



60th ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS

Mr. G.G.Desai

Chairman

Ms. Rajeshwari Datla

Mr. Sanjay Buch

Mr. Vinayak Hajare

Mr. Satish Varma

Mr. Krishna Datla

Managing Director

COMPANY SECRETARY

Mr. Srikant N. Sharma

CHIEF FINANCIAL OFFICER

Mr. K. H. Kashid

SOLICITORS

Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS

S. R. Batliboi & Associates

INTERNAL AUDITORS

M M Nissim & Co.

BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Standard Chartered Bank

Bank of Baroda

Union Bank of India

REGISTERED OFFICE

'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) – 400 610.
Maharashtra, India.

Tel No : +91 22 6798 0888

Fax No : +91 22 6798 0899

E-mail : contact@dil.net

WEBSITES

www.dil.net

www.fermentabiotech.com

www.glider.cz

www.whitestripes.biz

REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078.

Maharashtra, India.

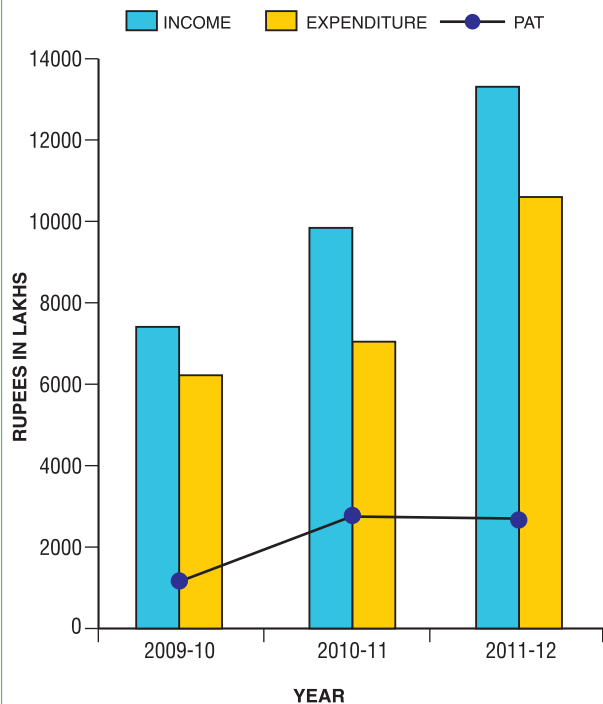
Tel No : +91 22 2594 6970

Fax No : +91 22 2596 2691

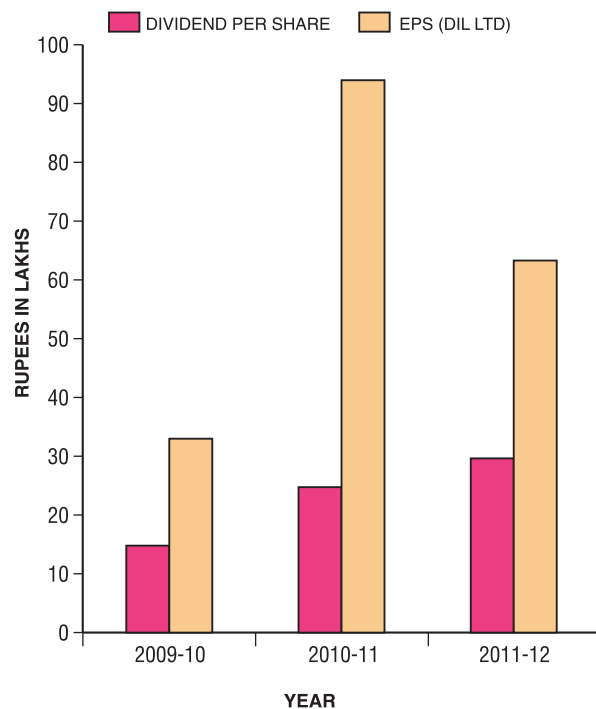
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FINANCIAL HIGHLIGHTS - CONSOLIDATED

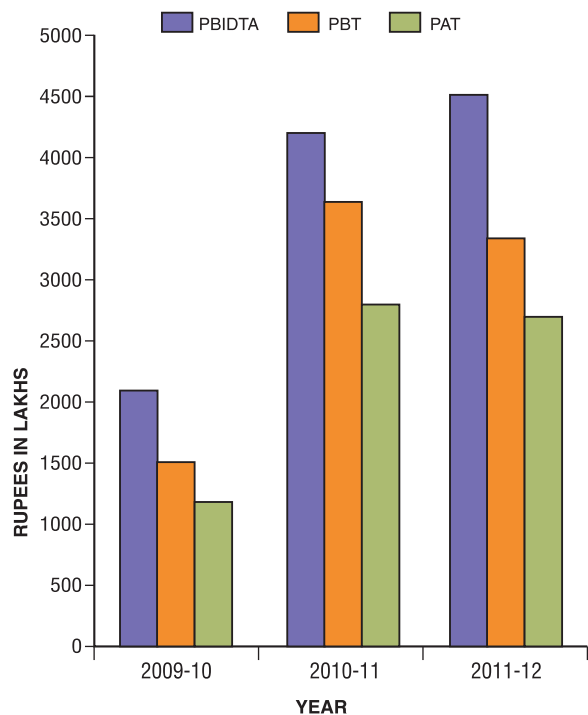
INCOME & EXPENDITURE



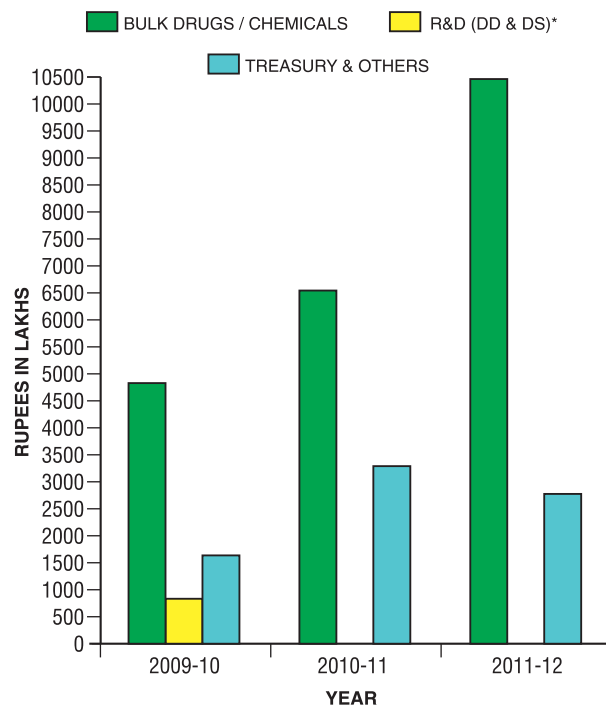
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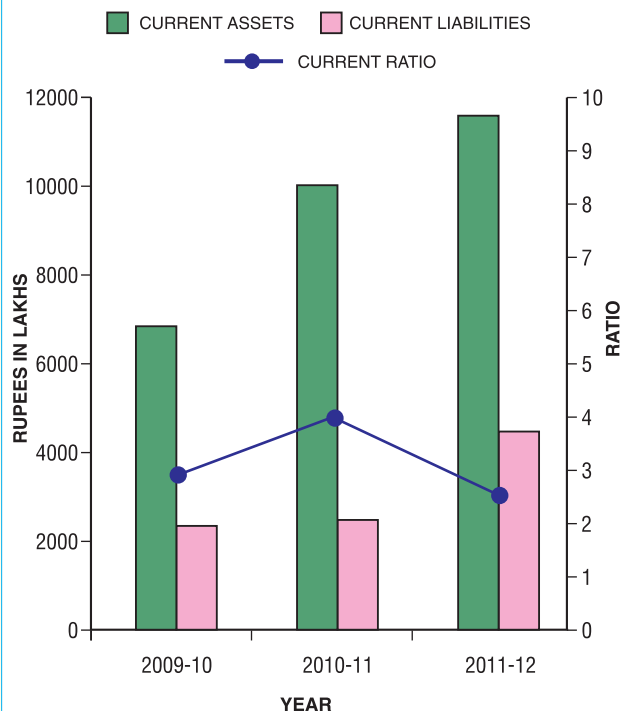
PROFITS



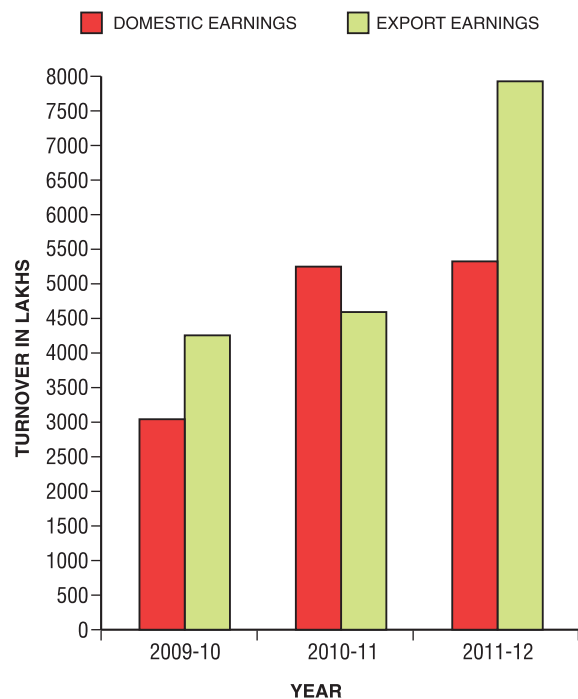
SEGMENT WISE REVENUE



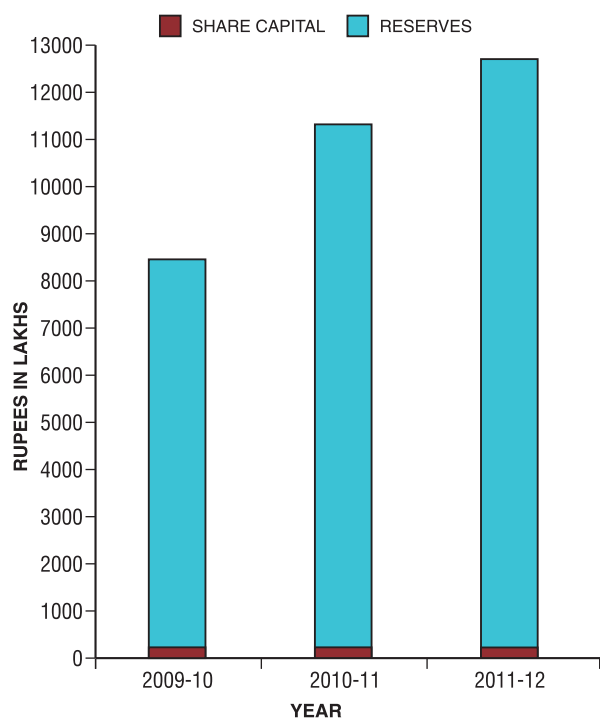
CURRENT RATIO



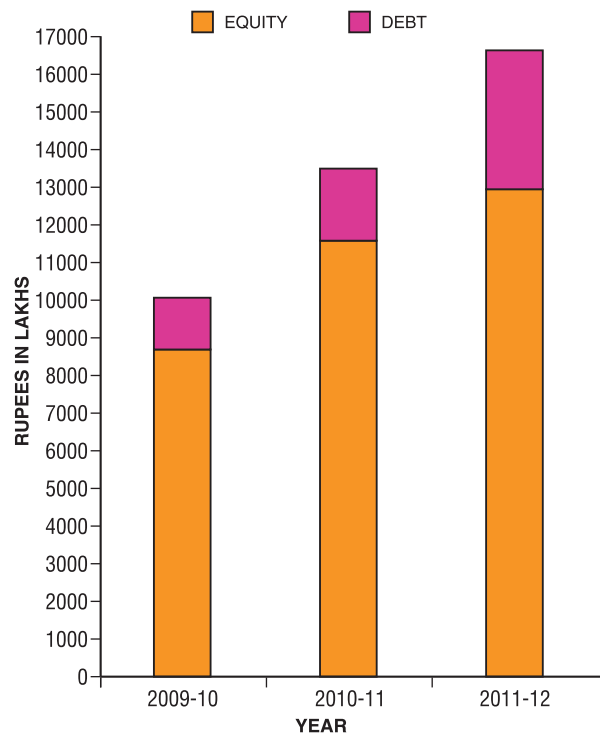
DOMESTIC & EXPORT EARNINGS



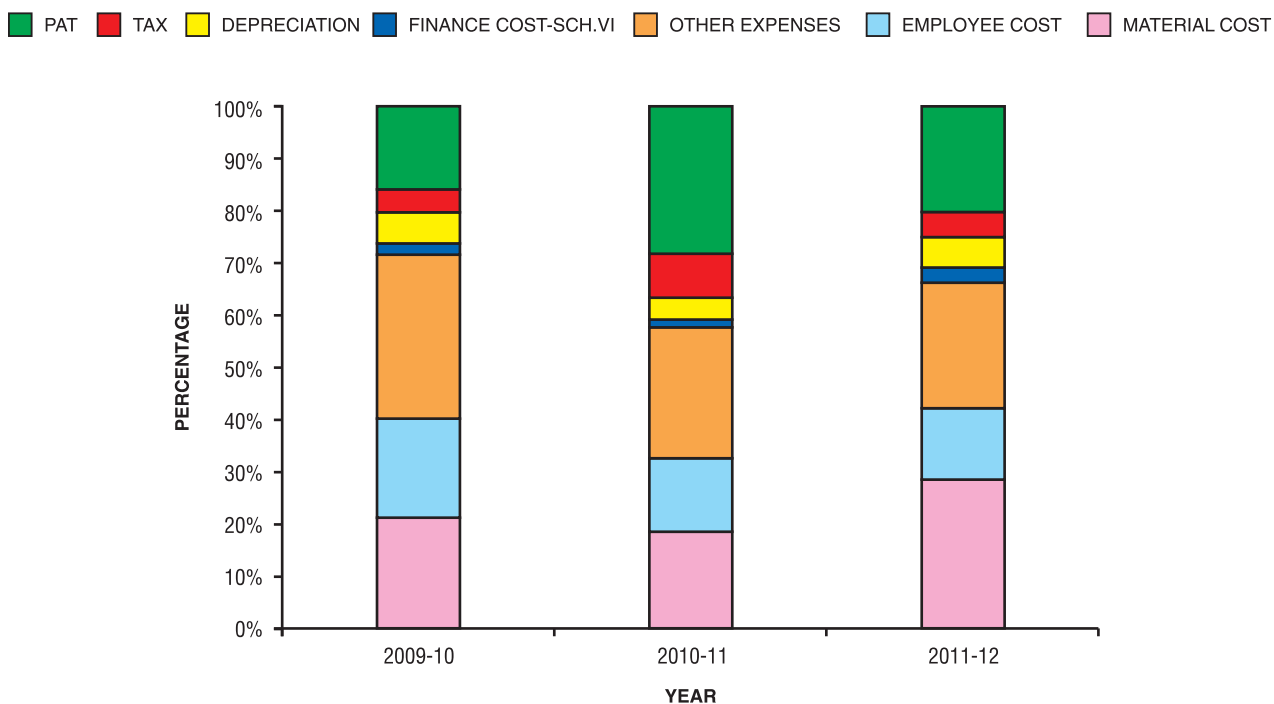
SHAREHOLDERS' FUND



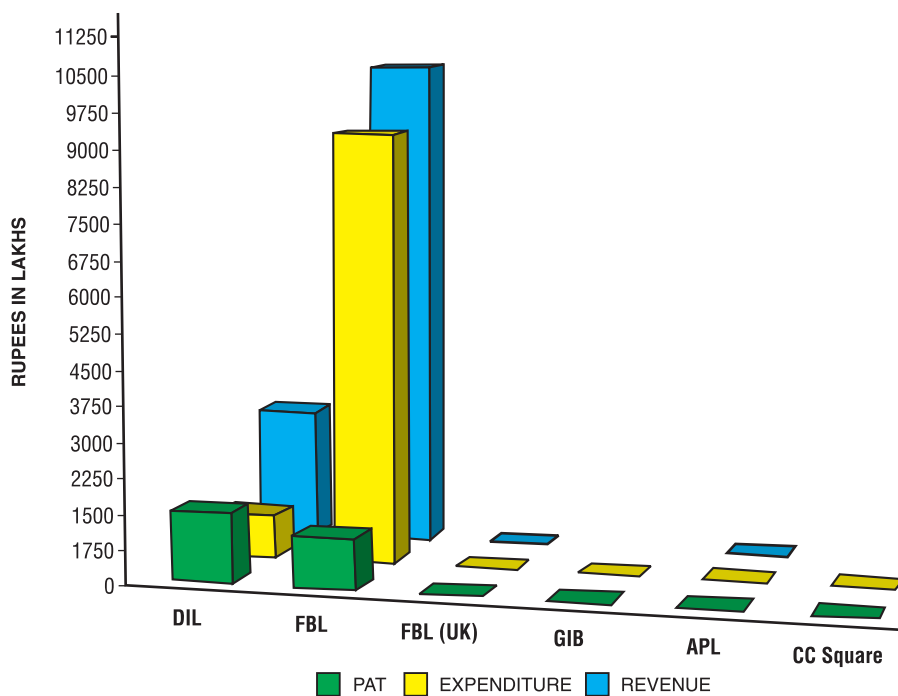
DEBT & EQUITY



DISTRIBUTION OF REVENUE 2011-12



PERFORMANCE OF DIL & SUBSIDIARY COMPANIES 2011-12



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NOTICE

Notice is hereby given that the Sixtieth Annual General Meeting of the Members of DIL LIMITED will be held at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), 400 610, Maharashtra on Friday, September 28, 2012 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss for the year ended on that date, the Directors' Report and the Auditor's Report thereon.
2. To declare final dividend on equity shares for the financial year ended March 31, 2012.
3. To appoint a Director in place of Mr. Satish Varma, who retires by rotation and is eligible for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

By Order of the Board of Directors

Srikant N. Sharma
Company Secretary

Thane, August 14, 2012.

Registered Office:
'DIL' Complex,
Ghodbunder Road,
Majiwada,
Thane (West) – 400 610.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument of proxy in order to be effective must be received by the Company, duly completed and signed, not less than 48 hours before the Annual General Meeting.
3. The details in respect of Director recommended for re-appointment at the Annual General Meeting, under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited are furnished in the Corporate Governance Report.
4. The final equity dividend if declared at this Annual General Meeting for the year ended March 31, 2012 @ Rs.15/- per equity share will be paid on or after October 3, 2012 to those members whose names appear in the Register of Members of the Company on September 14, 2012, and the dividend will be payable on the basis of Beneficial Ownership details furnished by NSDL and CDSL at the close of business hours on September 14, 2012.
5. The Register of Members and Share Transfer Books will remain closed from September 15, 2012 to September 28, 2012 (both days inclusive) in connection with the payment of final equity dividend for the financial year 2011-12.
6. Members seeking any information or clarification on the Annual Report are requested to send written queries to the Company's Registered Office at least one week before the date of the meeting so that the information can be made readily available at the meeting.
7. Members are hereby informed that dividends, which remain unclaimed / unencashed over a period of 7 years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government under Sections 205A and 205C of the Companies Act, 1956 (Act). Details of unpaid dividend for the year ended March 31, 2011 as on September 27, 2011 would be uploaded in the website of the Company and Form 5INV containing the said

details have been filed with the Ministry of Corporate Affairs on July 31, 2012. The unpaid Dividend for the year ended March 31, 2012 as on September 28, 2012 shall be uploaded on the website of the Company and Form 5INV containing the said details shall be filed on or before December 27, 2012. The unclaimed final dividend for the financial year ended March 31, 2004 has been transferred to the IEPF.

Members holding shares in physical form and wishing to avail this facility are requested to send their details in NECS mandate form to the Company's Registrar and Transfer Agents. Members holding shares in dematerialized (electronic) form are requested to note that bank details registered against their respective depository accounts would be used by the Company for payment of dividend.

8. Dividend for the Financial Year ended March 31, 2005, which remains unpaid or unclaimed, will be due for transfer to the IEPF on October 22, 2012 pursuant to the provisions of Section 205A of the Act.
9. Members who have not encashed their dividend warrants for the years 2003-2004 or thereafter are requested to forward their claim(s) to the Company at its Registered Office and / or to the Company's Registrar and Transfer Agents. Members are advised that no claims shall remain against the Company for the amount of unclaimed dividend transferred to the said IEPF Fund.
10. Members holding shares in the same name under different Ledger Folios and wish to consolidate such Folios may send the relevant share certificates to the Company's Registrar and Transfer Agents for taking necessary action(s).
11. Members / proxies should bring the Attendance slip sent herewith, duly filled in, for attending the meeting. The Members are requested to bring their copies of the Annual Report as the same will not be distributed at the meeting.
12. Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) prescribed under Rule 5D of the Companies (Central Government's) General Rules and Forms, 1956 with the Company or its Registrar and Share Transfer Agents which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their Depository Participant.
13. The Company has provided facility to the Members for receiving dividend through National Electronic Clearing System (NECS) to avoid loss in transit, fraudulent interception, and encashment and undue delay in receipt of the dividend warrant.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors are pleased to present the 60th Annual Report and the Audited Accounts for the financial year ended March 31, 2012.

	(Amount - ₹.in Lakhs)	
	2011-2012	2010-2011
FINANCIAL HIGHLIGHTS		
Stand alone results		
Total Revenue	2,763.40	3,824.34
Total Expenditure	744.16	977.24
Profit before Interest, Depreciation and Tax ('EBIDTA')	2,019.24	2,847.10
Financial Cost	7.45	6.96
Depreciation and Amortization Expense	170.98	116.58
Profit before tax ('PBT')	1,840.81	2,723.56
Less : Provision for tax (including deferred tax)	372.70	546.72
Profit after tax ('PAT')	1,468.11	2,176.84
Balance brought forward	3,514.98	2,235.77
Balance for appropriations	4,983.09	4,412.61
Appropriations		
Interim Dividend	343.98	343.98
Proposed Dividend	343.98	229.32
Dividend Distribution Tax	111.60	94.33
Transfer to General Reserve	150.00	230.00
Balance in Statement of Profit and Loss	4,033.53	3,514.98
	4,983.09	4,412.61
Consolidated results		
Total Revenue	1,3314.40	9,891.55
Total Expenditure	8814.30	5,693.60
Earning before Interest, Depreciation and Tax ('EBIDTA')	4,500.10	4,197.95
Financial Cost	387.59	148.31
Depreciation and Amortization Expense	776.07	415.03
Profit before tax ('PBT')	3,336.44	3,634.61
Less : Provision for tax (including deferred tax)	640.18	834.92
Add : Provision for tax in respect of earlier years written back	(0.35)	(0.37)
Profit after tax ('PAT')	2,695.91	2,799.32
Minority interest	(297.53)	(123.58)
Share of interest in profit/(loss) of associates	(172.65)	(142.89)
Net Profit	2,225.73	2,532.85
Balance brought forward	4,550.51	2,985.29
Balance for appropriations	6,776.24	5,518.14
Appropriations		
Interim Dividend	343.98	343.98
Proposed Dividend	343.98	229.32
Dividend Distribution Tax	111.60	94.33
Transfer to General Reserve	150.00	230.00
Transfer to Capital Redemption Reserve	—	70.00
Balance in Profit and Loss account	5,826.68	4,550.51
	6,776.24	5,518.14

RESULTS FROM OPERATIONS

During the year under review, the Company on a Stand alone basis, recorded a revenue of ₹.2,763.40 lakhs, as compared to the revenue in the previous year of ₹.3,824.34 lakhs. The profit before tax for the year under review was ₹.1,840.81 lakhs (previous year ₹.2,723.56 lakhs) and consequently profit after tax was ₹.1,468.11 lakhs for the year under review against ₹.2,176.84 lakhs for the previous year.

The consolidated revenue of the Company also recorded a favourable growth of 35% with ₹.13,314.40 lakhs for the financial year 2011-2012 as compared to ₹.9,891.55 lakhs in the previous year. The profit after tax was ₹.2,695.91 lakhs (previous year ₹.2,799.32 lakhs).

DIVIDEND

During the year under review, the Board of Directors had declared and paid an interim dividend of ₹.15 per equity share (150%) for the financial year 2011-12. Your Directors also recommend a final dividend of ₹.15/- per equity share (150%) for the year ended March 31, 2012, subject to the approval of the shareholders at the Annual General Meeting. The total equity dividend for the financial year 2011-12 will amount to ₹.30 per equity share (300%).

TRANSFER TO RESERVE

Your Directors propose to transfer ₹.150.00 lakhs to General Reserve out of ₹.4,983.09 lakhs i.e. the amount available for appropriations. An amount of ₹.4,033.53 lakhs is proposed to be retained in the Statement of Profit and Loss for the financial year 2011-12.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been made as per the Listing Agreement with the Stock Exchange and the relevant Accounting Standards issued by the Institute of Chartered Accountants of India. The consolidated financial statement of the Company for the financial year 2011-12 includes financials of its subsidiaries i.e. Aegean Properties Limited, Fermenta Biotech Limited, Fermenta Biotech (UK) Limited, G.I. Biotech Private Limited, CC Square Films Limited, Vasko Glider s.r.o. its joint venture company and share of profit (loss) in the associate

company.

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company, through its subsidiary Fermenta Biotech Limited (Fermenta) continues its focus in the pharmaceutical segment by concentrating on the production of high-quality niche products, used in every line of pharmaceutical, food and fine chemical manufacture, through innovative and concerted research efforts, thus becoming the most preferred eco-friendly solutions provider in bio-catalysis and pharmaceuticals. While its core focus lies in the above segment, the Company has strategic investments in other areas like health and wellness management businesses, development of discoidal electrical motor technology. The Company's other business segments include treasury operations, property rentals and production and distribution of motion pictures.

This following discussion mainly covers the performance, operations, financials and other information of the Company and its subsidiary, Fermenta Biotech Limited, pertaining to the financial year 2011-12:

Company's operations:

The Company's rental and treasury operations constituted majority of revenue of the Company in the year under review. In the year 2011-12, the total revenue generated on stand alone basis, was ₹.2,763.40 lakhs as against ₹.3,824.34 lakhs in the previous year. A consideration of ₹.1,129 lakhs received by the Company from Evotec AG towards the disposal of its 30% equity holding in Evotec (India) Private Limited added to the gross revenue of the Company in the year under review. Profit after Tax in 2011-12 was ₹.1,468.11 Lakhs as against ₹.2,176.84 Lakhs.

During the year the Company has obtained permission(s) from Thane Municipal Corporation (TMC) for re-development of part of its property situated at DIL Complex Thane (W) and the existing civil structure will be demolished on completion of new building(s). As Thane is fast emerging as an IT/ITES, commercial and residential hub, the new planned building at Thane premises is expected to meet the emerging needs in relation to IT/ITES and commercial requirements. In Treasury operations, parameters like liquidity options, risk evaluations and return on investments are considered at the time of investing funds. The Board

of Directors of the Company has constituted an Investment Committee to monitor the investment parameters and to ensure regulatory compliances for the said treasury operations.

Though the government has initiated reforms in the Union budget 2012-13, considering the treasury operations of the Company, no material benefits will be realizable from such reforms. Of late, the Indian economic parameters have declined to a low scale as the manufacturing and service sectors contracted and the rupee declined. The impact of the euro zone debt crisis, a slowdown in economic reforms and high interest rates staggered India's growth, affecting the economic and commercial activities.

During the year 2011-12, White Stripes, the entertainment division of the Company has formally got into a business alliance with a leading entertainment company to present and co-produce the remake of yester year Hindi film 'Chupke Chupke'. The Company has executed agreements with a well known Director, writers and cast for the remake of the film.

India's Media and Entertainment sector registered 12 per cent growth in 2011 and it is expected to register a Compounded Aggregate Growth Rate (CAGR) of 15 per cent by 2016, according to the latest FICCI-KPMG report. Increase in number of multiplexes, cable digitization, the promise of wireless broadband, increasing DTH penetration will result in better satellite revenues, digitization of film distribution, and growing Internet use are all prompting strategic shifts in the way White Stripes' is evolving to meet the changing avenues and needs.

FERMENTA BIOTECH LIMITED, SUBSIDIARY OF THE COMPANY:

i) Performance:

Fermenta reported a topline growth of 60% to cross the ₹.100 Crores milestone during the year under review. The total revenue generated in 2011-12, was ₹.10,529.58 lakhs, as against ₹.6557.42 lakhs in the corresponding year. The profit after tax was registered at ₹.1063.38 lakhs (previous year ₹.944.56 Lakhs) in the year under review, a growth of 12.50% over the previous year.

ii) Pharmaceuticals:

Fermenta manufactures cholecalciferol (Vitamin D3) for further applications in pharmaceutical, food, veterinary and feed industries, worldwide. The cholecalciferol solutions are for use in human food supplements. Vitamin D3 resins in oil and Vitamin D3 500 feed grades are for use in animal feed supplements. Vitamin D3 revenues grew from ₹.40 Crores in 2010-11 to ₹.65 crore in 2011-12, marking an impressive 62.50% growth. Exports from Vitamin D3 accounted for 75% of the total Vitamin D3 earnings. The increase in export earning heralded new geographies and regulated markets.

iii) Biotechnology:

The biotechnology platforms include immobilized enzymes and polymer matrixes for enzyme immobilization such as Penicillin G Amidase biocatalysts and its newer generation versions for eco friendly technologies for bio-energy, food and chiral chemicals. In 2010-11, the company developed the PS 150 enzyme to convert Penicillin G into 6 APA. During 2011-12, the company commercialized and exported it to many countries, generated repeat orders and reported revenues with high margin. Sales from this product segment accounted almost 9 per cent of the company's revenues in 2011-12; and is likely to improve in the coming years.

iv) Environmental solutions:

Fermenta provides customized environmental biotech solutions through consultancy, supply of suitable biotech products and services in three segments – sewage treatment plant (STP), lake and pond remediation and oil remediation. Fermenta reported fair progress in its pilot studies with the objective to demonstrate its core competence and to translate them to commercial projects in the subsequent years.

INDUSTRY STRUCTURE AND DEVELOPMENTS:

i) Pharmaceutical:

After witnessing a slump in the demand and manufacturing activities due to the impact of global recession, the Active Pharmaceutical Ingredient (API) market rebounded with a significant

growth worldwide. The API market is likely to register a compounded annual growth rate (CAGR) of around 8% during 2012-15. India and China have emerged as major API manufacturing hubs. APIs contributed about 40% of the value of the total value of the Indian Pharmaceutical Industry, valued at US\$ 11-12 billion in 2011-12. About 85-90% of the APIs manufactured in India is exported. API export from India is expected to grow in regulated markets like US and Europe by 60-70 per cent in the coming years.

The enzyme market for industrial enzymes was estimated at US\$ 3.90 billions in 2011 and is expected to grow at a 9.10% CAGR to US\$ 6 billions by 2016. In the year 2011, the industrial enzyme market in India was at US\$ 441.45 millions and is expected to reach US\$ 751 millions by 2016.

(Source: BCC Research)

With urban population now growing, opening of public-private relationships and opportunities, and the globalization of technology and capital, the need for clean and affordable water, waste water management and its reuse are viewed in an analytical manner. Only 60% of industrial water is treated while 26% of domestic water is treated in India. India's per capita availability of fresh water has declined from 5177 cubic meters in 1951 to 1820 cubic meters in 2001 and this decline is expected to sustain.

(Source: ResearchOnIndia.com)

ii) Opportunities'

The Indian pharmaceutical industry ranks third in volume and 14th in value globally; the industry produces around 20 to 24 per cent of the global generic drugs. The industry was estimated to have generated revenue growth of 15% in the previous year. Projects worth more than US\$ 1.2 billion are under implementation, indicating sizable investments by Indian pharmaceutical companies. The industry's growth is attributed to a growing middle-class population, rapid urbanization, lifestyle-related diseases and increasing incidence of health insurance. Besides, the product patent regime has provided ample support to the industry to sustain its growth pace, despite the global downturn.

Factors like increased disposable income and health care spending, cost effective labour and operational capabilities, governmental supports in pharmaceuticals programmes increase in exports due to better patent safeguards are the growth drivers to Fermenta. Opportunities like rise in global demand for generics, wider footprints both in local and foreign geographies, better insurance coverage, investments by multi nationals and private –public partnership to strengthen infra structures, are recognized to sustain growth.

iii) Outlook:

India is recognized for its capabilities in supplying high quality generic drug at affordable costs. Indian companies filing Type-II (API) Drug Master Files (DMFs) for various molecules with US and European regulatory authorities have increased significantly in the last few years. Increase in healthcare spending and rise in Patent filings is expected to push generics to the next level. API manufacturing in India is expected to see a strategic inclination towards competing vigorously in the global market as manufacturers from China and emerging economies in the Asia Pacific region have increased competition. The implementation of government initiatives and incentives will strengthen Indian API manufacturers to compete globally.

(Source: <http://pharmabiz.com/ArticleDetails.aspx?aid=69236&sid=21>)

Fermenta's consolidation of existing clients in pharma, food and feed segments and increased footprints in new markets will improve its overall market shares. New formulations have resulted in associating marketing partners and new customers. Successful demonstration of biotech capabilities' to prospective clients and commercialization of biotech products to Chinese customers will help in better performance in the coming periods.

iv) Concerns:

Factors like poor all round infra structures, stringent price controls and low insurance coverage are considered while operating in the pharmaceutical segment. Other concerns like labour shortage, wage inflation, counterfeiting threats and competitions from emerging markets are closely watched in the pharmaceutical industry.

The regulatory standards in few developed markets are undoubtedly the primary factors in holding back the potential boom of Vitamin D market. At present, Fermenta marketed Phenyramidol only in Turkey and in limited geographies in India. Phenyramidol range of products expects to grow its presence and market share in India and in international markets as well. In the past, to clear the growing backlog of Vitamin D3, the Kullu capacity utilisation was enhanced. The company was required to create adequate raw material inventory in a long cycle production process. Improvement in yield and cycle time coupled with efficiently managed batch processes to enhance solvent recovery was challenging. Commissioning of production parameters at Dahej in a time bound schedule was demanding. However, Fermenta responded these situations with right initiatives and efforts to achieve the planned results in time.

INTERNAL CONTROL SYSTEMS

The Company has adopted an internal control system commensurate with its size, nature of operations, reporting(s) and compliance with applicable laws and regulations. The Internal Audit is conducted by an independent Chartered Accountants firm.

The Company has a well staffed, experienced and qualified Finance Department who play an important role in implementing and monitoring the internal control environment and compliance with statutory requirements. The Audit Committee and the Board of Directors review the report(s) of an independent Internal Auditor at regular interval, on the adequacy and effectiveness of Internal Control system and suggest ways to improve it.

HUMAN RESOURCES

The Human Resources function has been an integral part of the new projects in the Organization. This involves timely acquiring talents from the market through various sources. Compensation and benefits benchmarkings are reviewed periodically in order to retain and attract talents. We further initiated the employee development assignments by using scientific tools through Thomas Assessments. Personal Profile Analysis has been done from the middle management level onward and these results were mapped with the respective Human Job Analysis. This process facilitated for identifying the training needs and employees have

gone through relevant behavioural workshops. As on March 31, 2012, the employee strength stands 44 for the company and 257 for the other group companies.

Information as per Section 217(2A) of the Companies Act, 1956 (Act) and the Companies (Particulars of Employees) Rules, 1975 (Rules) for the year ended March 31, 2012 is not annexed as none of the employees of the Company falls under the remuneration limits specified under Section 217(2A) of the Act, read with the Rules (as further amended).

PUBLIC DEPOSIT

Your Company has not accepted any deposits from the public during the year.

DIRECTORS

Mr. Satish Varma, Director retires by rotation and being eligible, has consented for his re-appointment as Director at the ensuing Annual General Meeting.

AUDITORS

Messrs S. R. Batliboi & Associates, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a certificate from them confirming that such appointment if made will be in compliance of Section 224(1B) of the Companies Act, 1956. With reference to point no. 4 (i.e. unaudited total loss of an associate company) of the Auditor's Report - Consolidated Balance sheet, it is clarified that the associate company's Balance sheet and Statement of Profit and Loss account has now been audited.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company at the end of the financial

year and of the profit of the Company for the year under review;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts for the financial year ended March 31, 2012 have been prepared on a 'going concern' basis.

SUBSIDIARY COMPANIES

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956 and in accordance with the General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Board of Directors consented that the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies will not be attached to the Balance Sheet of the Company for the financial year 2011-2012. A statement containing the brief financial details of the Company's subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report: 'Financial Highlights of Subsidiary Companies'. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company seeking information at any point of time. The financial accounts of the subsidiary companies will be kept open for inspection at the Registered Office of the Company.

The consolidated financial statements presented by the Company include financial information of its subsidiaries prepared in compliance with applicable Accounting Standards.

DISCLOSURES UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956

- (A) Energy Conservation Measures and Technology Absorption, Adoption and Innovation

Information in accordance with provision of Section 217(1)(e) of the Act, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy is not applicable to the present activities of the Company and hence no annexure forms part of this report.

- (B) Foreign Exchange Earnings and Outgo

Foreign Exchange outgoings are provided in Note No. 35 of the Financial Statement for the year.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, the Report on Corporate Governance is appended herewith along with the Corporate Governance Certificate issued by V. N. Deodhar & Co, Practising Company Secretaries.

SOCIAL INITIATIVES

Your company continues to support charitable organizations by providing support, training and development programmes to needy children. Educational resources and donation(s) were provided to charitable organizations also form part of the social initiative of the Company.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the devoted services by the executives and staff of the Company.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors

G. G. Desai
Chairman

Thane, August 14, 2012

Registered Office :
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610.

CORPORATE GOVERNANCE REPORT

In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, the information required under Corporate Governance is set out below:

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance create a mechanism to review and to ensure that the decision-making powers vested in the executive management are implemented in the right spirit, care and diligence to meet stakeholders' and social expectations. Your Company continues to lay emphasis on the values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of the stakeholders. The Company is committed to good corporate governance in line with the Listing Agreement and in keeping with Corporate governance norms. The Board of Directors of your Company reviews company practices and recommends suggestions for improvement to the management for implementation.

BOARD OF DIRECTORS

- The Composition of the Board as on March 31, 2012 was as under :

Name of Director	Category	* Other Directorships	** Chairmanship in Committees	** Committee Memberships
Mr. G. G. Desai	Chairman (Non Executive) Independent Director	5	3	2
Ms. Rajeshwari Datla ***	Non-Executive Director	Nil	Nil	1
Mr. Krishna Datla ***	Managing Director	3	Nil	3
Mr. Satish Varma	Non-Executive Director	3	Nil	4
Mr. Sanjay Buch	Independent Director	2	2	2
Mr. Vinayak Hajare	Independent Director	Nil	Nil	1

* Directorships in private limited companies, foreign companies, section 25 companies and associations are excluded.

** Represents Memberships / Chairmanships of Audit Committee and Shareholders' / Investors' Grievance Committee across all companies.

*** Ms. Rajeshwari Datla is a relative of Mr. Krishna Datla as per the provisions of section 6 of the Companies Act, 1956.

PROFILE OF DIRECTORS

Information regarding reappointment/re-appointment of Directors as per clause 49 of the listing agreement:

- Mr. Satish Varma** (42), has been associated with the Company for more than 18 years and has been handling various important projects of the Company. During his tenure, he has been a core member of the strategic management and decision making team of the Company.

Mr. Varma is a Director in the following companies:

- DVK Investments Private Limited
- Aegean Properties Limited
- CC Square Films Limited
- Fermenta Biotech (UK) Limited
- Fermenta Biotech Limited
- G. I. Biotech Private Limited
- VM Café De Art Private Limited

Mr. Varma served as an Executive Director of the Company from July 01, 2003 to April 30, 2010. On April 30, 2010 he resigned as an Executive Director but continued as a Non Executive Director. He is a member of Shareholders' / Investors' Grievance Committees, Investment Committee and Audit Committee of DIL Limited and Share Transfer Committee, Audit Committee, Remuneration Committee and Borrowing Committee of Fermenta Biotech Limited. He is Managing Director of Fermenta Biotech Limited.

BOARD MEETINGS

- Five Board Meetings were held during the year on May 28, 2011, August 10, 2011, September 28, 2011, November 14, 2011, and February 13, 2012.

Name	Meetings held in Director's tenure	Meetings attended	Attendance at last Annual General Meeting held on September 27, 2011
Mr. G. G. Desai	5	5	Present
Ms. Rajeshwari Datla	5	4	Present
Mr. Sanjay Buch	5	5	Present
Mr. Satish Varma	5	5	Present
Mr. Krishna Datla	5	5	Present
Mr. Vinayak Hajare	5	4	Present

AUDIT COMMITTEE

- The Composition of the Audit Committee as on March 31, 2012 was as under:

Name of the Director	Designation	Meetings attended
Mr. G. G. Desai	Chairman	4
Ms. Rajeshwari Datla	Member	3
Mr. Sanjay Buch	Member	4
Mr. Vinayak Hajare	Member	4
Mr. Satish Varma	Member	2

The composition of the Audit Committee complies with the requirements laid down in Clause 49 of the listing agreement with the stock exchange.

During the year under review, four Audit Committee meetings were held on May 28, 2011, August 10, 2011, November 14, 2011 and February 13, 2012. The representatives of the Statutory Auditors and Internal Auditors also attended the Audit Committee meeting(s). The Company Secretary acted as Secretary to the Audit Committee.

• **Terms of reference:**

In addition to the role of Audit Committee as per the provisions of Clause 49 II (D), the terms of references of the Committee are as follows:

1. Review company's financial reporting process and accounting policies and practices.
2. Recommend and review appointment, reappointment and removal of auditors and their performances and fixation of audit and other fees.
3. Review, with management, quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval.
4. Review of adequacy of internal control systems and internal audit function.
5. Review of reports furnished by Internal and Statutory Auditor and to ensure that suitable follow-up action is taken.
6. Discussion with Statutory Auditors about nature and scope of audit and areas of concern.
7. Examination of disclosure aspects of related party transactions.
8. Ensure compliance with listing and other legal requirements relating to financial statements.
9. Review of financial statements of subsidiary companies.
10. Review substantial defaults in payments to stakeholders and creditors.
11. Any other functions as may be statutorily required.

REMUNERATION COMMITTEE

- The Remuneration Committee is entirely composed of Independent Directors. The Composition of the Remuneration Committee as on March 31, 2012 was as under:

Name of the Director	Designation	Meetings attended
Mr. G. G. Desai	Chairman	2
Mr. Sanjay Buch	Member	2
Mr. Vinayak Hajare	Member	2

During the year under review two Remuneration Committee meeting were held on April 15, 2011, and February 13, 2012. The Company Secretary acted as Secretary to the Remuneration Committee.

• **Terms of reference & remuneration policy:**

The terms of reference of the Committee include recommending to the Board of Directors, the remuneration package of the Wholetime Directors including commission. The Non-Executive Directors receive sitting fees for attending the meetings of Board and Boards' Committees.

• **Details of remuneration of Directors for the year ended March 31, 2012:**

Name of Director	Sitting Fees *	Salary	Contribution to PF and other funds	Benefits & Perquisites	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Mr. G. G. Desai Independent Director	1,50,000	—	—	—	1,50,000
Ms. Rajeshwari Datla Non-Executive Director	95,000	—	—	—	95,000
Mr. Sanjay Buch Independent Director	1,50,000	—	—	—	1,50,000
Mr. Krishna Datla ** Managing Director	—	40,75,000	5,80,500	99,894	47,55,394
Mr. Satish Varma Non-Executive Director	1,30,000	—	—	—	1,30,000
Mr. Vinayak Hajare Independent Director	1,10,000	—	—	—	1,10,000
TOTAL	6,35,000	40,75,000	5,80,500	99,894	53,90,394

* Sitting Fees include fees for Board and Committee Meetings @ Rs.20,000/- and Rs.5,000/- per meeting respectively;

** The agreement(s) between the Company and managerial personnel is for a period of five years. Either party to the agreement(s) is entitled to terminate the same by giving not less than three months notice in writing to the other party;

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

- The composition of the Shareholders'/ Investors' Grievance Committee as on March 31, 2012 was as under:

Mr. G. G. Desai - Chairman

Mr. Sanjay Buch

Mr. Krishna Datla

Mr. Satish Varma

- During the year under review four Shareholders'/Investors' Grievance Committee meetings were held on 28/5/2011, 10/8/2011, 14/11/2011, and 13/2/2012. The Company Secretary acted as a Secretary to Shareholders'/ Investors' Grievance Committee Meeting.

- Name and designation of Compliance Officer : Mr. Srikant N. Sharma - Company Secretary.

Investor Helpdesk:

Mr. Srikant Sharma

DIL Limited

DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400610

Tel No.022-67980800 / 888 Fax:-022-67980899

e-mail: srikant.sharma@dil.net

- The numbers of investor complaints received and resolved during 2011-2012 was 19.
- Pending complaints as of March 31, 2012 were **Nil**.

GENERAL BODY MEETINGS

- The last three Annual General Meetings were held as under :

Year	Date and Time	Location	Special Resolution(s) passed
2008-2009	September 29, 2009 at 3.00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610.	No special resolution was passed.
2009-2010	September 27, 2010 at 3.00 p.m.	– same as above –	Re-appointment of Mr. Krishna Datla as Managing Director of the Company for a period of five years.
2010-2011	September 27, 2011 at 3.00 p.m.	– same as above –	No Special Resolution was passed.

Note: Postal Ballot – A Special resolution was passed by Postal Ballot in respect of minimum remuneration to be paid to Managing Director on May 24, 2011. Mr. Ashish Bhatt of Ashish Bhatt and Associates, Company Secretaries, was the Scrutinizer for the Postal Ballot. There were 279 valid Postal ballot Forms for 1529132 shares out of which 240 shareholders holding 1510460 shares i.e. 98.78% of the total votes, cast assented and shareholders holding 18672 shares (1.22%) of the total votes, cast dissented. The resolution was, therefore, passed with requisite majority.

DISCLOSURES

- The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.
- In line with the requirement of the amended Clause 49 of the Listing Agreement, the Company appointed a reputed consultancy firm to do a complete review of the potent risks areas to the Company and to devise systems for review and implementation. The risk management reports are subject to review by the Audit Committee and Board of Directors.
- During the year, there were no materially significant related party transactions, i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Suitable disclosure as required by the Accounting Standard (AS-18) has been made in the Annual Report.
- During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.
- Pursuant to Clause 49 of the Listing Agreement, the Managing Director/ Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2012. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.
- The Board of Directors may formulate Whistle Blower Policy in future.

• Reconciliation of Capital Audit

A qualified practicing Company Secretary carried out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

• Compliance with Mandatory Requirements:

The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India.

• **Compliance with Non-Mandatory Requirements:**

With regard to the non-mandatory requirements of Clause 49 of the Listing Agreement, the Company has constituted a Remuneration Committee, details of which are provided elsewhere in this report.

• **Shareholder's Rights**

The Company publishes its results on its website at www.dil.net which is accessible to the public at large. Besides this the same are also available on the website of www.bseindia.com. The Company's results for each quarter are published in an English newspaper and in a Marathi newspaper. Hence the results are not sent to the shareholders individually.

MEANS OF COMMUNICATION

- The quarterly results, published in the proforma prescribed by the Listing Agreement, are approved by the Audit Committee and taken on record by the Board of Directors of the Company within 45 days of the close of the relevant quarter. The approved results are forthwith sent to the Bombay Stock Exchange Limited where the Company's shares are listed.
- Newspapers wherein quarterly results are published : Business Standard & Sakal
- Any website, where displayed : Yes, BSE website www.bseindia.com and the company's website www.dil.net
- Corpfiling : Information to Stock Exchanges is now also being filed through corp-filing. Investors can view this information by visiting the website www.corpfiling.co.in
- Whether it also displays official news releases and presentations made to institutional investors or to analysts : Not applicable
- Management discussion and analysis report (MD&AR) is a part of the Annual report or not : MD&A Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

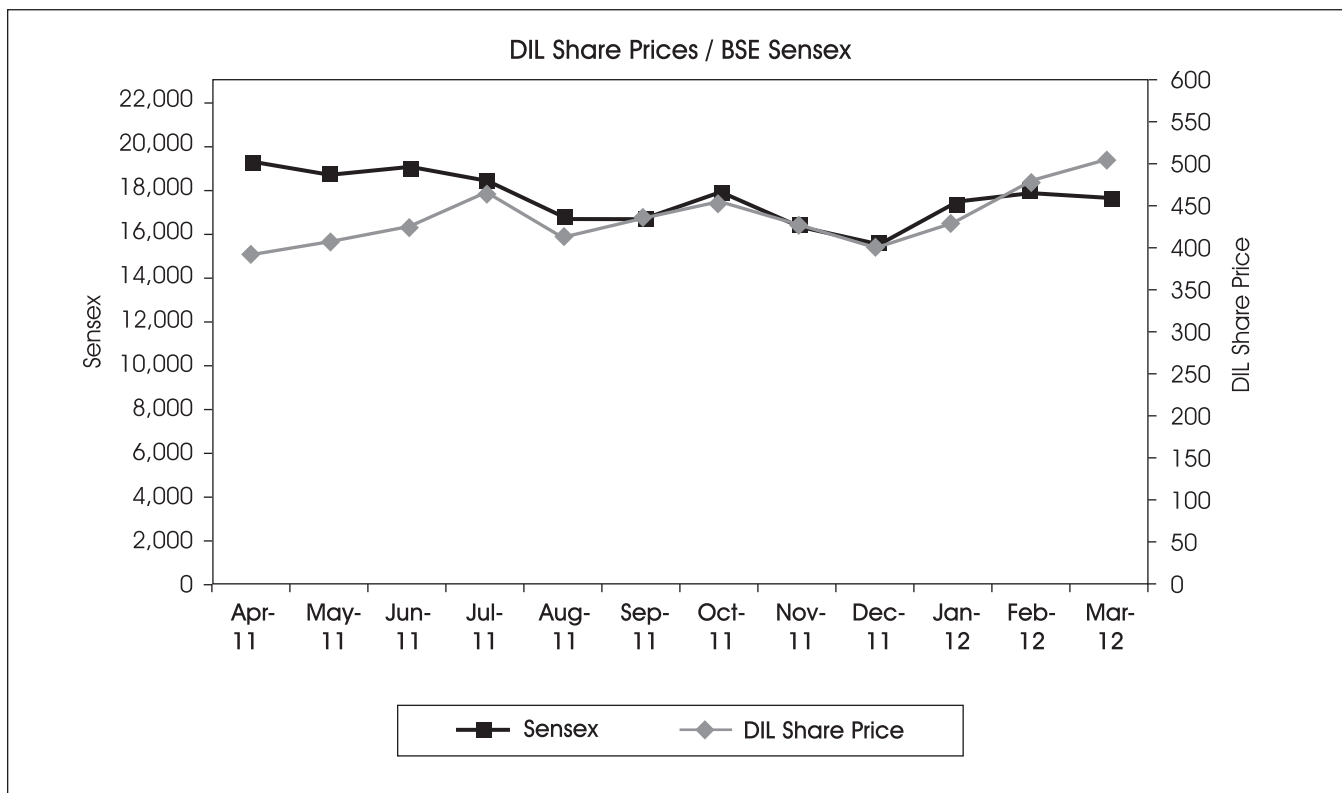
- Annual General Meeting : Friday, September 28, 2012 at 3.00 p.m. at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), 400610.
- Financial Year : April 1 to March 31
 - Financial reporting for the quarter ending June 30, 2012 : By August 14, 2012
 - Financial reporting for the quarter ending September 30, 2012 : By November 14, 2012
 - Financial reporting for the quarter ending December 31, 2012 : By February 14, 2013
 - Financial reporting for the year ending March 31, 2013 : By May 30, 2013
- Date of Book closure : September 15, 2012 to September 28, 2012 (Both days inclusive)
- Dividend Payment Date : on or after October 3, 2012
- Listing on Stock Exchanges : Bombay Stock Exchange Limited
(Listing Fees for the year 2012-13 has been paid)
- Stock Code on the Bombay Stock Exchange Limited : 506414
- Market Price Data : High / low during each month in the last financial year.

Month	Bombay Stock Exchange Limited	
	Highest (₹.)	Lowest (₹.)
April, 2011	420.00	370.05
May, 2011	418.00	368.00
June, 2011	429.00	391.40
July, 2011	489.90	411.05
August, 2011	460.80	379.05
September, 2011	455.00	405.00
October, 2011	465.00	420.00
November, 2011	475.80	400.00
December, 2011	515.10	358.10
January, 2012	490.00	392.00
February, 2012	525.00	423.10
March, 2012	523.25	467.00

- Performance in comparison to broad-based indices such as BSE Sensex.

Month	DIL's Closing Price (₹.)	Sensex Closing Price (₹.)	No. of shares traded
April, 2011	390.75	19,135.96	14,788
May, 2011	405.95	18,503.28	10,175
June, 2011	423.05	18,845.87	28,227
July, 2011	465.10	18,197.20	21,758
August, 2011	412.15	16,676.75	23,451
September, 2011	436.00	16,453.76	19,501
October, 2011	452.55	17,705.01	19,977
November, 2011	425.00	16,123.46	26,653
December, 2011	396.15	15,454.92	48,813
January, 2012	425.40	17,193.55	8,716
February, 2012	476.05	17,752.68	36,271
March, 2012	505.90	17,404.20	51,085

- DIL LIMITED's Share Price Movement / BSE Sensex



- Registrar and Transfer Agents : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078.
Maharashtra, India.
Tel No : +91 22 2594 6970
Fax No : +91 22 2596 2691
Email : rnt.helpdesk@linkintime.co.in
- Share Transfer System: Shares are normally transferred within a period of 15 days from the date of receipt, provided the documentation is in place. In order to expedite the process of share transfers, the Board of Directors has delegated the powers of share transfer and related matters to Mr. G.G Desai, Chairman of the Shareholders/Investors Grievance Committee and Mr. Sanjay Buch, Member of the Shareholders/Investors Grievance Committee, who shall attend the share transfer formalities at least once a fortnight. The meeting of Shareholders'/ Investors' Grievance Committee is also held once in every 3 months. All transfers of shares in physical mode are registered and approved by authorised signatories of the Company.

- Distribution of shareholding as on March 31, 2012

Sr. No.	Range in ₹.	Holding	Amount (₹.)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 5,000	351,974	3,519,740	15.3486	4,858	96.1409
2	5,001 - 10,000	71,098	710,980	3.1004	95	1.8801
3	10,001 - 20,000	72,648	726,480	3.1680	51	1.0093
4	20,001 - 30,000	44,739	447,390	1.9509	18	0.3562
5	30,001 - 40,000	17,345	173,450	0.7564	5	0.0990
6	40,001 - 50,000	27,068	270,680	1.1804	6	0.1187
7	50,001 - 1,00,000	72,941	729,410	3.1808	10	0.1979
8	1,00,001 and above	1,635,385	16,353,850	71.3146	10	0.1979
Total		2,293,198	22,931,980	100.0000	5,053	100.0000

- Shareholding Pattern as on March 31, 2012

	Shareholding	% of Holding
Promoters	14,49,364	63.20
Foreign Banks & NRI's	6,246	0.27
Banks and Financial Institutions	17	0.00
Other Bodies Corporate	77,703	3.39
General Public	7,24,363	31.59
Clearing Members	33,172	1.45
Trusts	2,333	0.10
TOTAL	22,93,198	100.00

- Dematerialisation of Shares: The Company and Link Intime India Private Limited, has signed Tripartite Agreements with both National Securities Depository Ltd. and Central Depository Services (India) Ltd. The shares of the Company are compulsorily traded in the dematerialized form in the Stock Exchanges. Presently 92.47% of the Equity Shares of the Company have been de-materialized.

• Address for Correspondence :

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W),
Mumbai – 400 078.

Tel No : +91 22 2594 6970
Fax No : +91 22 2596 2691
Email : rnt.helpdesk@linkintime.co.in

DIL LIMITED
'DIL' Complex,
Ghodbunder Road,
Majiwada, Thane (W) – 400 610.

Tel No : +91 22 6798 0888
Fax No : +91 22 6798 0999
Email : srikant.sharma@dil.net

Thane, August 14, 2012

Registered Office :
'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (W) 400 610.

For and on behalf of the Board of Directors

G. G. Desai
Chairman

CODE OF CONDUCT

Declaration as required under Clause 49 of the Listing Agreement

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2012.

for DIL LIMITED

Thane
August 14, 2012

KRISHNA DATLA
Managing Director

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
DIL Limited
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (W) 400 610.
India.

We have examined the compliance of the conditions of Corporate Governance by DIL Limited ('the Company') for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For **V N Deodhar & Co.**

Practising Company Secretaries

V N DEODHAR

FCS: 1880 CP: 898

Thane, August 14, 2012

Auditor's Report

To

The Members of DIL Limited

1. We have audited the attached Balance Sheet of DIL Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta

Partner

Membership No.: 105938

Place : Mumbai

Date : May 29, 2012

Annexure referred to in paragraph 3 of our report of even date

Re: DIL Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
(c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) The nature of the business of the Company is such that it does not have inventory in tangible form. Accordingly, the provisions of clause 4 (ii) of the Companies (Auditor's report) Order, 2003 (as amended) are not applicable to the Company.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹.357.50 lakhs and the balance of loans granted to such parties at the end of the year was ₹.257.50 lakhs.
(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to custom duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Bombay Sales Tax Act	Sales Tax	99.67*	1995-96	High Court, Bombay
The Gujarat Sales Tax Act	Sales Tax and Penalty	4.63	1992 to 1994	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Service tax and Penalty	15.00	2000-2001	Customs, Excise & Service Tax Appellate Tribunal

* Company has paid the same under protest

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues to a financial institution or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S R BATLIBOI & ASSOCIATES

Firm Registration No. 101049W

Chartered Accountants

per Vikram Mehta

Partner

Membership No.: 105938

Place : Mumbai

Date : May 29, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Notes	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	229.32	229.32
Reserves and surplus	4	9,275.68	8,607.13
		9,505.00	8,836.45
Non-current liabilities			
Long-term borrowings	5	58.92	56.50
Deferred tax liability (net)	6	17.53	25.33
Other long-term liabilities	7	77.27	92.12
Long-term provisions	8	22.06	1.42
		175.78	175.37
Current liabilities			
Trade payables	9	298.08	29.12
Other current liabilities	9	603.58	562.46
Short-term provisions	8	439.64	298.57
		1,341.30	890.15
TOTAL		11,022.08	9,901.97
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	1,158.65	1,272.94
Intangible assets	11	7.13	25.40
Capital work-in-progress		525.58	—
		1,691.36	1,298.34
Non-current investments	12	2,844.76	2,302.78
Long-term loans and advances	13	133.66	82.33
		2,978.42	2,385.11
Current assets			
Current investments	15	805.37	3,628.45
Inventories	16	45.06	—
Trade receivables	14.1	25.88	124.56
Cash and bank balances	17	4,340.52	1,314.96
Short-term loans and advances	13	893.21	1,054.29
Other current assets	14.2	242.26	96.26
		6,352.30	6,218.52
TOTAL		11,022.08	9,901.97
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.101049W
Chartered Accountants

per Vikram Mehta
Partner

Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

SATISH VARMA
Director

K. H. KASHID
Chief Financial Officer

Thane
Date: May 29, 2012

KRISHNA DATLA
Managing Director

SANJAY BUCH
Director

SRIKANT N. SHARMA
Company Secretary

RAJESHWARI DATLA
Director

VINAYAK HAJARE
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note No.	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
INCOME:			
Revenue from operations	18	1,840.29	1,485.56
Profit on sale of investment in associate/subsidiary (Refer Note 12 (a)and(c))		910.81	1,743.59
Other income	19	12.30	595.19
Total revenue (I)		2,763.40	3,824.34
EXPENSES:			
Cost of production of motion film (Refer Note 2.1 (e))	20	45.06	—
(Increase) in inventories of work-in-progress	21	(45.06)	—
Employee benefits expense	22	331.39	305.41
Other expenses	23	412.77	671.83
Total (II)		744.16	977.24
Earnings before interest, tax, depreciation and amortization expense (EBITDA) (I) – (II)		2,019.24	2,847.10
Depreciation and amortization expense [Refer Note 2.1 (d)]	24	170.98	116.58
Finance costs	25	7.45	6.96
Profit before tax (Refer Note 2.1 (d))		1,840.81	2,723.56
Tax expense:			
Current tax		380.50	529.09
Less: MAT credit entitlement		—	17.00
Deferred tax (credit)/charge		(7.80)	34.63
Total tax expense		372.70	546.72
Profit for the year		1,468.11	2,176.84
Earnings per equity share			
[Nominal value of share ₹.10/-]	26		
Basic / Diluted		64.02	94.93
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
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Company Secretary

Thane
Date: May 29, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,840.81	2,723.56
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Depreciation and amortization expense	170.98	116.58
Loss on sale of fixed assets (net)	10.47	4.72
Loss on deletion of fixed assets	2.30	—
Provision for diminution in value of investments	—	0.01
Unrealised foreign exchange gain	(0.01)	(0.99)
Profit on sale of equity shares	(910.81)	(1,743.59)
Interest expenses	7.45	—
Interest on Income tax refund	(11.40)	(30.44)
Capital work in progress written off	—	15.89
Operating profit before working capital changes	1,109.79	1,085.74
Movements in working capital :		
Increase/(decrease) in trade payables	268.96	(3.44)
Increase/(decrease) in long-term provisions	20.64	1.42
Increase/(decrease) in short-term provisions	(419.65)	(4.39)
Increase/(decrease) in other current liabilities	33.33	79.85
Increase/(decrease) in other long-term liabilities	(14.85)	(88.24)
Decrease/(increase) in trade receivables	98.68	8.20
Decrease/(increase) in inventories	(45.06)	—
Decrease/(increase) in long-term loans and advances	(51.33)	21.78
Decrease/(increase) in short-term loans and advances	54.05	559.80
(Increase)/decrease in other current assets	(146.00)	(16.60)
(Increase)/decrease in other non- current assets	(760.50)	(290.00)
(Increase)/decrease in current investments	2,823.08	(1,228.86)
Cash generation from operations	2,971.14	125.26
Direct taxes paid (net of refunds)	165.39	(446.63)
Net cash flow from/ (used in) operating activities	(A) 3,136.53	(321.37)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(608.64)	(87.80)
Proceeds from sale of fixed assets	31.87	9.52
Sale of investments in subsidiary	1,129.33	2,000.06
Purchase of investments in subsidiary	—	(5.00)
Investments in bank deposits (having original maturity of more than three months)	(4,217.86)	(1,591.06)
Proceeds of bank deposits matured (having original maturity of more than three months)	1,191.06	827.03
Net cash flow from/ (used in) investing activities	(B) (2,474.24)	1,152.75

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

CASH FLOW STATEMENT (Contd.)

PARTICULARS	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	24.84	58.50
Repayment of long-term borrowings	(19.94)	(27.15)
Interest paid	(7.45)	—
Dividend paid on equity shares	(567.99)	(687.93)
Tax on equity dividend paid	(93.00)	(115.59)
Net cash flow from/ (used in) in financing activities	(C) <u>(663.54)</u>	<u>(772.17)</u>
Net increase/(decrease) in cash and cash equivalents	(A+B+C) (1.25)	59.21
Effect of exchange difference on cash and cash equivalents held in foreign currency	0.01	0.26
Cash and cash equivalents at the beginning of the year	<u>123.90</u>	<u>64.43</u>
Cash and cash equivalents at the end of the year	<u>122.66</u>	<u>123.90</u>
Components of cash and cash equivalents		
Cash on hand	4.61	1.81
With scheduled banks on:		
Current account	83.97	102.71
Unclaimed dividend account*	18.77	13.45
With non-scheduled bank:		
Ceskoslovenska obchodni banka, a.s. Czech Republic	<u>15.31</u>	<u>5.93</u>
Total cash and cash equivalents (Refer Note 17)	<u>122.66</u>	<u>123.90</u>

Note

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

Summary of significant accounting policies

2.1

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No.101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

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Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 29, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. Corporate information

DIL Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay stock exchange. The Company is engaged in the business of renting properties, motion film production and distribution and in treasury operation. Treasury operation mainly includes investment of surplus funds. The Company also has strategic investments in subsidiary / associate companies primarily dealing in manufacturing of bulk drugs and contract research services and providing services of sporting and health awareness/education activities and in joint venture dealing in manufacturing of wheelchairs based on Levitation Movement Technology.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of assets for which provision of impairment is made.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below in point 2.1(a).

2.1 Summary of significant accounting policies

(a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. For further details, **refer note 36**.

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used rates based on the following estimated useful life of the fixed assets

	Estimated useful life (in years)
Building	
On freehold land	3.25 - 58 (Refer Note below)
Leased improvements	30
Plant & Machinery	20
Computers	6
Furniture & Fixtures	6
Vehicles	8

Assets costing below Rs. 5,000 are fully depreciated on installation.

Note: During the year the Company has decided to amortise the net cost of the Thane building as on October 1, 2011 over the revised balance estimated useful life of 39 months beginning October 1, 2011. Consequently depreciation charge for the current year in respect of Thane building is ₹.85.56 lakhs. Had the Company continued the earlier useful life of 58 years as applicable to the building the depreciation charge would have been lower by ₹.56.43 Lakhs and the profit before tax would have been higher by the same amount.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

	Estimated useful life (in years)
Film rights (Refer Note Below)	5
Computer software	6

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Note: During the current year the Company has entered into an agreement for the joint development of remake of film rights. Accordingly the net cost of ₹.15.70 Lakhs has been reclassified as cost of production.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(f) Impairment of tangible and intangible asset

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of operations, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Inventories

Work-in-progress is valued at lower of cost and net realizable value. Cost includes direct expenditure incurred.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(i) Retirement and other employee benefit

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The Company operates two defined benefit plans for its employees viz. gratuity and long term compensated absences. Employees are entitled to benefits under the Payment of Gratuity Act 1972, a defined benefit plan. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. The gratuity liability and net periodic gratuity cost is actuarially determined at the year end based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred. The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method at the year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Interest income on loans and deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Gain or loss on the sale of equity and redemption of mutual fund units are recognised on accrual.

Revenue from licensing of motion film is recognised in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

Interest on income tax refund is recognised on receipt of the refund order.

Company provides Infrastructure support services (Refer note 18) as per contractual obligation and the income from such services are recognised on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(k) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference

All exchange differences are recognized as income or as expenses in the period in which they arise

(l) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

As Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, initial direct costs such as legal costs, brokerage costs, etc., are recognized as an expense in the statement of profit and loss.

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date.

The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(n) Provisions

A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) Contingent liabilities

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs :

Common costs are treated as unallocable costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from its operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs

NOTE 3 - SHARE CAPITAL:

Authorised Shares:

49,20,000 (March 31,2011 - 49,20,000) Equity shares of ₹.10/- each	492.00	492.00
80,000 (March 31,2011 - 80,000) Unclassified shares of ₹.10/- each	8.00	8.00
	<u>500.00</u>	<u>500.00</u>

Issued, Subscribed and fully paid up shares:

22,93,198 (March 31,2011 - 22,93,198) Equity shares of ₹.10/- each.	229.32	229.32
	<u>229.32</u>	<u>229.32</u>

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹.30/- (March 31, 2011: ₹.25/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs

DVK Investments Private Limited

12,36,235 (March 31,2011-12,10,528) equity shares of ₹.10/- each fully paid	123.62	121.05
---	--------	--------

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder Equity shares of ₹.10/- each fully paid,	March 31, 2012		March 31, 2011	
	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
DVK Investments Private Limited, holding company	12.36	53.91%	12.11	52.79%
Mr. Krishna Datla	2.13	9.29%	1.56	6.79%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 4 - RESERVES AND SURPLUS:		
Capital Reserve:	1,140.00	1,140.00
General Reserve:		
Balance as per last financial statements	3,952.15	3,722.15
Add: Amount transferred from surplus balance in the statement of profit and loss	150.00	230.00
Closing Balance	4,102.15	3,952.15
Surplus in the statement of profit and loss		
Balance as per last financial statements	3,514.98	2,235.77
Profit for the year	1,468.11	2,176.84
Less: Appropriations		
Interim equity dividend (amount per share ₹.15/- (March 31, 2011: ₹.15/-))	(343.98)	(343.98)
Tax on Interim equity dividend	(55.80)	(57.13)
Proposed final equity dividend (amount per share ₹.15/- (March 31, 2011: ₹.10/-))	(343.98)	(229.32)
Tax on proposed equity dividend	(55.80)	(37.20)
Transfer to general reserve	(150.00)	(230.00)
Total appropriations	(949.56)	(897.63)
Net surplus in the statement of profit and loss	4,033.53	3,514.98
Total Reserves and surplus	9,275.68	8,607.13

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 5 - LONG-TERM BORROWINGS:				
Vehicle loan from banks (secured)	58.92	56.50	19.97	16.95
Vehicle loan from financial institutions (secured)	—	—	—	0.54
Amount disclosed under the head "other current liabilities" (Refer Note 9)	—	—	(19.97)	(17.49)
Net amount	58.92	56.50	—	—

Vehicle loans from banks were taken during the financial year 2008-09 to 2011-12 and carry interest ranging between @ 8.20% to 12.76% p.a. The loan is repayable in 36 / 60 monthly installments including interest. The loan is secured by hypothecation of vehicles.

Vehicle loan from financial institution was taken during the financial year 2007-08 and 2008-09 and carries interest @ 10.73% to 11.78% p.a. The loan was repayable in 36 monthly installments including interest. The loan was secured by hypothecation of vehicles.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs

NOTE 6 - DEFERRED TAX LIABILITY (NET):

Deferred tax liability

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting

34.91 43.17

Rental income (Straight-lining under AS-19)

1.83 1.66

Gross deferred tax liability

36.74 44.83

Deferred tax asset

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis

11.10 10.64

Demerger expenses

— 0.56

Provision for doubtful debts and advances

8.11 8.30

Gross deferred tax asset

19.21 19.50

Net deferred tax liability

17.53 25.33

Non current		Current	
March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
77.27	92.12	516.95	483.97
		(516.95)	(483.97)
77.27	92.12	—	—

NOTE 7 - OTHER LONG-TERM LIABILITIES

Deposits from tenants

77.27 92.12 516.95 483.97

Amount disclosed under "other current liabilities" (Refer note 9)

(516.95) (483.97)

Long Term		Short Term	
March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
22.06	—	12.18	32.05
22.06	1.42	12.18	32.05

NOTE 8 - PROVISIONS:

Provision for employee benefits

Gratuity (Refer note 27(b))

— 1.42 — —

Long term compensated absences

22.06 — 12.18 32.05

(In absence of breakup on long term/ short term as on March 31, 2011 the entire provision has been classified as short term)

22.06 1.42 12.18 32.05

Other provisions

Proposed dividend

— — 343.98 229.32

Provision for tax on proposed equity dividend

— — 55.80 37.20

Taxation, net of advance taxes.

(includes MAT credit of ₹.18.50 lakhs (March 31, 2011 ₹.Nil)) (net)

— — 27.68 —

— — 427.46 266.52

22.06 1.42 439.64 298.57

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 9 - CURRENT LIABILITIES:		
Trade payables	298.08	29.12
(refer note below for details of dues to micro and small enterprises)		
Other current liabilities:		
Payable to subsidiary company - Fermenta Biotech Ltd.	0.19	0.03
Current maturities of long-term borrowings (Refer Note 5)	19.97	17.49
Current maturities of deposits from tenants (Refer Note 7)	516.95	483.97
Investor Education and Protection Fund will be credited by the following amount (as and when due)		
Unclaimed dividends	18.77	13.46
Others		
Statutory dues	46.59	45.57
Others	1.11	1.94
	603.58	562.46
	901.66	591.58

Note:

The Company does not have any dues payable to any micro and small enterprises as per MSMED Act, 2006 as at the year end, identification of which is based on the management's knowledge of their status

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 10 - TANGIBLE ASSETS:

₹. in Lakhs

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
Cost							
At April 1, 2010	20.79	729.79	473.55	279.60	191.65	295.73	1,991.11
Additions	—	—	4.67	1.38	80.63	—	86.68
Disposal	—	—	—	—	(46.92)	—	(46.92)
At March 31, 2011	20.79	729.79	478.22	280.98	225.36	295.73	2,030.87
Additions	—	28.07	13.96	6.45	34.58	—	83.06
Disposal	—	—	(40.85)	—	(52.65)	—	(93.50)
At March 31, 2012	20.79	757.86	451.33	287.43	207.29	295.73	2,020.43
Depreciation							
At April 1, 2010	—	177.59	150.13	224.10	74.60	44.82	671.24
Charge for the year	—	30.99	26.63	18.59	23.50	9.69	109.40
Disposal	—	—	—	—	(32.68)	—	(32.68)
At March 31, 2011	—	208.58	176.76	242.69	65.42	54.51	747.96
Charge for the year (Refer Note 2.1(d))	—	87.54	28.19	17.60	25.39	9.69	168.41
Disposal	—	—	(37.95)	—	(26.61)	—	(64.56)
At March 31, 2012	—	296.12	167.00	260.29	64.20	64.20	851.81
Impairment loss							
At April 1, 2010	—	—	9.97	—	—	—	9.97
Charge for the year	—	—	—	—	—	—	—
At March 31, 2011	—	—	9.97	—	—	—	9.97
Charge for the year	—	—	—	—	—	—	—
At March 31, 2012	—	—	9.97	—	—	—	9.97
Net Block							
At March 31, 2011	20.79	521.21	291.49	38.29	159.94	241.22	1,272.94
At March 31, 2012	20.79	461.74	274.36	27.14	143.09	231.53	1,158.65

Note:

- Land includes ₹.8.06 Lakhs (March 31, 2011 ₹.8.06 Lakhs) being cost of land held in trust by Directors of the Company
- Major portion of the building at Thane has been given on lease
- Plant and equipment includes:
 - Assets held for disposal:
 - Gross block ₹.26.53 Lakhs (March 31, 2011 - ₹.26.53 Lakhs)
 - Net block ₹.Nil (March 31, 2011 - ₹.Nil)
 - Vehicles includes hypothecated to banks:
 - Gross block ₹.143.20 Lakhs (March 31, 2011 - ₹.125.21 Lakhs)
 - Depreciation charge for the year ₹.15.21 Lakhs (March 31, 2011: ₹.11.30 Lakhs)
 - Accumulated depreciation ₹.25.05 Lakhs (March 31, 2011: ₹.39.40 Lakhs)
 - Net block ₹.118.15 Lakhs (March 31, 2011 - ₹.110.87 Lakhs)
- Leasehold improvements includes cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 11 - INTANGIBLE ASSETS:

	₹. in Lakhs		
	Computer software	Film rights (Note)	Total
Gross Block			
At April 1, 2010	19.80	24.48	44.28
Purchase	1.12	–	1.12
At March 31, 2011	20.92	24.48	45.40
Purchase	–	–	–
Disposal (refer note)	(0.36)	(24.48)	(24.84)
At March 31, 2012	20.56	–	20.56
Amortization			
At April 1, 2010	8.69	4.13	12.82
Charge for the year	2.53	4.65	7.18
At March 31, 2011	11.22	8.78	20.00
Charge for the year	2.57	–	2.57
Disposal	(0.36)	(8.78)	(9.14)
At March 31, 2012	13.43	–	13.43
Net Block			
At March 31, 2011	9.70	15.70	25.40
At March 31, 2012	7.13	–	7.13

Note:

During the current year the Company has entered into an agreement for the joint development of remake of film rights. Accordingly the net cost of ₹.15.70 Lakhs has been reclassified as cost of production.

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 12 - NON-CURRENT INVESTMENTS :		
Trade investments (valued at cost unless stated otherwise)		
Equity instruments:		
Biodil Marsing Private Limited. (unquoted)* 59,000 (March 31, 2011 - 59,000) Equity shares of ₹.10 each fully paid up	5.90	5.90
Abbott India Limited (AIL)(previously Solvay Pharma India Ltd(SPIL)). (quoted) 139 (March 31, 2011 - 93) Equity shares of ₹.10 each fully paid-up (On amalgamation of SPIL with AIL, new equity shares of AIL received in the ratio of 1.5:1.)	0.01	0.01

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 12 - NON-CURRENT INVESTMENTS : (contd.)		
Non-trade investments (valued at cost unless stated otherwise)		
Government securities:		
National Highways Authority Of India	75.00	50.00
750 (March 31, 2011 - 500) bonds of ₹.10,000 each fully paid up		
Rural Electrification Corporation Limited	75.00	50.00
750 (March 31, 2011 - 500) bonds of ₹.10,000 each fully paid up		
Investment in equity instruments		
Investment in subsidiaries		
Aegean Properties Ltd.	30.00	30.00
30,000 (March 31, 2011-30,000) Equity shares of ₹.100 each		
Fermenta Biotech Ltd.		
(Refer Note b.& c. below)	1,709.25	1,709.25
1,27,62,464 (March 31, 2011-1,27,62,464) Equity shares of ₹.10 each		
CC Square Films Limited	5.00	5.00
50,000 (March 31,2011-50,000) Equity shares of ₹.10 each.		
Investment in associates		
Evotec (India) Pvt. Ltd . (Refer Note a. below)	—	218.52
Nil (March 31,2011 - 1,09,26,000) Equity shares of ₹.2 each fully paid-up		
Health and Wellness India Private Limited	475.00	225.00
30,12,504 (March 31,2011 - 15,96,892) Equity shares of ₹.10 each fully paid-up		
Investment in joint ventures (Refer Note 29)*		
Vasko Glider s.r.o	188.51	188.51
Other Investment		
Allegro Capital Private Limited - Certificate of Investment	325.00	—
Subscription application money		
Health and Wellness India Private Limited	—	15.00
Zela Wellness India Private Limited	50.00	—
Noble Explochem Ltd	100.50	—
	3,039.17	2,497.19
Less: Provision for diminution in value of investments (Refer Note 29)*	194.41	194.41
	2,844.76	2,302.78

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 12 - NON-CURRENT INVESTMENTS : (contd.)		
Aggregate amount of quoted investments (Market value: ₹.2.11 Lakhs (March 31,2011 - ₹.1.82 Lakhs))	0.01	0.01
Aggregate amount of unquoted investments	2,844.75	2,302.77
Aggregate provision for diminution in value of investments	194.41	194.41

Note

- During the current year, the Company has completed transaction based on Share Purchase Agreement dated September 28, 2011 executed with Evotec AG and transferred 1,09,26,000 fully paid up equity shares of ₹.2/- each i.e. 30% of the paid up equity share capital of Evotec (India) Pvt. Ltd. for a total consideration of ₹.1,129.33 Lakhs resulting in a gain of ₹.910.81 Lakhs.
- During the previous year, the Company agreed with its subsidiary - Fermenta Biotech Ltd. ('FBL') and converted the 7,00,000 redeemable non convertible preference shares of ₹.10/- each together with share issue premium of ₹.90/- each invested in FBL to Redeemable convertible preference shares and waived the additional premium that was due pursuant to the preference share issue document. Subsequent to this, in the previous year these preference shares have been converted into 70,00,000 equity shares of ₹.10/- each at face value of FBL.
- During the previous year, the Company along with its subsidiary Fermenta Biotech Limited (FBL) executed agreement with Evolence India Life Sciences Fund LLC (EILSF). Accordingly transaction was completed on January 17, 2011, whereby EILSF has acquired 21.05% Equity Capital of FBL through sale of 19,15,036 FBL equity shares by the Company to EILF and issue of an equal number of fresh equity shares by FBL to EILSF at a price of ₹.104.44 per equity share of ₹.10/- each resulting in a gain of ₹.1,743.59 Lakhs.

	Non current		Current	
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 13 - LOANS AND ADVANCES				
Capital advances				
Unsecured, considered good	24.56	-	-	-
Security deposits				
Unsecured, considered good	53.63	44.13	-	-
Loans to related parties (note 31) *				
Unsecured, considered good	-	-	257.50	260.50
Advances recoverable in cash or kind				
Unsecured considered good	-	-	324.36	362.04
Doubtful	19.01	19.01	-	-
	19.01	19.01	324.36	362.04
Provision for doubtful advances	19.01	19.01	-	-
	-	-	324.36	362.04
Other loans and advances (unsecured)				
Inter corporate deposit	-	-	300.00	300.00
Advance income-tax (net of provision for taxation)	-	-	-	107.03
MAT credit entitlement	-	-	-	18.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 13 - LOANS AND ADVANCES (contd.)				
Prepaid expenses	-	-	7.25	3.62
Loans to employees **	55.47	38.20	4.10	2.60
	<u>55.47</u>	<u>38.20</u>	<u>311.35</u>	<u>431.75</u>
	<u>133.66</u>	<u>82.33</u>	<u>893.21</u>	<u>1,054.29</u>
Loans to related parties include*				
Fermenta Biotech Ltd.	-	-	157.50	157.50
[Maximum amount outstanding during the year ₹.257.50 Lakhs (March 31, 2011 - ₹.800.00 Lakhs)]				
Aegean Properties Ltd.	-	-	-	3.00
[Maximum amount outstanding during the year ₹.3.00 Lakhs (March 31, 2011 - ₹.11.00 Lakhs)]				
Health and Wellness India Private Limited	-	-	100.00	100.00
[Maximum amount outstanding during the year ₹.100.00 Lakhs (March 31, 2011 - ₹.100.00 Lakhs)]				
Loans and advances due by directors or other officers, etc. **				
Dues from officers	1.60	3.20	1.60	1.60

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 14 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS				
14.1. Trade receivables				
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	-	-	-	6.48
Considered doubtful	-	-	5.97	5.97
	<u>-</u>	<u>-</u>	<u>5.97</u>	<u>12.45</u>
Less: Provision for doubtful debts	-	-	5.97	5.97
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6.48</u>
Other receivables				
Considered good	-	-	25.88	118.08
	<u>-</u>	<u>-</u>	<u>25.88</u>	<u>124.56</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 14 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS (contd.)				
14.2. Other current assets				
Unsecured, considered good unless stated otherwise				
Interest accrued	—	—	242.26	96.26
[Interest accrued includes ₹.6.57 Lakhs (March 31, 2011- ₹.3.28 Lakhs) from Government Bonds]	—	—	242.26	96.26
			March 31, 2012	March 31, 2011
			₹. in Lakhs	₹. in Lakhs

NOTE 15 - CURRENT INVESTMENTS

Current investments (valued at lower of cost and fair value, unless stated otherwise)

Quoted

Gold Benchmark Exchange Traded Scheme - Gold BEES	—	77.09
Nil (March 31, 2011 - 4,420) units of ₹.100 each		
Kotak Gold Exchange Traded Fund	—	7.14
Nil (March 31, 2011 - 444) units of ₹.100 each		
Nifty Benchmark Exchange Traded Scheme- Nifty BEES	—	61.42
Nil (March 31, 2011 - 11,052) units of ₹.10 each		

Unquoted

BNP Paribas Fixed Term Fund Series 21 B	—	300.00
Nil (March 31, 2011 - 30,00,000) units of ₹.10 each		
DWS Treasury Fund Cash - Institutional Plan - Weekly Dividend - Reinvest	—	101.97
Nil (March 31, 2011 - 10,11,061.077) units of ₹.10 each		
DWS Ultra Short Term Fund	27.94	—
2,76,936.361 (March 31, 2011 - Nil) units of ₹.10 each		
HDFC Quarterly Interval Fund Plan B- Retail - Growth Option	—	15.90
Nil (March 31, 2011 - 1,22,956.525) units of ₹.10 each		
ICICI Prudential FMP Series 51 - 14 Months Plan D - Dividend	—	200.00
Nil (March 31, 2011 - 20,00,000) units of ₹.10 each		
ICICI Prudential FMP - Series 55 - 1 Year Plan D Cumulative	—	300.00
Nil (March 31, 2011 - 30,00,000) units of ₹.10 each		
Kotak Flexi Debt Scheme Institutional - Daily Dividend	—	303.97
Nil (March 31, 2011 - 30,25,298.931) units of ₹.10 each		
Kotak FMP 13 M Series 6 - Growth	—	191.00
Nil (March 31, 2011 - 19,10,000) units of ₹.10 each		
Kotak Quarterly Interval Plan Series 9	205.00	—
20,49,986.827 (March 31, 2011 - Nil) units of ₹.10 each		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs

NOTE 15 - CURRENT INVESTMENTS : (contd.)

Kotak Quarterly Interval Plan Series 1 - Dividend 7,49,805.051 (March 31, 2011 - Nil) units of ₹.10 each	75.00	—
L&T Select Income Fund - Flexi Debt Institutional - Dividend 13,91,332.100 (March 31, 2011 - 24,84,607.204) units of ₹.10 each	141.60	252.62
LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan 12,09,830.624 (March 31, 2011 - 12,09,830.624) units of ₹.10 each	121.00	121.00
Reliance Liquid Fund-Treasury Plan-Retail Option - Daily Dividend Option Nil (March 31, 2011 - 4,49,048.546) units of ₹.10 each	—	68.45
Reliance Liquid Fund- Cash Plan Nil (March 31, 2011 - 0.25) units of ₹.10 each	—	—
SBI Debt Fund Series - 370 Days - 7 - Dividend Nil (March 31, 2011 - 25,00,000) units of ₹.10 each	—	250.00
SBI Debt Fund Series - 370 Days - 8 - Dividend Nil (March 31, 2011 - 23,00,000) units of ₹.10 each	—	230.00
Sundaram Interval Fund Qlty- Plan E - Inst Div - Payout 12,00,000 (March 31, 2011 - 12,00,000) units of ₹.10 each	120.00	120.00
Tata Floater Fund - weekly Dividend Nil (March 31, 2011 - 19,54,828.165) units of ₹.10 each	—	197.18 #
Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment 10,431.489 (March 31, 2011 - 9,940.737) units of ₹.1,000 each	114.83	109.20
UTI FIIF Series II - Quarterly Interval Plan - IV - Growth option Nil (March 31, 2011 - 2,28,222.137) units of ₹.10 each	—	27.41
UTI Fixed Income Interval Fund - Monthly Interval Plan II - Growth Option Nil (March 31, 2011 - 3,21,069.300) units of ₹.10 each	—	39.60
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvest Nil (March 31, 2011 - 30,385.308) units of ₹.1,000 each	—	304.09
UTI Fixed Maturity Plan - Yearly FMP Series:YFMP (10/10) - Institutional Plan Dividend Reinvestment Nil (March 31, 2011 - 25,53,399.650) units of ₹.10 each	—	255.34
UTI Treasury Advantage Fund- Institutional weekly Divided Plan - Reinvestment Nil (March 31, 2011 - 94,97.164) units of ₹.1,000 each	—	95.07
	805.37	3,628.45

Quoted

Aggregate amount of quoted investments (Market value ₹.Nil (March 31, 2011: ₹.162.83 Lakhs))	—	145.65
Aggregate amount of unquoted investments	805.37	3,482.80
# Aggregate provision for diminution in value of investments	—	0.01

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)		
Work-in-progress - Motion film production	45.06	-
	<u>45.06</u>	<u>-</u>

	Non current		Current	
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 17. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
With scheduled banks on:				
Current account	-	-	83.97	102.71
Unclaimed dividend account	-	-	18.77	13.45
With non-scheduled bank :				
Ceskoslovenska obchodni banka, a.s. Czech Republic- on current account	-	-	15.31	5.93
Cash on hand	-	-	4.61	1.81
	<u>-</u>	<u>-</u>	<u>122.66</u>	<u>123.90</u>
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	4,217.86	1,191.06
	<u>-</u>	<u>-</u>	<u>4,217.86</u>	<u>1,191.06</u>
	<u>-</u>	<u>-</u>	<u>4,340.52</u>	<u>1,314.96</u>

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 18 - REVENUE FROM OPERATIONS		
Rent (tax deducted at source ₹.125.74 Lakhs, March 31,2011 - ₹.116.50 Lakhs)	1,236.62	1,144.35
Service income	31.04	73.79
Profit on sale/redemption of current investments - other than trade	119.45	5.89
Less: Loss on sale/redemption of current investments - other than trade	6.04	0.97
Less: Diminution (net) in the value of Current investments - other than trade	-	0.01
Dividend Income from investments:		
Current - other than trade	162.44	99.66

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 18 - REVENUE FROM OPERATIONS (contd.)		
Interest income on:		
Inter-corporate deposits	51.14	41.05
Bank deposits	218.62	66.34
Loans to subsidiary	18.38	47.50
Security deposits and others	1.31	4.19
Bonds	7.33	3.77
[tax deducted at source ₹.9.14 Lakhs, (March 31, 2011 - ₹.10.42 Lakhs)]		162.85
	1,840.29	1,485.56

Detail of services rendered

Particulars	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
Support services		
Infrastructure support services	31.04	29.44
IT support services	—	10.10
Management support services	—	34.25

March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
11.40	30.44
—	0.08
—	150.00
—	413.55
0.90	1.12
12.30	595.19

NOTE 19 - OTHER INCOME:

Interest on income-tax refunds	11.40	30.44
Exchange gain (net)	—	0.08
Sale & transfer of technology (Note a.)	—	150.00
Earnout Revenue (Note b.)	—	413.55
Miscellaneous Income	0.90	1.12

Note

- During the previous year, the Company has entered into Technology Sale and Transfer agreement for sale and transferred the bulk drugs technology to FBL for a consideration of ₹.150.00 Lakhs.
- During the pervious year, the Company has received an earn out of ₹.413.55 Lakhs based on achievement of "Earn Out Revenue" during the twelve months period ending on 31st August, 2010 as per the terms stipulated in the Share Purchase and a Shareholder's Agreement (Agreements) dated August 31, 2009 for transferring 70% holding in Evotec (India) Private Limited to Evotec AG.

March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
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NOTE 20 - COST OF PRODUCTION OF MOVIE: (Refer note 2.1(e))

Inventories at the beginning of the year	—	—
Cost of production of movie	45.06	—
	45.06	—
Details of cost of production of movie		
Film rights	30.60	—
Professional fees and expenses	14.46	—
	45.06	—

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 21 - (INCREASE) IN INVENTORIES OF WORK-IN-PROGRESS:		
Inventories at the end of the year		
Work-in-process - cost of production of movie	45.06	—
	<u>45.06</u>	<u>—</u>
Inventories at the beginning of the year		
Work-in-process - cost of production of movie	—	—
	<u>(45.06)</u>	<u>—</u>
NOTE 22 - EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	305.79	267.55
Contribution to provident and other fund	18.45	17.73
Gratuity expense (refer note 27)	(9.19)	2.20
Employee welfare expenses	16.34	17.93
	<u>331.39</u>	<u>305.41</u>
NOTE 23 - OTHER EXPENSES:		
Power and fuel	22.79	19.56
Water	8.10	6.99
Rates and taxes	6.92	6.87
Rent	25.37	14.68
Insurance	9.93	9.01
Repairs and maintenance:		
Plant and machinery	23.36	19.11
Buildings	24.84	24.65
Others	53.32	83.60
Advertising and sales promotion expenses	10.63	6.42
Travelling and conveyance	23.51	24.10
Legal and professional charges	90.56	336.60
Payment to auditors (refer note below)	14.27	12.63
Exchange loss (net)	1.00	—
Communication costs	14.31	12.05
Donation	0.19	8.81
Directors' sitting fees	6.35	8.00
Printing and stationery	5.48	6.19
Staff recruitment expenses	0.13	0.20
Loss on sale of fixed assets (net)	10.47	4.72
Loss on deletion of fixed assets	2.30	—
Miscellaneous expenses	58.94	67.64
	<u>** 412.77</u>	<u>** 671.83</u>

** net of recovery of ₹.43.34 Lakhs (March 31,2011 - ₹.64.45 Lakhs) from subsidiary companies.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
Payment to auditors'		
As auditor		
Audit fee	5.75	6.75
Tax audit fee	1.95 *	1.00 *
Limited review	5.25	4.00
In other capacity in respect of:		
Other services (certification fees)	0.30	— *
Reimbursement of expenses	1.02 *	0.88 *
	<u>14.27</u>	<u>12.63</u>
* includes amount payable to another auditor		
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 24 - DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	168.41	109.40
Amortization of intangible assets	2.57	7.18
	<u>170.98</u>	<u>116.58</u>
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 25 - FINANCE COSTS:		
Interest on term loans	7.45	6.27
Interest on others	—	0.69
	<u>7.45</u>	<u>6.96</u>
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 26 - EARNINGS PER SHARE (EPS):		
Profit after tax	1,468.11	2,176.84
	No. in Lakhs	No. in Lakhs
Weighted average number of equity shares in calculating basic EPS	22.93	22.93
Earnings per share (₹.Per share):	64.02	94.93

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 27 - EMPLOYEE BENEFITS:

The Company operates two employee benefit plans namely i) defined contribution plan, which includes Provident fund and Superannuation scheme ii) Defined benefit plan which includes contribution to gratuity fund (funded) and provision for long term compensated absence.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
a) Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under employee benefit expense, provident and other funds on note 22 for the year are as under:		
- Provident fund	18.45	17.47
- Superannuation scheme	—	0.26
b) Defined Benefit Plan		
Gratuity - As per actuarial valuation		
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
	Gratuity (Funded)	
i) Changes in the present value of the defined benefit obligation		
Opening	38.18	53.14
Interest cost	3.07	3.88
Current service cost	2.75	7.51
Benefits paid	(0.13)	(21.09)
Actuarial (gains) / losses on obligation	(15.31)	(5.26)
Closing	28.56	38.18
ii) Changes in fair value of plan assets		
Opening	36.76	53.92
Expected return on plan assets	3.36	3.67
Actuarial (gains) / losses on obligation	(1.79)	0.26
Employer's contribution	1.67	—
Benefits paid	(0.13)	(21.09)
Closing	39.87	36.76
iii) Amounts recognised in balance sheet		
Present value of defined benefit obligation	28.56	38.18
Fair value of plan assets	39.87	36.76
Amount not recognised as assets	(1.87)	—
Net Asset (liability) recognised in balance sheet	9.44	(1.42)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012	March 31, 2011			
	₹. in Lakhs	₹. in Lakhs			
	Gratuity (Funded)				
NOTE 27 - EMPLOYEE BENEFITS: (contd.)					
b) Defined Benefit Plan (contd.)					
iv) Amounts recognised in statement of profit and loss					
Current service cost	2.75	7.51			
Interest cost	3.07	3.88			
Expected return on plan assets	(3.36)	(3.67)			
Net actuarial (gain) /loss recognised	(13.52)	(5.52)			
Amount not recognised as Assets	1.87	—			
Total expense	(9.19)	2.20			
v) Actual return on plan assets	1.57	3.67			
vi) Principal assumptions used in actuarial valuation					
Discount rate	8.50%	7.50%			
Expected return on plan assets	9.15%	9.15%			
Salary escalation rate	10%	10%			
Employee turnover	21 to 30 - 7%	1%			
	31 to 40 - 4%				
	41 to 59 - 0.33%				
vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows					
Investments with insurer	100%	100%			
	Gratuity (Funded)				
	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
viii) Amounts for the current and previous four periods					
Defined benefit obligation	28.56	38.18	53.14	49.51	26.82
Plan assets	39.87	36.76	53.92	29.25	12.15
Surplus/(deficit)	11.31	(1.42)	0.78	(20.26)	(14.67)
Experience adjustments on plan liabilities	(12.55)	5.52	8.84	9.75	(7.76)
Experience adjustments on plan assets	(1.79)	0.26	0.68	0.76	0.44
ix) a) The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.					
b) Expected rate of return on assets assumed by the Insurance Company is generally based on their investment pattern as stipulated by the Government of India.					
c) The estimates of rate escalation in salary considered in the actuarial valuation take in to account inflation, seniority promotion and other relevant factors including supply demand in the employment market.					
d) The Company is expected to contribute to the Gratuity fund during 2012-13 ₹.Nil (March 31, 2011 ₹.1.50 Lakhs during 2011-12)					

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 28 - LEASES:		
Assets taken on operating lease		
During the year the Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
Lease payments recognised in the statement of profit and loss for the year.		
	24.16	14.68
Assets given on operating lease		
The Company has entered into operating lease agreements for its properties in Thane and Worli, Mumbai with original lease periods expiring between 2010 and 2014. These agreements are cancellable/non-cancellable and have rent escalation provisions of 5%.		
1, Rent income recognised in the statement of profit and loss for the year.	1,236.62	1,144.35
(includes rentals on sub-lease of ₹.362.94 lakhs (March 31, 2011 ₹.344.98 lakhs) which will expire with no renewable terms on August 31, 2014)		
2 Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	417.31	41.23
ii) Later than one year and not later than five years	1,095.07	—
iii) More than five years	—	—

NOTE 29 - INTEREST IN JOINT VENTURE:

Company has invested an aggregate of Rs. 188.51 Lakhs in Vasko Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, Rs. 1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and Rs. 186.55 Lakhs (Czech Koruna 95.24 Lakhs) is towards voluntary additional contribution to capital. Vasko Glider is involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner. The joint venture partner has applied for registration of patent in various countries and the same has been registered in USA, India and Australia.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business and translated by the Management as per Indian GAAP, is as follows:-

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
Percentage of holding	50%	50%
Assets	27.74	29.70
Liabilities	0.01	0.30
Income	0.11	1.38
Expenditure	3.98	5.90
Capital Commitment	—	—
Contingent liabilities	—	—

In view of the accumulated losses of Joint Venture there is substantial erosion in the value of investment and accordingly, provision for diminution of Rs.188.51 lakhs has been made in the earlier year. (Refer Note 12.)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 30 - SEGMENT INFORMATION

Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment

Property - Renting of properties

Treasury - Investment in shares, securities and mutual funds

Entertainment - Production and distribution of motion films, providing services for event management and film production.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

				₹. in Lakhs
				2011-2012
				2010-2011
	Property	Treasury	Entertainment	Total
a. Revenue				
1. Segment revenue - External sales / income from operations	1,267.66	1,482.14	—	2,749.80
	1,218.14	2,423.00	—	3,641.14
Unallocated revenue				13.60
				183.20
2. Total				2,763.40
				3,824.34
b. Result				
1. Segment result / operating profit / (loss)	1,023.83	1,470.36	(73.56)	2,420.63
	999.33	2,228.84	(64.41)	3,163.76
2 Finance Costs				7.45
				6.96
3 Unallocable income/(expenditure) (net)				(572.37)
				(433.24)
4 Profit before tax				1,840.81
				2,723.56
5 Provision for tax				
- current tax (net of MAT credit entitlement Rs Nil. (March 31, 2011- Rs. 17 Lakhs)				380.50
				512.09
- deferred tax				(7.80)
				34.63
6 Profit after tax				1,468.11
				2,176.84

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 30 - SEGMENT INFORMATION (contd.):

₹. in Lakhs

	2011-2012			
	2010-2011			
	Property	Treasury	Entertainment	Total
c. Other information				
1. Segment assets	1,635.25 1,256.97	8,668.35 7,776.50	338.14 148.11	10,641.74 9,181.58
2. Unallocated corporate assets				380.34 720.39
3. Total assets				11,022.08 9,901.97
4. Segment liabilities	661.28 591.81	0.08 —	226.86 4.31	888.22 596.12
5. Unallocated corporate liabilities				628.86 469.40
6. Total liabilities				1,517.08 1,065.52
7. Cost incurred during the year to acquire				
- segment fixed assets	562.77 2.85		30.74 1.33	593.51 4.18
- unallocated segment fixed assets				15.13 83.62
8. Depreciation and amortization expense	125.44 66.31		3.88 7.22	129.32 73.53
9. Unallocated depreciation				41.66 43.05
10. Other Non-cash expenditure provision for diminution (net) in the value of				
- current investments - other than trade		— 0.01	— —	— 0.01

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES

a. Parties where control exists

Mr. Krishna Datla - Managing Director, Party controlling holding company.

Holding company

DVK Investments Private Ltd

Subsidiaries

1. Aegean Properties Ltd.
2. CC Square Films Limited (wef December 27, 2010)
3. Fermenta Biotech Ltd.
4. Fermenta Biotech (UK) Ltd. (100% subsidiary of Fermenta Biotech Ltd.)
5. G. I. Biotech Private Ltd. (62.50% subsidiary of Fermenta Biotech Ltd.) *

b. Other related party relationships where transactions have taken place during the year

Fellow Subsidiary

VM Café de Art Private Ltd.

Key Management Personnel

1. Mr. Krishna Datla - Managing Director
2. Mr. Satish Varma - Executive Director (upto April 30, 2010/Director w.e.f. May 01, 2010)

c. Joint Venture

Vasko Glider s.r.o. **

d. Associates

1. Evotec (India) Private Ltd. (upto September 30, 2011)
2. Health and Wellness India Private Ltd (w.e.f. March 15, 2011)

e. Enterprises owned or significantly influenced by key management personnel or their relatives

Magnolia FNB Private Limited

f. Related party relationship is identified by the Company on the basis of available information.

g. Transactions with related parties.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
1 Loans and advances given						
- Fermenta Biotech Ltd.		100.00				
		(600.00)				
2 Loans recovered						
- Fermenta Biotech Ltd.		900.00				
		(200.00)				
- Aegean Properties Ltd.		3.00				
		(8.00)				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES (contd.):

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
3 Interest on loan						
- Fermenta Biotech Ltd.		18.38 (50.14)				
- Health and Wellness India Private Ltd.						15.05 (5.05)
4 Remuneration						
- Mr. Satish Varma				— (3.53)		
- Mr. Krishna Datla				41.74 (47.23)		
5 Rent income						
- Aegean Properties Ltd.		1.22 (1.16)				
- DVK Investments Private Ltd.	1.22 (1.16)					
- Fermenta Biotech Ltd.		120.17 (113.98)				
- Evotec (India) Private Ltd						124.10 (237.07)
- VM Café de Art Private Ltd.			1.22 (1.16)			
- CC Square Films Limited.		1.47 (—)				
- Magnolia FNB Private Limited.					0.65 (—)	
6 Rent paid						
- Aegean Properties Ltd.		18.00 (12.00)				
7 Other reimbursements paid						
- Fermenta Biotech Ltd.		1.60 (6.55)				
- Aegean Properties Ltd.		12.75 (—)				
- Evotec (India) Private Ltd		— (3.47)				— (1.01)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES (contd.):

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
8 Other reimbursements received						
- Aegean Properties Ltd.		0.62 (0.77)				
- Fermenta Biotech Ltd.		46.16 (59.68)				
- Evotec (India) Private Ltd						77.93 (126.53)
- CC Square Films Ltd.		— (0.02)				
9 Sale / transfer of technology						
- Fermenta Biotech Ltd.		— (150.00)				
10 Service income received						
- Evotec (India) Private Ltd						15.02 (73.67)
11 Investment in equity share capital						
- Fermenta Biotech Ltd. (refer Note 12(b))		— (700.00)				
- Health and Wellness India Private Ltd.						250.00 (225.00)
- CC Square Films Ltd.		— (5.00)				
12 Subscription money						
- Health and Wellness India Private Ltd.						— (15.00)
13 Balance outstanding as at the year end						
i. Other current liabilities						
- Fermenta Biotech Ltd.		0.19 (0.03)				
ii. Other receivables						
- Fermenta Biotech Ltd.		3.79 (1.38)				
- G.I.Biotech Private Ltd.		1.25 (1.25)				
- Evotec (India) Private Ltd						— (165.99)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES (contd.):

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
iii. Provision for doubtful debts						
- G.I. Biotech Private Ltd.		1.25 (1.25)				
iv. Provision for diminution in value of investments**			188.51 ** (188.51) **			
v. Loans						
- Aegean Properties Ltd.		— (3.00)				
- Health and Wellness India Private Ltd.						100.00 (100.00)
- Fermenta Biotech Ltd.		157.50 (157.50)				
vi. Interest accrued						
- Fermenta Biotech Ltd.		2.83 (2.63)				
- Health and Wellness India Private Ltd.						20.10 (5.05)

(Figures in brackets are the corresponding figures in respect of the previous year.)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES (contd.):

- h. Additional disclosure as required by the amended clause 32 of the listing agreement with The Bombay Stock Exchange Limited

Sr.	Name	Balance as at		Maximum amount outstanding during the year ended	
		March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
1.	Loans to subsidiaries / associate				
	- Aegean Properties Ltd.	–	3.00	3.00	11.00
	- Fermenta Biotech Ltd.	157.50	157.50	257.50	800.00
	- Health and Wellness India Private Ltd.	100.00	100.00	100.00	100.00
2.	Loans and where there is no repayment schedule and is interest-free (included above)				
	- Aegean Properties Ltd.	–	3.00	3.00	11.00
3.	Loans given during the year				
	- Fermenta Biotech Ltd.	–	757.50	100.00	800.00
	- Health and Wellness India Private Ltd.	–	100.00	–	100.00
	Loans outstanding at the year end				
	- Aegean Properties Ltd.	–	3.00	3.00	11.00
	- Fermenta Biotech Ltd.	157.50	157.50	257.50	800.00
	- Health and Wellness India Private Ltd.	100.00	100.00	100.00	100.00

NOTE 32 - CAPITAL AND OTHER COMMITMENTS:

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
Estimated amount of contracts remaining to be executed on capital account.	696.41	1.12

NOTE 33 - CONTINGENT LIABILITIES:

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
Claims against the Company not acknowledged as debts		
Service tax	15.00	15.00
Sales tax	4.63	4.63
Excise duty	–	67.21
	<u>19.63</u>	<u>86.84</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 34 - UN-HEDGED FOREIGN CURRENCY EXPOSURE:

Particulars	March 31, 2012		March 31, 2011	
	Foreign Currency	₹. in Lakhs	Foreign Currency	₹. in Lakhs
	in Lakhs		in Lakhs	
a) Investments	Kc 96.24	188.51	Kc 96.24	188.51
b) Cash and bank balance	Kc 5.46	15.31	Kc 2.28	5.93
	EURO 0.00472	0.33	EURO 0.00472	0.30

NOTE 35 - EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs
Travelling	1.60	2.05
Legal fees	5.75	3.43
Remittances to branch office	60.24	35.62
	67.59	41.10

NOTE 36 - PREVIOUS YEAR FIGURES

Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. The following is a summary of the effects that revised Schedule VI had on presentation of balance sheet of the company for the year ended 31 March 2011:

₹. in Lakhs

Pre-revised Schedule VI				Revised Schedule VI	
Heading	Amount	Adjustment	Amount	Heading	Nature of adjustment
SOURCES OF FUNDS				EQUITY AND LIABILITIES	
Shareholders' funds				Shareholders' funds	
Share capital	229.32	–	229.32	Share capital	
Reserves and surplus	8,607.13	–	8,607.13	Reserves and surplus	
	<u>8,836.45</u>	<u>–</u>	<u>8,836.45</u>		
Loan funds				Non-current liabilities	
Secured loans	73.99	(17.49)	56.50	Long term borrowings	Refer working note 1
Deferred tax liability (net)	25.33	–	25.33	Deferred tax liability (net)	
	–	92.12	92.12	Other long term liabilities	Refer working note 2
	–	1.42	1.42	Long term provisions	
	<u>99.32</u>	<u>76.05</u>	<u>175.37</u>		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 36 - PREVIOUS YEAR FIGURES (Contd.)

(₹. in Lakhs)

Pre-revised Schedule VI Heading	Amount	Adjustment	Amount	Revised Schedule VI Heading	Nature of adjustment
Current liabilities and provisions				Current liabilities	
	–	29.12	29.12	Trade payables	
Current liabilities	666.21	(103.75)	562.46	Other current liabilities	Refer working note 3
Provisions	299.99	(1.42)	298.57	Short term provisions	
	966.20	(76.05)	890.15		
TOTAL	9,901.97	–	9,901.97		
APPLICATION OF FUNDS				ASSETS	
Fixed assets				Non-current assets	
Net block	1,298.34	(25.40)	1,272.94	Tangible assets	
	–	25.40	25.40	Intangible assets	
Investments	5,931.23	(3,628.45)	2,302.78	Non Current investments	
	–	82.33	82.33	Long term Loans and advances	
	7,229.57	(3,546.12)	3,683.45		
Current assets, loans and advances				Current assets	
	–	3,628.45	3,628.45	Current investment	
Sundry debtors	180.63	(56.07)	124.56	Trade receivables	Refer working note 4
Cash and bank balances	1,314.96	–	1,314.96	Cash and bank balances	
Other current assets	96.26	–	96.26	Other current assets	
Loans and advances	1,080.55	(26.26)	1,054.29	Short term loans and advances	Refer working note 5
	2,672.40	3,546.12	6,218.52		
TOTAL	9,901.97	–	9,901.97		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 36 - PREVIOUS YEAR FIGURES (Contd.)

Working notes

	(Amount ₹. In Lakhs)		
1 Long-term borrowings			
Secured as per pre-revised schedule VI		73.99	
Less: current portion of long term borrowing from banks. Regrouped to other current liabilities	(16.95)		
Less: current portion of long term borrowing from financial institution. Regrouped as other current liabilities	(0.54)	(17.49)	56.50
2 Other long-term liabilities		NIL	
Amount as per pre-revised schedule VI			
Deposits from tenants		92.12	92.12
3 Other current liabilities		666.21	
Amount as per pre-revised schedule VI			
Add: current portion of long-term borrowings	17.49		
Less: deposits from tenants	(92.12)		
Less: trade payables	(29.12)	(103.75)	562.46
4 Trade receivables (current)			
Sundry debtors as per pre-revised schedule VI		180.63	
Less: Reimbursement of expenses component of trade receivables		(56.07)	124.56
5 Short-term loans and advances			
Loans and advances as per pre-revised schedule VI		1,080.55	
Less: non-current component			
Security deposits	(44.13)		
Loans to employees	(38.20)		
Reimbursement of expenses component of trade receivables	56.07	(26.26)	1,054.29

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

G. G. DESAI Chairman	KRISHNA DATLA Managing Director	RAJESHWARI DATLA Director
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SATISH VARMA Director	SANJAY BUCH Director	VINAYAK HAJARE Director
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K. H. KASHID Chief Financial Officer	SRIKANT N. SHARMA Company Secretary
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Thane
Date: May 29, 2012

Auditor's Report

To

The Members of DIL Limited

1. We have audited the attached consolidated balance sheet of DIL Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), as at 31st March 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹.231.55 lakhs as at 31st March 2012, the total revenue of ₹.23.11 lakhs and cash inflows amounting to ₹.11.96 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. *As stated in Note 1 (c) of the consolidated financial statements, certain associates, whose financial statements reflect the Group's share of total loss of ₹.172.65 lakhs for the year ended 31st March 2012 have not been audited and have been considered in the consolidated financial statements based solely on the unaudited separate financial statements certified by the management. Accordingly, we are unable to*
- comment on the implications, if any, on the financial statements if the same had been audited.*
5. As stated in Note 1 (c) of the consolidated financial statements, a joint venture, whose unaudited financial statements reflect total revenue of ₹.0.10 lakhs and cash outflows of ₹.3.42 lakhs for the year ended 31st March 2012 and total assets of ₹.27.74 lakhs as at 31st March 2012 have not been audited and have been considered in the consolidated financial statements based solely on the unaudited separate financial statements certified by the management.
6. *Except for the possible effect of the matter referred to in paragraph 4 above, based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2012;
 - (b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No. 101049W

Chartered Accountants

per Vikram Mehta

Partner

Membership No.: 105938

Place : Mumbai

Date : May 29, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

	Notes	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	229.32	229.32
Reserves and surplus	4	12,704.28	11,320.18
		<u>12,933.60</u>	<u>11,549.50</u>
Minority interest		1,974.30	1,676.77
Non-current liabilities			
Long-term borrowings	5	1,964.92	1,078.21
Deferred tax liability (net)	6	24.60	34.81
Other long-term liabilities	7	77.27	137.43
Long-term provisions	8	174.77	150.96
		<u>2,241.56</u>	<u>1,401.41</u>
Current liabilities			
Short-term borrowings	9	1,259.27	555.94
Trade payables	10	1,642.93	824.56
Other current liabilities	10	1,074.58	812.16
Short-term provisions	8	504.46	313.62
		<u>4,481.24</u>	<u>2,506.28</u>
TOTAL		<u>21,630.70</u>	<u>17,133.96</u>
ASSETS			
Non-current assets			
Goodwill		534.33	534.33
Less: Impairment		(121.00)	(121.00)
Goodwill (net of impairment)		<u>413.33</u>	<u>413.33</u>
Fixed assets			
Tangible assets	11	6,682.57	4,019.90
Intangible assets	12	204.16	97.58
Capital work-in-progress		1,070.69	1,377.94
Intangible assets under development		193.45	106.38
		<u>8,150.87</u>	<u>5,601.80</u>
Non-current investments	13	968.49	484.99
Long-term loans and advances	14	514.20	602.98
Other non-current assets	15.2	8.43	2.14
		<u>1,491.12</u>	<u>1,090.11</u>
Current assets			
Current investments	16	805.37	3,628.45
Inventories	17	2,152.54	1,062.47
Trade receivables	15.1	2,337.12	1,683.96
Cash and bank balances	18	5,009.25	2,406.81
Short-term loans and advances	14	1,031.67	1,152.81
Other current assets	15.2	239.43	93.63
		<u>11,575.38</u>	<u>10,028.13</u>
Miscellaneous expenditure		–	0.59
TOTAL		<u>21,630.70</u>	<u>17,133.96</u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants
per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

G. G. DESAI Chairman	KRISHNA DATLA Managing Director	RAJESHWARI DATLA Director
SATISH VARMA Director	SANJAY BUCH Director	VINAYAK HAJARE Director

K. H. KASHID Chief Financial Officer	SRIKANT N. SHARMA Company Secretary
Thane	
Date: May 29, 2012	

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Notes	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
INCOME			
Revenue from operations	19.1	10,314.27	6,575.79
Less: Excise duty		182.98	144.98
		<u>10,131.29</u>	<u>6,430.81</u>
Other operating income	19.2	1,756.23	1,345.64
Profit on sale of investment of associate/subsidiary - long term - other than trade (Refer Note 13 (a) & (c))		1,069.25	1,564.67
Other income	20	357.63	550.43
Total revenue (I)		<u>13,314.40</u>	<u>9,891.55</u>
EXPENSES			
Cost of raw material and components consumed	21.1	3,849.64	2,082.53
Cost of production of motion film (note 2.1 (e))	21.2	45.06	—
Purchase of traded goods		104.03	5.53
(Increase) in Inventories	22	(206.44)	(255.06)
Employee benefits expense	23	1,820.38	1,395.19
Other expenses	24	3,201.63	2,465.41
Total (II)		<u>8,814.30</u>	<u>5,693.60</u>
Earnings before interest, tax, depreciation and amortization expense (EBITDA) (I) – (II)		<u>4,500.10</u>	<u>4,197.95</u>
Depreciation and amortization expense [note 2.1 (d)]	25	776.07	415.03
Finance costs	26	387.59	148.31
Profit before tax		<u>3,336.44</u>	<u>3,634.61</u>
Tax expense:			
Current tax		650.39	781.38
Less: MAT credit entitlement		—	17.16
Deferred tax (credit)/charge		(10.21)	70.70
Total tax expense		<u>640.18</u>	<u>834.92</u>
Less: Provision for tax in respect of earlier years written back (net)		0.35	0.37
Profit after tax		<u>2,695.91</u>	<u>2,799.32</u>
Share of minority interest in (profit) / loss		(297.53)	(123.58)
Share of interest in profit / (loss) of associates		(172.65)	(142.89)
Profit for the year		<u>2,225.73</u>	<u>2,532.85</u>
Earnings per equity share			
[Nominal value of share ₹.10/-]			
Basic / Diluted	27	97.06	110.45
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

SANJAY BUCH
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 29, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

PARTICULARS	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3,336.44	3,634.61
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Depreciation and amortization expense	776.07	415.03
Loss on sale of fixed assets (net)	18.73	4.72
Loss on deletion of assets	2.30	—
Provision for diminution in value of investments (current plus other long term)	—	0.01
Unrealised foreign exchange (gain)/loss (net)	(98.48)	(58.82)
Profit on sale of equity shares	(1,069.25)	(1,564.67)
Interest expenses	387.59	148.31
Capital work in progress written off	—	15.89
Operating profit before working capital changes	3,353.40	2,595.08
Movements in working capital :		
Increase/(decrease) in trade payables	817.25	420.87
Increase/(decrease) in long-term provisions	23.81	106.01
Increase/(decrease) in short-term provisions	3.89	(72.97)
Increase/(decrease) in other current liabilities	75.00	(174.33)
Increase/(decrease) in other long-term liabilities	(60.16)	55.67
Decrease/(increase) in trade receivables	(551.93)	(476.77)
Decrease/(increase) in inventories	(1,090.07)	(330.79)
Decrease/(increase) in long-term loans and advances	(57.48)	(7.91)
Decrease/(increase) in short-term loans and advances	(72.77)	(56.69)
(Increase)/decrease in other current assets	(145.80)	(14.41)
(Increase)/decrease in other non- current assets	(6.29)	(0.11)
(Increase)/decrease in current investments	2,823.08	(1,228.86)
(Increase)/decrease in non-current investments	(760.50)	(290.00)
(Increase)/decrease in miscellaneous expenses	0.59	(0.59)
Cash generation from operations	4,352.02	524.20
Direct taxes paid (net of refunds)	(403.14)	(639.66)
Net cash flow from/ (used in) operating activities	(A) 3,948.88	(115.46)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(3,185.02)	(2,307.81)
Proceeds from sale of fixed assets	34.67	9.52
Sale of investments in subsidiary	1,129.33	2,000.06
Investments in bank deposits (having original maturity of more than three months)	(4,217.86)	(1,191.06)
Redemption/maturity of bank deposits (having original maturity of more than three months)	1,191.06	827.03
Net cash flow from/ (used in) investing activities	(B) (5,047.82)	(662.26)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

CASH FLOW STATEMENT (Contd.)

PARTICULARS	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	—	319.28
Loan to ESOP Trust	—	(48.83)
Premium received on issue of shares (net of share issue expenses)	—	1,706.46
Proceeds from long-term borrowings	1,228.75	952.52
Repayment of long-term borrowings	(159.94)	(272.63)
Proceeds from short-term borrowings	703.33	(143.40)
Interest paid	(437.15)	(148.31)
Dividend paid on equity shares	(567.98)	(687.93)
Tax on equity dividend paid	(93.00)	(115.59)
Net cash flow from/ (used in) in financing activities	(C) 674.01	1,561.57
Net increase/(decrease) in cash and cash equivalents	(A+B+C) (424.93)	783.85
Effect of exchange difference on cash and cash equivalents held in foreign currency	0.57	(0.31)
Cash and cash equivalents at the beginning of the year	1,215.75	432.21
Cash and cash equivalents at the end of the year	791.39	1,215.75
Components of cash and cash equivalents		
Cash on hand	7.63	2.36
Cheque on hand	—	4.99
With scheduled banks on:		
Current account	369.56	133.78
Deposits with original maturity of less than three months	331.15	1,006.52
Unclaimed dividend account*	18.77	13.45
With non-scheduled bank:		
Current account	64.28	54.65
Total cash and cash equivalents (note 18)	791.39	1,215.75
Note		
* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities		
Summary of significant accounting policies	2.1	

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

SATISH VARMA
Director

K. H. KASHID
Chief Financial Officer

Thane
Date: May 29, 2012

KRISHNA DATLA
Managing Director

SANJAY BUCH
Director

SRIKANT N. SHARMA
Company Secretary

RAJESHWARI DATLA
Director

VINAYAK HAJARE
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

1. a) Corporate information

DIL Limited ('DIL' or 'the Company') together with its subsidiaries Fermenta Biotech Limited ('FBL'), Fermenta Biotech (UK) Limited ('FBLUK'), Aegean Properties Limited ('APL'), G.I. Biotech Private Limited ('GI BIO'), CC Square Films Limited (CCSL) collectively referred to as 'the Group', is in the business of manufacturing and selling of chemicals primarily bulk drugs and enzymes, renting property, entertainment and utilisation of surplus funds for its treasury operations. The Company's Joint Venture, Vasko Glider s.r.o.Czechoslovakia is in the business of development and manufacture of wheelchairs.

During the previous year, the Company was holding 76,77,500 shares (95.97%) of FBL in the beginning of the year. During the previous year, Company agreed with its subsidiary - FBL to convert the 7,00,000 redeemable non convertible preference shares of ₹.10 together with share issue premium of ₹.90 each invested in FBL to redeemable convertible preference shares and waived the additional premium that was due pursuant to the preference share issue document. Subsequent to this these preference shares have been converted into 70,00,000 equity shares of ₹.10 each at face value of FBL and Company's interest in FBL has increased from 95.97% to 97.85%.

During the previous year, Company's subsidiary FBL, pursuant to the approval of shareholders has made allotment of equity shares at face value of ₹.10 per share against cash to :-

- (a) Allegro Corporate Finance Advisors Pvt. Ltd. - 7,89,474 equity shares of ₹.10 each
- (b) FBL ESOP Trust - 4,88,334 equity shares of ₹.10 per equity shares pending implementation of ESOP plan.

Subsequent to above, during the previous year, the Company along with its subsidiary FBL has executed definitive agreement with Evolvance India Life Sciences Fund LLC (EILSF) whereby EILSF has acquired 21.05% equity shares of FBL through sale of 19,15,036 equity shares of FBL by the Company to EILSF and issue of equal number of fresh equity shares by FBL to EILSF at a price per equity shares of ₹.104.44. As a result of above Company was holding 1,27,62,464 equity shares (70.15%) of FBL at the beginning of the year.

The Company also has been holding 30,000 Equity shares of APL at the beginning of the year.

The Company was holding 15,96,892 equity shares of ₹.10 each of Health and Wellness India Pvt. Ltd (HWIPL) Bangalore at the beginning of the year. During the current year the Company subscribed / acquired addition 14,15,612 Equity shares. HWIPL is the business of providing services on sporting activities, health awareness and health education. With the aforesaid investment Company holds 47.15% Equity Capital of Equity HWIPL. Accordingly the Company's interest in HWIPL has been accounted as "Interest in Associate Company" in the consolidated financial statements.

In accordance with notified Accounting Standard (AS) 27 "Financial reporting of interest in joint venture" the operations of majority owned joint venture are proportionately consolidated.

These consolidated financial statements have been prepared to meet the requirements of clause 32 of the Listing Agreement with the Stock Exchange.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

- b) The proportionate share in the assets, liabilities, income and expenditure of Vasko Glider a Joint Venture of the Company, based on accounts certified by the management is as follows:-

	31-Mar-12	31-Mar-11
	₹. in Lakhs	₹. in Lakhs
i) Percentage of holding	50%	50%
ii) Assets	27.74	29.70
iii) Liabilities	0.01	0.30
iv) Income	0.11	1.38
v) Expenditure	3.98	5.90
vi) Capital commitment	—	—
vii) Contingent liabilities	—	—

- c) The Financial statements of the associates and joint venture used in the consolidation are drawn upto the same reporting date as of the Company. These financial statements have been consolidated on the basis of unaudited financial statements prepared and certified by the management.

The financial statements of the group have been prepared to comply in all material respects with the notified Accounting Standards by Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, The financial statements have been prepared under the historical cost convention on an accrual basis except in case for which provision of impairment is made. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except for the change in accounting policy explained below in point 2.1 (a).

2. Basis of consolidation

These consolidated financial statements include the financial statements of DIL Limited, its subsidiaries and proportionate share in joint venture as at March 31, 2012.

The following subsidiaries, associates and joint venture have been considered:

Name of the subsidiaries	Country of Incorporation	2011-12	2010-11
Fermenta Biotech Limited *	India	72.09%	72.09%
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	72.09%	72.09%
G.I. Biotech Private Limited (62.50 %Subsidiary of FBL)	India	45.06%	45.06%
Aegean Properties Limited	India	100.00%	100.00%
CC Square Films Limited	India	100.00%	100.00%
Name of the associates			
Evotec(India) Private Limited	India	—	30.00%
Health and Wellness India Private Ltd	India	47.15%	30.30%
Name of the joint venture			
Vasko Glider s.r.o.	Czech Republic	50.00%	50.00%

* excludes shares issued to ESOP Trust but not allotted to employee as per guidance note on Accounting for Employee Share based payments issued by the Institute of Chartered Accountants of India.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard - 21 'Consolidated Financial Statements' ('AS - 21'), Accounting Standard - 23 'Accounting for investment in Associates in 'Consolidated Financial Statements' ('AS - 23') and Accounting Standard - 27 'Financial Reporting of Interest in Joint Ventures' ('AS- 27') as per Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 for the purpose of preparation and presentation of financial statements.

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealised profits in full for subsidiaries. The 50% share in assets, liabilities, income and expenses as appearing in the financial statements of joint venture have been combined on line-by-line basis after eliminating intra-group balances/transactions and resulting unrealised profits on proportionate basis. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase / (decrease) in the relevant reserve, accumulated deficit of its subsidiaries.

Share of minority interest is adjusted against the profit to arrive at the net profit attributable to shareholders. Minority interest in share of net assets is presented separately in the balance sheet.

The cost of investment in associates, over the net assets at the time of acquisition of the investment in the associates is recognised in the financial statements as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment annually. The carrying amount of investment is adjusted thereafter in the post acquisition change in the group's share of net assets of the associates. The consolidated statement of profit and loss includes the group's share of results of the operations of the associates.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

2.1 Summary of significant accounting policies

a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. For further details, **Refer note 37**

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used rates based on the following estimated useful life of the fixed assets

	Estimated useful life (in years)
Building	
On freehold land	3.25 - 58 (Refer Note below)
Leased improvements	9-30
Plant & Machinery	5-21
Computers	5-6
Furniture & Fixtures	5-6
Vehicles	8-11

Assets costing below ₹.5,000 are fully depreciated on installation.

Note: During the year, the Company has decided to amortise the net cost of the Thane building as on October 1, 2011 over the revised balance estimated useful life of 39 months beginning October 1, 2011. Consequently depreciation charge for the current year in respect of Thane building is ₹.85.56 lakhs. Had the Company continued the earlier useful life of 58 years as applicable to the building the depreciation charge would have been lower by ₹.56.43 Lakhs and the profit before tax would have been more by the same amount.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

	Estimated useful life (in years)
Film rights (refer note below)	5
Computer software	3-6
Development cost	3-5

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Note: During the current year the Company has entered into an agreement for the joint development of remake of film rights. Accordingly the net cost of ₹.15.70 Lakhs has been reclassified as cost of production.

(f) Impairment of tangible and intangible asset

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of operations, are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or reference to the fair value of the investment acquired, whichever is more clearly evident.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined as follows:

- a) Stores and spare parts: - First-in-first-out method.
- b) Raw materials and packing materials: - Cost is determined on a weighted average basis.
- c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.
- d) Inventory of under production film is valued at actual cost incurred. The cost of production is charged to revenue at the time of first release of film

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

(i) Retirement and other employee benefit

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The Company operates two defined benefit plans for its employees viz. gratuity and long term compensated absences. Employees are entitled to benefits under the Payment of Gratuity Act 1972, a defined benefit plan. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. The gratuity liability and net periodic gratuity cost is actuarially determined at the year end based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred. The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method at the year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(j) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Interest income on loans and deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Revenue arising out of profit sharing on joint marketing is recognised on an accrual basis in accordance with the terms of the relevant agreement.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Gain or loss on the sale of equity and redemption of mutual fund units are recognised on accrual.

Revenue from licensing of motion film is recognised in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

Interest on income tax refund is recognised on receipt of the refund order.

Income from services (Note 19.2) are recognised on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

(k) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference

All exchange differences are recognized as income or as expenses in the period in which they arise

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(l) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

As Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, initial direct costs such as legal costs, brokerage costs, etc., are recognized as an expense in the statement of profit and loss.

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date.

The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

The bulk drugs production facility of the Company's subsidiary (FBL) in Kullu, Himachal Pradesh, is eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly FBL's bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act, 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

(n) Provisions

A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) Contingent liabilities

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(r) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

Allocation of common costs :

Common costs are treated as unallocable costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(s) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from its operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

(t) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 3 - SHARE CAPITAL:		
Authorised Shares:		
49,20,000 (March 31,2011 - 49,20,000) Equity shares of ₹.10/- each	492.00	492.00
80,000 (March 31,2011 - 80,000) Unclassified shares of ₹.10/- each	8.00	8.00
	500.00	500.00
Issued, subscribed and fully paid up shares:		
22,93,198 (March 31,2011 - 22,93,198) Equity shares of ₹.10/- each.	229.32	229.32
	229.32	229.32

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹.30/- (March 31, 2011: ₹.25/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
DVK Investments Private Limited		
12,36,235 (March 31,2011-12,10,528) equity shares of ₹.10/- each fully paid	123.62	121.05

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder Equity shares of ₹.10/- each fully paid,	March 31, 2012		March 31, 2011	
	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
DVK Investments Private Limited, holding company	12.36	53.91%	12.11	52.79%
Mr. Krishna Datla	2.13	9.29%	1.56	6.79%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 4 - RESERVES AND SURPLUS:		
Capital Reserve:		
Balance as per the last financial statements	1,184.27	1,140.00
Less: Change during the year	(44.27)	44.27
Closing balance	1,140.00	1,184.27
Capital redemption reserve :		
Balance as per the last financial statements	70.00	70.00
Unrealised gain on dilution		
Balance as per the last financial statements	950.41	—
Less: Change during the year	—	950.41
Closing balance	950.41	950.41
General Reserve:		
Balance as per last financial statements	4,517.70	4,287.70
Add: Amount transferred from surplus balance in the statement of profit and loss	150.00	230.00
Closing Balance	4,667.70	4,517.70
Foreign currency translation reserve		
Balance as per the last financial statements	47.29	44.79
Add: Change during the year	2.20	2.50
Closing balance	* 49.49	47.29
Surplus in the statement of profit and loss		
Balance as per last financial statements	4,550.51	2,985.29
Profit for the year	2,225.73	2,532.85
Less: Appropriations		
Interim equity dividend (amount per share ₹.15/- (March 31, 2011: ₹.15/-))	(343.98)	(343.98)
Tax on Interim equity dividend	(55.80)	(57.13)
Proposed final equity dividend (amount per share ₹.15/- (March 31, 2011: ₹.10/-))	(343.98)	(229.32)
Tax on proposed equity dividend	(55.80)	(37.20)
Transfer to general reserve	(150.00)	(230.00)
Transfer to capital redemption reserve	—	(70.00)
Total appropriations	(949.56)	(967.63)
Net surplus in the statement of profit and loss	** 5,826.68	4,550.51
Total Reserves and surplus	*** 12,704.28	11,320.18

* includes share in joint venture ₹.49.49 Lakhs (March 31, 2011 - ₹.47.29 Lakhs)

** includes share of loss in joint venture ₹.88.73 Lakhs (March 31, 2011 - ₹.84.86 Lakhs)

*** includes share loss in joint venture ₹.39.24 Lakhs (March 31, 2011 - ₹.37.57 Lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 5 - LONG-TERM BORROWINGS:				
From Bank (secured) for Kullu facility	123.54	296.24	125.87	232.32
From Bank (secured) for Dahej facility	1,733.33	739.00	281.89	–
Vehicle loan from Bank (secured) (secured against hypothecation of vehicles)	102.10	42.97	45.33	36.89
Vehicle loan from financial institutions (secured) (secured against hypothecation of vehicles)	5.95	–	2.19	3.97
Amount disclosed under the head "other current liabilities" (Note 10)	–	–	(455.28)	(273.18)
Net amount	1,964.92	1,078.21	–	–

Vehicle loans from banks were taken during the financial year 2008-09 to 2011-12 and carry interest ranging between @ 8.20% to 14% p.a. The loan is repayable in 36 to 60 monthly installments including interest. The loans are secured by hypothecation of vehicles.

Vehicle loan from financial institutions was taken during the financial year 2007-08 and 2008-09 and carry interest @ 10.73% to 11.78% p.a. The loans are repayable in 36 to 45 monthly installments including interest. The loans are secured by hypothecation of vehicles.

Term loans for expansion of Kullu facility are taken from Union Bank of India with interest rates (BR + 4.75%) ranging from 15% to 16% repayable in 48 equal monthly instalments. The said term loans are secured by way of first charge on fixed assets procured with financial assistance of the term loan and by equitable mortgage of factory land and buildings at Kullu.

Term loan for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4.75%) ranging from 15% to 16% repayable in 60 equal monthly instalments. The said term loans is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and buildings at Dahej.

	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs
NOTE 6 - DEFERRED TAX LIABILITY (NET):		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	238.16	248.13
Items allowed under Income tax computed on payment/realisation basis	0.45	0.45
Rental income (Straight-lining under AS-19)	1.83	1.66
Gross deferred tax liability	240.44	250.24
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	69.76	65.31
Demerger expenses	–	0.56
Provision for doubtful debts and advances	146.08	149.56
Gross deferred tax asset	215.84	215.43
Net deferred tax liability	(24.60)	(34.81)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 7 - OTHER LONG-TERM LIABILITIES				
Deposits from tenants	77.27	137.43	516.95	438.66
Amount disclosed under "other current liabilities" (note 10)			(516.95)	(438.66)
	<u>77.27</u>	<u>137.43</u>	<u>-</u>	<u>-</u>

	Long Term		Short Term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 8 - PROVISIONS:				
Provision for employee benefits				
Gratuity	21.47	41.76	20.72	-
Long term compensated absences	153.30	109.20	30.27	47.10
	<u>174.77</u>	<u>150.96</u>	<u>50.99</u>	<u>47.10</u>
Other provisions				
Proposed dividend	-	-	343.98	229.32
Provision for tax on proposed equity dividend	-	-	55.80	37.20
Taxation, net of advance taxes (other than deferred tax)	-	-	53.69	-
	<u>-</u>	<u>-</u>	<u>453.47</u>	<u>266.52</u>
	<u>174.77</u>	<u>150.96</u>	<u>504.46</u>	<u>313.62</u>

	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs
NOTE 9 - SHORT TERM BORROWINGS:		
Cash credit (Secured) from Union Bank of India	459.27	155.94
Packing Credit (Secured) from Union Bank of India	800.00	400.00
	<u>1,259.27</u>	<u>555.94</u>
The above amount includes		
Secured borrowings	1,259.27	555.94

Packing credit, post shipment credit and cash credit is from Union Bank of India and is secured against hypothecation of FBL's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the FBL's fixed assets both present and future. The packing credit and cash credit is repayable on demand and carry interest @ 12% and 15% (CBR+3.75%) p.a. respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 10 - CURRENT LIABILITIES:		
Trade payables	* 1,642.93	824.56
(Details of dues to micro and small enterprises (note 36))		
Other current liabilities:		
Current maturities of long-term borrowings (note 5)	455.28	273.18
Current maturities of deposits from tenants (note 7)	516.95	438.66
Investor Education and Protection Fund will be credited by the following amount (as and when due)		
Unclaimed dividends	18.77	13.45
Others		
Statutory dues	74.65	49.45
Others	8.93	37.42
	1,074.58	812.16
	* 2,717.51	1,636.72

* includes share in joint venture ₹.0.01 Lakh (March 31, 2011 - ₹.0.30 Lakh)

NOTE 11 - TANGIBLE ASSETS:

(₹ in Lakhs)

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
Cost								
At April 1, 2010	56.83	—	1,513.60	2,874.10	321.21	308.01	295.73	5,369.48
Additions	—	308.93	17.37	456.73	41.54	162.41	—	986.98
Disposal	—	—	—	—	—	(46.92)	—	(46.92)
At March 31, 2011	56.83	308.93	1,530.97	3,330.83	362.75	423.50	295.73	6,309.54
Additions	—	—	1,422.69	1,781.82	57.27	86.78	—	3,348.56
Disposal	—	—	—	(82.08)	—	(62.27)	—	(144.35)
At March 31, 2012	56.83	308.93	2,953.66	5,030.57	420.02	448.01	295.73	9,513.75
Depreciation								
At April 1, 2010	—	—	331.17	1,217.40	237.24	101.21	44.82	1,931.84
Charge for the year	—	10.30	58.91	232.90	30.31	38.09	9.69	380.20
Disposal	—	—	—	—	—	(32.37)	—	(32.37)
At March 31, 2011	—	10.30	390.08	1,450.30	267.55	106.93	54.51	2,279.67
Charge for the year	—	10.30	151.52	394.93	36.72	46.65	9.69	649.81
Disposal/adjustment	—	—	—	(75.55)	—	(32.72)	—	(108.27)
At March 31, 2012	—	20.60	541.60	1,769.68	304.27	120.86	64.20	2,821.21
Impairment loss								
At April 1, 2010	—	—	—	9.97	—	—	—	9.97
At March 31, 2011	—	—	—	9.97	—	—	—	9.97
At March 31, 2012	—	—	—	9.97	—	—	—	9.97
Net Block								
At March 31, 2011	56.83	298.63	1,140.89	1,870.56	95.20	316.57	241.22	4,019.90
At March 31, 2012	56.83	288.33	2,412.06	3,250.92	115.75	327.15	231.53	6,682.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 11 - TANGIBLE ASSETS (contd.):

Note:

- 1 Land includes ₹.8.06 Lakhs being cost of land held in trust by Directors of the Company
- 2 Major portion of the building at Thane has been given on lease
- 3 Plant and equipment includes:
 - (i) Assets held for disposal:
 - Gross block ₹.26.53 Lakhs (March 31, 2011 - ₹.26.53 Lakhs)
 - Net block ₹.Nil (March 31, 2011 - ₹.Nil)
 - (ii) Share in joint venture assets
 - Gross block ₹.4.21 Lakhs (March 31, 2011 - ₹.4.21 Lakhs)
 - Accumulated depreciation ₹.4.21 Lakhs (March 31, 2011: ₹.3.86 Lakhs)
 - Net block ₹.Nil (March 31, 2011 - ₹.0.35 Lakh)
 - Depreciation ₹.0.38 Lakh (March 31, 2011) - ₹.0.49 Lakh
 - (iii) Vehicles includes hypothecated to banks:
 - Gross block ₹.383.91 Lakhs (March 31, 2011 - ₹.274.86 Lakhs)
 - Depreciation charge for the year ₹.27.28 Lakhs (March 31, 2011: ₹.21.27 Lakhs)
 - Accumulated depreciation ₹.81.69 Lakhs (March 31, 2011: ₹.37.93 Lakhs)
 - Net block ₹.302.22 Lakhs (March 31, 2011 - ₹.236.93 Lakhs)
- 4 Leasehold improvements includes cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

NOTE 12 - INTANGIBLE ASSETS:

	(₹ in Lakhs)		
	Computer software	Film rights (Note)	Total
Gross Block			
At April 1, 2010	95.31	24.48	119.79
Purchase	39.68	–	39.68
At March 31, 2011	134.99	24.48	159.47
Purchase	252.46		252.46
Disposal (refer note)	(2.01)	(24.48)	(26.49)
At March 31, 2012	385.44	–	385.44
Amortization			
At April 1, 2010	22.93	4.13	27.06
Charge for the year	30.04	4.79	34.83
At March 31, 2011	52.97	8.92	61.89
Charge for the year	126.26	–	126.26
Disposal /Adjustment	2.05	(8.92)	(6.87)
At March 31, 2012	181.28	–	181.28
Net Block			
At March 31, 2011	82.02	15.56	97.58
At March 31, 2012	204.16	–	204.16

Note

During the current year the Company has entered into an agreement for the joint development of remake of film rights. Accordingly the net cost of ₹.15.70 Lakhs has been reclassified as cost of production.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS :		
Trade investments (valued at cost unless stated otherwise)		
Equity instruments:		
Biodil Marsing Private Limited. (unquoted)* 59,000 (March 31, 2011 - 59,000) Equity shares of ₹.10 each fully paid up	5.90	5.90
Abbott India Limited (AIL)(previously Solvay Pharma India Ltd (SPIL)). (quoted) 139 (March 31, 2011 - 93) Equity shares of ₹.10 each fully paid-up (On amalgamation of SPIL with AIL, new equity shares of AIL received in the ratio of 1.5:1.)	0.01	0.01
Shivalik Solid Waste Management Limited (unquoted) 20,000 (March 31, 2011 - 20,000) Equity shares of ₹.10/- each	2.00	2.00
Non-trade investments (valued at cost unless stated otherwise)		
Government securities:		
National Highways Authority Of India 750 (March 31, 2011 - 500) bonds of ₹.10,000 each fully paid up	75.00	50.00
Rural Electrification Corporation Limited 750 (March 31, 2011 - 500) bonds of ₹.10,000 each fully paid up	75.00	50.00
Investment in equity instruments		
Investment in associates		
Evotec (India) Pvt. Ltd. (note a. below) Nil (March 31, 2011 - 1,09,26,000) Equity shares of ₹.2 each fully paid-up	—	160.40
Health and Wellness India Private Limited 30,12,504 (March 31, 2011 - 15,96,892) Equity shares of ₹.10 each fully paid-up (includes goodwill of ₹.244.82 Lakhs (March 31, 2011 ₹.171.99 Lakhs)	340.98	207.58
Other Investment		
Allegro Capital Private Limited - Certificate of Investment	325.00	—
Subscription/application money		
Health and Wellness India Private Limited	—	15.00
Zela Wellness India Private Limited	50.00	—
Noble Explochem Ltd	100.50	—
	974.39	490.89
Less: Provision for diminution in value of investments *	5.90	5.90
	968.49	484.99

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs

NOTE 13 - NON-CURRENT INVESTMENTS : (contd.)

Aggregate amount of quoted investments (Market value: ₹.2.11 Lakhs (March 31,2011 - ₹.1.82 Lakhs))	0.01	0.01
Aggregate amount of unquoted investments	986.48	484.98
Aggregate provision for diminution in value of investments	5.90	5.90

Note

- During the current year, the Company has completed transaction based on Share Purchase Agreement dated September 28, 2011 executed with Evotec AG and transferred 1,09,26,000 fully paid up equity shares of ₹.2/- each i.e. 30% of the paid up equity share capital of Evotec (India) Pvt. Ltd. for a total consideration of ₹.1,129.33 Lakhs.
- During the previous year, the Company agreed with its subsidiary - Fermenta Biotech Ltd. ('FBL') and converted the 7,00,000 redeemable non convertible preference shares of ₹.10/- each together with share issue premium of ₹.90/- each invested in FBL to Redeemable convertible preference shares and waived the additional premium that was due pursuant to the preference share issue document. Subsequent to this, in the previous year these preference shares have been converted into 70,00,000 equity shares of ₹.10/- each at face value of FBL.
- During the previous year, the Company along with its subsidiary Fermenta Biotech Limited (FBL) executed agreement with Evolence India Life Sciences Fund LLC (EILSF). Accordingly transaction was completed on January 17, 2011., whereby EILSF has acquired 21.05% Equity Capital of FBL through sale of 19,15,036 FBL equity shares by the Company to EILF and issue of an equal number of fresh equity shares by FBL to EILSF at a price of ₹.104.44 per equity share of ₹.10/- each.

	Non current		Current	
March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	
₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	

NOTE 14 - LOANS AND ADVANCES

Capital advances

Unsecured, considered good	325.80	472.06	—	—
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Security deposits

Unsecured, considered good	92.66	82.45	10.26	10.26
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Loans to related parties (note 31(11)(c))

Unsecured, considered good	—	—	100.00	100.00
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Advances recoverable in cash or kind

Secured considered good	—	—	—	—
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Unsecured considered good	0.27	0.27	502.38 *	560.29
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Doubtful	24.09	24.09	—	—
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	24.36	24.36	502.38	506.29
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Provision for doubtful advances	24.09	24.09	—	—
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	0.27	0.27	502.38	560.29
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Other loans and advances (unsecured)

Inter corporate deposit	267.83	267.83	300.00	300.00
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Advance income-tax (net of provision for taxation)	—	—	0.95	31.09
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MAT credit entitlement	—	—	0.14	18.65
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Prepaid expenses	—	—	48.40	12.04
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 14 - LOANS AND ADVANCES (contd.)				
Loans to employees **	95.47	48.20	12.72	18.06
Balances with statutory/government authorities	—	—	53.07	95.23
Others	—	—	3.75	7.19
	<u>363.30</u>	<u>316.03</u>	<u>419.03</u>	<u>482.26</u>
Provision for doubtful under corporate deposit	267.83	267.83	—	—
	<u>95.47</u>	<u>48.20</u>	<u>419.03</u>	<u>482.26</u>
	<u>514.20</u>	<u>602.98</u>	<u>1,031.67</u>	<u>1,152.81</u>
Loans to related parties include #				
Health and Wellness India Private Limited	—	—	100.00	100.00
[Maximum amount outstanding during the year ₹.100.00 Lakhs (March 31, 2011 - ₹.100.00 Lakhs)]				
Loans and advances due by directors or other officers, etc. **				
Dues from officers	1.60	3.20	1.60	1.60
* includes share in joint venture ₹.0.21 Lakh (March 31, 2011 - ₹.Nil)				

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 15 - TRADE RECEIVABLES AND OTHER ASSETS				
15.1. Trade receivables				
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	—	—	82.34	51.43
Considered doubtful	152.33	—	5.97	158.30
	<u>152.33</u>	<u>—</u>	<u>88.31</u>	<u>209.73</u>
Less: Provision for doubtful debts	* 152.33	—	5.97	158.30
	<u>—</u>	<u>—</u>	<u>82.34</u>	<u>51.43</u>
Other receivables				
Considered good	—	—	2,254.78	1,632.53
	<u>* —</u>	<u>—</u>	<u>2,337.12</u>	<u>1,683.96</u>
Trade receivables include due from Company in which the Group Company's director is a director - Dupen Laboratories Private Limited				
	—	—	23.53	0.15
* includes share in joint venture ₹.1.81 Lakhs (March 31, 2011 - ₹.1.59 Lakhs)				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	Non current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
NOTE 15 - TRADE RECEIVABLES AND OTHER ASSETS (contd.)				
15.2. Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank deposit balances (note 18)	8.43	2.14	—	—
Interest accrued	—	—	239.43	93.63
[Interest accrued includes ₹.6.57 Lakhs (March 31, 2011- ₹.3.28 Lakhs from Government Bonds)]	8.43	2.14	239.43	93.63
			March 31, 2012	March 31, 2011
			₹. in Lakhs	₹. in Lakhs
NOTE 16 - CURRENT INVESTMENTS				
Current investments (valued at lower of cost and fair value, unless stated otherwise)				
Quoted				
Gold Benchmark Exchange Traded Scheme - Gold BEES Nil (March 31, 2011 - 4,420) units of ₹.100 each			—	77.09
Kotak Gold Exchange Traded Fund Nil (March 31, 2011 - 444) units of ₹.100 each			—	7.14
Nifty Benchmark Exchange Traded Scheme- Nifty BEES Nil (March 31, 2011 - 11,052) units of ₹.10 each			—	61.42
Unquoted				
BNP Paribas Fixed Term Fund Series 21 B Nil (March 31, 2011 - 30,00,000) units of ₹.10 each			—	300.00
DWS Treasury Fund Cash - Institutional Plan - Weekly Dividend - Reinvest Nil (March 31, 2011 - 10,11,061.077) units of ₹.10 each			—	101.97
DWS Ultra Short Term Fund 2,76,936.361 (March 31, 2011 - Nil) units of ₹.10 each			27.94	—
HDFC Quarterly Interval Fund Plan B- Retail - Growth Option Nil (March 31, 2011 - 1,22,956.525) units of ₹.10 each			—	15.90
ICICI Prudential FMP Series 51 - 14 Months Plan D - Dividend Nil (March 31, 2011 - 20,00,000) units of ₹.10 each			—	200.00
ICICI Prudential FMP - Series 55 - 1 Year Plan D Cumulative Nil (March 31, 2011 - 30,00,000) units of ₹.10 each			—	300.00
Kotak Flexi Debt Scheme Institutional - Daily Dividend Nil (March 31, 2011 - 30,25,298.931) units of ₹.10 each			—	303.97
Kotak FMP 13 M Series 6 - Growth Nil (March 31, 2011 - 19,10,000) units of ₹.10 each			—	191.00
Kotak Quarterly Interval Plan Series 9 20,49,986.827 (March 31, 2011 - Nil) units of ₹.10 each			205.00	—
Kotak Quarterly Interval Plan Series 1 - Dividend 7,49,805.051 (March 31, 2011 - Nil) units of ₹.10 each			75.00	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 16 - CURRENT INVESTMENTS : (contd.)		
L&T Select Income Fund - Flexi Debt Institutional - Dividend 13,91,332.100 (March 31, 2011 - 24,84,607.204) units of ₹.10 each	141.60	252.62
LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan 12,09,830.624 (March 31, 2011 - 12,09,830.624) units of ₹.10 each	121.00	121.00
Reliance Liquid Fund-Treasury Plan-Retail Option - Daily Dividend Option Nil (March 31, 2011 - 4,49,048.546) units of ₹.10 each	-	68.45
SBI Debt Fund Series - 370 Days - 7 - Dividend Nil (March 31, 2011 - 25,00,000) units of ₹.10 each	-	250.00
SBI Debt Fund Series - 370 Days - 8 - Dividend Nil (March 31, 2011 - 23,00,000) units of ₹.10 each	-	230.00
Sundaram Interval Fund Qlty- Plan E - Inst Div - Payout 12,00,000 (March 31, 2011 - 12,00,000) units of ₹.10 each	120.00	120.00
Tata Floater Fund - weekly Dividend Nil (March 31, 2011 - 19,54,828.165) units of ₹.10 each	-	197.18 #
Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment 10,431.489 (March 31, 2011 - 9,940.737) units of ₹.1,000 each	114.83	109.20
UTI FIIF Series II - Quarterly Interval Plan - IV - Growth option Nil (March 31, 2011 - 2,28,222.137) units of ₹.10 each	-	27.41
UTI Fixed Income Interval Fund - Monthly Interval Plan II - Growth Option Nil (March 31, 2011 - 3,21,069.300) units of ₹.10 each	-	39.60
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvest Nil (March 31, 2011 - 30,385.308) units of ₹.1,000 each	-	304.09
UTI Fixed Maturity Plan - Yearly FMP Series:YFMP (10/10) - Institutional Plan Dividend Reinvestment Nil (March 31, 2011 - 25,53,399.650) units of ₹.10 each	-	255.34
UTI Treasury Advantage Fund- Institutional weekly Divided Plan - Reinvestment Nil (March 31, 2011 - 94,97.164) units of ₹.1,000 each	-	95.07
	805.37	3,628.45
Aggregate amount of quoted investments (Market value ₹.Nil (March 31,2011: ₹.162.83 Lakhs))	-	145.65
Aggregate amount of unquoted investments	805.37	3,482.80
# Aggregate provision for diminution in value of investments	-	0.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs

NOTE 17. INVENTORIES (VALUED AT LOWER OF COST AND NET REALIZABLE VALUE)

Raw materials and components (includes in transit of ₹.81.23 Lakhs (March 31,2011: ₹.42.53 Lakhs)) (note 21)	*	1,165.30	405.69
Work-in-progress - Motion Film production		45.06	—
Work-in-progress	**	444.32	275.27
Finished goods	***	333.88	340.37
Stores and spares		163.98	41.14
	****	2,152.54	1,062.47

* includes share in joint venture ₹.2.58 Lakhs (March 31, 2011 - ₹.2.38 Lakhs)

** includes share in joint venture ₹.11.04 Lakhs (March 31, 2011 - ₹.10.22 Lakhs)

*** includes share in joint venture ₹.4.85 Lakhs (March 31, 2011 - ₹.4.49 Lakhs)

**** includes share in joint venture ₹.18.47 Lakhs (March 31, 2011 - ₹.17.09 Lakhs)

Non current		Current	
March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs

NOTE 18. CASH AND BANK BALANCES

Cash and cash equivalents

Balances with banks:

With scheduled banks on:

Current account	—	—	369.56	133.78
Unclaimed dividend account	—	—	18.77	13.45
Deposits with original maturity of less than three months	—	—	331.15	1,006.52

With non-scheduled bank :

Current account #	—	—	64.28 *	54.65 *
Cheque(s) on hand	—	—	—	4.99
Cash on hand	—	—	7.63	2.36
	—	—	791.39 *	1,215.75 *

Other bank balances

Deposits with original maturity for more than 3 months but less than 12 months	—	—	4,217.86	1,191.06
Deposits with original maturity for more than 12 months ##	8.43	2.14	—	—
Amount disclosed under non-current assets (note 15.2)	(8.43)	(2.14)	—	—
	—	—	4,217.86	1,191.06
	—	—	5,009.25	2,406.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 18. CASH AND BANK BALANCES (contd.)

# includes	Maximum balance outstanding during the year		Balance as on	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
Ceskoslovenska obchodni banka, a.s. Czech Republic	19.70	15.24	15.31	5.93
Komerční banka, a.s. Czech Republic	10.66	12.26	7.24	10.66
National Westminster Bank Plc. London	41.72	38.06	41.72	38.06
	<u>72.08</u>	<u>65.56</u>	<u>64.27</u>	<u>54.65</u>

* includes share in joint venture ₹.7.24 Lakhs (March 31, 2011 - ₹.10.66 Lakhs)

Margin money deposits with a carrying amount of ₹.8.43 Lakhs (March 31, 2011 ₹.2.14 Lakhs) are subject to first charge to secure the letters of credit facilities availed by the FBL.

March 31, 2012	March 31, 2011
₹. in Lakhs	₹. in Lakhs

NOTE 19 - REVENUE FROM OPERATIONS

19.1 Revenue from operations

Sale of products	10,202.35	6,535.13
Finished goods	111.92	40.66
Traded goods	10,314.27	6,575.79
Less: Excise duty	182.98	144.98
	<u>10,131.29</u>	<u>6,430.81</u>

19.2 Other operating revenue

Rent (tax deducted at source ₹.125.74 Lakhs, March 31, 2011 - ₹.116.50 Lakhs)	1,113.76	1,029.22
Service income	40.10	79.62
Scrap sales	0.73	1.49
Profit from joint marketing of products	—	7.36
Profit on sale/redemption of current investments - other than trade	119.45	5.89
Less: Loss on sale/redemption of current investments - other than trade	6.04	0.97
Less: Diminution (net) in the value of Current investments - other than trade	—	0.01
Dividend Income from investments: Current - other than trade	162.44	99.66
Interest income on :		
Inter-corporate deposits	51.14	41.05
Bank deposits	266.01	75.42
Security deposits and others	1.31	3.16
Bonds	7.33	3.76
[tax deducted at source ₹.13.66 Lakhs, (March 31, 2011 - ₹.10.60 Lakhs)]	<u>1,756.23</u>	<u>1,345.64</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 20 - OTHER INCOME:		
Interest on income-tax refunds	11.40	30.56
Exchange gain (net)	344.18	103.91
Earnout Revenue (Note below)	—	413.55
Miscellaneous Income	2.05 *	2.41 *
	<u>357.63 *</u>	<u>550.43 *</u>

Note

During the previous year, the Company has received an earn out of ₹.413.55 Lakhs based on achievement of "Earn Out Revenue" during the twelve months period ending on 31st August, 2010 as per the terms stipulated in the Share Purchase and a Shareholder's Agreement (Agreements) dated August 31, 2009 for transferring 70% holding in Evotec (India) Private Limited to Evotec AG.

* includes share in joint venture ₹.0.11 Lakhs (March 31, 2011 - ₹.0.03 Lakhs)

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 21 - COST OF PRODUCTION:		
21.1 Cost of production:		
Inventories of raw materials / packing materials at the beginning of the year	403.31	328.40
Add: Purchases	4,609.05 *	2,157.44 *
Less : Inventories of raw materials / packing materials at the end of the year	1,162.72	403.31
	<u>3,849.64 *</u>	<u>2,082.53 *</u>

* includes share in joint venture ₹.2.67 Lakhs (March 31, 2011 - ₹.4.56 Lakhs)

21.2 Cost of production of movie: (note 2.1 (e))

Inventories at the beginning of the year	—	—
Cost of production of movie	45.06	—
	<u>45.06</u>	<u>—</u>
Less: Inventories at the end of the year	—	—
	<u>45.06</u>	<u>—</u>
Details of cost of production of movie		
Film rights	30.60	—
Professional fees and expenses	14.46	—
	<u>45.06</u>	<u>—</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 22 - (INCREASE) IN INVENTORIES		
Inventories at the end of the year (note 17)		
Work-in-progress	433.28	265.05
Finished goods	329.03	335.88
Work-in-process - production of movie	45.06	—
	807.37	600.93
Inventories at the beginning of the year		
Work-in-progress	265.05	201.98
Finished goods	335.88	143.89
Work-in-process - production of movie	—	—
	600.93	345.87
	(206.44)	(255.06)

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 23 - EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	* 1,576.86	1,201.72
Contribution to provident and other fund	89.25	73.52
Gratuity expenses (note 28 (iv))	(7.05)	29.84
Employee welfare expenses	161.32	90.11
	* 1,820.38	* 1,395.19
* includes share in joint venture ₹.0.81 Lakh (March 31, 2011 - ₹.0.73 Lakh)		

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 24 - OTHER EXPENSES:		
Consumption of stores and spares	288.69	128.82
Processing charges	464.26	318.70
Power and fuel	630.54	380.62
Water	17.20	7.24
Rates and taxes	98.95	69.44
Excise duty expenses	17.17	21.47
Rent	23.05	15.22
Insurance	76.48	53.42
Repairs and maintenance:		
Plant and machinery	52.91	24.34
Buildings	44.53	35.19
Others	108.31	111.08
Commission and discounts on sales	5.94	5.29
Advertising and sales promotion expenses	59.17	30.29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 24 - OTHER EXPENSES (contd.)		
Packing, freight and distribution expenses	271.21	202.06
Travelling and conveyance	341.53	233.61
Legal and professional charges	326.83	552.86
Payment to auditors (note below)	35.19	26.62
Communication costs	53.02	36.50
Donation	1.05	18.30
Directors' sitting fees	9.90	14.95
Lump sum technical know-how fees	—	2.59
Printing and stationery	46.90	29.70
Staff recruitment expenses	38.92	16.20
Loss on sale of fixed assets (net)	18.73	4.72
Loss on deletion of fixed assets	2.30	—
Miscellaneous expenses	168.85	126.18
	<u>3,201.63</u>	<u>2,465.41</u>
Payment to auditors'		
As auditor		
Audit fee	17.25	11.70
Tax audit fee	4.70 *	2.35 *
Limited review	10.50	10.25
In other capacity in respect of:		
Other services (certification fees)	0.30	0.50 *
Reimbursement of expenses	2.44 *	1.82 *
	<u>35.19</u>	<u>26.62</u>
* includes amount payable to another auditor		
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 25 - DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	649.81	380.20
Amortization of intangible assets	126.26 *	34.83
	<u>776.07 *</u>	<u>415.03</u>
* includes share in joint venture ₹.0.38 Lakh (March 31, 2011 - ₹.0.49 Lakh)		
	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 26 - FINANCE COSTS:		
Interest on term loans	219.50	82.04
Interest on others	137.12	45.75
Bank Charges	30.97 *	20.52
	<u>387.59 *</u>	<u>148.31</u>
* includes share in joint venture ₹.0.12 Lakh (March 31, 2011 - ₹.0.12 Lakh)		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 27 - EARNINGS PER SHARE (EPS):		
Profit after tax	2,225.73	2,532.85
	No. in Lakhs	No. in Lakhs
Weighted average number of equity shares in calculating basic EPS	22.93	22.93
Earnings per share (₹.Per share):	97.06	110.45

NOTE 28 - EMPLOYEE BENEFITS:

The Company operates two employee benefit plans namely i) defined contribution plan, which includes Provident fund and Superannuation scheme ii) defined benefit plan which includes contribution to gratuity fund (funded) and provision for long term compensated absence.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
a) Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised in the statement		
- Provident fund	87.30	71.50
- Superannuation scheme	1.95	2.02

b) Defined Benefit Plan

Gratuity - As per actuarial valuation

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
	Gratuity (Funded)	
i) Changes in the present value of the defined benefit obligation		
Opening	156.13	141.52
Interest cost	13.32	10.43
Current service cost	21.45	35.86
Benefits paid	(0.82)	(26.19)
Actuarial (gains) / losses on obligation	(37.60)	(5.49)
Closing	152.48	156.13
ii) Changes in fair value of plan assets		
Opening	114.36	96.57
Expected return on plan assets	10.43	9.31
Actuarial (gains) / losses on obligation	(4.34)	1.64
Employer's contribution	1.97	33.03
Benefits paid	(0.82)	(26.19)
Closing	121.60	114.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

March 31, 2012 March 31, 2011
₹. in Lakhs ₹. in Lakhs
Gratuity (Funded)

NOTE 28 - EMPLOYEE BENEFITS: (contd.)

iii) Amounts recognised in balance sheet		
Present value of defined benefit obligation	152.48	156.13
Fair value of plan assets	121.60	114.36
Amount not recognised as assets	(1.87)	—
Net Asset (liability) recognised in balance sheet	(32.75)	(41.77)
iv) Amounts recognised in statement of profit and loss		
Current service cost	21.45	35.86
Interest cost	13.32	10.43
Expected return on plan assets	(10.43)	(9.31)
Net actuarial (gain) /loss recognised	(33.26)	(7.14)
Amount not recognised as Assets	1.87	—
Total expense	(7.05)	29.84
v) Actual return on plan assets	8.63	9.31
vi) Principal assumptions used in actuarial valuation		
Discount rate	8.50%	7.50%
Expected return on plan assets	9.15%	9.15%
Salary escalation rate	10%	10%
Withdrawal rate	21 to 30 - 7%	
(as per age group for 2011-12)	31 to 40 - 4%	1%
	41 to 59 - 0.33%	

vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

Investments with insurer **100%** 100%

Gratuity (Funded)

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs	₹. in Lakhs
viii) Amounts for the current and previous four periods					
Defined benefit obligation	152.48	156.13	141.52	162.03	74.12
Plan assets	121.61	114.36	96.57	94.28	32.01
Surplus/(deficit)	(30.88)	(41.77)	(44.95)	(67.75)	(42.10)
Experience adjustments on plan liabilities	(19.41)	(7.14)	(16.76)	6.58	(24.79)
Experience adjustments on plan assets	(4.34)	1.64	1.64	1.54	0.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 28 - EMPLOYEE BENEFITS: (contd.)

- ix) a) The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.
- b) Expected rate of return on assets assumed by the Insurance Company is generally based on their investment pattern as stipulated by the Government of India.
- c) The estimates of rate escalation in salary considered in the actuarial valuation take in to account inflation, seniority promotion and other relevant factors including supply demand in the employment market.
- d) The Group (consisting of parent Company and Fermenta Biotech Limited only) is expected to contribute to the Gratuity fund during 2012-13 ₹.30.00 Lakhs (March 31, 2011 ₹.13.95 Lakhs during 2011-12)

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
NOTE 29 - LEASES:		
Assets taken on operating lease		
During the year the Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
Lease payments recognised in the statement of profit and loss for the year.		
	23.05	15.22
Assets given on operating lease		
The Company has entered into operating lease agreements for its properties in Thane and Worli, Mumbai with original lease periods expiring between 2010 and 2014. These agreements are cancellable/non-cancellable and have rent escalation provisions of 5%.		
1, Rent income recognised in the statement of profit and loss for the year.		
	1,113.76	1,029.22
(includes rentals on sub-lease of ₹.362.94 lakhs (March 31, 2011 ₹.344.98 lakhs) which will expire with no renewable terms on August 31, 2014)		
2 Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	417.31	41.23
ii) Later than one year and not later than five years	1,095.07	—
ii) More than five years	—	—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 30 - INTEREST IN JOINT VENTURE:

Company has invested an aggregate of ₹.188.51 Lakhs in Vasko Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, ₹.1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and ₹.186.55 Lakhs (Czech Koruna 95.24 Lakhs) is towards voluntary additional contribution to capital. Vasko Glider is involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner. The joint venture partner has applied for registration of patent in various countries and the same has been registered in USA, India and Australia.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business and translated by the Management as per Indian GAAP, is as follows:-

	March 31, 2012	March 31, 2011
	₹. in Lakhs	₹. in Lakhs
Percentage of holding	50%	50%
Assets	27.74	29.70
Liabilities	0.01	0.30
Income	0.11	1.38
Expenditure	3.98	5.90
Capital Commitment	—	—
Contingent liabilities	—	—

In view of the accumulated losses of Joint Venture there is substantial erosion in the value of investment and accordingly, provision for diminution of ₹.188.51 lakhs has been made in the earlier year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES

a. Parties where control exists

Mr. Krishna Datla - Managing Director, Party controlling holding company.

Holding company

DVK Investments Private Ltd

b. Other related party relationships where transactions have taken place during the year

Fellow Subsidiary

VM Café de Art Private Ltd.

c. Key Management Personnel

1. Mr. Krishna Datla - Managing Director. (DIL)
2. Mr. Satish Varma - Managing Director (FBL)
3. Mr. Rajendra Gaitonde - Whole Time Director (Operations). (FBL)
4. Ms. Anupama Datla - Executive Director. (FBL)

d. Associates

1. Evotec (India) Private Ltd. (upto September 30, 2011)
2. Health and Wellness India Private Ltd (w.e.f. March 15, 2011)

e. Enterprises owned or significantly influenced by key management personnel or their relatives

1. Magnolia FNB Private Limited
2. Dupen Laboratories Pvt Ltd.
3. Lacto Cosmetic (Vapi) Pvt. Ltd.

f. Related party relationship is identified by the Company on the basis of available information.

g. Transactions with related parties.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
1 Interest on loan						
- Health and Wellness India Private Ltd.						15.05 (5.05)
2 Remuneration						
- Mr. Satish Varma				68.26 (70.47)		
- Mr. Krishna Datla				47.23 (47.23)		
- Ms. Anupama Datla				41.90 (37.77)		
- Mr. Rajendra Gaitonde				34.28 (31.42)		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES (contd.):

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
3 Sales						
- Dupen Laboratories Private Ltd.					67.88 (0.54)	
4 Purchase of raw material						
- Dupen Laboratories Private Ltd.					90.65 (24.76)	
- Lacto Cosmetics (Vapi) Private Ltd.					3.23 (2.82)	
5 Processing Charges paid						
- Lacto Cosmetics (Vapi) Private Ltd.					9.34 (12.90)	
6 Rent income						
- DVK Investment Private Ltd.		1.22 (1.16)				
- Evotec (India) Private Ltd.						124.10 (237.07)
- VM Cafe de Art Private Ltd.			1.22 (1.16)			
- Magnolia FNB Private Ltd.					0.65 (-)	
7 Other reimbursements paid						
- Evotec (India) Private Ltd						— (1.01)
- Dupen Laboratories Private Ltd.					— (0.11)	
8 Other reimbursements received						
- Evotec (India) Private Ltd						77.93 (126.53)
9 Service income received						
- Evotec (India) Private Ltd						15.02 (73.67)
10 Investment in equity share capital						
- Health and Wellness India Private Ltd.						250.00 (225.00)
11 Balance outstanding as at the year end						
a.Trade payable						
- Lacto Cosmetics (Vapi) Pvt. Ltd.					1.67 (2.99)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 31 - RELATED PARTY DISCLOSURES (contd.):

(₹. in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
- Dupen Laboratories Private Ltd.					- (6.59)	
- Mr. Satish Varma				12.50 (15.00)		
- Mr. Rajendra Gaitonde				4.00 (4.00)		
- Evotec (India) Private Ltd						- (165.99)
b.Trade receivables						
- Dupen Laboratories Private Ltd.					23.53 (0.15)	
c.Loans						
- Health and Wellness India Private Ltd.						100.00 (100.00)
d.Interest accrued						
- Health and Wellness India Private Ltd.						20.10 (5.05)

(Figures in brackets are the corresponding figures in respect of the previous year.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 32 - SEGMENT INFORMATION

Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment

Property - Renting of properties

Treasury - Investment in shares, securities and mutual funds

Entertainment - Production and distribution of motion films, providing services for event management and film production.

Chemicals - Manufacturing and selling of chemicals primarily bulk drugs and enzymes.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

(₹. in Lakhs)

	2011-2012				
	2010-2011				
	Chemicals	Property	Treasury	Entertainment	Total
a. Revenue					
1. Segment revenue	10,487.31	1,285.66	1,640.58	–	13,413.55
	6,550.65	1,230.14	2,423.00	–	10,203.79
Less: Inter-segment revenue	–	140.86	18.38	–	159.24
	1.42	127.13	229.05	–	357.60
Unallocated revenue					60.09
					45.36
2. Total					13,314.40
					9,891.55
b. Result					
1. Segment result / operating profit / (loss)	1,841.27	870.40	1,610.46	(74.42)	4,247.71
	1,583.51	869.51	1,995.22	(64.41)	4,383.83
2 Finance costs					387.59
					148.31
3 Unallocable income/(expenditure) (net)					(523.68)
					(600.91)
4 Profit before tax					3,336.44
					3,634.61
5 Provision for tax					
- current tax (net of MAT credit entitlement					
₹.Nil. (March 31,2011- ₹, 17 Lakhs)					650.39
					764.22
- deferred tax					(10.21)
					70.70
- provision for tax in respect of earlier					
years written back					(0.35)
					(0.37)
6 Profit after tax					2,695.91
					2,799.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 32 - SEGMENT INFORMATION (contd.):

(₹. in Lakhs)

	2011-2012				
	2010-2011				
	Chemicals	Property	Treasury	Entertainment	Total
c. Other information					
1. Segment assets	12,134.18 <i>8,781.93</i>	1,702.66 <i>1,320.46</i>	6,629.75 <i>5,793.59</i>	340.86 <i>153.11</i>	20,807.45 <i>16,049.09</i>
2. Unallocated corporate assets					823.25 <i>1,084.87</i>
3. Total assets					21,630.70 <i>17,133.96</i>
4. Segment liabilities	7,144.97 <i>4,508.50</i>	661.43 <i>591.90</i>	0.08 <i>—</i>	226.91 <i>4.90</i>	8,033.39 <i>5,105.30</i>
5. Unallocated corporate liabilities					6,63.71 <i>479.16</i>
6. Total liabilities					8,697.10 <i>5,584.46</i>
7. Cost incurred during the year to acquire					
- segment fixed assets	2,772.20 <i>2,220.00</i>	562.77 <i>2.86</i>	— <i>—</i>	30.74 <i>1.33</i>	3,365.71 <i>2,224.19</i>
- unallocated segment fixed assets					15.12 <i>83.62</i>
8. Depreciation and amortization expense	603.63 <i>296.87</i>	126.53 <i>67.40</i>	— <i>—</i>	3.88 <i>7.22</i>	734.04 <i>371.49</i>
9. Unallocated depreciation					42.03 <i>43.54</i>
10. Other Non-cash expenditure provision for diminution (net) in the value of					
- current investments - other than trade		— <i>0.01</i>	— <i>—</i>	— <i>—</i>	— <i>0.01</i>

(Figures in italics are the corresponding figures in respect of the previous year.)

Secondary Segments - Geographical Segments

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments.

Sales by market – The following is the distribution of the Company's sale by geographical market:

	2011-12	2010-11
	₹. in Lakhs	₹. in Lakhs
India	5,309.62	5,258.73
Europe	6,690.87	4,255.96
Others countries	1,253.82	331.50
	* 13,254.31	* 9,846.19

* includes inter-segment revenue

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 32 - SEGMENT INFORMATION (contd.):

Assets and additions to fixed assets by geographical area – The following is the carrying amount of segment assets and additions to fixed assets by geographical area in which the assets are located:

	Carrying amount of Segment Assets		Additions to fixed assets	
	2011-2012 ₹. in Lakhs	2010-2011 ₹. in Lakhs	2011-2012 ₹. in Lakhs	2010-2011 ₹. in Lakhs
India	19,653.65	15,587.98	3,380.83	2,307.72
Outside India	1,977.05	1,545.98	–	0.09
	<u>21,630.70</u>	<u>17,133.96</u>	<u>3,380.83</u>	<u>2,307.81</u>

Carrying amount of segment assets outside India represents receivables from export debtors, assets at branch office and proportionate share in the assets of joint venture.

NOTE 33 - CAPITAL AND OTHER COMMITMENTS:

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
Estimated amount of contracts remaining to be executed on capital account.		
DIL Limited	696.41	1.12
Fermenta Biotech Limited	853.06	638.59

NOTE 34 - CONTINGENT LIABILITIES:

	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
DIL Limited		
Claims against the Company not acknowledged as debts		
a) Service tax	15.00	15.00
b) Sales tax	4.63	4.63
c) Excise duty	–	67.21
	<u>19.63</u>	<u>86.84</u>
Fermenta Biotech limited		
a) Excise department had issued show cause notice against cenvat credit taken by Company of ₹.3.60 Lakhs on Pencillin G Amidase which was captively consumed in the manufacture of finished goods. Later on the Commissioner (Appeals) reduced the penalty to ₹.1.50 Lakhs. The Company had filed an appeal against the order on 25th March, 2008. Notice for final hearing not yet received.	1.50	1.50
b) Mr. R. K Kaushal had filed an appeal in labour court for his dismissal from service. The judgement is against the Company and Company has filed an appeal against the said order.	4.99	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 35 - DERIVATIVE INSTRUMENTS

- a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use forward contracts for speculative purposes. There are no foreign exchange forward contracts outstanding as at March 31, 2012 and as at March 31, 2011.
- b) Un-hedged foreign currency exposure:

Particulars	March 31, 2012		March 31, 2011	
	Foreign Currency in Lakhs	₹. in Lakhs	Foreign Currency in Lakhs	₹. in Lakhs
DIL Limited				
a) Investments	Kc 96.24	188.51	Kc 96.24	188.51
b) Cash and bank balance	Kc 5.46	15.31	Kc 2.28	5.93
	EURO 0.00472	0.33	EURO 0.00472	0.30
Fermenta Biotech Limited				
a) Trade receivables	USD 9.04	468.84	USD 1.72	77.72
	EURO 18.13	1,253.75	EURO 18.59	1,187.10
b) Trade payables	–	–	USD 0.05	2.43
	EURO 4.98	346.31	EURO 1.26	80.71
c) Investment	GBP 2.20	183.99	GBP 2.20	183.99
d) Cash and Bank Balances	USD 0.02	0.89	USD 0.02	0.78
	EURO 0.02	1.07	EURO 0.02	0.99

NOTE 36 - DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS PER MSMED ACT, 2006:

Particulars	March 31, 2012 ₹. in Lakhs	March 31, 2011 ₹. in Lakhs
a i) Principal amount remaining unpaid to any supplier at the end of the accounting year	8.04	11.50
ii) Interest due on above	Nil	Nil
The Total of (i) & (ii)	8.04	11.50
b The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil
d The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
e The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 37 - PREVIOUS YEAR FIGURES

Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. Except accounting for dividend on investments in subsidiaries, the adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. The following is a summary of the effects that revised Schedule VI had on presentation of balance sheet of the company for the year ended 31st March 2011:

(₹. in Lakhs)

Pre-revised Schedule VI Heading	Amount	Adjustment	Amount	Revised Schedule VI Heading	Nature of adjustment
SOURCES OF FUNDS				EQUITY AND LIABILITIES	
Shareholders' funds				Shareholders' funds	
Share capital	229.32		229.32	Share capital	
Reserves and surplus	11,320.18		11,320.18	Reserves and surplus	
	<u>11,549.50</u>		<u>11,549.50</u>		
Minority interest	1,676.77		1,676.77		
Loan funds				Non-current liabilities	
Secured loans	1,907.33	(829.12)	1,078.21	Long term borrowings	Refer working note 1
Deferred tax liability (net)	34.81		34.81	Deferred tax liability (net)	
		137.43	137.43	Other long term liabilities	Refer working note 2
		150.96	150.96	Long term provisions	Refer working note 4
	<u>1,942.14</u>	<u>(540.73)</u>	<u>1,401.41</u>		
Current liabilities and provisions				Current liabilities	
		555.94	555.94	Short term borrowings	Refer working note 1
		824.56	824.56	Trade payables	Refer working note 3
Current liabilities	1,500.97	(688.81)	812.16	Other current liabilities	Refer working note 3
Provisions	464.58	(150.96)	313.62	Short term provisions	Refer working note 4
	<u>1,965.55</u>	<u>540.73</u>	<u>2,506.28</u>		
TOTAL	<u>17,133.96</u>	<u>—</u>	<u>17,133.96</u>		
APPLICATION OF FUNDS				ASSETS	
Goodwill	413.33	—	413.33	Goodwill	
Fixed assets				Non-current assets	
Net block	4,117.48	(97.58)	4,019.90	Tangible assets	Refer working note 5
	—	97.58	97.58	Intangible assets	Refer working note 5
Capital work-in-progress (including capital advances)	1,956.38	(578.44)	1,377.94	Capital work-in-progress	Refer working note 6
	—	106.38	106.38	Intangible assets under development	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 37 - PREVIOUS YEAR FIGURES (Contd.)

(₹. in Lakhs)

Pre-revised Schedule VI Heading	Amount	Adjustment	Amount	Revised Schedule VI Heading	Nature of adjustment
Investments	4,113.44	(3,628.45)	484.99	Non Current investments	Refer working note 7
	–	602.98	602.98	Long term Loans and advances	Refer working note 8
	–	2.14	2.14	Other non current assets	Refer working note 10
	10,187.30	(3,495.39)	6,691.91		
Current assets, loans and advances				Current assets	
	–	3,628.45	3,628.45	Current investment	Refer working note 7
Inventories	1,062.47	–	1,062.47		
Sundry debtors	1,740.03	(56.07)	1,683.96	Trade receivables	Refer working note 9
Cash and bank balances	2,408.95	(2.14)	2,406.81	Cash and bank balances	Refer working note 10
Other current assets	93.63	–	93.63	Other current assets	
Loans and advances	1,227.66	(74.85)	1,152.81	Short term loans and advances	Refer working note 11
	6,532.74	3,495.39	10,028.13		
	0.59	–	0.59		
	17,133.96	–	17,133.96		

Working notes

(Amount ₹. In Lakhs)

1 Long-term borrowings			
Secured as per pre-revised schedule VI		1,907.33	
Less: current portion of long term borrowing.			
Regrouped to other current liabilities		273.18	
Less: loans having original maturity of less than 12 months maturity. Regrouped as Short-term borrowings		555.94	1,078.21
2 Other long-term liabilities		NIL	
Amount as per pre-revised schedule VI			
Deposits from tenants		137.43	137.43
3 Other current liabilities		1,500.97	
Amount as per pre-revised schedule VI			
Add: current portion of long-term borrowings	273.18		
Less: deposits from tenants	(137.43)		
Less: trade payables	(824.56)	(688.81)	812.16
4 Provisions			
Provisions as per pre-revised schedule VI		464.58	
Less: Long term provisions		(150.96)	313.62

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

NOTE 37 - PREVIOUS YEAR FIGURES (Contd.)

Working notes

	(Amount ₹. In Lakhs)		
5 Fixed Assets			
Fixed assets as per pre-revised schedule VI		4,117.48	
Intangible Assets	(97.58)	(97.58)	4,019.90
6 Capital work-in-progress (including capital advances)			
Amount as per pre-revised schedule VI		1,956.38	
Less: transferred to Capital advance	(472.06)		
Less: transferred to Intangible assets under development	(106.38)	(578.44)	1,377.94
7 Investments			
Amount as per pre-revised schedule VI		4,113.44	
Current investments		(3,628.45)	484.99
8 Long term Loans and advances			
Amount as per pre-revised schedule VI		NIL	
Add: Capital advance	472.06		
Security deposits	82.45		
Advances recoverable in cash or kind	0.27		
Loans to employees	48.20	602.98	602.98
9 Sundry debtors as per pre-revised schedule VI		1,740.03	
Less: Reimbursement of expenses component of trade receivables		(56.07)	1,683.96
10 Cash and bank balances			
Cash and bank balances as per pre-revised schedule VI		2,408.95	
Less : margin money		(2.14)	2,406.81
11 Short-term loans and advances			
Loans and advances as per pre-revised schedule VI		1,227.66	
Less: non-current component			
Reimbursement of expenses component of trade receivables	56.07		
Security deposits	(82.45)		
Advances recoverable in cash or kind	(0.27)		
Loans to employees	(48.20)	(74.85)	1,152.81

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No. 101049W
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 29, 2012

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

SANJAY BUCH
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 29, 2012

FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANIES (2011-2012)

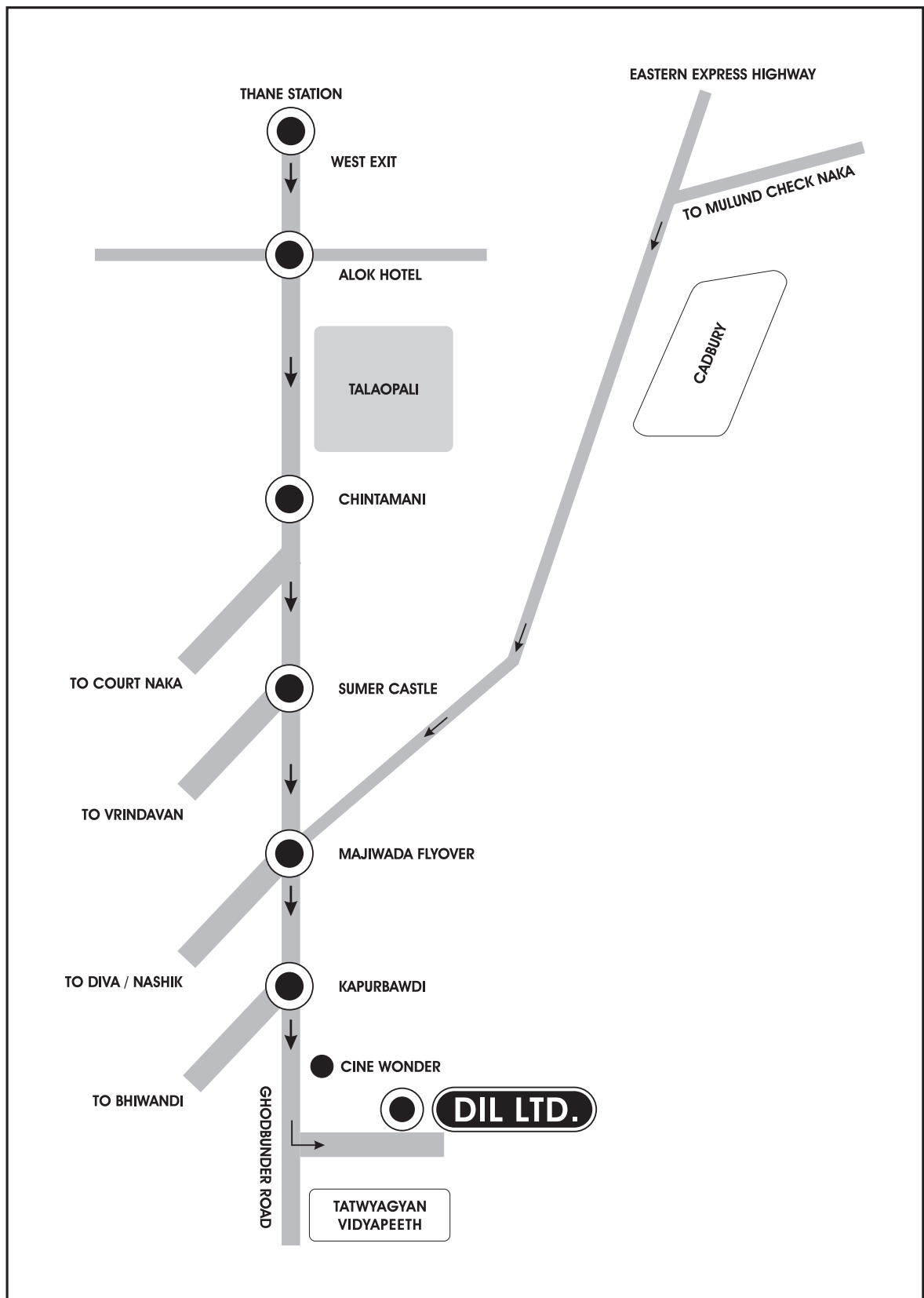
₹. in Lakhs

Name of Subsidiary		Fermenta Biotech Ltd.	Fermenta* Biotech (UK) Ltd.	G I Biotech Pvt. Ltd.	Aegean Properties Ltd.	CC Square Films Ltd.
	Place of Incorporation	India	UK	India	India	India
1.	Capital	1,770.45	183.60	1.00	30.00	5.00
2	Reserves & Surplus (adjusted for debit balance in Profit and Loss Account, where applicable)	5,163.73	(36.43)	0.35	42.10	(2.34)
3	Total Assets (Fixed Assets + Current Assets)	12,116.43	148.10	8.47	72.26	2.71
4	Total Liabilities (Debts + Current Liabilities)	5,368.87	0.93	7.12	0.16	0.05
5	Investments	186.62	—	—	—	—
6	Miscellaneous Expenditure	—	—	—	—	—
7	Total Income (including excise duty where applicable)	10,189.51	—	—	18.00	—
8	Total Expenditure	9,202.69	0.82	0.84	3.42	2.34
9	Exceptional Item	—	—	—	—	—
10	Exchange difference gain / (loss)	340.07	5.11	—	—	—
11	Profit / (Loss) before Tax	1,326.89	4.29	(0.84)	14.58	(2.34)
12	Provision for tax	263.51	—	0.08	4.25	—
13	Profit / (Loss) after tax	1,063.38	4.29	(0.92)	10.33	(2.34)
14	Exchange Rate used for 1 GBP					
	Balance Sheet	—	₹. 82.8975	—	—	—
	Statement of Profit and Loss	—	₹. 77.4045	—	—	—
15	Local Currency	₹.	GBP	₹.	₹.	₹.

NOTES

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60th AGM Venue's Roadmap





DIL LIMITED

Regd. Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) - 400610

Dear Shareholders,

Re: Ministry of Corporate Affairs (MCA) Circular No.17/2011 of April 21, 2011 and 18/2011 of April 29, 2011 (Circulars) - Green initiative for paperless compliances.

MCA has taken a 'Green Initiative' by allowing companies to mail Notices, Annual Reports and other documents (Documents) through electronic mode provided the Company has obtained e-mail addresses of the members for sending such Documents.

In response to our last year's communication on 'Green Initiative' many shareholders extended their support to this noble cause by intimating their email and other details to our Registrar Share Transfer agents for necessary action.

In view of above, shareholders holding shares in physical mode are once again requested to intimate their e-mail IDs and fill the other details mentioned in the attached prepaid inland letter and forward the same to the Company's Registrar and Transfer Agents, Link Intime India Private Limited. Shareholders holding shares in dematerialized mode are requested to intimate their e-mail IDs and other details to their respective Depository Participants.

In future, the e-mail ID of the members registered with our Registrar and Transfer Agents will be used for service of Documents through electronic mode. If you wish to obtain physical copy of Documents issued to you through electronic mode, you may email your request to contact@dil.net or write a letter to our Registrar and Transfer Agents by quoting your folio number.

Your co-operation and support to the Green Initiative of MCA will benefit the Company, its stake holders and the society at large.

With Regards,

For DIL Limited

Srikant N. Sharma
Company Secretary

TEAR HERE

To

Link Intime India Private Limited
Unit: DIL Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai – 400 078,
Maharashtra, India

Dear Sirs,

Kindly register the following information under folio no

- (i) E-mail ID:
- (ii) Land Line /Mobile Phone nos.:

Thanking you,

Name of the First Shareholder:

Signature

Address:

Date:

Place:



DIL LIMITED

Registered Office : 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610.

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Folio No./DP & Client ID No.: _____

No. of Shares _____

NAME OF THE SHAREHOLDER / PROXY (IN BLOCK LETTERS)

I hereby record my presence at the Sixtieth Annual General Meeting of the Company held at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610 on Friday, September 28, 2012 at 3.00 p.m.

.....
Member's / Proxy's Signature

- Notes : (1) This meeting is of members only and you are requested not to bring along with you any person who is not a member.
(2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.

----- TEAR HERE -----



DIL LIMITED

Registered Office : 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610.

PROXY FORM

Folio No./DP & Client ID No.: _____

No. of Shares _____

I / We
of being a member /
members of the above named Company, hereby appoint
of
or failing him
of
as my / our proxy to vote for me / us and on my / our behalf at the Sixtieth Annual General Meeting of the Company to be held on Friday, September 28, 2012 at 3.00 p.m. and at any adjournment thereof.

Signed by the said

Date

Affix
Re. 0.15
Revenue
Stamp

Note : The proxy form, duly stamped, completed and signed must reach the Company's Registered Office at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610, or Link Intime India Private Limited, Unit : DIL Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078, not less than 48 hours before the time for holding the Meeting.

