lots of 50 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

ISSUE STRUCTURE

The present Issue is of 3,433,500 Equity Shares of Rs. 10 each for cash at a price of Rs. 175/- per Equity Share aggregating Rs. 600.86 million. The Issue is being made through a 100% book building process.

	QIBs	Non Institutional Bidders	Retail
Number of Equity Shares(1)	Up to 1,716,700 Equity Shares less allocation to Non-Institutional Bidders and Retail Individual Bidders	Minimum of 858,400 Equity Shares less allocation to QIBs and Retail Individual Bidders	Minimum of 858,400 Equity Shares less allocation to QIBs and Non-Institutional Bidders
Percentage of Issue Size available for allocation	Up to 50% or Issue size less allocation to Non Institutional Bidders and Retail Bidders	Minimum 25% or Issue size less allocation to QIBs and Retail Bidders	Minimum 25% or Issue Size less allocation to QIBs and Non Institutional Bidders
Basis of Allocation or Allotment if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000	50 Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits	Not exceeding the size of the Issue	Such number of Equity Shares that the Bid Amount does not exceed Rs.50,000
Allotment Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Market lot/Bidding lot	50 Equity Shares	50 Equity Shares	50 Equity Shares
Who can Apply	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs 250 million and pension funds with minimum corpus of Rs 250 million	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts	Individuals (including NRIs and HUFs) applying for up to Rs 50,000 amount
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate

(1) Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at the discretion of the Company, in consultation with the BRLMs.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building process wherein upto 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefor in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be alloted to all successful Bidders only in dematerialized form.

Bid cum Application Form

Bidders shall only use the Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs or FIIs applying on a repatriation basis, Foreign Venture Capital Fund registered with the SEBI	Blue

Who Can Bid

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs 250 million;
- Pension funds with minimum corpus of Rs 250 million;
- Multilateral and bilateral development financial institutions;
- Trusts/Society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Society and who are authorised under their constitution to hold and invest in Equity Shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws; and
- Scientific and/ or industrial research organisations authorised to invest in Equity Shares.

Note: The members of the Syndicate and any associate of the members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid up capital of the Company (i.e. 10% of 13,733,500 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our post-issue paid-up capital. As of now, the aggregate FII holding in our Company cannot exceed 24% of the total issued capital of the Company. With approval of shareholders by way of a special resolution, the aggregate FII holding can go up to 100%; however, till date, no such resolution has been recommended to our shareholders for adoption.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs.

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go upto 100% of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Bidders

The Bid must be for such number of Equity Shares and in multiples of 50 Equity Shares thereafter, such that the Bid Amount does not exceed Rs. 50,000. In case of revision of Bids, the Retail Bidders have to ensure that the Bid Amount does not exceed Rs.50,000. In case the maximum Bid amount is more than Rs.50,000, then the same would be considered for allocation under the Non-Institutional Bidders category. In case the Bid Amount is over Rs. 50,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders category. The Cut-off option is an option given only to the Retail Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional and QIB Bidders

The Bid must be for a minimum of such number of Equity Shares and in multiples of 50 Equity Shares thereafter, such that the Bid Amount exceeds Rs.50,000. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs.50,000. In case the Bid Amount reduces to Rs.50,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail Portion.

Information for the Bidders:

1. Our Company will file the Prospectus with the RoC.
2. The members of the Syndicate will circulate copies of the Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor who would like to obtain the Prospectus and/or the Bid cum Application Form can obtain the same from our corporate

office or from any of the members of the Syndicate.

4. Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of bidding

1. Our Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Gujarati). This advertisement shall contain the salient features of the Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names, addresses and telephone numbers of the members of the Syndicate and the bidding centers. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
2. The Bidding Period shall be open for at least 5 days and not more than 10 days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Gujarati) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 204 of this Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 206 of this Prospectus.
6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on page 205 of the Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.155 to Rs.175 per Equity Share, Rs.155 being the floor of the Price Band and Rs.175 being the cap of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re.1.
2. Our Company, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Gujarati) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. Our Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**

Retail bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the allocation amount payable by the Retail Bidders (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Bidders shall receive the refund of the excess amounts fro m the Escrow Account.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 50,000, the bid will be considered for allocation under the Non-Institutional category in terms of this Prospectus. If, however, the bidder does not either revise the bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that the no additional payment would be required from the bidder.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Escrow Mechanism

a. Escrow Account of the Company

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of the Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement with the Company.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page 210 of this Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or, demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable will be available with the members of the Syndicate and will be as per the Syndicate Agreement. Where the Margin Rate applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than they had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city where a Stock Exchange Centre is located in India, and where Bids are accepted.
2. NSE and BSE will issue a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the members of the syndicate shall upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be uploaded on an hourly basis and consolidated. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
   - Name of the investor;
   - Investor Category – Individual, Corporate, NRI, FII, or Mutual Funds, etc.;
   - Numbers of Equity Shares bid for;
   - Bid price;
   - Bid cum Application Form number;
   - Whether payment is made upon submission of Bid cum Application Form; and
   - Depository Participant Identification number and Client Identification number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, promoters, management or any scheme or our project.
8. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on an regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Prospectus
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Gujarati) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.
5. Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options, that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

6. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.**
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.
9. In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs based on the physical records of the Bid cum Application Form shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with our Company.
2. We, in consultation with the BRLMs, shall finalize the Issue Price and the number of Equity Shares to be allocated and the allocation to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.
3. The allocation to QIBs of upto 50% of the Issue Size would be discretionary. The allocation to Non Institutional Bidders and Retail Bidders of not less than 25% and not less than 25% of the Issue Size, respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
4. Undersubscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLMs.
5. The BRLMs and the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
6. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefore.

Signing of Underwriting Agreement and RoC Filing

1. The Company, on its own behalf, the BRLMs and the other members of the Syndicate have entered into an Underwriting Agreement on reaching agreement upon the Issue Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed among our Company, on its own behalf, the BRLMs and the other members of the Syndicate, we will file the Prospectus with RoC. The Prospectus has details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be allotted only in the dematerialised form to the allottees**. Successful Bidders will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company will ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date and also ensure that credit is given to the Successful Bidders' depository accounts within two working days from the date of allotment.

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), as the case may be;
- Ensure that you Bid only in the Price Band;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of Equity Shares in physical form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and
- Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price (for Non Institutional and QIB bidders);
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under applicable law.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis and blue colour for NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Bidders, the Bids must be for a minimum of 50 Equity Shares and in multiples of 50 thereafter subject to a maximum Bid Amount of Rs. 50,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 50,000 and in multiples of 50 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
5. In single name or in joint names (not more than three).
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.

Bidders Depository Account Details

Equity Shares shall be allotted/transferred only in dematerialised form. All Bidders should mention their Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number in the Bid cum Application Form. Please ensure that in case of joint names, the names stated in the Bid cum Application Form should be in the same order as the names stated in the Bidders' depository account.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as we may deem fit.

Bids by NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at Bhadra Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad – 380 009, or from members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids by Non Residents, NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By NRIs -Bids for a Bid Amount of up to Rs.50,000 would be considered under the Retail Bidders Portion for the purposes of allocation and bids for a Bid Amount of more than Rs.50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; **By FIIs** – for a minimum of such number of Equity Shares and in multiples of 50 thereafter that the Bid Amount exceeds Rs.50,000; for further details see "Issue Procedure - Maximum and Minimum Bid Size".
4. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals or their nominees.
5. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMs and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company:

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
   (a) In case of Resident Bidders: **"Escrow Account – Dishman Issue"**
   (b) In case of Non Resident Bidders: **"Escrow Account – Dishman Issue -NR"**
   - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
   - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
4. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
7. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payment by stockinvest

In terms of the Reserve Bank of India, Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form unless waived by a member of the Syndicate at its sole discretion.

The collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

Procedure for applications by mutual funds

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Applications made by AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in all or any categories.

'PAN' or 'GIR' Number

Where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more, i.e., the actual numbers of Equity Shares Bid for multiplied by the Bid Amount is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961, as amended or where the same has not been allotted, the General Index Register (GIR) Number and the Income-Tax Circle, Ward or District. In case neither the PAN nor the GIR number has been allotted, the Bidders must mention "Not allotted" in the appropriate place. Bid cum Application Forms without this information will be considered incomplete and are liable to be rejected.

Our Right to Reject Bids

Our Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, our Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investor;
7. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
8. Bids at cut-off price by a QIB or a Non Institutional Bidder;
9. Bids for number of Equity Shares which are not multiples of 50;
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
13. Bid cum Application Form does not have the stamp of a member of the Syndicate;
14. Bid cum Application Form does not have the Bidder's depository account details;
15. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/ Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid cum Application

Form; or

16. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at page 203 of this Prospectus.
17. Bids not duly signed by the sole/joint Bidders
18. Bids by OCBs

Equity Shares in Dematerialised Form with NSDL and CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted/transferred only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreement have been signed between the Registrar to the Issue, the Depositories and the Company:

- An agreement dated February 4, 2004 among NSDL, the Company and Intime Spectrum Registry Limited; and
- An agreement dated February 26, 2004among CDSL, the Company and Intime Spectrum Registry Limited.

Bids from any Bidder without the following details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where our Equity Shares are proposed to be listed are connected to NSDL and CDSL.

   The trading of our Equity Shares would only be in dematerialized form for all investors**.**

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Undertaking by our Company

The Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended by us expeditiously and satisfactorily;
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and
- that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.
- the promoters contribution in full whenever required shall be brought in advance before the Issue opens for public subscription and the balance if any shall be brought in on a pro-rata basis before the calls are made on the public.

Utilisation of Issue Proceeds

The Board of Directors of the Company undertake that

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Procedure and Time Schedule for Allotment of Equity Shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of **finalisation of the basis of allotment of Equity Shares**. Our Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/ transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on Refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of GoI, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment is allowed up to 100% in companies in the pharma sector, except for companies using recombinant DNA technology. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the GoI ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of our total paid-up capital. This can be raised to 100% by adoption of a special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to our shareholders for adoption.

BASIS FOR ISSUE PRICE

The Issue price has been determined by the Company and BRLMs on the basis of market demand for the Equity Shares by way of book building.

Qualitative Factors

- Ability to manage client relationships

  We have successfully demonstrated the ability to manage large client relationships. Our ability to provide a range of services suitable to the client requirements enables us to effectively respond to the demands of our clients. Our strengths in production (approved and dedicated facilities that can provide from lab scale to commercial production) and research (process innovation so as to optimize cost containment) allows us to attract repeat business from our MNC customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy

- Large manufacturing facility complying to GMP standards capable of producing volumes with tight delivery schedules

  The production equipment employed at our production facilities located at Naroda and Bavla are multi-purpose and multi-product, allowing us to produce a variety of QUATs and specialty chemicals, intermediates and APIs by merely changing the process parameters and input mix. Our production facilities are cost competitive because of the optimized manpower deployment, ability to recover reaction inputs and reuse them and our process efficiency.

- R&D capabilities to develop efficient and cost effective processes at short notice

  Our R&D orientation and understanding of synthetic routes of process innovations has resulted in development work for customers under CDA and with the intention of getting long-term manufacturing contracts. We also have our own generic development programme. We have identified a number molecules going off patent between 2004-2010. We have involved R&D teams for raw material sourcing, process optimisation, in-process control tests, analytical method development, the subsequent activity of test and validation projects, and stability studies of the products. This has resulted in us having several molecules in our research pipeline at different stages of development.

- IPR Adhering Status

  We are confident about our ability to provide comfort to global pharmaceutical and chemicals companies with respect to the protection of their IPRs. It is this strength of ours that enabled us to contract with Solvay. We are confident we can leverage this strength in the future to gain more business.

Quantitative Factors

Information presented in this section is derived from our audited financial statements.

1. Adjusted earning per share (EPS)

		UNCONSOLIDATED		CONSOLIDATED	
		Rupees	Weight	Rupees	Weight
1	Year ended March 31,2001	5.77	1	-	-
2	Year ended March 31,2002	6.63	2	7.43	1
3	Year ended March 31,2003	13.84	3	15.18	2
	Weighted Average	10.09		12.08	

A. The earning per share has been computed on the basis of adjusted profits & losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

B. The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 175/-

a. Based on six months ended September 30, 2003 EPS (annualized) is Rs.10.80

b. P/E based on six months ended September 30, 2003 is 16.20

c. Industry P/E

i)	Highest	80.5
ii)	Lowest	5.0
iii)	Industry Composite	30.6

Source: Based on "Capital Market" VOI XVIII/23, dated January 19 - February 1, 2004 for Pharmaceutical Industry -Indian-Bulk Drugs

3. Average Return on Net Worth

Sr. No.		RONW %	Weight	
1	Year ended March 31, 2001	19.70	1	19.70
2	Year ended March 31, 2002	20.09	2	40.18
3	Year ended March 31, 2003	30.74	3	92.22
	Weighted Average			**25.35**

(a) The average return on net worth has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth Required to Maintain Pre- Issue EPS

The minimum return on increased net worth required to maintain pre- Issue EPS is 13.24%

5. Net Asset Value per Equity Share as at September 30, 2003 – Rs. 50.46.

Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by number of Equity Shares outstanding at the end of the period.

6**. Net Asset Value per Equity Share after Issue**

The net asset value per Equity Share after the Issue is Rs. 81.59

Issue Price per Equity Share: Rs. 175/-

Issue Price per Share will be determined on conclusion of book building process.

7. Comparison of Accounting Ratios

	EPS	P/E	RONW	NAV
DPCL(1)	13.84	16.20	10.70	50.46
Industry Average		30.60		
Peer Group				
Shasun Chemicals & Drugs Limited	17.10	22.50	24.30	88.09

(1) Earnings per share is stated as of March 31, 2003 and net asset value and RONW are based on September 30, 2003.

(2) Source: Based on :Capital Market VOI XVIII/23 dated 19 - February 1, 2004 for Pharmaceutical Industry -Indian-Bulk Drugs & Capital - Line 2000.

The Issue price of Rs. 175/-has been determined on the basis of the demand from the investors through the book building process and is justified based on the above accounting ratios.

SECTION VII : OTHER INFORMATION

STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue, Escrow Collection Bankers, Registrar to the Issue and Legal Advisors to the Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Gujarat located at Ahmedabad, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

M/s. Kunte & Associates, Chartered Accountants, and our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

M/s. Kunte & Associates, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the RoC.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

Expert Opinion

Except as stated elsewhere in this Prospectus, we have not obtained any expert opinions.

Changes in Auditors during the last three years

There have been no changes of the auditors in the last three years.

Basis of Allotment or Allocation

A. For Retail Bidders

- Bids received from the Retail Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Bidders will be made at the Issue Price.
- The Issue size less allocation to Non Institutional and QIB Bidders shall be available for allocation to Retail Bidders who have bid in the Issue at a price which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 850,400 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 850,400 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non Institutional Bidders who have bid in the Issue at a price which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 850,400 Equity Shares at or above the Issue Price, full allocation shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 850,400 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 50 Equity Shares. For the method of proportionate basis of allotment refer below.

The aggregate allocation to Retail and Non Institutional Bidders shall not exceed 1,716,700 Equity Shares.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the QIBs will be made at the Issue Price.
- The Issue size less allocation to Non Institutional Portion and Retail Portion shall be available for allocation to QIBs who have bid in the Issue at a price which is equal to or greater than the Issue Price.
- The allocation would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalised by us in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalised in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate allotment is less than 50 Equity Shares per Bidder, the allotment shall be made as follows:
- Each successful Bidder shall be allotted a minimum of 50 Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate allotment to a Bidder is a number that is more than 50 but is not a multiple of 50 (which is the marketable lot), the number in excess of the multiple of 50 would be rounded off to the higher multiple of 50 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 50. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. 36 million. All expenses with respect to the Issue would be met out of the proceeds of the Issue. The split of the Issue expenses is as under:

Rs in mn

	(Approximate Cost)
Marketing Costs (Advertising expense, Road Shows)	5.00
Printing, Registrar Cost, stamp duty, Listing and Depository Costs	6.60
Fees payable to BRLMs, Legal Counsel, Auditors	24.4

Fees Payable to the BRLMs

The total fees payable to the Book Running Lead Managers will be as per the Engagement Letter dated November 10, 2003 issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement dated November 27, 2003, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and the selling commission for the Issue is as set out in the Syndicate Agreement amongst us, the BRLMs and the Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned elsewhere in the Prospectus.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

We have not made any previous rights and public issues during the last five years except as stated in the section entitled “Capital Structure” on page 24 of this Prospectus. No Company under the same management has made public or rights issue during last 5 (five) years.

Outstanding Debentures or Bond Issues or Preference Shares

We have no outstanding debentures or bond issues or preference shares.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time, except as stated in the section entitled “Capital Structure” on page 24 of this Prospectus.

Issues otherwise than for Cash

Except as stated in the section entitled “Capital Structure” on page 24 of this Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Option to subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

Purchase of Property

There is no property which we have purchased or acquired or proposes to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the present Fresh Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Fresh Issue nor is the Fresh Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Prospectus

We have not purchased any property in which any of our promoters and directors, have any direct or indirect interest in any payment made thereof.

Remuneration of CEO/Executive Directors

Our Board of Directors at its meeting held on February 3, 2000 and the members of the Company at its Extra Ordinary General Meeting held on March 24, 2000 appointed Mr. Janmejay R. Vyas as the Managing Director of the Company up to February 28, 2005. Subject to the overall limits on remuneration payable to all the managerial personnel taken together, as laid down under the Companies Act, the remuneration payable to Mr. Janmejay Vyas, shall not exceed 5% of the net profits of the Company. The Company, as decided by the Board, may or may not, pay perquisites and allowances to Mr. Janmejay R. Vyas. He will not be paid any sitting fees.

He is also the Managing Director of Dishman Europe Limited. However, he does not receive any salary, or perquisites or benefits from the aforesaid company.

Our Board of Directors at its meeting held on June 30, 2000 and the members of the Company at its Annual General Meeting held on September 27, 2000 appointed Mr. Rajnikant T. Vyas as the Chairman and Managing Director of the Company up to June 30, 2005. He will be paid a remuneration of Rs. 2.40 mn p.a. This remuneration may comprise salary, perquisites and allowances. He will not be paid any sitting fees.

Our Board of Directors at its meeting held on September 3, 2001 and the members of the Company at its Annual General Meeting held on September 29, 2001 appointed Mrs. Devhooti J. Vyas as the Wholetime Director of the Company up to September 2, 2006. She will be paid a remuneration of Rs. 0.60 mn p.a. This remuneration may comprise salary, perquisites and allowances. Further, our Board of Directors at its meeting held on October 7, 2002 increased the remuneration payable to Mrs. Devhooti J. Vyas to Rs. 1.80 mn w.e.f. November 1, 2002. This may comprise salary, perquisites and allowances. She will not be paid any sitting fees.

Interest of Promoters and Directors

Except as stated in the “Related Party Transactions” on page 82 of the Prospectus, the Promoter and Directors do not have any interest in our business except to the extent of investments made by Promoter and Directors in us and the earnings returns thereon and to the extent of remuneration received by them.

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or the committee thereof as well as to the extent of the remuneration and /or reimbursement of expenses payable to them under the Articles/ as per resolutions approved by the Board of the Directors. The Managing Director and the Chairman and Managing Director and Whole-time Director are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company. All the Directors may also be deemed to be interested to the extent of Equity shares, if any, already held by them or their friends and relatives our Company, or that may be purchased for and allotted to them out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust in which they are interested as Directors, Members, partners and /or trustees.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold Directorships or any partnership firm in which they are partners.

We have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements are proposed to be made to them.

Revaluation of Assets

We have revalued our land and building and plant and machinery at Naroda Unit in the year 1995.

Classes of Shares

Our authorized share capital is Rs. 150 mn, which is divided into 15mn Equity Shares of Rs. 10 each.

Payment or benefit to Promoters or Officers of the Company

No amount or benefit has been paid or given within two years or is intended to be paid or given to any of our promoters or officers except the normal remuneration for services rendered as directors, officers or employees.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF DISHMAN PHARMACEUTICALS AND CHEMICALS LIMITED

Capitalised terms used in this section have the meaning to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company relating to the voting rights, dividend, lien on shares, restrictions on transfer and transmission of shares/debentures and/or on their consolidation/splitting are detailed below.

Share Capital

Article 5: The authorised share of the Company is Rs 15,00,00,000 (Rupees fifteen crores only) divided into 1,50,00,000 (one crore fifty Lacs) Equity Shares of Rs 10 (Rupees ten only) each with powers to increase or reduce the same in accordance with the Companies Act.

Increase, Reduction and Alteration of Capital

Article 6: The Company, in general meeting, may from time to time, increase its share capital by the issue of new shares of such amounts as it thinks expedient. Subject to the provisions of sections 80, 81 and 85 to 90 of the Companies Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction is given then, as the Directors shall determine. In particular, such shares may be issued subject to the provisions of the said sections with: (i) a preferential or qualified right to dividends and in the distribution of the assets of the Company; (ii) special or without any rights of voting; (iii) subject to the provisions of Section 80 of the Companies Act, any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Differential voting rights

Article 6A: The Company may, with the approval of its shareholders in the general meeting, issue shares with differential rights as to voting, dividend or otherwise in accordance with such rules and subject to such conditions as may be prescribed by a law or regulation.

Power to issue sweat Equity Shares

Article 6B: The Company may issue equity shares to employees or directors at a discount subject to the conditions being satisfied in Section 79A of the Companies Act.

Power to issue Redeemable Preference Shares

Article 7: Subject to the provisions of Section 80 of the Companies Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed.

Reduction of Capital

Article 9: The Company may from time to time by special resolution, subject to confirmation by the Court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Companies Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

Article 10: Subject to the provisions of Section 94 of the Companies Act, the Company, in general meeting may, by an ordinary resolution, alter the conditions of its Memorandum as follows:

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) sub-divide its shares or any of them into shares of smaller amount, than originally fixed by the Memorandum subject nevertheless to the provisions of the Companies Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Companies Act, be given any preference or advantage over the others or any other such shares;

(iii) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;

(iv) cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Modification of rights

Article 12: If, at any time, the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Companies Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the issued shares of that class.

Issue of further shares not to affect right of existing shareholders

Article 13: The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

Company's lien on Shares/Debentures

Article 44: The Company shall have a first and paramount lien on every share/ debenture (not being a fully paid share/ debenture for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share/ debenture. The Company's lien if any, on a share/ debenture extends to all dividends/ bonuses payable thereon. Unless otherwise agreed, the registration of a transfer of shares/ debentures shall operate as a waiver of the Company's lien, if any, on such shares or debentures.

To enforce lien by sale

Article 45: For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

Article 46(a): The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of sale.

Outsiders lien not to affect Company's lien

Article 46(b): The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly, shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise an equitable or another claim to, or interest in, such shares or debentures on the part of any person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

If call or installment not paid notice must be given

Article 47(a): If any member or debenture holder fails to pay whole or part of any call/ installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remains unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of Notice

Article 47(b): The notice shall name a day not being less than one month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

In default of payment shares or debentures to be forfeited

Article 48: If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a Resolution of the Directors to that effect. Neither receipt by the Company of a portion of any money which shall be due from any member in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company, regarding payment of any such money shall preclude the Company from proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interests paid or any other moneys payable in respect of the forfeited shares/debentures and not actually paid before the forfeiture.

Entry of forfeiture in register of members / debenture holders

Article 49: When any shares/ debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited share/debenture to be property of the Company and may be sold

Article 50: Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to annul forfeiture

Article 51: The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of annul forfeiture thereof upon such conditions as they think fit.

Shareholders or Debenture holders still liable to pay money owing at time of forfeiture and interest

Article 52: Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the directors may enforce the payment of the whole or a portion thereof , if they think fit, but shall not be under any obligation to do so.

Effect of Forfeiture

Article 53: The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by the Articles are expressly saved.

Certificate of forfeiture

Article 54: A certificate in writing under the hand of one Director and counter signed by the Secretary or any other officer authorized by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by the resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture**.**

Validity of sales under Articles 45 and 50

Article 55: Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser’s name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register of members or debenture holders in respect of such shares or debentures the validity of the sale shall not be impeached by any person , and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

Cancellation of share/debenture Certificate in respect of forfeited shares/debentures

Article 56: Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s original issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company have been previously surrendered to it by a defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the Directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debenture to the person/s entitled thereto.

Title of purchaser and allottee of forfeited shares/debentures

Article 57: The Company may receive the consideration, if any, given for the share or debenture or any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture**.**

Surrender of Shares or Debentures

Article 58: The Directors may, subject to the provisions of the Companies Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

Register of transfers

Article 59 and 59A: The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares are held in electronic and fungible form in a depository, the provisions of the Depositories Act, 1996 shall apply.

Instrument of transfer

Article 60: The instrument of transfer shall be in writing and all provision of Section 108 of Companies Act and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

Instrument of transfer to be executed by transferor and transferee

Article 61: Each instrument of transfer shall be signed both by the transferor and transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may refuse to register transfer

Article 62(a): Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act 1956, the Directors may, in their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Article 62(b): Nothing in sections 108, 109 and 110 of the Companies Act shall prejudice this power to refuse to register the transfer of, or the transmission on legal documents by operation of law of the rights to, any shares or interests of a member in, any shares or debentures of the Company.

Transfer of shares

Article 63(a): An application of registration of a transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to clause (d) below the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the register of members the name of the transferee and the subject to the same conditions as if the application to registration was made by the transferee.

Article 63(b): For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the tim e at which it would have been delivered to him in the ordinary course of post.

Article 63(c): It shall not be lawful for the Company to register a transfer of shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by the transferee and specifying the name, address of the transferee has been delivered to the Company along with the certificate relating to the shares and if no such certificate is in existence then, along with the letter of allotment of shares. The Directors may call for such other evidence as they reasonably require to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors that the instruments of transfer is satisfactory they make request such indemnity as they think fit.

Article 63(d): Nothing in clause (c) shall prejudice the Company's power to register as holder a person to whom the share has been transmitted by operation of law.

Custody of instrument of transfer

Article 64: The instrument of transfer shall after registration be retained by the Company and remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer to Minors etc.

Article 66: Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Title to shares of deceased holder

Article 67: Executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holder) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or the legal representatives unless they shall have first obtained probate or letters of administration or a succession certificate, as the case may be from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or letters of administration or a succession certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

Article 68 (a): Subject to the provisions of Articles 67 and 77 (d), any persons becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with the Articles, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions contained in the Articles and until he does so, he shall not be free from any liability in respect of such shares.

Claimant to be entitled to same advantage

Article 69: The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were the registered holder of the shares except that he shall not before being registered as a member in respect of the shares, be entitled in respect of its, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled may receive dividend without being registered as member

Article 70: A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, bonuses or other moneys payable as provided in the Articles, be entitled to receive and may give discharge or any dividends, bonuses or other moneys payable in respect of the share/debenture.

No fee on transfer or transmission

Article 74: No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death, marriage, power of attorney or similar other document.

The Company not liable for disregard of a notice prohibiting registration of transfer

Article 75: The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

Article 76: The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law, of debentures of the Company.

No transfer to more than four persons as joint holder

Article 77(a): The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders

Article 77(b): In the case of a transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holder.

Liability of joint holders

Article 77(c): The joint holders of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share/debenture.

Death of one or more joint holders

Article 77 (d): On the death of any one or more of such joint holders the survivor/survivors shall be the only person or persons recognised by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the state of a deceased joint holder from any liability on shares/debentures held by him jointly with any other person.

Vote of joint holders

Article 77(g) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

Restrictions on powers of Board

Article 78: The Board of the Directors of the Company shall not, except with the consent of the Company, in general meeting and subject to Article 172:

(i) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

(ii) remit or give time for the repayment of any debt due by a Director;

(iii) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of the Companies Act, of any such undertaking as is referred to clause (i) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after considerable time;

(iv) borrow monies where the moneys to be borrowed, together with the money's already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves which are not set apart for any specific purpose;

(v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of sections 349 and 350 of the Companies Act during three preceding financial years whichever is greater.

Quorum for meeting

Article 101 (a): Five members personally present shall be the quorum for a general meeting of the Company.

Restrictions on exercise of voting rights of members who have not paid calls

Article 104 (a): No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Article 104(b): Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187B of the Companies Act.

Restriction on exercise of voting right in other cases to be void

Article 105: A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken or on any other ground not being a ground set out in Article 104.

Equal rights of shareholders

Article 106: Any shareholder whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be done by show of hands in first instance

Article 107: At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Companies Act be decided on a show of hands.

Article 108(a) and A: Subject to the provisions of the Companies Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him. Notwithstanding anything contained in Article 94, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of shares on behalf of a beneficial owner. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of shares held by it; and the beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its shares held by a Depository.

No voting by proxy on show of hands

Article 108 (b): No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Companies Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

How members non compos minutes and minor may vote

Article 108(c): A member of unsound mind or regarding whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes in respect of shares of deceased or insolvent members etc.

Article 108 (d): Subject to the provisions of the Act and other provisions of the Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted the right to vote at such meeting in respect thereof.

Custody of Instrument

Article 108 (e): If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the company. It shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

Validity of votes given by proxy notwithstanding death of members etc

Article 108 (f): A vote given in accordance with the terms of the proxy instrument shall be valid notwithstanding the previous death of the principal or revocation of the proxy or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

Time for objections for vote

Article 108 (g): No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of any vote

Article 108 (h): The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Chairman's declaration of result of voting by show of hands to be conclusive

Article 109: A declaration of the Chairman pursuant to Section 177 of the Companies Act that on a show of hands a resolution has or has not been carried, either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour or against such resolution.

Demand for poll

Article 110 (a): Before or on the declaration of the result of the voting on any resolution of a show of hands a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

Article 110 (b): The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

Article 111 (a): A poll demanded on a question of adjournment shall be taken forthwith.

Article 111 (b): A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Companies Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

Article 112: On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Manner of taking poll and result thereof

Article 114 (a): Subject to the provisions of the Companies Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

Article 114 (b): The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

Article 115: In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Board of Directors

Article 127: Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three and not more than twelve.

Appointment of Senior Executives as Whole time Directors

Article 128(a): Subject to the provisions of the Companies Act and within the overall limit prescribed under these Articles, the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a whole time Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions: (i) he shall be liable to retire by rotation as provided in the Companies Act but shall be eligible for reappointment; (ii) his reappointment as a Director shall not constitute a break in his appointment as whole time Director; (iii) he shall cease to be a Director on the happening of any event specific in Sections 283 and 314(2C) of the Companies Act; (iv) he shall cease to be a Director of the Company if for any reason whatsoever he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company; (v) subject to the above, he shall carry out and perform all such duties and responsibilities, as may from time to time, be conferred upon him by the Managing Director/s and/or the Board; (vi) shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director(s) and/or the Board may from time to time determine.

Article 128(b): Nothing in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw or modify any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole time directors.

Debenture Director

Article 129: Any trust deed for securing debentures or debenture stocks, may provide for the appointment by the trustees or by the holders of debentures or debenture stocks, of some person(s) to be a Director(s) and empower such trustees or holders of debentures or debenture stocks to remove and reappoint any Director/s so appointed (“**Debenture Director”)**. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

Article 130: Notwithstanding anything to the contrary in the Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (“**IDBI**”), The Industrial Credit and Investment Corporation of India Ltd. (“**ICICI”**), Industrial Finance Corporation of India (“**IFCI”**) and Life Insurance Corporation of India (“**LIC**”) or to any other finance corporation or credit corporation or to any other credit finance company or body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI LIC and Unit Trust of India (“**UTI”**) or any other financing corporation or credit corporation or any other financing company or body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other finance corporation or credit corporation or any other financing company or body is hereinafter referred to as “**the Corporation**”) continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement or long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as there is any outstanding liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole time or non-whole time (which

Director or Directors is/are hereinafter referred to as "**Nominee Director/s**") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company and at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Except as mentioned, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.

The Nominee Director(s) so appointed shall hold the said office only so long as any money remains owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding. The Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately when the moneys are repaid or on the Corporation ceasing to hold debentures/ shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director's are member(s), as well as, the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director(s) sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director(s) in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director(s).

If any such Nominee Director(s) is an officer of the Corporation, the sitting fee in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Also, if such Nominee, Director(s) is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director(s) shall also accrue to IDBI and be paid by the Company directly to IDBI. In the event Nominee Director(s) are appointed as whole time director(s) then, they shall exercise such powers and duties as may be approved by the lenders and have such rights usually exercised/available to a whole time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the lenders.

Special Director

Article 131 (a): In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person ("**Collaborator**") to appoint from time to time any person or persons as Director or Directors of the Company ("**Special Director**") and may agree that such Special Director shall not be liable to retire by rotation, need not possess any qualification shares to qualify him for the office of such Director. However, such Special Director shall hold office only for the term of the collaboration arrangement unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.

Article 131(b): The Collaborator may at any time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint a replacement in writing and shall be delivered to the Company at its registered office.

Article 131 (c): Every collaborator entitled to appoint a Director under this Article may appoint one or more such person(s) as a Director(s) and if more than one Collaborator is entitled to appoint a Director then, there may at any time be as many Special Directors as the Collaborators are eligible to appoint.

Article 132: Subject to the provisions of Section 255 of the Companies Act, the number of Directors appointed under Articles 130 and 131 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Appointment of Alternate Director

Article 133: The Board of Directors may appoint an alternate Director to act for a Director ("the Original Director") during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held. An alternate Director appointed shall not hold office for a period longer than permissible to the Original Director in whose place he has been appointed and shall vacate office if the Original Director returns to the State in which meeting of the Board are ordinarily held. If the term of office of the Original Director is determined before he returns to the State, any provision for the automatic reappointment of retiring directors in default of another appointment shall apply to the original and not to the alternate director.

Appointment of Additional Directors

Article 134: Subject to the provisions of Section 260 of the Companies Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by the Articles. Any Director so appointed shall hold the office only up to the next annual general meeting of the Company and shall then be eligible for re-appointment.

Appointment of Director to fill the casual vacancy

Article 135 (a): Subject to the provisions of Section 262 of the Companies Act, if the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may in default of and subject the Articles, be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office until the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Individual Resolution for Directors appointment

Article 135 (b): At a general meeting of the Company, a motion shall not be made for the appointment of two or more persons as Director by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution passed in contravention of this Article shall be void whether or not objection was taken at the time of its being so moved provided that where a resolution is passed and no provision for the automatic reappointment of retiring director by virtue of the Articles and the Companies Act in default of another appointment shall apply.

Appointment of chairman

Article 136: The Directors may elect among themselves a chairman of the Board and determine the period for which he is to hold office if at any meeting of the Board, the chairman is not present within fifteen minutes after the time appointed for holding the same, the directors present may choose one of their members to be chairman of the meeting.

Qualification of Director

Article 137: A Director need not hold any shares in the Company to qualify him for the office of a Director the Company.

Remuneration of Directors

Article 138: Subject to the Companies Act, a Managing Director or a Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other. Subject to the Companies Act, a Director, who is neither in the whole time employment nor a Managing Director may be paid remuneration either: (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or (ii) by way of commission of the Company by. a special resolution has authorised such payment. The fee payable to Directors (other than Managing or whole time Director, if any) for attending each meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Companies Act or the Central Government from time to time.

Travelling and other expenses

Article 139: The Board may pay any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for travelling, board and lodging and incidental and/or such actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings of the Board or Committees thereof or general meetings of the Company are held or any other place at which the Director executes his duties.

Remuneration for extra services

Article 140: If any Director, being willing is called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Companies Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 309 of the Companies Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Increase in remuneration of Directors

Article 141 (a): Any provision relating to the remuneration of any Director including a Managing or Joint Managing or whole time Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly the amount thereof, whether that provision is contained in an agreement entered into by it, or any resolution, passed by the Company in general meeting or by the Board of Directors, shall not have any effect: (i) in cases where Schedule XIII is applicable, unless such increase is in accordance with the conditions specified in that Schedule; and (ii) in any other case, unless it is approved by the Central Government and the amendment shall become void if, and in so far as, it is disapproved by that Government.

Increase in remuneration of Managing Director on re-appointment or appointment

Article 141(b): If the terms of any re-appointment or appointment of a Managing or Joint Managing or whole time Director, purport to increase or have the effect of increasing, whether directly or indirectly, the remuneration which the Managing or Joint Managing or whole time Director, as the case may be was receiving immediately before such reappointment or appointment shall not have any effect: (i) in cases, where Schedule XIII is applicable, unless such increase is in accordance with the conditions specified in that Schedule; and (ii) in any other case, unless it is approved by the Central Government and shall become void if, and in so far as, it is disapproved by that Government.

Directors not to act when number falls below minimum

Article 142: When the number of Directors in office falls below the minimum fixed, the Directors, shall not act except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

Eligibility

Article 143: A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Companies Act.

Directors vacating office

Article 144: The office of a Director shall become vacant if: (i) he is found to be of unsound mind by a Court of competent jurisdiction; (ii) he applies to be adjudicated an insolvent; (iii) he is adjudged an insolvent; (iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; (vi) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure; (vi) he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; (vii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Companies Act; (viii) he acts in contravention of Section 299 of the Companies Act; (ix) he becomes disqualified by an order of court under Section 203 of the Companies Act; (x) he is removed in pursuance of Section 284 of the Companies Act; (xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; (xii) he resigns his office by notice in writing given to the Company; (xiii) he is already a director of a public company which: (a) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or (b) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more.

Notwithstanding anything in sub-clauses (iii), (iv) and (v) of this clause, the disqualifications referred to in these sub-clauses shall not take effect: (i) for thirty days from the date of the adjudication, sentence or order; (ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off; or (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

Article 145(a): The Company may (subject to the provisions of Section 284 and other applicable provisions of the Companies Act and the Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Companies Act, before the expiry of his period of office.

Article 145 (b) (c): Special notice should be given as provided by Section 190 of the Companies Act of any resolution to remove a Director or to appoint some other person in place of a Director so removed at the meeting at which he is removed. On receipt of notice of a resolution to remove a Director, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.

Article 145 (d): Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes written representations to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so: (i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and (ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations is not sent because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.

Article 145 (e): A vacancy created by the removal of a Director may, if he had been appointed in pursuance of Section 262 of the Companies Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date until his predecessor would have held office if he had not been removed as aforesaid.

Article 145 (f): If the vacancy is not filled, it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Companies Act, and all the provisions of that Section shall apply accordingly;

Provided that the Director who was removed from office shall not be re appointed as a Director by the Board of Directors

Article 145 (g): Nothing contained in this Article shall be taken as (i) depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating; with that as director: or (ii) as derogating from any power to remove a Director which may exist apart from the Articles.

Directors may be directors of companies promoted by the company

Article 147: A Director, Managing Director, officer or employee of the Company may be, or become a director, of any Company promoted by the Company or in which it may be interested as a vendor, member or otherwise. No such director shall be accountable for any benefits received as director or member of such company except to the extent and under the circumstances as may be provided in the Act.

Certain powers to be exercised by the Board only at meeting

Article 170(a): Without derogating from the powers vested in the Board of Directors under the Articles, the Board shall exercise the following powers on behalf of the Company but only by means of resolutions passed at meetings of the Board (i) power to make calls on shareholders in respect of money unpaid on their shares; (ii) power to issue debenture; (iii) power to borrow moneys otherwise than on debentures; (iv) power to invest the funds of the Company; (v) power to make loans; and (vi) the power to purchase to authorize to buy back of shares under Section 77(a) of the Companies Act. Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in (ii), (iii) and (iv) to the extent specified in clauses (ii),(iii) and (iv) respectively on such condition as the Board may prescribe.

Article 170 (b): Every resolution delegating the power referred to in (iii) of clause (a) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate.

Article 170 (c): Every resolution delegating the power referred to in (iv) of clause (a) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.

Article 170 (d): Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.

Article 170 (e): Nothing in Article 170 shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

Article 171(a): The Board of Directors shall not except with the consent of the Company in general meeting:

(i) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

(ii) remit or give time for the repayment of any debt due by a Director;

(iii) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition after the commencement of the Companies Act, of any such undertaking as is referred to clause (i) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after considerable time;

(iv) borrow monies where the moneys to be borrowed, together with the money's already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves which are not set apart for any specific purpose;

(v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of sections 349 and 350 of the Companies Act during three preceding financial years whichever is greater.

Article 171(b) Nothing contained in sub-clause (a) above shall affect: (i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or (ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

Article 171 (c): Any resolution passed by the Company permitting any transaction such as is referred to in sub clause (a) (i) above, may attach such conditions to the permission as may be specified in the proceeds which may result from the transaction. However, this clause shall not be deemed to authorize the Company to effect any reductionin its capital except in accordance with the provisions contained in that behalf in the Companies Act.

Article 171 (d): No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

Prohibition regarding making of political contributions

Article 171(e): Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Companies Act and in regard to the limitations on the power of the Company contained in Section 2 93A of the Companies Act.

General Powers of the Company vested in Directors

Article 172: Subject to the provisions of the Companies Act, the management of the business of the Company shall be vested in the Directors. The Directors may exercise all such powers and do all such acts and things as the Company by the Memorandum of Association or otherwise is authorised to exercise and do and not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting. Subject the provisions of the Companies Act and of the Memorandum of Association and the Articles from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific Powers given to Directors

Article 173: Without prejudice to the general powers conferred by Article 172 and other powers conferred by the Articles and so as not in any way to limit any or all of, those powers, the Directors shall have the following powers:

To pay registration expenses

(i) to pay costs, charges and expenses preliminary and incidental to the promotion formation, establishment and registration of the Company;

(ii) to pay and charge to the capital account of the Company interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Companies Act;

To acquire property

(iii) Subject to the provisions of the Companies Act and the Articles to purchase or otherwise acquire any lands, buildings, machinery premises, hereditaments, property effects, assets, rights credits, royalties bounties and goodwill of any person firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

To purchase lands, buildings etc.

(iv) Subject to the provisions of the Companies Act to purchase or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon situate in any part of India at such price or rent and under and subject to such terms and conditions as the Directors may think fit, and in any such purchase lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonable, satisfactory;

To construct buildings

(v) To erect, construct enlarge improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;

To mortgage, charge property

(vi) To let, mortgage, charge, sell on otherwise dispose of subject to the provisions of Section 293 of the Companies Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash on otherwise, as they may think fit;

To pay for property etc.

(vii) At their discretion to pay for any property rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, debenture stock or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To insure

(viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building machinery, goods stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies assurance; effected in pursuance of this power;

To open accounts

(ix) Subject to Section 292 of the Companies Act, to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

To secure contracts

(x) To secure the fullfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

To attach to Shares such conditions

(xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Companies Act, as to the transfer thereof as they may think fit;

To accept surrender of shares

(xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;

To appoint trustees

(xiii) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

To bring and defend actions

(xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Companies Act to compound and allow time for payment or satisfaction of any debts due or of any claims or demands by or against the Company;

To refer to arbitration

(xvi) To refer, subject to the provisions of Section 293 of the Companies Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

To act on insolvency matters

(xv) To act on behalf of the Company in all matters relating to bankrupts and insolvents;

To give receipts

(xvii)To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 293 of the Companies Act;

To authorise acceptances

(xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts acceptances, endorsements, cheques dividend warrants, releases, contracts and documents on the Company's behalf;

To invest moneys

(xix) Subject to the provisions of Sections 292, 293, 370, 372 of the Companies Act, invest and deal with any of the moneys of the Company, not immediately required in the purpose thereof, upon such shares, securities or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realise such investments;

To provide for personal liabilities

(xx) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon;

To give to Directors etc. an interest in business

(xxi) Subject to such sanction as may be necessary under the Companies Act or these Articles, to give to any Director, officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company;

To provide for welfare of employees

(xxii)To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing 'towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

To subscribe to charitable and other funds

(xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national public or any other useful institutions, object or purposes for any exhibition;

To maintain pension funds

(xxiv) To establish, maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company on of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidise and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;

(xxv) To decide and allocate the expenditure on capital arid revenue account either for the year or period or spread over the years;

To create Reserve Fund

(xxvi) Before recommending any dividend, to set a side out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund on Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference snares debentures, or debenture stock or for special dividends or for equalising dividend or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Sections 292 and 293 and other provisions of the Companies Act) as the directors may think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they may expend the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption or redeemable preference shares, debentures or debenture stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper;

To appoint Managers etc.

(xxvii) To appoint and at their discretion to remove or suspend such Managers, secretaries, officers, clerks, agents and servants for permanent temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.

To authorise by power of attorney

(xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable b the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

To authorise, delegate

(xxix) Subject to the provisions of the Companies Act, generally and from time to time and at any lime to authorise, empower or delegate to (with or without powers of sub-delegation) any Director, officer or officers or employee for the time being of the Company and/or any other person, firm or Company all or any of the powers authorities and discretions for the time being a the Directors by these presents subject to such restrictions and conditions, if any as the Directors may think proper.

To Negotiate

(xxx) To enter into all such negotiations contracts arid rescind and/or vary all such contracts and to execute and do all such acts, deeds and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

Power to appoint Managing or Wholetime Directors

Article 174(a): Subject to the provisions of the Companies Act and of the Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or whole time Directors and/or Special Directors, like technical Director, financial Director etc of the Company for, fixed terms not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/ whole time Director(s), technical Director(s), financial Director(s) and Special Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and restrictions as it may determine, the remuneration of such Directors may be by way of monthly remuneration, and/or fee for each meeting and/or participation in profits or by any or all of those modes, or of any other mode not expressly prohibited by the Companies Act.

Article 174 (b): The Directors may whenever they appoint more than one Managing Director designate one or more of' them as Joint Managing Director or Joint Managing Directors or Deputy Managing Directors as the case may be.

Appointment and payment of remuneration to Managing or Wholetime, Director

Article 174 (c): Subject to the provisions of Sectors 198, 269, 309, 310 and 311 of the Companies Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.

Division of Profits

Article 178: The profits of the Company subject to any special rights relating thereto created or authorised to be created by the Articles shall be divisible among the members in proportion to the amount of paid up capital or credited as paid up on the shares held by them respectively.

Dividend Payable to registered holder

Article 179: No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time for payment of dividend

Article 180: Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Companies Act.

Capital paid up in advance and interest not to earn dividend

Article 181: Where the capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

Article 182: The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Companies Act. Provided always that any capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in Annual General Meeting may declare dividends

Article 183: The Company in an annual general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividends

Article 184: No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

Article 185: No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Companies Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that:

(a) if the Company has not provided for depreciation for any previous financial year (s). It shall before declaring or paying a dividend for any financial year, provide for such depreciation out of profits of that financial year or out of the profits of any other previous financial year or years;

(b) if the Company has incurred any loss in any previous financial year(s), the loss or an amount which is equal to the amount provided for that year(s) whichever is lesser, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year(s) arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Companies Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Companies Act.

Director's declaration as to net profits conclusive

Article 186: The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

Article 187: The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

Article 188: The Directors may retain the Dividends payable upon shares in respect of which any person by way of transmission (in accordance with the Articles) is entitled to become a member or which any person is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom

Article 189: Subject to the provisions of the Companies Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person(s) and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

Article 190: A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

Article 191: Unless otherwise directed any dividend may be paid by cheque or warrant or pay slip or receipt having the force of a cheque or warrant sent through ordinary post to the registered address if the member or person entitled or in the case of joint holders to that one of them first named in the Register of members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of share or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

Unpaid Dividend or Dividend Warrant posted

Article 192(a): Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days open a special account in that behalf in any scheduled bank as per Section 205 A of the Companies Act and transfer to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Article 192(b): Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

Article 192 (c): No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

Article193: Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

Article 194: No dividend shall be payable except in cash except that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

Capitalisation

Article 195 (a): Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any money's investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised:

(i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company; or

(ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in: (i) paying up un-issued shares of the Company to be issued to members of the Company as fully paid bonus shares; (ii) in writing off the preliminary expenses of the Company; (iii) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or (iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up un-issued shares of the Company to be issued to the members of the company as fully paid bonus shares.

Article 195(b): Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a) (ii) above, shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (i) or payment under sub-clause (a) (ii) above shall be made on the basis that such members become entitled thereto as capital.

Article 195(c): The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended, such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.

Article 195(d): For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular, they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the basis of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally, may make such arrangements for the acceptance allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

Article 195(e): In cases where some of the shares of the Company are fully paid and others are partly paid, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

Article 196: When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Gujarat located at Ahemdabad for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at Bhadr-Raj Chambers, Swastik Cross Roads, Navrangpura, Ahmedabad-380 009, India from 10.00 a.m. to 4.00 p.m. from the date of this Prospectus until the Bid/ Issue Closing Date.

Material Contracts

1. Engagement Letter dated 10th November, 2003 executed with Enam Financial Consultants Private Limited and IL&FS Investment Limited as BRLMs by Dishman.
2. Agreement dated 27th November, 2003 executed with Intime Spectrum Registry Limited appointing them Registrar to the Issue and Share Transfer Agent.
3. Memorandum of Understanding amongst Dishman, on its own behalf and BRLMs.
4. Memorandum of Understanding amongst Dishman, on its own behalf and Intime Spectrum Registry Limited.
5. Syndicate Agreement between Dishman, on its own behalf, BRLMS and Syndicate member dated March 17, 2004.
6. Excrow Agreement between Dishman, on its own behalf, the BRLMS, HDFC Bank, the Syndicate member and the Registrar dated March 25, 2004.
7. Underwriting agreement between the Dishman, the BRLMS and Syndicate member dated April 12, 2004

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time;
2. Certificate of Incorporation of the Company dated June 29, 1983. The word “Private” was deleted in the Certificate of Incorporation on February 17, 1997. Subsequently, the name of the Company was changed and a fresh Certificate of Incorporation was issued on October 12, 1999.
3. Copies of Annual reports of Dishman and its subsidiaries for the years ended March 31, 1999, 2000, 2001, 2002 and 2003 and for the period ended September 30, 2003 as applicable;
4. Resolution of the Board of Directors of the Company, passed at its Meeting held on November 26, 2003 approving the Issue;
5. Resolution of the Members of the Company at the Annual General Meeting held on August 9, 2003 appointing M/s. Kunte & Associates as statutory auditors of the Company for the year 2003-04.
6. Copy of the tax benefit report dated January 8, 2004 from our Auditors signed by M/s. Kunte & Associates;
7. Report of the Auditors M/s. Kunte & Associates dated January 8, 2004;
8. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, legal counsel, Directors, Company Secretary and Compliance Officer, Registrars, Bankers to the Issue, Bankers to the Company, Escrow Collection Bankers, as referred to, in their respective capacities;
9. Listing application filed with BSE and NSE;
10. In principal listing approvals from BSE dated February 20, 2004 and NSE dated February 9, 2004;
11. Tripartite agreement between the NSDL, our Company and Intime Spectrum Registry Limited dated February 4, 2004;
12. Tripartite agreement between the CDSL, our Company and Intime Spectrum Registry Limited dated February 26, 2004;
13. Due Diligence Certificate dated January 23, 2004 to SEBI from Enam Financial Consultants Private Limited and IL&FS Investsmart Limited; and
14. SEBI observation letter No CFD/DIL/PR/ISSUES/5311/2004 dated March 15, 2004.
15. Resolution of the Board of Directors passed on January 9, 2004 approving the Draft Red Herring Prospectus, March 18, 2004 approving the Red Herring Prospectus and April 12, 2004 approving the Prospectus.
16. General Power Of Attorney executed by the Directors of the Company in favour of the person(s) for signing and making the necessary changes to the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.
17. Resolutions appointing the Chairman and Managing Director, the Managing Director and Wholetime Directors.
18. Term Finance Agreement dated February 12, 2004 between IL&FS and us for Rs.75mn.
19. Board Resolution passed on April 12, 2004, accepting the underwriting agreement.
20. Certificate dated 23/03/2004 issued by Ministry of Science & Technology, New Delhi in respect of Renewal of Recognition of In-house R&D Unit of DPCL at Naroda.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Mr. Rajnikant T. Vyas*

Mr. Janmejay R. Vyas

Mrs. Devhooti J. Vyas

Dr. Klaas Zijlstra*

Dr. Henk Pluim*

Mr. Prabhakar R. Dalal*

Mr. Yagneshkumar B. Desai*

Mr. Sanjay Majmudar*

(*Through their constituted attorney Mrs. Devhooti J. Vyas)

NAME: Mrs. Devhooti J. Vyas

SIGNED BY THE MANAGING DIRECTOR

NAME: Mr. Janmejay R. Vyas

Date : April 13, 2004

PLACE : Ahmedabad

SIGNED BY THE PRESIDENT (FINANCE)

NAME: Mr. N. D. Shah

DATE : April 13, 2004

PLACE : Ahmedabad

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