

## **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**

Standard Chartered Bank  
The Hongkong and Shanghai Banking  
Corporation Limited  
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

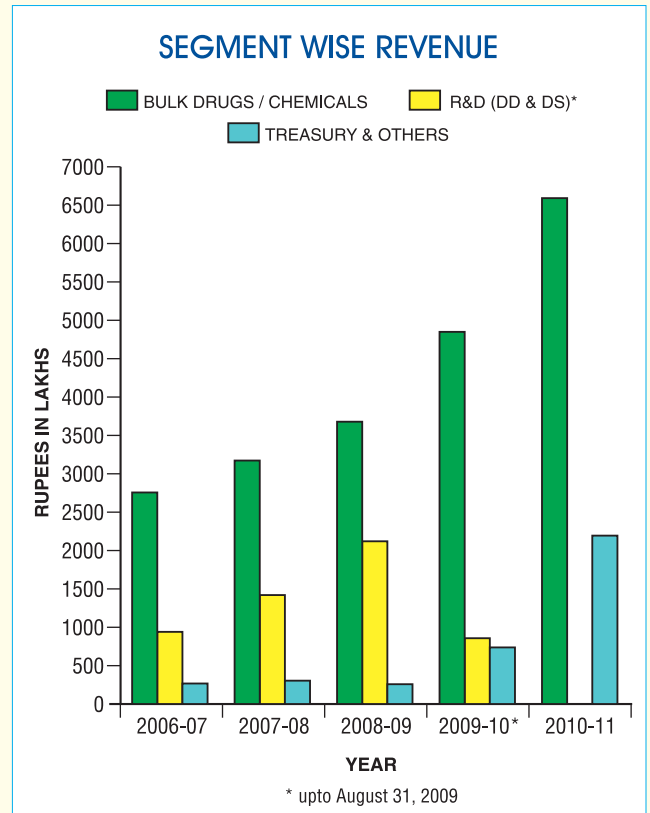
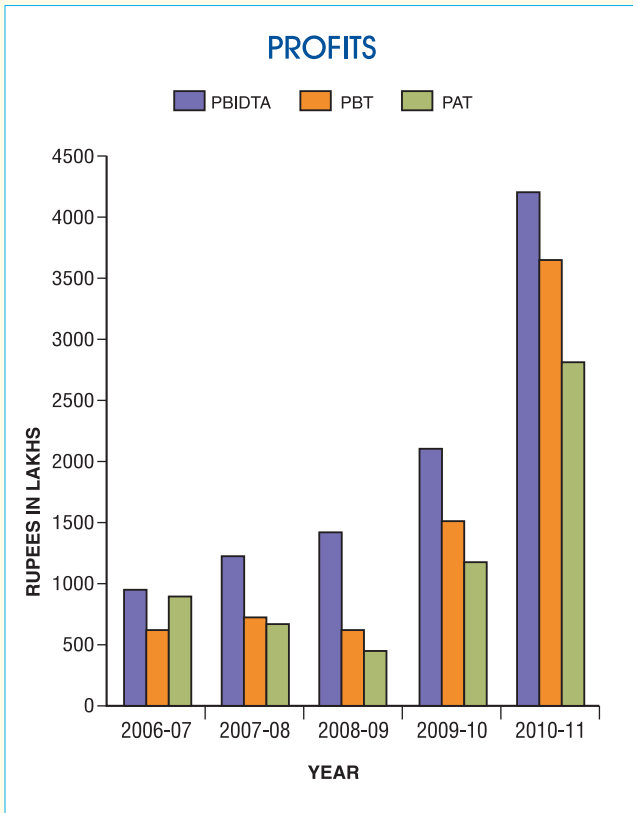
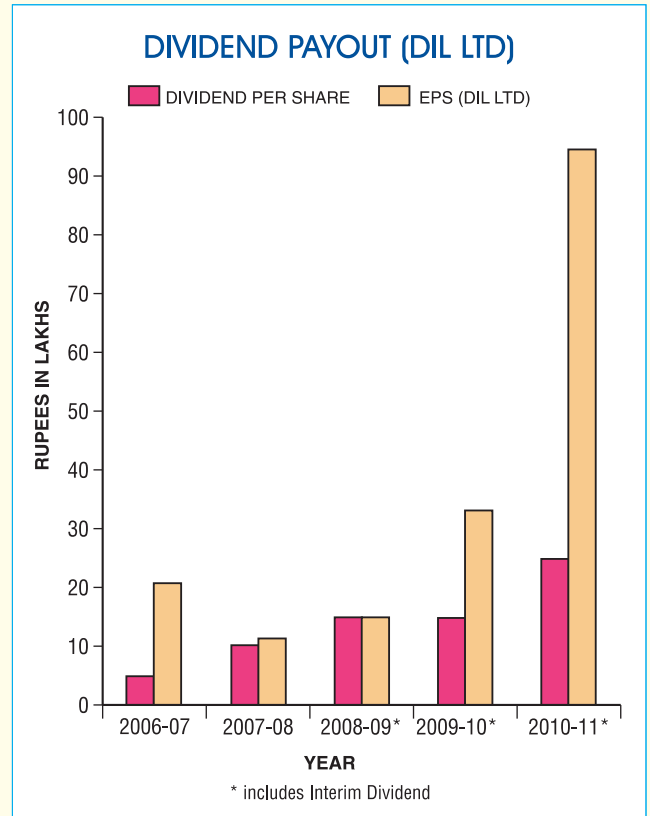
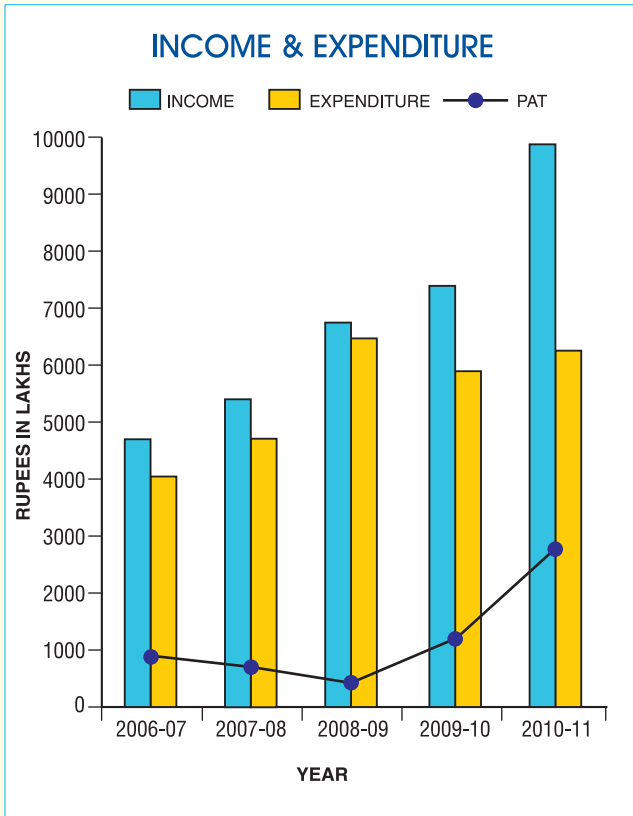
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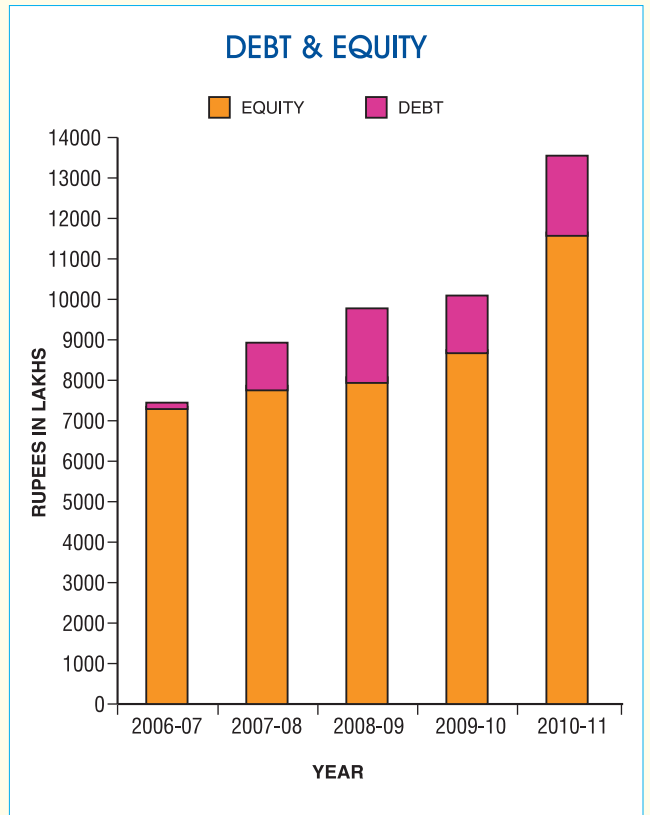
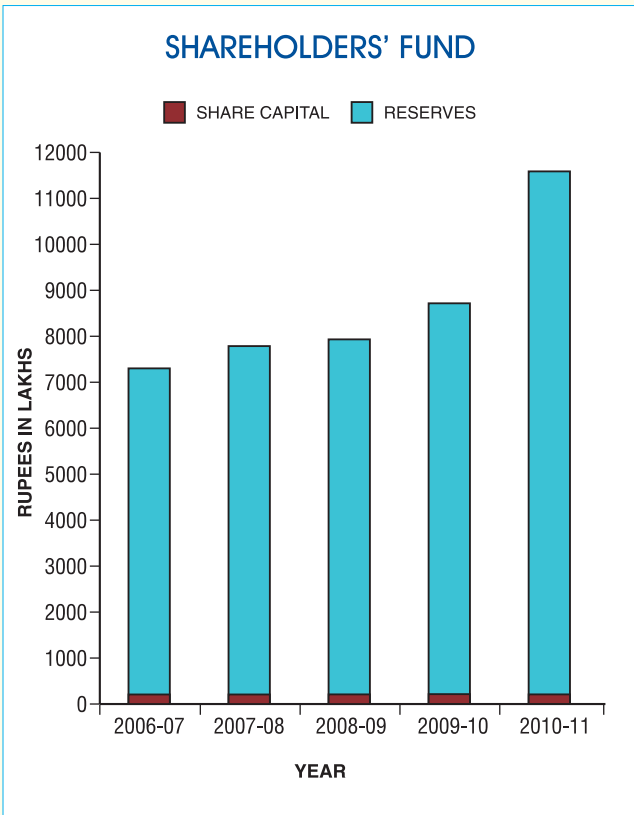
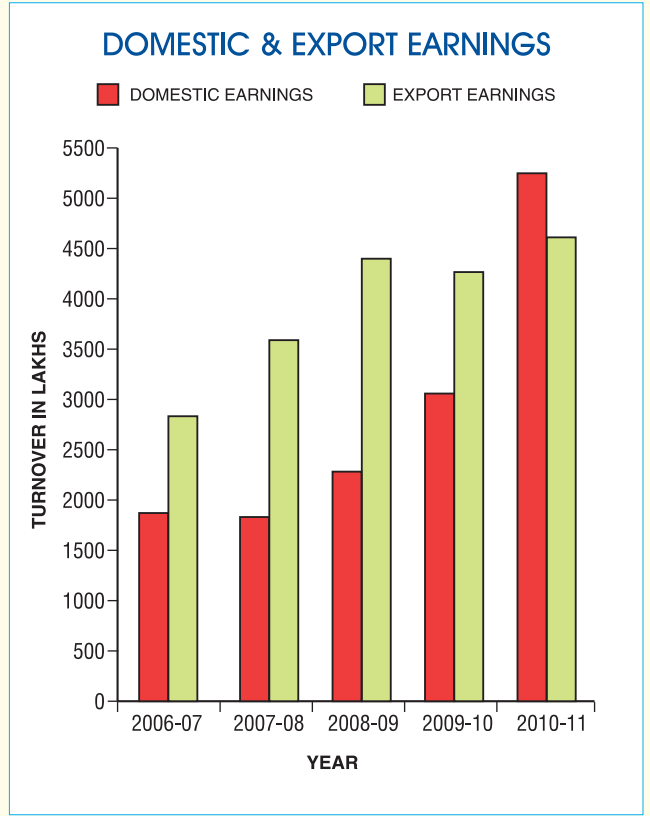
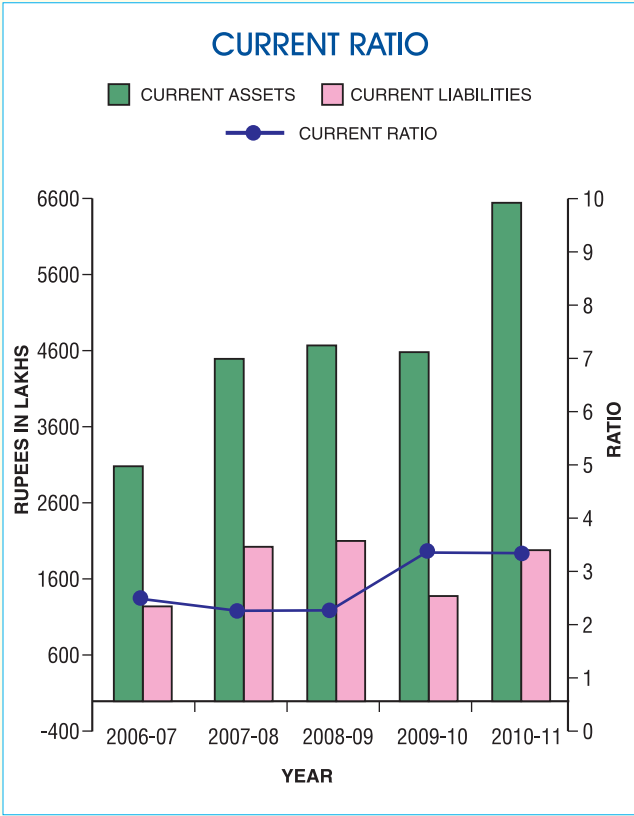
www.dil.net  
www.fermentabiotech.com  
www.glider.cz  
www.whitestripes.biz

## **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  
Email : rnt.helpdesk@linkintime.co.in

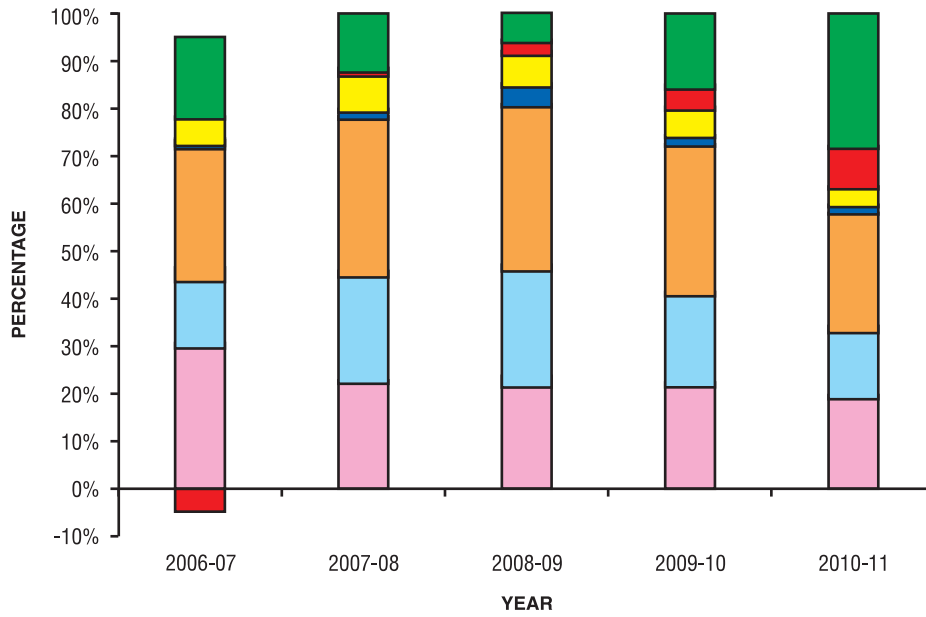
## FINANCIAL HIGHLIGHTS - CONSOLIDATED



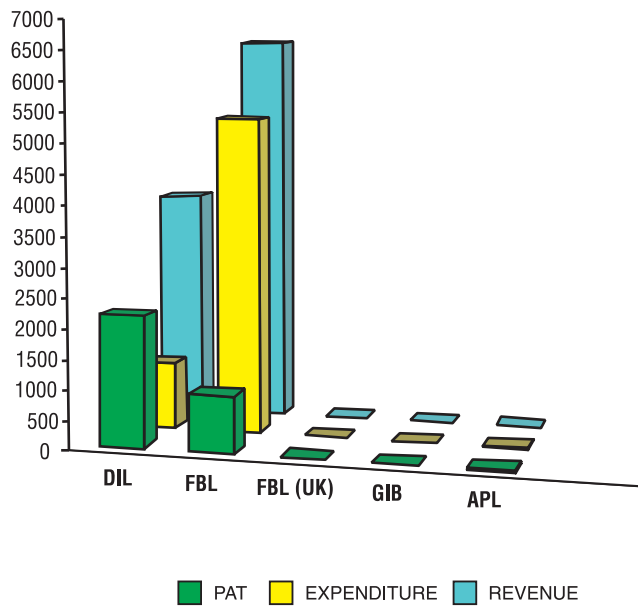


### DISTRIBUTION OF REVENUE 2010-11

PAT TAX DEPRECIATION INTEREST OTHER EXPENSES EMPLOYEE COST MATERIAL COST



### PERFORMANCE OF DIL & SUBSIDIARY COMPANIES 2010-11



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## NOTICE

Notice is hereby given that the Fifty Ninth Annual General Meeting of the Members of DIL LIMITED will be held at 'dil' Complex, Ghodbunder Road, Majiwada, Thane (West), 400 610, Maharashtra on Tuesday, September 27, 2011 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, 2011 and the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To declare final dividend on equity shares for the financial year ended March 31, 2011.
3. To appoint a Director in place of Mr. Sanjay Buch, 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 10, 2011.

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 the Annual General Meeting for the year ended March 31, 2011 @ Rs.10/- per equity share will be paid on or before October 27, 2011 to those members whose name appears in the Register of Members of the Company on September 16, 2011, 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 16, 2011.
5. The Register of Members and Share Transfer Books will remain closed from September 17, 2011 to September 27, 2011 (both days inclusive) in connection with the payment of final equity dividend for the financial year 2010-11.
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). The unclaimed final dividend for the financial year ended March 31, 2003 has been transferred to the IEPF.
8. Dividend for the Financial Year ended March 31, 2004, which remains unpaid or unclaimed, will be due for transfer to the IEPF on October 31, 2011 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 & encashment and undue delay in receipt of the dividend warrant. Members holding shares in physical form and wish 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.
14. Members are requested to support the Green Initiative undertaken by the Ministry of Corporate Affairs vide its Circular Nos.17/2011 of April 21, 2011 and 18/2011 of April 29, 2011, allowing Companies to mail Notices, Annual reports and other documents through emails. Members holding shares in dematerialized form are requested to register/ update their email ID with their Depository Participant and members holding shares in physical form are requested to register/ update their email ID with the Company's Registrar and Share Transfer Agents by using the form and prepaid envelope enclosed with the Annual Report.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors are pleased to present the 59<sup>th</sup> Annual Report and the Audited Accounts for the financial year ended March 31, 2011.

### FINANCIAL HIGHLIGHTS

	(Amount - ₹ in Lakhs)	
	2010-2011	2009-2010
<b>Stand alone results</b>		
Total Revenue	<b>3,824.34</b>	2,183.17
Total Expenditure	<b>977.24</b>	1,036.13
<b>Profit before Interest, Depreciation and Tax ('EBIDTA')</b>	<b>2,847.10</b>	1,147.04
Interest	<b>6.96</b>	3.45
Depreciation	<b>116.58</b>	112.82
<b>Profit before tax ('PBT')</b>	<b>2,723.56</b>	1,030.77
Less : Provision for tax (including deferred tax)	<b>546.72</b>	265.86
Add : Provision for tax in respect of earlier years written back	-	0.09
<b>Profit after tax ('PAT')</b>	<b>2,176.84</b>	765.00
Balance brought forward	<b>2,235.77</b>	1,973.21
<b>Balance for appropriations</b>	<b>4,412.61</b>	2,738.21
<b>Appropriations</b>		
Interim Dividend	<b>343.98</b>	171.99
Proposed Dividend	<b>229.32</b>	171.99
Dividend Distribution Tax	<b>94.33</b>	58.46
Transfer to General Reserve	<b>230.00</b>	100.00
Balance in Profit and Loss account	<b>3,514.98</b>	2,235.77
	<b>4,412.61</b>	2,738.21
<b>Consolidated results</b>		
Total Revenue	<b>9,891.55</b>	7,423.77
Total Expenditure	<b>5,714.12</b>	5,329.28
<b>Profit before Interest, Depreciation and Tax ('EBIDTA')</b>	<b>4,177.43</b>	2,094.49
Interest	<b>127.79</b>	142.37
Depreciation	<b>415.03</b>	442.93
<b>Profit before tax ('PBT')</b>	<b>3,634.61</b>	1,509.19
Less : Provision for tax (including deferred tax)	<b>834.92</b>	326.19
Add : Provision for tax in respect of earlier years written back	<b>(0.37)</b>	(0.32)
<b>Profit after tax ('PAT')</b>	<b>2,799.32</b>	1,182.68
Minority interest	<b>(123.58)</b>	(5.75)
Share of interest in profit/(loss) of associates	<b>(142.89)</b>	(24.93)
Net Profit	<b>2,532.85</b>	1,152.00
Balance brought forward	<b>2,985.29</b>	2,335.73
<b>Balance for appropriations</b>	<b>5,518.14</b>	3,487.73
<b>Appropriations</b>		
Interim Dividend	<b>343.98</b>	171.99
Proposed Dividend	<b>229.32</b>	171.99
Dividend Distribution Tax	<b>94.33</b>	58.46
Transfer to General Reserve	<b>230.00</b>	100.00
Transfer to Capital Redemption Reserve	<b>70.00</b>	-
Balance in Profit and Loss account	<b>4,550.51</b>	2,985.29
	<b>5,518.14</b>	3,487.73



## RESULTS FROM OPERATIONS

During the year under review, the Company on a Stand alone basis, recorded a revenue of Rs.3,824.34 lakhs, depicting a growth of 75% as compared to the revenue in the previous year of Rs. 2,183.17 lakhs. The profit before tax for the year under review was Rs.2,723.56 lakhs (previous year Rs. 1,030.77 lakhs) and profit after tax grew considerably by 185% with Rs.2,176.84 lakhs for the year under review against Rs. 765.00 lakhs in the previous year.

The consolidated revenue of the Company also recorded a favourable growth of 33% with Rs.9,891.55 lakhs for the financial year 2010-2011 as compared to Rs. 7,423.77 lakhs in the previous year. The profit after tax was Rs. 2,799.32 lakhs (previous year Rs. 1,182.68 lakhs) showing a rise of 137%

During the year under review, your Company along with its subsidiary, Fermenta Biotech Limited (FBL) had executed definitive agreements with a private equity investor in Mauritius, Evolence India Life Sciences Fund LLC (EILSF) on December 10, 2010. The transactions contemplated under the agreements were for sale of 1,915,036 equity shares held by your Company in FBL to EILSF and issue of an equal number of fresh equity shares by FBL to EILSF, for a total consideration of Rs. 40 crores, and at a price per share of Rs. 104.44. The transactions were successfully completed as per the terms of the agreements in January 2011.

## DIVIDEND

During the year under review, the Board of Directors had declared and paid an interim dividend of Rs.15 per equity share (150%) for the financial year 2010-11. Your Directors also recommend a final dividend of Rs. 10/- per equity share (100%) for the year ended March 31, 2011, subject to the approval of the shareholders at the Annual General Meeting. The total equity dividend for the financial year 2010-11 will amount to Rs.25 per equity share (250%).

## TRANSFER TO RESERVE

Your Directors propose to transfer Rs.230.00 lakhs to General Reserve out of Rs. 4,412.61 lakhs i.e. the amount available for appropriations. An amount of Rs.3,514.98 lakhs is proposed to be retained in the Profit and Loss Accounts for the financial year 2010-11.

## 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 2010-11 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 and Vasko Glider s.r.o.

## MANAGEMENT DISCUSSION AND ANALYSIS

Your Company continues its presence in the pharmaceutical segment concentrating on research, manufacturing and marketing of niche active pharmaceutical ingredients (API) & biotech products through its subsidiary Fermenta Biotech Limited (FBL). While its core focus lies in this area, the Company has strategic investments in contract research and development and health and wellness management businesses and is also into treasury operations, property rentals and production and distribution of motion pictures.

### i. Pharmaceuticals – Manufacturing and Marketing:

During the year under review, FBL has not only reported a 36 % growth in its revenues and 126% increase in the profit after tax, but also reinvested in its business with the objective to make its growth sustainable. This was largely the result of volume and margin growth in its Vitamin D3 (pharma, food and feed applications) vertical on the one hand and enhanced revenues derived from the manufacture of Phenyramidol and Activated Dimethicone Powder (anti-flatulent)

FBL's Phenyramidol API business achieved much of its international potential. The business received repeat orders from clients leading to the possibility of growing volumes over the foreseeable future.

FBL Biotech division has successfully demonstrated its new enzyme catalyst Novel Penicillin G Acylase (NPGA) – FERMASE NA 150 to its various clients in 2010-11 and is on the verge of commercial supplies.

FBL Environmental Life Sciences division comprises of three segments – sewage treatment plant (STP),

lake & pond remediation and oil remediation. This Environmental solutions division reported revenues of Rs. 96 lakhs during the year under review.

## ii. Research and Development

During the year under review FBL has invested significantly in research efforts in improving manufacturing processes of its API products as well as introducing different Vitamin D3 formulations across various segments. FBL has also been able to introduce an improved version of its proprietary enzyme for synthesis of beta lactams and their intermediates.

Out of the patent applications filed on NPGA, the European and US Patent Office have reviewed most of our applications favourably.

## iii. Manufacturing and regulatory approvals

Year 2010 - 11 saw good progress in FBL's Facility Certifications and product Compliance goals.

Key highlights include:

- WHO – cGMP
- ISO 9001:2008
- ISO 14001:2004
- OHSAS 18001:2007

Important Product Certifications include:

- EDQM – CEP for Vitamin D3
- Kosher & Halal Certifications
- HACCP

## iv. Exports:

During the year under review, FBL has entered geographies like France, El Salvador, Syria, Nepal, and the United Kingdom (UK). FBL has presence in the United States of America, UK, Germany, Belgium, Netherlands, China, Brazil, Spain, France, Mexico, Switzerland, Turkey, Saudi Arabia, Israel, New Zealand, Sri Lanka, Syria, Nepal and El Salvador, among others.

## v. Facilities expansion

FBL commissioned a new manufacturing facility at Dahej SEZ, Gujarat. The new manufacturing site will help FBL in providing larger production capabilities, better economies, wider international presence and enhanced overall competitiveness.

The industry structure, opportunities, strength and concerns in relation to the activities of the Company and its subsidiary companies i.e. pharmaceuticals, biotech and environmental solutions are reviewed, as under:

### INDUSTRY STRUCTURE AND DEVELOPMENTS:

India ranks third in terms of drugs production by volume (10% of the global market share) and 14th largest by value estimated at around US\$ 24.8 billion (3% of global sales). The Indian pharma industry growth was propelled by exports, which grew at a CAGR of 18.7% to US\$ '9 billion between 2005 and 2010.

India is the third-largest API producing country in the world. The Indian API market is estimated at US\$ 10 billion in 2010, of which exports account for about US\$ 5 billion. India has an edge in manufacturing APIs because manufacturing costs in India are around 35 to 40 per cent of those in the US, owing to lower labour and installation costs, competitive research and development facilities.

The Indian biotechnology industry recorded the fastest growth pace in the last five years in 2010-11, touching revenues of US\$ 4 billion, witnessing a 33% growth over the previous year. The Indian biotechnology industry has immense potential to become a leading global player with numerous comparative advantages in terms of research and development (R&D) facilities, knowledge, skills and cost-effectiveness.

Enzyme demand is growing rapidly due to an increase in its demand from textile manufacturers, animal feed producers, detergent manufacturers, pharmaceutical companies and cosmetics vendors. The global enzymes market is expected to reach US\$ 4.4 billion by 2015, registering a compounded annual growth rate (CAGR) of 6% over the five year period, driven by increasing demand for chiral chemicals in the pharmaceutical and fine chemical fields, where enzymes are used as biocatalysts.

Waste management is one of the biggest challenges in India. Only 10% of the waste water generated is treated while the rest is discharged into groundwater. India generates about 51,732.8 million litres per day (mld) of waste water. Urban bodies, under growing pressure to address waste water management, are seeking support of the private sector to leverage its expertise in enhancing operational efficiencies in waste water management.

### **OPPORTUNITIES AND OUTLOOK:**

As a future-focused organization, FBL expects to build on its business advantage through various strategic initiatives. Upon completion of successful trials of enzymatic Amoxicillin technology by using FERMASE NA 150, FBL is ready to expand its market of FERMASE NA 150. In addition the Biotechnology division plans to commercialise new products like Cal B Lipase and PA 850, improved version of Penicillin G Amidase biocatalyst to enhance visibility among enzyme customers. The API division has substantially increased its production capacities, sought product, process and plant approvals, widened its international footprint, entered the animal feed grade application segment and entered into long term agreements with its clients. Going ahead, the Company will reinforce its global competitiveness through knowledge investments on one hand and multi-year partnership agreements with large customers on the other. The API division also expects to expand its product Phenyramidol to other customers and grow its presence in India, enhance its market share by launching new and enriched products and venture into international markets.

The Environment division plans to enter new geographies so as to increase its product offerings across the three categories (sewage treatment plant, lake, pond and oil sludge remediation) and also strengthen the team through the addition of professionals.

### **CONCERNS AND THREATS:**

The Company faces some concerns like operational inefficiency, growing competition from the other developing nations, inability to attract and retain intellectual capital, risk of the Company's patented products being infringed and concentration of sales within a specific geography which could dent profitability of the Company.

The Company has set out a detailed Risk Management exercise to identify risks and putting in place processes and controls to mitigate these risks. The audit committee reviews the Company's risk management framework and approves risk management action plans.

### **PROPERTY RENTAL**

During the year under review, your Company had earned Rs.1,144.35 lakhs by way of rental income as compared to Rs.982.44 lakhs in the previous year.

During 2010-11, the Indian real estate sector witnessed two important developments i.e. increased inflow of foreign direct investment (FDI) and greater private equity participation. Thane region is emerging as a preferred commercial and residential hub mainly due to lower rentals as compared to Mumbai, better social infrastructure facilities as compared to other places like Navi Mumbai and several infrastructure activities planned for the Thane region like metro, monorail, flyover and other projects which are expected to commence shortly. Some concerns in the property rentals sectors can be attributed to substantial and competitive commercial supply of office space in the pipeline, rent sensitivity and traffic congestion in Thane region.

### **TREASURY OPERATIONS**

The income earned by your Company from treasury operations in the year under review was Rs. 2,423 lakhs (Rs. 818.09 lakhs in the previous year) which includes the profit on sale of 19,15,036 equity shares held by the Company in FBL. Your company continues to invest its funds after taking into consideration factors like liquidity options, risk evaluations and returns. The Investment committee ensures regulatory compliances and monitoring of investment portfolio on regular basis.

In the Union Budget 2011-12, the government has allowed foreign investors to invest directly in equity schemes of SEBI registered mutual funds. This pronouncement will not only boost the growth of the Indian mutual fund industry, but would also enable Indian capital markets to access funds of foreign investors. In view of such opportunities, it is expected that Indian fund houses will design more innovative products compatible with regulatory guidelines to tap the existing and new clients.

Considering the changes in the mutual fund industry, the Company should review the portfolios of various investment plans at regular intervals to avoid concentrated exposure to any particular category of mutual fund.

### **ENTERTAINMENT**

White Stripes, the entertainment division of the Company, has entered into a strategic business arrangement to produce a Hindi motion picture based on the remake rights of an old Hindi film, Chupke Chupke. Pre production activities and execution of

necessary documentation for production of the Hindi motion picture are in progress.

India, being the largest film producing market is set to expand at a rate of 18% per year. Copyrights violation and legal challenges in intellectual property laws will remain a concern for the entertainment industry.

### **PUBLIC DEPOSIT**

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

### **DIRECTORS**

Mr. Sanjay Buch 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

### **AUDITORS' REPORT**

With reference to the observation(s) made by the Auditors in Point No (v)(b) in the Annexure referred to in paragraph 3 of the standalone Auditor's Report, considering the royalty income earned in the technology, the Company has decided to transfer the technology for a consideration of Rs. 1,50,00,000 (Rupees One Crore Fifty Lakhs only) to FBL. As the technology is unique hence no comparative analysis is available.

### **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, 2011, 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, 2011 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, Profit and Loss Account and other documents of the subsidiary companies will not be attached to the Balance Sheet of the Company for the financial year 2010-2011. A statement containing the brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is included in the Annual Report. 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. 7 under Schedule 16 of the Accounts.

**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 S.N Ananthasubramanian & Co, Practicing Company Secretaries.

**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 bench markings 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, 2011, the employee strength stands 44 for the company and 190 for the other group companies.

Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2011 is not submitted as none of the employees of the Company is drawing remuneration in excess of Rs. 5 lakhs per month or Rs.60 lakhs per annum as specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and further amended by Companies (Particulars of Employees) Amendment Rules, 2011.

**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 firm of Chartered Accountants.

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.

**SOCIAL INITIATIVES**

Your company continues to support charitable organizations by providing support, training and development programmes to needy children. Donations to Maataram Foundation and United Way of Mumbai 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 committed 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 10, 2011

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

The 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's philosophy extends beyond what is being reported under this Report and it has been the Company's constant endeavour to attain the higher levels of Corporate Governance. DIL complies with Clause 49 in letter and spirit to protect interest of its shareholders and to increase the shareholders' value in the long term.

### BOARD OF DIRECTORS

- The Composition of the Board as on March 31, 2011 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	3
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.

# Post resignation as an Executive Director w.e.f. April 30, 2010, he continued as a Non-Executive Director on the Board.

## PROFILE OF DIRECTORS

### Mr. Sanjay Buch

Mr. Sanjay Buch, a Practising Advocate and Solicitor, is a partner at Crawford Bayley & Co., a respected firm of advocates and solicitors, headquartered in Mumbai. He is practicing for past two decades and is involved in a wide spectrum of legal work ranging from corporate and business laws and specializes in Business Restructuring, Mergers and Acquisitions and advises several companies including large domestic and international corporations.

Mr. Sanjay Buch is a Director in the following Companies:

- Fermenta Biotech Limited
- Sealcom India Private Limited
- Indofil Industries Limited

Mr. Sanjay Buch is a member of Share Transfer Committee, Remuneration Committee and Audit Committee of DIL Limited.

#### **BOARD MEETINGS**

- Eight Board Meetings were held during the year on May 22, 2010, August 13, 2010, September 27, 2010, November 12, 2010, December 10, 2010, December 29, 2010, January 17, 2011 and February 11, 2011.

<b>Name</b>	<b>Meetings held in Director's tenure</b>	<b>Meetings attended</b>	<b>Attendance at last Annual General Meeting held on September 27, 2010</b>
Mr. G. G. Desai	8	7	Not present
Ms. Rajeshwari Datla	8	6	Present
Mr. Sanjay Buch	8	7	Present
Mr. Satish Varma	8	7	Present
Mr. Krishna Datla	8	8	Present
Mr. Vinayak Hajare#	8	7	Present

# Mr. Vinayak Hajare attended the meeting via tele conference on May 22, 2010.

#### **AUDIT COMMITTEE**

- The Composition of the Audit Committee as on March 31, 2011 was as under:

<b>Name of the Director</b>	<b>Designation</b>	<b>Meetings attended</b>
Mr. G. G. Desai	Chairman	4
Ms. Rajeshwari Datla	Member	3
Mr. Sanjay Buch	Member	3
Mr. Vinayak Hajare #	Member	3

# Mr. Vinayak Hajare attended the meeting via tele conference on May 22, 2010..

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 22, 2010, August 13, 2010, November 12, 2010 and February 11, 2011. 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, 2011 was as under:

Name of the Director	Designation	Meetings attended
Mr. G. G. Desai	Chairman	1
Mr. Sanjay Buch	Member	1
Mr. Vinayak Hajare	Member	Nil

During the year under review one Remuneration Committee meeting was held on April 30, 2010. 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 Wholtime 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, 2011:**

<b>Name of Director</b>	<b>Sitting Fees *</b> <b>(Rs.)</b>	<b>Salary</b> <b>(Rs.)</b>	<b>Contribution to PF and other funds</b> <b>(Rs.)</b>	<b>Benefits &amp; Perquisites</b> <b>(Rs.)</b>	<b>Total</b> <b>(Rs.)</b>
Mr. G. G. Desai Independent Director	1,80,000	—	—	—	1,80,000
Ms. Rajeshwari Datla Non-Executive Director	1,35,000	—	—	—	1,35,000
Mr. Sanjay Buch Independent Director	1,70,000	—	—	—	1,70,000
Mr. Krishna Datla ** Managing Director	—	40,32,327	5,83,931	1,06,977	47,23,235
Mr. Satish Varma # Non-Executive Director	1,60,000	2,59,384	47,250	45,641	5,12,275
Mr. Vinayak Hajare Independent Director	1,55,000	—	—	—	1,55,000
<b>TOTAL</b>	<b>8,00,000</b>	<b>42,91,711</b>	<b>6,31,181</b>	<b>1,52,618</b>	<b>58,75,510</b>

\* *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;*

# *Resigned as Executive Director w.e.f. April 30, 2010. Presently he is a Non-Executive Director on the Board.*

**SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

- The composition of the Shareholders' / Investors' Grievance Committee as on March 31, 2011 was as under:  
Mr. G. G. Desai - Chairman  
Mr. Sanjay Buch  
Mr. Krishna Datla  
Mr. Satish Varma
- 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*  
*srikant.sharma@dil.net*
- The number of investor complaints received and resolved during 2010-2011 was 36.
- Pending complaints as of March 31, 2011 were **Nil**.

## GENERAL BODY MEETINGS

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

Year	Date and Time	Location	Special Resolution(s) passed
2007-2008	September 26, 2008 at 3.00 p.m.	'dil' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610.	Re-appointment of Mr. Satish Varma as Executive Director of the Company for a period of five years
2008-2009	September 29, 2009 at 3.00 p.m.	- same as above -	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.

## POSTAL BALLOT

Pursuant to the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, the shareholders of the Company during the year under review had approved by casting more than three fourth affirmative votes on the following item by way of passing special resolution through Postal Ballot:

- Payment of remuneration to Mr. Krishna Datla, Managing Director of the Company, within the limits specified in Part II, Section II (1) (B) / (C) of Schedule XIII to the Companies Act, 1956 for the period starting from April 1, 2010 to March 31, 2013 in case of inadequacy of profits

The Postal Ballot was conducted by Mr. Ashish Bhatt of Ashish Bhatt and Associates, Company Secretaries, who was appointed scrutinizer to ensure that postal ballot process is conducted in a fair and transparent manner.

## EXTRA ORDINARY GENERAL MEETING

No Extraordinary General Meetings were held since 2007-2008.

## 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, 2011. 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 a secretarial 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](http://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](http://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 and the company's website [www.dil.net](http://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](http://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 : Tuesday, September 27, 2011 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, 2011 : By August 15, 2011
- Financial reporting for the quarter ending September 30, 2011 : By November 15, 2011
- Financial reporting for the quarter ending December 31, 2011 : By February 15, 2012
- Financial reporting for the year ending March 31, 2012 : By May 30, 2012

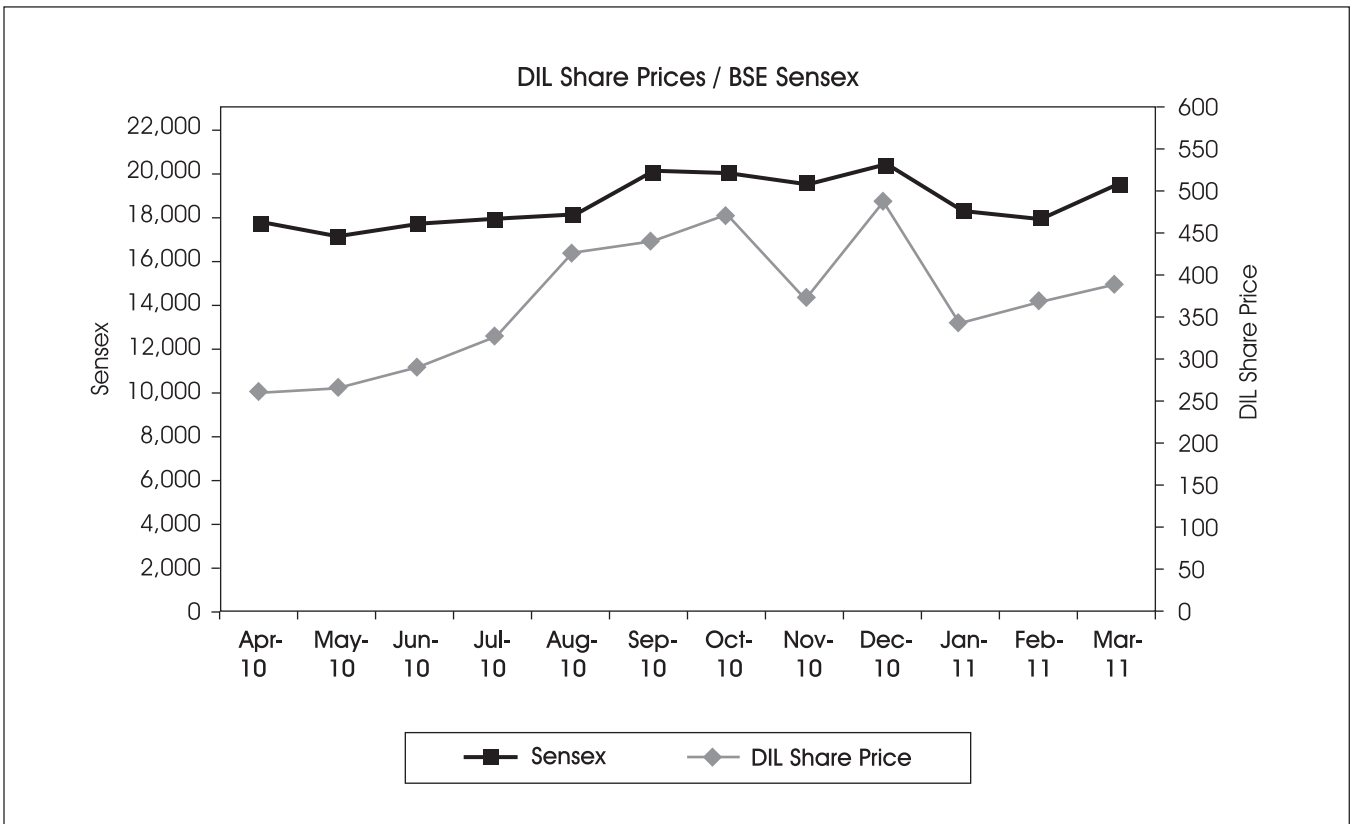
- Date of Book closure : September 17, 2011 to September 27, 2011 (Both days inclusive)
- Dividend Payment Date : on or after September 30, 2011
- Listing on Stock Exchanges : Bombay Stock Exchange Limited  
(Listing Fees for the year 2011-12 has been paid)
- Stock Code on the Bombay Stock Exchange Limited : 506414
- Market Price Data : High / low during each month in the last financial year.

Month	Bombay Stock Exchange Limited	
	Highest (Rs.)	Lowest (Rs.)
April, 2010	285.00	240.05
May, 2010	275.85	246.00
June, 2010	305.00	250.15
July, 2010	362.50	267.10
August, 2010	489.80	318.10
September, 2010	483.00	420.10
October, 2010	562.45	436.05
November, 2010	509.00	350.00
December, 2010	501.00	325.00
January, 2011	497.85	338.10
February, 2011	440.00	276.25
March, 2011	444.00	342.00

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

Month	DIL's Closing Price (Rs.)	Sensex Closing Price (Rs.)	No. of shares traded
April, 2010	259.00	17,558.71	41,972
May, 2010	264.75	16,944.63	19,106
June, 2010	290.00	17,700.90	43,335
July, 2010	324.05	17,868.29	91,673
August, 2010	422.55	17,971.12	3,12,038
September, 2010	438.65	20,069.12	49,736
October, 2010	472.95	20,032.34	1,21,498
November, 2010	374.00	19,521.25	44,825
December, 2010	485.90	20,509.09	58,768
January, 2011	339.75	18,327.76	55,586
February, 2011	368.15	17,823.40	66,891
March, 2011	387.25	19,445.22	27,599

• 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](mailto: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, 2011

Sr. No.	Range	Holding	Amount (Rs.)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 5,000	372,549	3,725,490	16.2458	4,968	96.0186
2	5,001 - 10,000	73,939	739,390	3.2243	100	1.9327
3	10,001 - 20,000	71,364	713,640	3.1120	50	0.9664
4	20,001 - 30,000	50,853	508,530	2.2176	20	0.3865
5	30,001 - 40,000	17,487	174,870	0.7626	5	0.0966
6	40,001 - 50,000	37,083	370,830	1.6171	8	0.1546
7	50,001 - 1,00,000	71,811	718,110	3.1315	10	0.1933
8	1,00,001 and above	1,598,112	15,981,120	69.6892	13	0.2513
<b>Total</b>		<b>2,293,198</b>	<b>22,931,980</b>	<b>100.0000</b>	<b>5,174</b>	<b>100.0000</b>

- Shareholding Pattern as on March 31, 2011

	Shareholding	% of Holding
Promoters	13,66,293	59.58
Foreign Banks & NRI's	7,819	0.34
Banks and Financial Institutions	174	0.01
Other Bodies Corporate	1,49,440	6.52
General Public	7,59,615	33.12
Clearing Members	7,524	0.33
Trusts	2,333	0.10
<b>TOTAL</b>	<b>22,93,198</b>	<b>100.00</b>

- Dematerialisation of Shares: The Company, along with 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 tradable in the dematerialized form by all investors. Presently 32.72% 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

For and on behalf of the Board of Directors

G. G. Desai  
Chairman

Thane, August 10, 2011

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

**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, 2011.

**for DIL LIMITED**

Thane  
August 10, 2011

**KRISHNA DATLA**  
**Managing Director**

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

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

We have examined all relevant records of DIL Limited (the Company) for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited for the financial year ended 31<sup>st</sup> March 2011. We have obtained all the information and explanations to the best of our knowledge and belief that were necessary for the purpose of this certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the company has complied with:-

- a) all the mandatory conditions;
- b) constitution of Remuneration Committee, a non mandatory requirement of Clause 49 of the Listing Agreement.

**For S. N. ANANTHASUBRAMANIAN & CO.**

**S. N. Ananthasubramanian**  
**C.P. No.: 1774**

Date : August 10, 2011

Place: Thane



## Auditors' Report

To

### The Members of DIL Limited

1. We have audited the attached balance sheet of DIL Limited ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 ('the Act'), 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet, profit and loss account 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
    - b) in the case of the profit and loss account, 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 28, 2011

**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 loans to two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 1157.50 lakhs and the balance of loans granted to such parties at the end of the year was Rs. 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 *except in respect of sale of technology to a subsidiary being of the unique and specialized nature where comparable prices were not available, we are unable to comment whether the transactions was made at 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, customs duty, excise duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (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, customs duty, excise duty, 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, customs duty, excise duty and cess on account of any dispute, are as follows:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (Rs. in Lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
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	Excise Duty and Penalty	67.21	1992 to 1994	Commissioner of Central Excise Appeals, Daman
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 28, 2011

**BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	<b>229.32</b>	229.32
Reserves and surplus	2	<b>8,607.13</b>	7,097.92
		<b>8,836.45</b>	7,327.24
<b>Loan Funds</b>			
Secured loans	3	<b>73.99</b>	42.64
<b>Deferred tax liability (net)</b> (refer Schedule 16, Note 13)		<b>25.33</b>	–
<b>TOTAL</b>		<b>8,935.77</b>	7,369.88
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block		<b>2,076.27</b>	2,035.39
Less: Accumulated depreciation		<b>767.96</b>	684.06
Less: Impairment provision		<b>9.97</b>	9.97
Net block	4	<b>1,298.34</b>	1,341.36
Capital work-in-progress		–	15.89
		<b>1,298.34</b>	1,357.25
<b>Investments</b>	5	<b>5,931.23</b>	4,663.85
<b>Deferred Tax Assets (net)</b> (refer Schedule 16, Note 13)		–	9.30
<b>Current Assets, Loans and Advances</b>			
Sundry debtors	6	<b>180.63</b>	132.76
Cash and bank balances	7	<b>1,314.96</b>	890.73
Other current assets	8	<b>96.26</b>	79.66
Loans and advances	9	<b>1,080.55</b>	1,353.22
		<b>2,672.40</b>	2,456.37
Less: <b>Current Liabilities and Provisions</b>			
Current liabilities	10	<b>666.21</b>	678.01
Provisions	11	<b>299.99</b>	438.88
		<b>966.20</b>	1,116.89
<b>Net Current Assets</b>		<b>1,706.20</b>	1,339.48
<b>TOTAL</b>		<b>8,935.77</b>	7,369.88
Notes to Accounts	16		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of the Board of Directors

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

G. G. DESAI  
Chairman

KRISHNA DATLA  
Managing Director

RAJESHWARI DATLA  
Director

per Vikram Mehta  
Partner  
Membership No : 105938

SATISH VARMA  
Director

SANJAY BUCH  
Director

VINAYAK HAJARE  
Director

K. H. KASHID  
Chief Financial Officer

SRIKANT N. SHARMA  
Company Secretary

Mumbai  
Date: May 28, 2011

Thane  
Date: May 28, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>INCOME</b>			
Sales and other operating income (refer Schedule 16, Note 3(a) & (c))	12	<b>3,229.15</b>	2,089.56
Other income	13	<b>595.19</b>	93.61
Total		<b>3,824.34</b>	2,183.17
<b>EXPENDITURE</b>			
Personnel expenses	14	<b>305.41</b>	232.54
Operating and other expenses	15	<b>671.83</b>	615.08
Interest - on term loans		<b>6.27</b>	3.44
- others		<b>0.69</b>	0.01
Provision for diminution in long term investments (refer Schedule 16, Note 4 (c))		-	188.51
Depreciation	4	<b>116.58</b>	112.82
Total		<b>1,100.78</b>	1,152.40
<b>PROFIT BEFORE TAX</b>		<b>2,723.56</b>	1,030.77
Less: Provision for tax		<b>529.09</b>	247.00
Current tax		<b>17.00</b>	-
Less: MAT credit entitlement		<b>34.63</b>	18.86
Deferred tax		<b>546.72</b>	265.86
Add: Provision for tax in respect of earlier years written (off)/ back		-	0.09
<b>PROFIT AFTER TAX</b>		<b>2,176.84</b>	765.00
Add: Balance brought forward from previous year		<b>2,235.77</b>	1,973.21
<b>BALANCE FOR APPROPRIATIONS</b>		<b>4,412.61</b>	2,738.21
Appropriations			
Interim dividend		<b>343.98</b>	171.99
Proposed dividend		<b>229.32</b>	171.99
Dividend distribution tax		<b>94.33</b>	58.46
Transfer to general reserve		<b>230.00</b>	100.00
		<b>897.63</b>	502.44
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>3,514.98</b>	2,235.77
Basic and diluted, earnings per share (Rs.)		<b>94.93</b>	33.36
Numerator - Profit after taxation (Rs. in Lakhs)		<b>2,176.84</b>	765.00
Weighted average number of equity shares of Rs. 10 each outstanding		<b>2,293,198</b>	2,293,198
Notes to Accounts	16		

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account

As per our report of even date

For and on behalf of the Board of Directors

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

G. G. DESAI  
Chairman

KRISHNA DATLA  
Managing Director

RAJESHWARI DATLA  
Director

per Vikram Mehta  
Partner  
Membership No : 105938

SATISH VARMA  
Director

SANJAY BUCH  
Director

VINAYAK HAJARE  
Director

K. H. KASHID  
Chief Financial Officer

SRIKANT N. SHARMA  
Company Secretary

Mumbai  
Date: May 28, 2011

Thane  
Date: May 28, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	March 31, 2011 (Rs. in Lakhs)	March 31, 2010 (Rs. in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	2,723.56	1,030.77
Adjustments for :		
Depreciation	116.58	112.82
Unrealised foreign exchange (gain)/loss (net)	(0.99)	1.00
(Profit)/Loss on sale of fixed assets (net)	4.72	1.55
Diminution in value of current investments	0.01	1.77
Profit on sale of equity shares	(1,743.59)	(607.83)
Interest on Income tax refund	(30.44)	-
Provision for doubtful advances	-	3.63
Capital work in progress written off	15.89	-
Operating profit/(loss) before working capital changes	1,085.74	543.71
Adjustments for :		
(Increase)/Decrease in sundry debtors	(47.87)	158.28
(Increase)/Decrease in Other current assets	(16.60)	(23.49)
(Increase)/Decrease in loans and advances	637.65	(483.06)
(Increase)/Decrease in investments	(1,518.86)	(508.84)
Increase/(Decrease) in current liabilities	(11.83)	54.44
Increase/(Decrease) in provisions	(2.97)	(29.50)
Cash generation from operations	125.26	(288.46)
Direct taxes paid (net of refunds, interest and adjustments)	(446.63)	(214.16)
Net cash from operating activities (A)	(321.37)	(502.62)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(87.80)	(127.42)
Proceeds from sale of fixed assets	9.52	4.79
Sale of investments in subsidiary (refer Schedule 16, Note 3(c))	2,000.06	1,367.71
Purchase of investments in subsidiary	(5.00)	-
Deposits (with maturity more than three months)	(1,591.06)	(1,127.03)
Proceeds of deposits matured (with maturity more than three months)	827.03	766.88
Net cash used in investing activities (B)	1,152.75	884.93
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan received	58.50	23.55
Loan repaid	(27.15)	(19.44)
Dividend paid	(687.93)	(341.39)
Dividend distribution tax paid	(115.59)	(58.46)
Net cash used in financing activities (C)	(772.17)	(395.74)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

**CASH FLOW STATEMENT (Contd.)**

PARTICULARS	March 31, 2011 (Rs. in Lakhs)	March 31, 2010 (Rs. in Lakhs)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) 59.21</b>	(13.43)
Cash and cash equivalents (Opening)	<b>64.43</b>	77.86
<b>Cash and cash equivalents (Closing)</b>	<b>123.64</b>	64.43
<b>Components of cash and cash equivalents</b>		
Cash on hand	<b>1.81</b>	1.28
With scheduled banks on:		
Current account	<b>102.71</b>	39.92
Margin account (under lien)	-	2.03
Unclaimed Dividend account*	<b>13.45</b>	13.42
Term deposits	<b>1,191.06</b>	825.00
With non-scheduled bank:		
Ceskoslovenska obchodni banka, a.s. Czech Republic- on Current account	<b>5.67</b>	9.81
Effect of exchange difference	<b>0.26</b>	(0.73)
<b>Balance as per Schedule 7</b>	<b>1,314.96</b>	890.73
Less: Term Deposit with original maturity of more than three months	<b>1,191.06</b>	827.03
Add: Effect of exchange difference on Cash and Equivalents held in foreign currency	<b>(0.26)</b>	0.73
<b>Cash &amp; Cash Equivalent in Cash Flow Statement</b>	<b>123.64</b>	64.43

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

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 28, 2011

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 28, 2011



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 1 - SHARE CAPITAL:</b>		
<b>Authorised:</b>		
49,20,000 (2010 - 49,20,000) Equity shares of Rs.10 each	<b>492.00</b>	492.00
80,000 (2010 - 80,000) Unclassified shares of Rs.10 each	<b>8.00</b>	8.00
	<u><b>500.00</b></u>	<u>500.00</u>
<b>Issued and Subscribed and Paid up:</b>		
22,93,198 (2010 - 22,93,198) Equity shares of Rs. 10 each fully paid	<b>229.32</b>	229.32
Of the above :-		
i) a) 13,20,000 (2010 - 13,20,000) equity shares and 50,000 (2010 - 50,000) equity shares out of the issued/subscribed and paid up share capital before buyback of share, were allotted as fully paid up bonus shares by capitalisation of General Reserve Rs.132.00 Lakhs (2010 - Rs. 132.00 lakhs) and Securities Premium Rs. 5.00 Lakhs (2010 - Rs. 5.00 Lakhs), respectively.		
b) 2,31,605 equity shares were bought back and extinguished by the Company during the year 2005-06		
ii) 12,10,528 (2010 - 12,10,528) equity shares are held by DVK Investments Private Limited, the holding company.		
	<u><b>229.32</b></u>	<u>229.32</u>
<b>SCHEDULE 2 - RESERVES AND SURPLUS:</b>		
<b>Capital Reserve:</b>	<b>1,140.00</b>	1,140.00
<b>General Reserve:</b>		
As per last Balance Sheet	<b>3,722.15</b>	3,622.15
Add: Transferred from profit and loss account	<b>230.00</b>	100.00
	<u><b>3,952.15</b></u>	<u>3,722.15</u>
<b>Profit and Loss Account</b>	<b>3,514.98</b>	2,235.77
	<u><b>8,607.13</b></u>	<u>7,097.92</u>
<b>SCHEDULE 3 - SECURED LOANS:</b>		
Term loans from banks (secured against hypothecation of vehicles) (Repayable within one year Rs. 17.49 Lakhs, (2010 - Rs. 19.37 Lakhs))	<b>73.99</b>	42.64
	<u><b>73.99</b></u>	<u>42.64</u>

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

### SCHEDULE 4 - FIXED ASSETS:

(Rs. in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				IMPAIRMENT / LOSSES			NET BLOCK	
	At 01.04.2010	Additions	Deletions	At 31.03.2011	At 01.04.2010	For the year	Deletions	At 31.03.2011	At 01.04.2010	Additions/ (Reversal)	At 31.03.2011	At 31.03.2011	At 31.03.2010
<b>Tangible Assets</b>													
Freehold land @	20.79	—	—	<b>20.79</b>	—	—	—	—	—	—	—	<b>20.79</b>	20.79
Buildings	729.79 *	—	—	<b>729.79</b>	177.59 *	30.99	—	<b>208.58</b>	—	—	—	<b>521.21</b>	552.20
Leased improvements \$	295.73	—	—	<b>295.73</b>	44.82	9.69	—	<b>54.51</b>	—	—	—	<b>241.22</b>	250.91
Plant and machinery **	473.55	4.67	—	<b>478.22</b>	150.13	26.63	—	<b>176.76</b>	9.97	—	<b>9.97</b>	<b>291.49</b>	313.45
Furniture and fixtures	279.60	1.38	—	<b>280.98</b>	224.10	18.59	—	<b>242.69</b>	—	—	—	<b>38.29</b>	55.50
Vehicles #	191.65	80.63	46.92	<b>225.36</b>	74.60	23.50	32.68	<b>65.42</b>	—	—	—	<b>159.94</b>	117.05
Sub Total	1,991.11	86.68	46.92	<b>2,030.87</b>	671.24	109.40	32.68	<b>747.96</b>	9.97	—	<b>9.97</b>	<b>1,272.94</b>	1,309.90
<b>Intangible Assets</b>													
Computer Software	19.80	1.12	—	<b>20.92</b>	8.69	2.53	—	<b>11.22</b>	—	—	—	<b>9.70</b>	11.11
Film Rights	24.48	—	—	<b>24.48</b>	4.13	4.65	—	<b>8.78</b>	—	—	—	<b>15.70</b>	20.35
Sub Total	44.28	1.12	—	<b>45.40</b>	12.82	7.18	—	<b>20.00</b>	—	—	—	<b>25.40</b>	31.46
<b>TOTAL</b>	<b>2,035.39</b>	<b>87.80</b>	<b>46.92</b>	<b>2,076.27</b>	<b>684.06</b>	<b>116.58</b>	<b>32.68</b>	<b>767.96</b>	<b>9.97</b>	<b>—</b>	<b>9.97</b>	<b>1,298.34</b>	1,341.36
Previous year	1,910.67	149.89	25.17	2,035.39	590.07	112.82	18.83	684.06	9.97	—	9.97	1,341.36	

Note :

@ Includes Rs. 8.06 lakhs being cost of land held in trust by Directors of the Company.

\* Major portion has been given on lease

\*\* Includes:

Assets held for disposal - Gross block Rs. 26.53 Lakhs (2010 - Rs. 26.53 Lakhs)  
- Net block Rs. Nil (2010 - Rs. Nil)

# Includes vehicles hypothecated to banks:

Gross block Rs. 125.21 Lakhs (2010 - Rs. 132.96 Lakhs)  
Net block Rs. 110.87 Lakhs (2010 - Rs. 93.38 Lakhs)

\$ This represents cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

Face Value Rs.	Number	March 31, 2011		March 31, 2010	
		Rs. in Lakhs	Number	Rs. in Lakhs	Number

### SCHEDULE 5 - INVESTMENTS (fully paid-up):

Long term investments [unquoted unless otherwise stated (At cost)]:

#### Trade Investments

##### Equity shares:

Biodil Marsing Private Ltd.	10	59,000	5.90	59,000	5.90
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#### Other than Trade Investments

##### Government securities:

National Highways Authority Of India	10,000	500	50.00	250	25.00
Rural Electrification Corporation Limited	10,000	500	50.00	250	25.00

##### Equity shares:

Solvay Pharma India Ltd. (quoted)	10	93	0.01	93	0.01
Evotec (India) Pvt. Ltd. (formerly known as Research Support International Private Ltd.) (refer Schedule 16, Note 3 (a))	2	10,926,000	218.52	10,926,000	218.52
Health and Wellness India Private Limited (refer Schedule 16, Note 3 (d))	10	1,596,892	225.00	—	—

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value Rs.	March 31, 2011 Number	Rs. in Lakhs	March 31, 2010 Number	Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)</b>					
<b>Long term investments [unquoted unless otherwise stated (At cost)]: (contd.)</b>					
<b>Subsidiary Companies (Other than trade) (companies under the same management)</b>					
<b>Equity shares:</b>					
Aegean Properties Ltd.	100	30,000	30.00	30,000	30.00
Fermenta Biotech Ltd. (refer Schedule 16, Note 3 (b)&(c)) (70,00,000 (2010- Nil) equity shares of Rs. 10 each received and sold 19,15,036 (2010- Nil) 50,000 equity shares of Rs 10 each)	10	12,762,464	1,709.25	7,677,500	1,265.72
CC Square Films Limited (50,000 equity shares of Rs. 10 each subscribed during the year)	10	50,000	5.00	-	-
<b>Preference shares:</b>					
Fermenta Biotech Ltd. (refer Schedule 16, Note 3(b)) 0% Redeemable cumulative non-convertible preference shares of Rs. 10 each subscribed at a premium of Rs. 90 per share. The shares would be redeemed either fully or in more than one instalment at the option of either company, at any time after 12 months from the date of allotment, i.e December 23, 2004 but before 84 months from the aforesaid date at a premium of Rs.100 per share at the end of 12 months or Rs. 110 per share at the end of 24 months or Rs. 120 per share at the end of 36 months and so on.	10	-	-	700,000	700.00
<b>Subscription application money</b>					
Health and Wellness India Private Limited			15.00	-	-
<b>Joint venture (Other than trade)</b> (refer Schedule 16, Note 4 (c))					
VasKo Glider s.r.o			188.51	188.51	
			<u>2,497.19</u>	<u>2,458.66</u>	
Less: Provision for diminution in value of investments (refer Schedule 16, Note 4 (c))			194.41	194.41	
			<u>2,302.78</u>	<u>2,264.25</u>	

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value Rs.	March 31, 2011		March 31, 2010	
		Number	Rs. in Lakhs	Number	Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)</b>					
<b>Current Investments (other than trade): (contd.)</b>					
<b>Others - Mutual Funds [(unquoted unless otherwise stated (at lower of cost and fair value)]</b>					
BNP Paribas Fixed Term Fund Series 21 B	10	3,000,000.000	300.00	-	-
DWS Cash Opportunities Fund - Institutional Plan Weekly Dividend	10	-	-	3,200,620.115	322.63
DWS Treasury Fund Cash - Institutional Plan - Weekly Dividend - Reinvest	10	1,011,061.077	101.97	-	-
Gold Benchmark Exchange Traded Scheme - Gold BEES (quoted)	10	4,420.000	77.09	2,341.000	37.64
HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale -Weekly Dividend	10	-	-	3,059,520.952	306.62
HDFC Quarterly Interval Fund Plan B - Retail - Growth Option	10	122,956.525	15.90	-	-
ICICI Prudential FMP Series 51 - 14 Months Plan D Dividend	10	2,000,000.000	200.00	2,000,000.000	200.00
ICICI Prudential FMP Series 55 - 1 Year Plan D Cumulative	10	3,000,000.000	300.00	-	-
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend	10	-	-	152,497.496	160.82
Kotak Flexi Debt Scheme Institutional - Daily Dividend	10	3,025,298.931	303.97	-	-
Kotak Floater Long Term - Weekly Dividend	10	-	-	1,864,434.099	187.89
Kotak FMP 13 M Series 6 - Growth	10	1,910,000.000	191.00	1,910,000.000	191.00
Kotak Gold Exchange Traded Fund (quoted)	10	444.000	7.14	888.000	14.28
Kotak Nifty ETF (quoted)	10	-	-	2,861.000	14.72
L&T Select Income Fund - Flexi Debt Institutional - Dividend	10	2,484,607.204	252.62	-	-
LIC Floating Rate Fund - Short Term Plan - Weekly Dividend Plan	10	-	-	2,984,314.814	302.92
LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan	10	1,209,830.624	121.00	-	-
LIC Savings Plus Fund - Weekly Dividend	10	-	-	3,063,572.774	306.47
Nifty Benchmark Exchange Traded Scheme - Nifty BEES (quoted)	10	11,052.000	61.42	8,516.000	43.94
Reliance Liquid Fund - Institutional Plan - Daily Dividend Option	10	0.025	-	-	-
Reliance Liquid Fund - Treasury Plan - Retail Option - Daily Dividend Option	10	449,048.546	68.45	-	-
SBI Debt Fund Series - 370 Days - 7 - Dividend	10	2,500,000.000	250.00	-	-
SBI Debt Fund Series - 370 Days - 8 - Dividend	10	2,300,000.000	230.00	-	-
Sundaram Interval Fund Qnty- Plan E - Inst Div - Payout	10	1,200,000.000	120.00	-	-
Tata Floater Fund - weekly Dividend	10	1,954,829.165	197.18	-	-
Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment	1,000	9,940.737	109.20	9,604.549	105.42

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value Rs.	March 31, 2011 Number	Rs. in Lakhs	March 31, 2010 Number	Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)</b>					
<b>Current Investments (other than trade): (contd.)</b>					
<b>Others - Mutual Funds [(unquoted unless otherwise stated (at lower of cost and fair value))] (contd.)</b>					
UTI FIIF Series II - Quarterly Interval Plan - IV - Growth option	10	228,222.137	27.41	-	-
UTI Fixed Income Interval Fund - Monthly Interval Plan II - Growth Option	10	321,069.300	39.60	-	-
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvest	1,000	30,385.308	304.09	-	-
UTI Fixed Maturity Plan - Yearly FMP Series: YFMP (10/10)- Institutional Plan Dividend Reinvestment	10	2,553,399.650	255.34	-	-
UTI Treasury Advantage Fund - Institutional weekly Divided Plan - Reinvestment	1,000	9,497.164	95.07	20,506.417	205.25
			<u>3,628.45</u>		<u>2,399.60</u>
			<u>5,931.23</u>		<u>4,663.85</u>
<b>Aggregate amount of quoted investments</b>					
Long term - at cost - [i.e. market value Rs. 1.82 Lakhs (2010 - Rs. 2.69 Lakh)]			0.01		0.01
Current - at lower of cost and fair value [i.e. market value Rs. 162.83 Lakhs (2010 - Rs. 111.78 Lakhs)]			145.65		110.58
			<u>145.66</u>		<u>110.59</u>
<b>Aggregate amount of unquoted investments</b>					
Long term - at cost less provision for diminution in the value of investments			2,302.77		2,264.24
Current - at lower of cost and fair value (i.e. net asset value)			3,482.80		2,289.02
			<u>5,785.57</u>		<u>4,553.26</u>
			<u>5,931.23</u>		<u>4,663.85</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value Rs.	March 31, 2011		March 31, 2010	
		Number	Rs. in Lakhs	Number	Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)</b>					
<b>Current Investments (other than trade): (contd.)</b>					
<b>Investments purchased and sold/redeemed during the year other than those disclosed above: (at cost)</b>					
Gold Benchmark Exchange Traded Scheme					
- Gold BEES (quoted)	10	96.000	1.61	324.000	5.36
DWS Cash Opportunities Fund - Regular Plan Weekly Dividend	10	-	-	2,682,619.043	271.10
DWS Cash Opportunities Fund - Institutional Weekly Dividend - Reinvest	10	50,958.885	5.13	-	-
DWS Short Maturity Fund-Institutional Weekly Dividend Plan	10	-	-	1,483,247.784	155.34
DWS Treasury Fund Cash - Institutional Plan -Weekly Dividend -Reinvest	10	1,488,464.400	150.13	-	-
HDFC Cash Management Fund - Treasury Advantage Plan Wholesale -Weekly Dividend	10	56,601.320	5.67	-	-
HDFC Short Term Plan - Dividend, Option: Reinvest	10	-	-	2,475,422.369	255.70
HDFC FMP 90D June 2010	10	381,206.000	38.12	-	-
HDFC FMP 100D June 2010 (1) - Growth - Series XIII	10	228,892.000	22.89	-	-
HDFC FMP 35D August 2010	10	266,756.000	26.68	-	-
HDFC FMP100D Sept 2010 (3) - Growth - Series XIV	10	191,770.000	19.18	-	-
HSBC Fixed Term Series 52 Inst Div - Tenure 1yr	10	-	-	66,798.920	6.68
HSBC Ultra Short Term Bond Fund - Inst - Weekly Dividend	10	-	-	29,955.101	3.01
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend	10	85,801.083	90.46	46,234.411	4.87
ICICI Prudential Institutional Short Term Plan - Dividend	10	-	-	2,129,250.468	259.01
JM High Liquidity Fund - Institutional Plan - Dividend	10	-	-	344,908.993	35.89
JM Money Manager Fund-Super Plus Plan - Weekly Dividend	10	-	-	3,098,434.103	318.49
Kotak Floater Long Term - Weekly Dividend	10	533,489.280	53.76	1,637,164.630	165.00
Kotak FMP 12 M Series 3 Institutional - Dividend	10	-	-	144,308.646	14.43
Kotak Liquid (Institutional) - Weekly Dividend	10	-	-	617,284.901	61.91
Nifty Benchmark Exchange Traded Scheme- Nifty BEES	10	6,833.000	37.11	-	-
LIC MF Interval Fund - Series I - Annual Dividend Plan	10	-	-	161,454.426	16.15
LICMF Savings Plus Fund - Weekly Dividend Plan	10	90,843.085	9.09	-	-
LICMF Floating Rate Fund - Short Term Plan - Weekly	10	100,690.345	10.22	-	-
L&T Freedom Income Step Inst - Daily Dividend	10	2,486,110.049	252.47	-	-
Reliance Liquid Fund - Cash Plan - Daily Div Option	10	-	-	1,274,489.405	164.29
Reliance Liquid Fund - Treasury Plan - Daily Dividend Option	10	1,727,177.618	263.27	-	-
Reliance Liquid Fund - Institutional Plan - Daily Dividend Option	10	1,001,723.187	153.14	-	-
Reliance Liquid Fund - Treasury Plan - Retail Option - Daily Dividend Option	10	1,131,497.099	172.47	-	-
Tata Floater Fund - Weekly Dividend	10	555,516.978	56.04	-	-
Tata Treasury Managership SHIP Daily Dividend	10	24,859.604	251.16	-	-
UTI Treasury Advantage Fund - Institutional Weekly Dividend Plan - Reinvestment	1,000	935.501	9.39	19,977.803	199.98

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 6 - SUNDRY DEBTORS (unsecured):</b>		
<b>Debts outstanding for a period exceeding six months</b>		
Considered good	6.53	6.53
Considered doubtful	5.97	5.97
	<u>12.50</u>	<u>12.50</u>
<b>Other debts:</b>		
Considered good	174.10	126.23
	<u>186.60</u>	<u>138.73</u>
Less: Provision for doubtful debts	5.97	5.97
	<u>180.63</u>	<u>132.76</u>
Sundry debtors include the following amounts due from companies under the same management:		
i. Fermenta Biotech Ltd.	1.38	61.95
ii. G.I. Biotech Private Ltd.	1.25	1.25
<b>SCHEDULE 7 - CASH AND BANK BALANCES:</b>		
Cash on hand	1.81	1.28
With scheduled banks on:		
Current account	102.71	39.92
Margin account (under lien)	-	2.03
Unclaimed Dividend account	13.45	13.42
Term deposits	1,191.06	825.00
With non-scheduled bank :		
Ceskoslovenska obchodni banka, a.s. Czech Republic. - on Current account [Maximum balance outstanding during the year Rs. 15.24 Lakhs (2010 - Rs 20.99 Lakhs)]	5.93	9.08
	<u>1,314.96</u>	<u>890.73</u>
<b>SCHEDULE 8 - OTHER CURRENT ASSETS :</b>		
<b>(unsecured, considered good unless otherwise stated):</b>		
Interest accrued (includes Rs. 3.28 Lakhs (2010-Rs. 1.06 Lakhs) from Government Bonds)	96.26	79.66
	<u>96.26</u>	<u>79.66</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

**March 31, 2011**                      March 31, 2010  
**Rs. in Lakhs**                      Rs. in Lakhs

**SCHEDULE 9 - LOANS AND ADVANCES**

**(unsecured, considered good unless otherwise stated):**

Advance to subsidiary companies	<b>160.50</b>	311.00
[Maximum amount outstanding during the year Rs. 811.00 Lakhs (2010 - Rs. 320.50 Lakhs)]		
Inter corporate deposits	<b>400.00</b>	300.00
Advance recoverable in cash or in kind or for value to be received		
Considered good	<b>394.09</b>	225.21
Considered doubtful	<b>19.01</b>	19.01
Amount lying with Portfolio Management Service	<b>0.43</b>	187.17
MAT credit entitlement	<b>18.50</b>	1.50
Advance tax, net of provisions	<b>107.03</b>	328.28
Balance with excise authorities	<b>-</b>	0.06
	<b>1,099.56</b>	1,372.23
Less: Provision for doubtful advance	<b>19.01</b>	19.01
	<b>1,080.55</b>	1,353.22

Note:

Advances due from companies under the same management:

a) Fermenta Biotech Ltd.	<b>157.50</b>	300.00
[Maximum amount outstanding during the year Rs. 800.00 Lakhs (2010 - Rs. 300.00 Lakhs)]		
b) Aegean Properties Ltd.	<b>3.00</b>	11.00
[Maximum amount outstanding during the year Rs. 11.00 Lakhs (2010 - Rs. 20.50 Lakhs)]		

**SCHEDULE 10 - CURRENT LIABILITIES:**

Sundry creditors (Note a)	<b>29.11</b>	31.86
Subsidiary companies (Note b)	<b>0.03</b>	0.73
Security deposits from tenants	<b>576.10</b>	564.23
Unclaimed dividends (Note c)	<b>13.45</b>	13.42
Other liabilities	<b>47.52</b>	67.77
	<b>666.21</b>	678.01

Note:

- a) 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.
- b) Includes amount payable to subsidiaries:
- |                          |             |      |
|--------------------------|-------------|------|
| i. Fermenta Biotech Ltd. | <b>0.03</b> | 0.73 |
|--------------------------|-------------|------|
- c) There is no amount due and outstanding to be credited to the Investor's Education and Protection Fund under Section 205C of the Companies Act, 1956.
- |  |          |   |
|--|----------|---|
|  | <b>-</b> | - |
|--|----------|---|



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 11 - PROVISIONS:</b>		
Gratuity	1.42	-
Long term compensated absences	32.05	36.44
Interim dividend	-	171.99
Proposed dividend	229.32	171.99
Dividend distribution tax	37.20	58.46
	<u>299.99</u>	<u>438.88</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

**SCHEDULE 12 - SALES AND OTHER OPERATING INCOME :**

Royalty on sale of products	-	196.17
Service Income	73.79	90.63
Profit on sale of equity shares - long term - other than trade (refer Schedule 16, Note 3 (a)&(c))	1,743.59	607.83
Profit on sale/redemption of current investments - other than trade	5.89	1.83
Less: Loss on sale/redemption of current investments - other than trade	0.97	4.00
Less: Diminution (net) in the value of current investments - other than trade	0.01	1.77
Dividend Income from investments: Current - other than trade	99.66	111.28
Interest on :		
Inter-corporate deposits	41.05	28.39
Bank deposits	66.34	62.24
Others	55.46	14.52
(tax deducted at source Rs. 10.42 Lakhs, 2010 - Rs. 3.71 Lakhs)		
Rent (tax deducted at source Rs. 116.50 Lakhs, 2010 - Rs. 149.58 Lakhs)	1,144.35	982.44
	<u>3,229.15</u>	<u>2,089.56</u>

**SCHEDULE 13 - OTHER INCOME:**

Interest on income-tax refunds	30.44	91.87
Exchange gain (net)	0.08	-
Sale & Transfer of Technology (refer Schedule 16, Note 3 (e))	150.00	-
Earnout Revenue (refer Schedule 16, Note 3 (a))	413.55	-
Miscellaneous Income	1.12	1.74
	<u>595.19</u>	<u>93.61</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	<b>March 31, 2011</b> Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 14 - PERSONNEL EXPENSES:</b>		
Salaries, wages and bonus	<b>267.55</b>	184.07
Contribution to provident and other funds	<b>17.73</b>	26.18
Gratuity expenses (refer Schedule 16, Note 11)	<b>2.20</b>	(0.63)
Employee welfare expenses	<b>17.93</b>	22.92
	<b>* 305.41</b>	* 232.54
<b>SCHEDULE 15 - OPERATING AND OTHER EXPENSES:</b>		
Power and fuel	<b>26.55</b>	22.07
Rates and taxes	<b>6.87</b>	9.29
Rent	<b>14.68</b>	15.51
Insurance	<b>9.01</b>	8.27
Repairs and maintenance:		
Plant and machinery	<b>19.11</b>	20.88
Buildings	<b>24.65</b>	14.72
Others	<b>83.60</b>	138.01
Bank charges	<b>0.51</b>	0.81
Advertising and sales promotion expenses	<b>3.20</b>	4.35
Business promotion expenses	<b>3.21</b>	3.95
Travelling and conveyance	<b>24.10</b>	27.68
Legal and professional charges (refer Schedule 16, Note 5)	<b>349.24</b>	247.21
Exchange loss (net)	-	0.15
Communication costs	<b>12.05</b>	19.47
Donation	<b>8.81</b>	0.21
Directors' sitting fees	<b>8.00</b>	5.05
Provision for doubtful debts	-	3.63
Loss on sale of fixed assets (net)	<b>4.72</b>	1.55
Miscellaneous expenses	<b>73.52</b>	72.27
	<b>** 671.83</b>	** 615.08

\* net of recovery of Rs. Nil (2010 - Rs. 138.53 Lakhs) from subsidiary companies.

\*\* net of recovery of Rs. 64.45 Lakhs (2010 - Rs. 142.99 Lakhs) from subsidiary companies.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS:**

**1. Background**

DIL Limited ('the Company') is in the business of renting properties, motion film production and distribution and in treasury operation. The Company also has strategic investments in subsidiary / associates companies primarily dealing in manufacturing of bulk drugs and contract research services and providing services of sporting and health awareness/ education activities.

**2. Significant accounting policies:**

**(a) Basis of preparation**

The financial statements 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 of assets for which provision of impairment is made. The accounting policies have been consistently applied by the Company.

**(b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(c) Fixed assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises cost of acquisition or construction including any attributable cost of bringing the asset to its working condition for its intended use, net of cenvat credit. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. No borrowing costs were eligible for capitalization during the year.

**(d) Depreciation**

Depreciation is provided on the original cost, pro-rata to period of use on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, or estimated useful life, whichever is higher.

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

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

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**(e) Intangible Assets**

Costs relating to rights and licenses, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives.

Film rights	5
Computer software	6

**(f) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**(g) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

**(h) Employee benefits**

Retirement benefits in the form of provident fund and superannuation fund are defined contribution schemes and the Company has no further obligation beyond the contributions made to the respective funds. Contributions are charged to Profit and Loss Account in the period in which they accrue.

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 Profit and Loss Account 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.

**(i) Revenue recognition**

Royalty income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

Interest income on loans and deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Income from investments is accrued when the right to receive payment is established.

Revenue from licensing of motion film/Advertising projects (Event management) is recognised in accordance with the licensing agreement or physical delivery of the motion film/ Advertising projects (Event management), whichever is later.

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

## **SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

### **SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

Income from services is recognised on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates.

#### **(j) Foreign currency transactions**

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of the balance sheet. Non-monetary items which are carried in terms of historical cost denominated in foreign currency and reported using exchange rate at the date of transaction. All exchange differences are dealt with in the Profit and Loss Account. The financial statements of integral foreign operations are translated as if the transactions of foreign operation have been those of the Company itself.

#### **(k) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease.

As lessee:

Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

As lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account immediately on a straight-line basis over the lease term. Costs, including depreciation and other initial direct costs like brokerage etc are recognised as an expense in the Profit and Loss Account.

#### **(l) 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. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a 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 realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):

of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

#### (m) Provisions, contingent liabilities and contingent assets

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. Contingent assets are not recognized in the books of account of the Company. Contingent liabilities are disclosed by way of notes to accounts.

#### (n) 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 has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

#### (o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposit (having maturity of less than 3 months), cheques in hand and cash in hand.

#### (p) 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.

##### Allocation of common costs :

Common allocable costs are allocated to each segment on reasonable basis.

##### 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.

3. (a) During the previous year, the Company has executed a Share Purchase and a Shareholder's Agreement (Agreements) on August 31, 2009 with Evotec AG and transferred 2,54,94,000 equity shares of Rs. 2/- each. i.e. 70% of the paid up equity share capital of Evotec (India) Pvt. Ltd. (EIPL) (formerly known as Research Support International Private Limited (RSIPL)) for a consideration of Rs. 1,117.71 Lakhs, as a result of which w.e.f. September 1, 2009 EIPL and its wholly owned subsidiary Evotec RSIL Limited (ERL) are no longer subsidiaries of the Company. Accordingly, the Company's interest in EIPL/ERL has been accounted as "Interest in Associate Company" in the consolidated financial statements.

During the current year, the Company has received an earn out of Rs. 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 aforesaid agreement.

- (b) During the current year, the Company agreed with its subsidiary - Fermenta Biotech Ltd. ('FBL') to convert the 7,00,000 redeemable non convertible preference shares of Rs. 10. each together with share issue premium of Rs. 90. each

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):

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 Rs. 10 each at face value of FBL.

- (c) During the current year, the Company along with its subsidiary Fermenta Biotech Limited (FBL) has 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 EILSF and issue of an equal number of fresh equity shares by FBL to EILSF at a price of Rs. 104.44 per equity share of Rs. 10 each.
- (d) During the current year, the Company has invested Rs. 225 Lakhs for 15,96,892 equity shares of Rs. 10 each of Health and Wellness India Pvt. Ltd (HWIPL) Bangalore. HWIPL is in the business of providing services on sporting activities, health awareness and health education. With the aforesaid investment, Company holds 30.30% Equity Capital of HWIPL. Accordingly, the Company's interest in HWIPL has been accounted as "Interest in Associate Company" in the consolidated financial statements.
- (e) During the current 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 Rs. 150 Lakhs.

	<b>March 31, 2011</b>	March 31, 2010
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
4. (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>1.12</b>	16.29
(b) Contingent liabilities, including amounts not provided for pertaining to excise duty, sales tax and service tax matters in respect of earlier years for which appeals are pending before appropriate authorities. Future cash outflows in respect of this contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities.	<b>86.84</b>	89.10
(c) 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:-

	<b>March 31, 2011</b>	March 31, 2010
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
i) Percentage of holding	<b>50%</b>	50%
ii) Assets	<b>29.70</b>	<b>31.63</b>
iii) Liabilities	<b>0.30</b>	<b>0.20</b>
iv) Income	<b>1.38</b>	<b>5.03</b>
v) Expenditure	<b>5.90</b>	<b>25.22</b>
vi) Capital Commitment	-	-
vii) 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 previous year.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>5. Auditors' remuneration:</b>		
Statutory audit fees	6.75	6.75
In other capacity in respect of:		
Report under section 44AB of the Income-tax Act, 1961	1.00 *	1.43 *
Other services	4.00	3.03 *
Reimbursement of out-of-pocket expenses	0.88 *	0.65 *
Service Tax	1.32	1.22
	<u>13.95</u>	<u>13.08</u>
* includes amount payable to another auditor		
<b>6. Remuneration to Directors</b>		
1. Managerial remuneration under section 198 of the Companies Act, 1956		
Salary	42.92	57.15
Contribution to provident Fund and other funds	4.64	8.56
Contribution to gratuity	1.67	2.16
Perquisites and benefits at actuals	1.53	4.91
	<u>** 50.76</u>	<u>** 72.78</u>
2. Directors' sitting fees	8.00	5.05
	<u>** 58.76</u>	<u>** 77.83</u>
** In view of inadequacy of profit, the remuneration is as per Schedule XIII of the Companies Act, 1956.		
<b>7. Expenditure in foreign currency (on cash basis) :</b>		
Travelling	2.05	3.07
Others	39.05	77.79
	<u>41.10</u>	<u>80.86</u>

**8. 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.

	Rs. in Lakhs			
	2010-2011			
	2009-2010			
	Property	Treasury	Entertainment	Total
<b>a. Revenue</b>				
1. Segment revenue - External sales / income from operations	1,218.14	2,423.00	-	3,641.14
	1,073.07	818.09	-	1,891.16
Unallocated revenue				183.20
				292.01
2. Total				<u>3,824.34</u>
				<u>2,183.17</u>



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**8. Segment information (contd.)**

	Rs. in Lakhs			
	2010-2011			Total
	Property	Treasury	Entertainment	
<b>b. Result</b>				
1. Segment result / operating profit / (loss)	<b>999.33</b> 800.94	<b>2,228.84</b> 623.98	<b>(64.41)</b> (62.03)	<b>3,163.76</b> 1,362.89
2 Interest expense				<b>6.96</b> 3.45
3 Unallocable income/(expenditure) (net)				<b>(433.24)</b> (328.67)
4 Profit before tax				<b>2,723.56</b> 1,030.77
5 Provision for tax				
- current tax (net of MAT credit entitlement Rs 17 Lakhs (2010 - Rs. Nil))				<b>512.09</b> 247.00
- deferred tax charge				<b>34.63</b> 18.86
Provision for tax in respect of earlier years written back				- 0.09
6 Profit after tax				<b>2,176.84</b> 765.00
<b>c. Other information</b>				
1. Segment assets	<b>1,256.97</b> 1,299.22	<b>7,776.50</b> 6,355.67	<b>148.11</b> 38.00	<b>9,181.58</b> 7,692.89
2 Unallocated corporate assets				<b>720.39</b> 793.88
3. Total assets				<b>9,901.97</b> 8,486.77
4. Segment liabilities	<b>591.81</b> 577.61	- -	<b>4.31</b> 9.24	<b>596.12</b> 586.85
5. Unallocated corporate liabilities				<b>469.40</b> 572.68
6. Total liabilities				<b>1,065.52</b> 1,159.53

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**8. Segment information (contd.)**

	Rs. in Lakhs			
	2010-2011			Total
	2009-2010			
Property	Treasury	Entertainment		
<b>c. Other information (contd.)</b>				
7. Cost incurred during the year to acquire				
- segment fixed assets	<b>2.85</b>	-	<b>1.33</b>	<b>4.18</b>
	46.60	-	24.85	71.45
- unallocated segment fixed assets				<b>83.62</b>
				55.97
8. Depreciation	<b>66.31</b>	-	<b>7.22</b>	<b>73.53</b>
	65.64	-	8.11	73.75
9. Unallocated depreciation				<b>43.05</b>
				39.07
10. Other Non-cash expenditure				
- current investments - other than trade	-	<b>0.01</b>	-	<b>0.01</b>
	-	1.77	-	1.77
- long term investments - other than trade	-	-	-	-
	-	188.51	-	188.51
- provision for doubtful debts		-		-
		3.63		3.63

**9. 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 (w.e.f. 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.) \*
6. Evotec (India) Pvt. Ltd. (formerly known as Research Support International Private Limited upto August 31, 2009)
7. Evotec - RSIL Ltd. (subsidiary of Research Support International Private Limited) upto August 31, 2009 merged with Evotec (India) Private Ltd w.e.f. January 1, 2010 #

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**9. Related party disclosures (contd.)**

**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 May 31, 2010)

**c. Joint Venture**

VasKo Glider s.r.o. \*\*

**d. Associates**

1. Evotec (India) Pvt. Ltd. (formerly known as Research Support International Private Ltd.) (w.e.f. September 1, 2009)
2. Evotec RSIL Ltd. (subsidiary of Evotec (India) Pvt. Ltd.) (w.e.f. September 1, 2009) merged with Evotec (India) Private Ltd w.e.f. January 1, 2010 #
3. Health and Wellness India Private Ltd (w.e.f. March 15, 2011)

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

**f. Transactions with related parties.**

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Associate
					Rs. in Lakhs
1 Loans and advances given					
- Fermenta Biotech Ltd.		<b>600.00</b> (500.00)			
- Evotec (India) Private Ltd.		—			— (350.00)
- Health and Wellness India Private Ltd.		—			<b>100.00</b> (—)
2 Loans and advances recovered					
- Fermenta Biotech Ltd.		<b>900.00</b> (200.00)			
- Aegean Properties Ltd.		<b>8.00</b> (9.50)			
- Evotec (India) Private Ltd					— (350.00)
3 Interest on loan					
- Fermenta Biotech Ltd.		<b>50.14</b> (11.23)			
- Evotec (India) Private Ltd #					— (5.61)
- Health and Wellness India Private Ltd.					<b>5.05</b> (—)
4 Remuneration					
- Mr. Satish Varma				<b>3.53</b> (41.89)	
- Mr. Krishna Datla				<b>47.23</b> (30.89)	

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**9. Related party disclosures (contd.)**

**f. Transactions with related parties (contd.)**

					Rs. in Lakhs
Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Associate
5 Rent income					
- Aegean Properties Ltd.		<b>1.16</b> (0.48)			
- DVK Investments Private Ltd.	<b>1.16</b> (0.48)				
- Fermenta Biotech Ltd.		<b>113.98</b> (23.45)			
- Evotec (India) Private Ltd #		—			<b>237.07</b> (132.08)
- VM Café de Art Private Ltd.			<b>1.16</b> (0.48)		
6 Rent paid					
- Aegean Properties Ltd.		<b>12.00</b> (12.00)			
7 Other reimbursements paid					
- Fermenta Biotech Ltd.		<b>6.55</b> (2.39)			
- Evotec (India) Private Ltd #		—			<b>1.01</b> (18.57)
		(3.47)			
8 Other reimbursements received					
- Aegean Properties Ltd.		<b>0.77</b> (0.42)			
- Fermenta Biotech Ltd.		<b>59.68</b> (166.19)			
- Evotec (India) Private Ltd #		—			<b>126.53</b> (61.02)
- CC Square Films Ltd.		<b>0.02</b> (—)			
9 Royalty income					
- Fermenta Biotech Ltd.		—			
		(196.17)			
10 Sale / transfer of technology					
- Fermenta Biotech Ltd.		<b>150.00</b> (—)			
11 Service income received					
- Evotec (India) Private Ltd		—			<b>73.67</b> (83.47)
		(6.89)			
12 Investment in equity share capital					
- Fermenta Biotech Ltd. (refer Schedule 16, Note 3(b))		<b>700.00</b> (—)			
- Health and Wellness India Private Ltd.					<b>225.00</b> (—)
- CC Square Films Ltd.		<b>5.00</b> (—)			

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**f. Transactions with related parties (contd.)**

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture **	Key Management Personnel	Rs. in Lakhs
					Associate
13 Subscription money					
- Health and Wellness India Private Ltd.					<b>15.00</b> (—)
14 Balance outstanding as at the year end					
a. Sundry creditors (refer Schedule 9, Note (b))		<b>0.03</b> (0.73)			
b. Sundry Debtors					
- Fermenta Biotech Ltd.		<b>1.38</b> (61.95)			
- G.I.Biotech Private Ltd.*		<b>1.25</b> (1.25)			
- Evotec (India) Private Ltd					<b>165.99</b> (51.68)
c. Provision for doubtful debts *		<b>1.25</b> (1.25)			
d. Provision for diminution in value of investments**			<b>188.51</b> (188.51)		
e. Advance recoverable					
- Aegean Properties Ltd.		<b>3.00</b> (11.00)			
- Health and Wellness India Private Ltd.					<b>100.00</b> (—)
- Fermenta Biotech Ltd.		<b>157.50</b> (300.00)			
f. Interest accrued					
- Fermenta Biotech Ltd.		<b>2.63</b> (0.44)			
- Health and Wellness India Private Ltd.					<b>5.05</b> (—)

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

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

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

Sr. Name	Balance as at March 31, 2011  Rs. in Lakhs	Maximum amount outstanding during the year ended March 31, 2011  Rs. in Lakhs
1. Loans and advances in the nature of loans to subsidiaries / associate (refer Schedule 9)		
- Aegean Properties Ltd.	3.00	11.00
- Fermenta Biotech Ltd.	157.50	800.00
- Health and Wellness India Private Ltd.	100.00	100.00
2. Loans and advances in the nature of loans where there is no repayment schedule and is interest-free (included above)		
- Aegean Properties Ltd.	3.00	11.00
3. Loans and advances in the nature of loans to firms / companies in which directors are interested		
<b>Loans and advances given during the year</b>		
- Fermenta Biotech Ltd.	757.50	800.00
- Health and Wellness India Private Ltd.	100.00	100.00
<b>Loans and advances outstanding at the year end</b>		
- Aegean Properties Ltd.	3.00	11.00
- Fermenta Biotech Ltd.	157.50	800.00
- Health and Wellness India Private Ltd.	100.00	100.00

**10. Leases**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>Assets taken on operating lease</b>		
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, escalation clauses and is not renewable.		
1 Lease payments recognised in the statement of profit and loss for the year.	14.68	15.51
<b>Assets given on operating lease</b>		
The Company has entered into operating lease agreement for its properties in Thane and Worli, Mumbai with original lease periods expiring between 2010 and 2014. These agreements are cancellable/ noncancellable and have rent escalation provisions.		
1 Rent income recognised in the statement of profit and loss for the year.		
2 Future minimum lease payment under the noncancellable leases in the aggregate and for each of the following periods:	1,144.35	982.44
i) Not later than one year	41.23	82.45
ii) Later than one year and not later than five years	-	41.23
iii) More than five years	-	-

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**11. Employee Benefits**

	<b>March 31, 2011</b>	March 31, 2010
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
<b>a) Defined Contribution Plan</b>		
Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under personnel expenses, provident and other funds on schedule 13 for the year are as under:		
– Provident fund	<b>17.47</b>	23.03
– Superannuation Scheme	<b>0.26</b>	3.15

**b) Defined Benefit Plan**

**Gratuity and long term compensated absences - As per actuarial valuation**

	<b>March 31, 2011</b>	March 31, 2010	<b>March 31, 2011</b>	March 31, 2010
	<b>Gratuity (Funded)</b>		<b>Long term compensated absences (Unfunded)</b>	
i) Changes in the present value of the defined benefit obligation				
Opening	<b>53.14</b>	49.51	<b>36.44</b>	45.68
Interest cost	<b>3.88</b>	3.66	<b>2.73</b>	3.43
Current service cost	<b>7.51</b>	8.13	<b>8.97</b>	9.13
Benefits paid	<b>(21.09)</b>	-	<b>(9.08)</b>	(6.24)
Actuarial (gains) / losses on obligation	<b>(5.26)</b>	(8.16)	<b>(7.01)</b>	(15.56)
Closing	<b>38.18</b>	53.14	<b>32.05</b>	36.44
ii) Changes in fair value of plan assets				
Opening	<b>53.92</b>	29.25	-	-
Expected return on plan assets	<b>3.67</b>	3.58	-	-
Actuarial (gains) / losses on obligation	<b>0.26</b>	0.68	-	-
Employer's contribution	-	20.41	-	-
Benefits paid	<b>(21.09)</b>	-	-	-
Closing	<b>36.76</b>	53.92	-	-
iii) Amounts recognised in balance sheet				
Present value of defined benefit obligation	<b>38.18</b>	53.14	<b>32.05</b>	36.44
Fair value of plan asset	<b>36.76</b>	53.92	-	-
Net Asset (liability) recognised in balance sheet	<b>(1.42)</b>	0.78	<b>(32.05)</b>	(36.44)
iv) Amounts recognised in profit and loss account				
Current service cost	<b>7.51</b>	8.13	<b>8.97</b>	9.13
Interest cost	<b>3.88</b>	3.66	<b>2.73</b>	3.43
Actual return on plan assets	<b>(3.67)</b>	(3.58)	-	-
Net actuarial (gain) /loss recognised	<b>(5.52)</b>	(8.84)	<b>(7.01)</b>	(15.56)
Total expense	<b>2.20</b>	(0.63)	<b>4.69</b>	(3.00)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**11. Employee Benefits (contd.):**

**b) Defined Benefit Plan (contd.)**

	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Gratuity (Funded)		Long term compensated absences (Unfunded)	
v) Actual return on plan assets	3.67	3.58	-	-
vi) Principal assumptions used in actuarial valuation				
Discount rate	7.50%	7.50%	7.50%	7.50%
Expected return on plan assets	9.15%	9.15%	N.A.	N.A.
Salary escalation rate	10%	10%	10%	10%
Employee turnover	1%	1%	1%	1%
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%		
			<b>Gratuity (Funded)</b>	
	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
viii) Amounts for the current and previous three periods				
Defined benefit obligation	38.18	53.14	49.51	26.82
Plan Assets	36.76	53.92	29.25	12.15
Surplus/(deficit)	(1.42)	0.78	(20.26)	(14.67)
Experience Adjustments on plan liabilities	5.52	8.84	9.75	(7.76)
Experience Adjustments on plan assets	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 2011-12 Rs. 1.50 Lakhs (2010- Rs. Nil during 2010-11).				



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 16 - NOTES TO THE ACCOUNTS (contd.):**

**12. Particulars of un-hedged foreign currency exposure as at March 31, 2011**

	March 31, 2011		March 31, 2010	
	Foreign Currency	Rs. in Lakhs	Foreign Currency	Rs. in Lakhs
a) Investments	Kc 9,624,000	188.51	Kc 9,624,000	188.51
b) Cash and bank balance	Kc 228,230	5.93	Kc 381,093	9.08
	EURO 472.28	0.30	EURO 472.28	0.29

**13. Deferred Taxes**

Nature of timing difference	Deferred tax asset/(liability) as at April 1, 2010	(Charge)/credit for the current year	Deferred tax asset/(liability) as at March 31, 2011
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>a) Deferred tax assets</b>			
Demerger expenses	1.15	(0.59)	0.56
Items covered under section 43B	12.38	(1.74)	10.64
Provision for doubtful debts/advances	8.49	(0.19)	8.30
Carried forward tax losses.	28.94	(28.94)	-
Sub-total	50.96	(31.46)	19.50
<b>b) Deferred tax liability</b>			
Depreciation/ Impairment	(39.72)	(3.45)	(43.17)
Others	(1.94)	0.28	(1.66)
	(41.66)	(3.17)	(44.83)
Net amount	9.30	(34.63)	(25.33)

**14. Previous year's figures have been regrouped wherever necessary.**

As per our report of even date	For and on behalf of the Board of Directors		
For S. R. Batliboi & Associates Firm Registration No. 101049W Chartered Accountants	G. G. DESAI Chairman	KRISHNA DATLA Managing Director	RAJESHWARI DATLA Director
per Vikram Mehta Partner Membership No : 105938	SATISH VARMA Director	SANJAY BUCH Director	VINAYAK HAJARE Director
	K. H. KASHID Chief Financial Officer	SRIKANT N. SHARMA Company Secretary	
Mumbai Date: May 28, 2011	Thane Date: May 28, 2011		

**Balance Sheet Abstract and Company's General Business Profile:**

**I. Registration Details**

Registration No. 

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Balance Sheet Date 

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Date            Month            Year

State Code 

1	1
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**II. Capital raised during the year** (Amount in Rs. Thousands)

Public Issue 

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights issue 

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue 

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placement 

			N	I	L				
--	--	--	---	---	---	--	--	--	--

**III. Position of Mobilisation and Deployment of funds** (Amount in Rs. Thousands)

Total Liabilities 

			8	9	3	5	7	7
--	--	--	---	---	---	---	---	---

Total Assets 

			8	9	3	5	7	7
--	--	--	---	---	---	---	---	---

**Sources of Funds :**

Paid-up Capital 

			2	2	9	3	2
--	--	--	---	---	---	---	---

Reserves & Surplus 

			8	6	0	7	1	3
--	--	--	---	---	---	---	---	---

Secured Loans 

					7	3	9	9
--	--	--	--	--	---	---	---	---

Unsecured Loans 

			N	I	L			
--	--	--	---	---	---	--	--	--

**Application of Funds :**

Net Fixed Assets 

			1	2	9	8	3	4
--	--	--	---	---	---	---	---	---

Investments 

			5	9	3	1	2	3
--	--	--	---	---	---	---	---	---

Deferred Tax Asset (Liability) 

			(-)	2	5	3	3
--	--	--	-----	---	---	---	---

Net Current Assets 

			1	7	0	6	2	0
--	--	--	---	---	---	---	---	---

Misc. Expenditure 

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses 

			N	I	L			
--	--	--	---	---	---	--	--	--

**IV. Performance of Company** (Amount in Rs. Thousands)

Turnover 

			3	8	2	4	3	4
--	--	--	---	---	---	---	---	---

Total Expenditure 

			1	1	0	0	7	8
--	--	--	---	---	---	---	---	---

Profit/(Loss) Before Tax 

			+	2	7	2	3	5	6
--	--	--	---	---	---	---	---	---	---

Profit/(Loss) After Tax 

			+	2	1	7	6	8	4
--	--	--	---	---	---	---	---	---	---

(Please tick Appropriate box + for Profit, - for Loss)

Earnings Per Share (Rs.) 

				9	4	.	9	3
--	--	--	--	---	---	---	---	---

Dividend Rate % 

2	5	0
---	---	---

**Balance Sheet Abstract and Company's General Business Profile (contd.):****V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)**

Item Code No. (ITC Code)     N | O | T | A | P | P | L | I | C | A | B | L | E | | | | | | | | | | | | | | | | | | | | |

Product Description     | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

For and on behalf of the Board of Directors

G. G. DESAI  
ChairmanKRISHNA DATLA  
Managing DirectorRAJESHWARI DATLA  
DirectorSATISH VARMA  
DirectorSANJAY BUCH  
DirectorVINAYAK HAJARE  
DirectorK. H. KASHID  
Chief Financial OfficerSRIKANT N. SHARMA  
Company Secretary

Thane

Date: May 28, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES :**

	Fermenta Biotech Ltd. *	Fermenta Biotech (UK) Ltd.**	G. I. Biotech Pvt. Ltd.***	Aegean Properties Ltd.	CC Square Films Ltd.
(A) The 'Financial Year' of the Subsidiary Company :	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
(B) Shares of the subsidiary held by DIL Limited on the above dates					
(a) Number and face value :	1,27,62,464 shares of Rs. 10 each	2,20,001 shares of G.B. Pound 1 each	6,250 shares of Rs. 10 each	30,000 shares of Rs. 100 each	50,000 shares of Rs. 10 each
(b) Extent of holding :	72.09%	100%	62.50%	100%	100%
(C) The net aggregate of profit / loss of the subsidiary company so far as it concerns the members of DIL Ltd.					
(a) not dealt with in the accounts of DIL Ltd. for the year ended March 31, 2011 amounted to					
(i) for the subsidiary's financial year ended as in (A) above. :	680.90	0.64	0.11	11.80	-
(ii) for the previous financial years of the subsidiary since it became the Holding Company's subsidiary. :	1,270.27	(39.93)	0.62	19.97	-
(b) dealt with in the accounts of DIL Ltd. for the year ended March 31, 2011 amounted to					
(i) for the subsidiary's financial year ended as in (A) above. :	NIL	NIL	NIL	NIL	NIL
(ii) for the previous financial years of the subsidiary since it became the Holding Company's subsidiary. :	NIL	NIL	NIL	NIL	NIL

\* excludes shares issued to ESOP Trust but not allotted to employee

\*\* 100% Subsidiary of Fermenta Biotech Ltd.

\*\*\* 62.5% Subsidiary of Fermenta Biotech Ltd.

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 28, 2011

## Auditor's Report

### The Board of Directors 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 March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 Rs. 224.16 lakhs as at March 31, 2011, the total revenue of Rs. 16.02 lakhs and cash outflows amounting to Rs. 6.94 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 Schedule 19 of the consolidated financial statements, certain associates, whose financial statements reflect the Group's share of total loss of Rs. 142.89 lakhs for the year ended March 31, 2011 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 Schedule 19 of the consolidated financial statements, a joint venture whose unaudited financial statements reflect total revenue of Rs. 1.38 lakhs for the year ended March 31, 2011 and total assets of Rs. 29.70 lakhs as at March 31, 2011 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006.
7. *Subject to 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 March 31, 2011;
  - (b) in the case of the consolidated profit and loss account, 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 28, 2011

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	229.32	229.32
Reserves and surplus	2	11,320.18	8,457.78
		<u>11,549.50</u>	<u>8,687.10</u>
<b>Minority Interest</b>		1,676.77	91.30
<b>Loan Funds</b>			
Secured loans	3	1,907.33	1,370.84
<b>Deferred tax liability</b> (refer Schedule 19, Note 8)		34.81	6.17
<b>TOTAL</b>		<u>15,168.41</u>	<u>10,155.41</u>
<b>APPLICATION OF FUNDS</b>			
<b>Goodwill on consolidation</b>			
Less: Impairment		534.33	534.33
		<u>121.00</u>	<u>121.00</u>
		413.33	413.33
<b>Fixed Assets</b>			
Gross block		6,469.01	5,489.27
Less: Accumulated depreciation		2,341.56	1,958.90
Less: Impairment provision		9.97	9.97
Net block	4	4,117.48	3,520.40
Capital work-in-progress including capital advances		1,956.38	690.77
		<u>6,073.86</u>	<u>4,211.17</u>
<b>Investments</b>	5	4,113.44	2,693.21
<b>Deferred Tax Assets</b> (refer Schedule 19, Note 8)		-	42.06
<b>Current Assets, Loans and Advances</b>			
Inventories	6	1,062.47	731.68
Sundry debtors	7	1,740.03	1,195.16
Cash and bank balances	8	2,408.95	1,260.49
Other current assets	9	93.63	79.22
Loans and advances	10	1,227.66	1,293.57
		<u>6,532.74</u>	<u>4,560.12</u>
Less: <b>Current Liabilities and Provisions</b>			
Current liabilities	11	1,500.97	1,197.02
Provisions	12	464.58	567.46
		<u>1,965.55</u>	<u>1,764.48</u>
<b>Net Current Assets</b>		4,567.19	2,795.64
<b>Miscellaneous expenditure</b> (to the extent not written off or adjusted)		0.59	-
<b>TOTAL</b>		<u>15,168.41</u>	<u>10,155.41</u>
Notes to Accounts	19		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet

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 28, 2011

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 28, 2011

KRISHNA DATLA  
Managing Director

SANJAY BUCH  
Director

SRIKANT N. SHARMA  
Company Secretary

RAJESHWARI DATLA  
Director

VINAYAK HAJARE  
Director

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>INCOME</b>			
Gross Sales (refer Schedule 19, Note 4(d)(i))		<b>6,575.79</b>	4,894.88
Less: Excise duty recovered		<b>144.98</b>	89.96
Other operating income	13	<b>1,338.32</b>	1,989.32
Other income	14	<b>557.75</b>	133.74
Profit on Sale of Interest in Subsidiary (refer Schedule 19, Note 4(c)&(d))		<b>1,564.67</b>	495.79
		<b>9,891.55</b>	7,423.77
<b>EXPENDITURE</b>			
Purchase of finished goods		<b>5.53</b>	93.67
Material costs	15	<b>2,082.53</b>	1,497.60
(Increase)/ Decrease in inventories	16	<b>(255.06)</b>	(19.17)
Personnel expenses	17	<b>1,395.19</b>	1,408.57
Operating and other expenses	18	<b>2,485.93</b>	2,348.55
Miscellaneous expenditure written off		-	0.06
Interest - on term loans		<b>82.04</b>	92.69
Interest - others		<b>45.75</b>	49.68
Depreciation		<b>415.03</b>	442.93
		<b>6,256.94</b>	5,914.58
		<b>3,634.61</b>	1,509.19
<b>PROFIT BEFORE TAX</b> (includes profit from operations relating to discontinued operation Rs Nil (2010- Rs. 138.30 Lakhs) (refer Schedule 19, Note 4(c))			
Less: Provision for tax			
Current tax (includes Rs. 131.54 Lakhs (2010 - Rs. 61.32 Lakhs) tax on profit on sale of shares) (refer Schedule 19, Note 4(c) & (d))		<b>781.38</b>	338.24
Less: MAT credit entitlement		<b>17.16</b>	-
		<b>764.22</b>	338.24
Deferred tax [includes Rs. 1.29 Lakhs debit for earlier years (2010 - Rs. 3.44 Lakhs)]		<b>70.70</b>	(12.05)
<b>Total tax expense</b> (includes tax relating to discontinued operation Rs. Nil (2010- Rs. 0.30 Lakhs) (refer Schedule 19, Note 4(c))		<b>834.92</b>	326.19
Add: Provision for tax in respect of earlier years written back (net)		<b>(0.37)</b>	(0.32)
<b>PROFIT AFTER TAX</b> (includes profit from operations relating to discontinued operation Rs Nil (2010- Rs. 138.00 Lakhs) (refer Schedule 19, Note 4(c))		<b>2,799.32</b>	1,182.68
Share of minority interest in (profit) / loss		<b>(123.58)</b>	(5.75)
Share of interest in profit / (loss) of associates (refer Schedule 19, Note 1(a))		<b>(142.89)</b>	(24.93)
<b>NET PROFIT / (LOSS)</b>		<b>2,532.85</b>	1,152.00

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011 (contd.)**

	Schedule	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
Add: Balance brought forward		<b>2,985.29</b>	2,335.73
<b>BALANCE FOR APPROPRIATIONS</b>		<b>5,518.14</b>	3,487.73
Appropriations			
Interim dividend		<b>343.98</b>	171.99
Proposed dividend		<b>229.32</b>	171.99
Dividend distribution tax		<b>94.33</b>	58.46
Transfer to general reserve		<b>230.00</b>	100.00
Transfer to capital redemption reserve		<b>70.00</b>	-
		<b>967.63</b>	502.44
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>4,550.51</b>	2,985.29
Basic and diluted, earnings per share (Rs.)		<b>110.45</b>	50.24
Numerator - Profit after taxation (Rs. in Lakhs)		<b>2,532.85</b>	1,152.00
Weighted average number of equity shares of Rs. 10 each outstanding		<b>2,293,198</b>	2,293,198
Nominal value per equity share (Rs.)		<b>10</b>	10

Notes to Accounts

19

The schedules referred to above and notes to accounts form an integral part of Profit and Loss Account

As per our report of even date

For and on behalf of the Board of Directors

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

G. G. DESAI  
Chairman

KRISHNA DATLA  
Managing Director

RAJESHWARI DATLA  
Director

per Vikram Mehta  
Partner

SATISH VARMA  
Director

SANJAY BUCH  
Director

VINAYAK HAJARE  
Director

Membership No : 105938

K. H. KASHID  
Chief Financial Officer

SRIKANT N. SHARMA  
Company Secretary

Mumbai  
Date: May 28, 2011

Thane  
Date: May 28, 2011



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

PARTICULARS	March 31, 2011 (Rs. in Lakhs)	March 31, 2010 (Rs. in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit /(Loss) before tax	3,634.61	1,509.19
Adjustments for :		
Depreciation	415.03	442.93
Foreign exchange (loss)/gain - unrealised	(58.83)	46.30
Profit on sale of interest in Subsidiary equity shares - Long term	(1,564.67)	(495.79)
Provision for doubtful debts	-	22.54
Provision for doubtful advances	-	5.08
Miscellaneous expenditure written off	-	0.06
Doubtful advances written off	-	3.54
Profit/ Loss on sale of fixed assets (net)	4.72	1.11
Diminution in value of current investments	0.01	1.77
Capital work in progress written off	15.89	-
Operating profit before working capital changes	<u>2,446.76</u>	<u>1,536.73</u>
Adjustments for :		
Increase/(Decrease) in current liabilities	301.06	309.99
Increase/(Decrease) in provisions	33.04	(14.46)
(Increase)/Decrease in investments	(1,518.86)	(697.35)
(Increase)/Decrease in sundry debtors	(482.28)	(66.42)
(Increase)/Decrease in inventories	(330.79)	15.93
(Increase)/ Decrease in current assets	(14.41)	(38.89)
(Increase)/ Decrease in loans and advances	(57.93)	(640.73)
(Increase) in miscellaneous expenditure (to the extent not written off or adjusted)	(0.59)	-
Cash generation from operations	<u>376.00</u>	<u>404.80</u>
Direct taxes paid (net of refunds and adjustments)	(639.66)	(200.33)
Net cash from/(used in) operating activities (A)	<u><u>(263.66)</u></u>	<u><u>204.47</u></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,307.81)	(1,063.15)
Proceeds from sale of fixed assets	9.52	4.49
Deposits (with maturity more than three months)	(1,191.06)	(827.03)
Proceeds of deposits matured (with maturity more than three months)	827.03	766.88
Proceeds from sale of subsidiary shares (refer Schedule 18, note 4 (c))	2,000.06	1,117.71
Proceeds from redemption of investment in Preference Shares	-	250.00
Net cash from investing activities (B)	<u><u>(662.26)</u></u>	<u><u>248.90</u></u>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011 (contd.)**

PARTICULARS	March 31, 2011 (Rs. in Lakhs)	March 31, 2010 (Rs. in Lakhs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
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 of long term borrowings	952.52	328.77
Repayment of long term borrowings	(272.63)	(413.45)
Short term borrowings	(143.40)	2.73
Dividend paid	(687.93)	(341.39)
Dividend distribution tax	(115.59)	(58.46)
Net cash used in financing activities	(C) <u>1,709.88</u>	<u>(481.80)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) <u>783.96</u></b>	<b><u>(28.43)</u></b>
CASH AND CASH EQUIVALENTS (OPENING)	434.24	557.46
Less Pursuant to sale of subsidiary	-	(94.79)
	<u>434.24</u>	<u>462.67</u>
<b>CASH AND CASH EQUIVALENTS (CLOSING)</b>	<b><u>1,218.20</u></b>	<b><u>434.24</u></b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	2.36	3.36
Cheque(s) on hand	4.99	-
With scheduled banks on:		
Current account	133.78	358.37
Margin account (under lien)	-	2.03
Dividend account*	13.45	13.42
Term deposits	2,199.72	825.00
With scheduled banks:		
Current account	54.96	59.09
Effect of exchange difference	(0.31)	(0.78)
Balance as per Schedule 8	<u>2,408.95</u>	<u>1,260.49</u>
Less: Term deposits with original maturity of more than three months	1,191.06	827.03
Less: Unrealised gain on foreign currency cash and cash equivalents	0.31	0.78
Total cash and cash equivalents in cash flow statement	<u>1,218.20</u>	<u>434.24</u>
* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities		

As per our report of even date

For and on behalf of the Board of Directors

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

G. G. DESAI  
Chairman

KRISHNA DATLA  
Managing Director

RAJESHWARI DATLA  
Director

per Vikram Mehta  
Partner  
Membership No : 105938

SATISH VARMA  
Director

SANJAY BUCH  
Director

VINAYAK HAJARE  
Director

K. H. KASHID  
Chief Financial Officer

SRIKANT N. SHARMA  
Company Secretary

Mumbai  
Date: May 28, 2011

Thane  
Date: May 28, 2011

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 1 - SHARE CAPITAL:</b>		
<b>Authorised:</b>		
49,20,000 (2010 - 49,20,000) Equity shares of Rs.10 each	<b>492.00</b>	492.00
80,000 (2010- 80,000) Unclassified shares of Rs.10 each	<b>8.00</b>	8.00
	<u><b>500.00</b></u>	<u>500.00</u>
<b>Issued and Subscribed:</b>		
22,93,198 (2010 - 22,93,198) Equity shares of Rs. 10 each fully paid	<b>229.32</b>	229.32
Of the above:-		
i) a) 13,20,000 (2010 - 13,20,000) equity shares and 50,000 (2010- 50,000) equity shares out of the issued/subscribed and paid up share capital before buyback of shares, were allotted as fully paid up bonus shares by capitalisation of General Reserve Rs. 132.00 Lakhs (2010 - Rs. 132.00 lakhs) and Securities Premium Rs. 5 Lakhs (2010 - Rs. 5 Lakhs), respectively		
b) During the year 2005-06, the Company bought back and extinguished 2,31,605 equity shares		
ii) 12,10,528 (2010 - 12,10,528) equity shares are held by DVK Investments Private Limited, the holding company.		
<b>SCHEDULE 2 - RESERVES AND SURPLUS:</b>		
<b>Capital Reserve:</b>		
As per last Balance Sheet	<b>1,140.00</b>	1,140.00
Add: Transferred from profit and loss account	<b>70.00</b>	
	<u><b>1,210.00</b></u>	<u>1,140.00</u>
<b>Unrealised gain on dilution</b> (refer Schedule 19, Note 4 (d))	<b>994.68</b>	-
<b>General Reserve:</b>		
As per last Balance Sheet	<b>4,287.70</b>	4,187.70
Add: Transferred from profit and loss account	<b>230.00</b>	100.00
	<u><b>4,517.70</b></u>	<u>4,287.70</u>
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	<b>44.70</b>	45.56
Add: Change during the year	<b>2.50</b>	(0.77)
	<u><b>47.29</b></u>	<u>44.79</u>
<b>Profit and Loss Account</b>	<b>** 4,550.51</b>	2,985.29
	<b>*** 11,320.18</b>	8,457.78

\* includes share in joint venture Rs. 47.29 Lakhs (2010 - Rs. 44.79 Lakhs)

\*\* includes share of loss in joint venture Rs. 84.86 Lakhs (2010 - Rs. 80.33 Lakhs)

\*\*\* includes share loss in joint venture Rs. 37.57 Lakhs (2010 - Rs. 35.54 Lakhs)

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

March 31, 2011  
Rs. in Lakhs

March 31, 2010  
Rs. in Lakhs

### SCHEDULE 3 - SECURED LOANS:

#### Long term loan

Term loans from banks secured against hypothecation of vehicles (Repayable within one year Rs. 41.68 Lakhs, (2010 - Rs. 37.13 Lakhs))

**140.34** 71.83

Term loan from a bank 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 building at Kullu. (Repayable within a year Rs. 240.23 Lakhs, (2010 - Rs. 212.82 Lakhs))

**472.05** 599.67

Term loan from a bank 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 building at Dahej pending execution. [Repayable within a year Rs. 125.00 Lakhs. (2010 - Rs. Nil)]

**739.00** —

#### Working Capital loan

Packing Credit from bank secured by way of hypothecation of the Company's entire stocks of raw materials, semi-finished, and finished goods, consummable 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 Company's fixed assets both present and future.

**400.00** 400.00

Cash credit from banks secured by way of hypothecation of the Company'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 Company's fixed assets both present and future.

**155.94** 299.34

**1,907.33** 1,370.84

### SCHEDULE 4 - FIXED ASSETS:

(Rs. in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / AMORTISATION				IMPAIRMENT LOSSES			NET BLOCK	
	At 01.04.2010	Additions	Deletions	At 31.03.2011	At 01.04.2010	For the year	Deletions	At 31.03.2011	At 01.04.2010	Additions/ (Reversal)	At 31.03.2011	At 31.03.2011	At 31.03.2010
<b>Tangible Assets</b>													
Freehold land @	56.83	—	—	56.83	—	—	—	—	—	—	—	56.83	56.83
Leasehold land	—	308.93	—	308.93	—	10.30	—	10.30	—	—	—	298.63	—
Buildings	1,513.60 *	17.37	—	1,530.97	331.17 *	58.91	—	390.08	—	—	—	1,140.89	1,182.43
Leased improvements \$	295.73	—	—	295.73	44.82	9.69	—	54.51	—	—	—	241.22	250.91
Plant & machinery ** %	2,874.10	456.73	—	3,330.83	1,217.40	232.90	—	1,450.30	9.97	—	9.97	1,870.56	1,646.73
Furniture and fixtures	321.21	41.54	—	362.75	237.24	30.31	—	267.55	—	—	—	95.20	83.97
Vehicles #	308.01	162.41	46.92	423.50	101.21	38.09	32.37	106.93	—	—	—	316.57	206.80
Sub Total	5,369.48	986.98	46.92	6,309.54	1,931.84	380.20	32.37	2,279.67	9.97	—	9.97	4,019.90	3,427.67
<b>Intangible Assets</b>													
Computer Software	95.31	39.68	—	134.99	22.93	30.04	—	52.97	—	—	—	82.02	72.38
Film Rights	24.48	—	—	24.48	4.13	4.79	—	8.92	—	—	—	15.56	20.35
Sub Total	119.79	39.68	—	159.47	27.06	34.83	—	61.89	—	—	—	97.58	92.73
<b>TOTAL</b>	<b>5,489.27</b>	<b>1,026.66</b>	<b>46.92</b>	<b>6,469.01</b>	<b>1,958.90</b>	<b>415.03</b>	<b>32.37</b>	<b>2,341.56</b>	<b>9.97</b>	<b>—</b>	<b>9.97</b>	<b>4,117.48</b>	<b>3,520.40</b>
Previous year	6,862.39	848.23	2,221.35 ++	5,489.27	1,987.59	442.93	471.62 ++	1,958.90	9.97	—	9.97	3,520.40	3,427.67
Capital advances												856.34	674.88
Capital work-in-progress												1,100.04	15.89
Note :												<b>6,073.86</b>	<b>4,211.17</b>

@ Includes Rs. 8.06 lakhs being cost of land held in trust by Directors of the Company.

\* Major portion has been given on lease

\*\* Includes:

Assets held for disposal

- Gross block Rs. 26.53 Lakhs (2010- Rs. 26.53 Lakhs)

- Net block Rs. Nil (2010 - Rs. Nil)

% Share in joint venture assets.

- Gross Value Rs.4.21 Lakhs (2010 Rs. 3.86 Lakhs)

- Accumulated depreciation Rs.3.86 Lakhs (2010 - Rs. 3.05 Lakhs)

- Net block Rs.0.35 Lakhs (2010 - Rs. 0.81 Lakhs)

- Depreciation Rs.0.49 Lakhs (2010 - Rs. 0.66 Lakhs)

# Includes vehicles hypothecated to banks:

Gross block Rs.274.86 Lakhs (2010 - Rs.198.48 Lakhs)

Net block Rs. 236.93 Lakhs (2010 - Rs.151.06 Lakhs)

\$ This represents cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

++ Includes value of assets of Evotec (India) Pvt. Limited (formerly known as Research Support International Private Limited (RSIPL)) as on August 31, 2009, consequent upon disinvestment of 70% equity share capital of RSIPL (refer Schedule 19, note 1(a))

- Gross Value Rs. Nil (2010 Rs. 2189.44 Lakhs)

- Accumulated depreciation Rs. Nil (2010 - Rs. 446.84 Lakhs)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value Rs.	Number	March 31, 2011 Rs. in Lakhs	Number	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up):</b>					
<b>Long term investments [unquoted unless otherwise stated (At cost)]:</b>					
<b>Trade Investments</b>					
<b>Equity shares:</b>					
Biodil Marsing Private Limited *	10	59,000	5.90	59,000	5.90
Shivalik Solid Waste Management Limited	10	20,000	2.00	20,000	2.00
<b>Other than Trade Investments</b>					
<b>Government securities:</b>					
National Highways Authority Of India	10,000	500	50.00	250	25.00
Rural Electrification Corporation Limited	10,000	500	50.00	250	25.00
<b>Equity shares:</b>					
Solvay Pharma India Limited	10	93	0.01	93	0.01
Evotec (India) Pvt. Ltd .(formerly known as Research Support International Private Ltd.) (refer Schedule 19, Note 1 (a))	2	10,926,000	160.40	10,926,000	241.60
Health and Wellness India Private Limited (refer Schedule 19, Note 1 (a)) (includes goodwill of Rs. 171.99 lakhs)	10	1,596,892	207.58	-	-
<b>Subscription Money Paid</b>					
Health & Wellness India Pvt Ltd			15.00		-
			<b>490.89</b>		299.51
			<b>5.90</b>		5.90
			<b>484.99</b>		293.61
<b>Less: Provision for diminution in value of investments *</b>					
<b>Current investments (other than trade):</b>					
<b>Others -Mutual Funds [unquoted unless otherwise stated (at lower of cost and fair value)]</b>					
BNP Paribas Fixed Term Fund Series 21 B	10	3,000,000.000	300.00	-	-
DWS Cash Opportunities Fund - Institutional Plan Weekly Dividend	10	-	-	3,200,620.12	322.63
DWS Treasury Fund Cash - Institutional Plan - Weekly Dividend - Reinvest	10	1,011,061.077	101.97	-	-
Gold Benchmark Exchange Traded Scheme - Gold BEES (quoted)	10	4,420.000	77.09	2,341.00	37.64
HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale -Weekly Dividend	10	-	-	3,059,520.95	306.62
HDFC Quarterly Interval Fund Plan B-Retail-Growth Option	10	122,956.525	15.90	-	-
ICICI Prudential FMP Series 51 - 14 Months Plan D - Dividend	10	2,000,000.000	200.00	2,000,000.00	200.00
ICICI Prudential FMP - Series 55 - 1 Year Plan D Cumulative	10	3,000,000.000	300.00	-	-
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend	100	-	-	152,497.50	160.82

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value	Number	March 31, 2011	Number	March 31, 2010
	Rs.		Rs. in Lakhs		Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up) : (contd.)</b>					
Kotak Flexi Debt Scheme Institutional - Daily Dividend	10	3,025,298.931	303.97	-	-
Kotak Floater Long Term - Weekly Dividend	10	-	-	1,864,434.10	187.89
Kotak FMP 13 M Series 6 - Growth	10	1,910,000.000	191.00	1,910,000.00	191.00
Kotak Gold Exchange Traded Fund (quoted)	10	444.000	7.14	888.00	14.28
Kotak Nifty ETF (quoted)	10	-	-	2,861.00	14.72
L&T Select Income Fund - Flexi Debt Institutional - Dividend	10	2,484,607.204	252.62	-	-
LIC Floating Rate Fund - Short Term Plan - Weekly Dividend Plan	10	-	-	2,984,314.81	302.92
LICMF Interval Fund - Quarterly Plan - Series 2 - Quarterly Dividend Plan	10	1,209,830.624	121.00	-	-
LIC Savings Plus Fund - Weekly Dividend	10	-	-	3,063,572.77	306.47
Nifty Benchmark Exchange Traded Scheme - Nifty BEES (quoted)	10	11,052.000	61.42	8,516.00	43.94
Reliance Liquid Fund - Institutional Plan - Daily Dividend Option	10	0.025	-	-	-
Reliance Liquid Fund-Treasury Plan-Retail Option - Daily Dividend Option	10	449,048.546	68.45	-	-
SBI Debt Fund Series - 370 Days - 7 - Dividend	10	2,500,000.000	250.00	-	-
SBI Debt Fund Series - 370 Days - 8 - Dividend	10	2,300,000.000	230.00	-	-
Sundaram Interval Fund Qly-Plan E-Inst Div-Payout	10	1,200,000.000	120.00	-	-
Tata Floater Fund - weekly Dividend	10	1,954,829.165	197.18	-	-
Templeton India Short Term Income Retail Plan - Monthly Dividend Reinvestment	1,000	9,940.737	109.20	9,604.55	105.42
UTI FIIF Series II - Quarterly Interval Plan-IV - Growth option	10	228,222.137	27.41	-	-
UTI Fixed Income Interval Fund-Monthly Interval Plan II - Growth Option	10	321,069.300	39.60	-	-
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Reinvest	1,000	30,385.308	304.09	-	-
UTI Fixed Maturity Plan-Yearly FMP Series:YFMP (10/10) -Institutional Plan Dividend Reinvestment	10	2,553,399.650	255.34	-	-
UTI Treasury Advantage Fund - Institutional weekly Divided Plan - Reinvestment	1,000	9,497.164	95.07	20,506.42	205.25
			<b>3,628.45</b>		<b>2,399.60</b>
			<b>4,113.44</b>		<b>2,693.21</b>
<b>Aggregate amount of quoted investments</b>					
Long term - at cost - [i.e. market value Rs. 1.82 Lakhs (2010 - Rs. 2.69 Lakhs)]			<b>0.01</b>		0.01
Current - at lower of cost and fair value [i.e. market value Rs.162.83 Lakhs (2010 - Rs. 111.78 Lakhs)]			<b>145.65</b>		110.58
			<b>145.66</b>		<b>110.59</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value	Number	March 31, 2011	Number	March 31, 2010
	Rs.		Rs. in Lakhs		Rs. in Lakhs
<b>SCHEDULE 5 - INVESTMENTS (fully paid-up) : (contd.)</b>					
<b>Aggregate amount of unquoted investments</b>					
Long term - at cost less provision for diminution in the value of investments			<b>484.98</b>		293.60
Current - at lower of cost and fair value (i.e. net asset value)			<b>3,482.80</b>		2,289.02
			<b>3,967.78</b>		2,582.62
			<b>4,113.44</b>		2,693.21
<b>Investments purchased and sold/redeemed during the year other than those disclosed above:</b>					
Gold Benchmark Exchange Traded Scheme - Gold BEES (quoted)	10	96.000	1.61	324.00	5.36
DWS Cash Opportunities Fund - Regular Plan Weekly Dividend	10	-	-	2,682,619.04	271.10
DWS Cash Opportunities Fund - Institutional Weekly Dividend - Reinvest	10	50,958.885	5.13	-	-
DWS Short Maturity Fund - Institutional Weekly Dividend Plan	10	-	-	1,483,247.78	155.34
DWS Treasury Fund Cash - Institutional Plan - Weekly Dividend - Reinvest	10	1,488,464.400	150.13	-	-
HDFC Cash Management Fund - Treasury Advantage Plan-Wholesale-Weekly Dividend	10	56,601.320	5.67	-	-
HDFC Short Term Plan - Dividend, Option: Reinvest	10	-	-	2,475,422.37	255.70
HDFC FMP 90D June 2010	10	381,206.000	38.12	-	-
HDFC FMP 100D June 2010 (1) - Growth - Series XIII	10	228,892.000	22.89	-	-
HDFC FMP 35D August 2010	10	266,756.000	26.68	-	-
HDFC FMP100D Sept 2010 (3) - Growth - Series XIV	10	191,770.000	19.18	-	-
HSBC Fixed Term Series 52 Inst Div - Tenure 1yr - Maturity: 07-May-09	10	-	-	66,798.92	6.68
HSBC Ultra Short Term Bond Fund-Inst-Weekly Dividend	10	-	-	29,955.10	3.01
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend	10	85,801.08	90.46	46,234.41	4.87
ICICI Prudential Institutional Short Term Plan - Dividend Reinvest	10	-	-	2,129,250.47	259.01
JM High Liquidity Fund - Institutional Plan - Dividend	10	-	-	344,908.99	35.89
JM Money Manager Fund -Super Plus Plan - Weekly Dividend	10	-	-	3,098,434.10	318.49
Kotak Floater Long Term - Weekly Dividend	10	533,489.280	53.76	1,637,164.63	165.00
Kotak FMP 12 M Series 3 Institutional - Dividend	10	-	-	144,308.65	14.43
Kotak Liquid (Institutional) - Weekly Dividend	10	-	-	617,284.90	61.91
Nifty Benchmark Exchange Traded Scheme - Nifty BEES (quoted)	10	6,833.000	37.11	-	-
LIC MF Interval Fund-Series I-Annual Dividend Plan	10	-	-	161,454.43	16.15
LICMF Savings Plus Fund - Weekly Dividend Plan	10	90,843.0850	9.09	-	-

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Face Value	Number	March 31, 2011	Number	March 31, 2010
	Rs.		Rs. in Lakhs		Rs. in Lakhs
LICMF Floating Rate Fund - Short Term Plan					
- Weekly Dividend Plan	10	100,690.34	10.22	-	-
L&T Freedom Income Stp Inst					
- Daily Dividend Reinvestment Plan	10	2,486,110.05	252.47	-	-
Reliance Liquid Fund-Cash Plan-Daily Div Option	10	-	-	1,274,489.41	164.29
Reliance Liquid Fund-Treasury Plan-Retail Option					
- Daily Dividend Option	10	1,727,177.618	263.27	-	-
Reliance Liquid Fund - Institutional Plan Plan					
- Daily Dividend Option	10	1,001,723.187	153.14	-	-
Reliance Liquid Fund-Treasury Plan-Retail Option					
- Daily Dividend Option	10	1,131,497.099	172.47	-	-
Tata Floater Fund - Weekly Dividend	10	555,516.978	56.04	-	-
Tata Treasury Managership SHIP Daily Dividend	10	24,859.604	251.16	-	-
UTI Treasury Advantage Fund					
- Institutional Weekly Dividend Plan-Reinvestment	1,000	935.501	9.39	19,977.80	199.98

**SCHEDULE 6 - INVENTORIES:**

(at lower of cost and net realisable value)

Raw and packing materials	*	362.95	311.14
Stores and spares		41.14	40.36
Intermediate raw materials		42.74	19.82
Work-in-process	**	275.27	212.35
Finished goods	***	340.37	148.01
	****	<u>1,062.47</u>	<u>731.68</u>

\* includes share in joint venture Rs. 2.38 Lakhs (2010 - Rs. 2.56 Lakhs)

\*\* includes share in joint venture Rs. 10.21 Lakhs (2010 - Rs. 10.36 Lakhs)

\*\*\* includes share in joint venture Rs. 4.49 Lakhs (2010 - Rs. 4.12 Lakhs)

\*\*\*\* includes share in joint venture Rs. 17.08 Lakhs (2010 - Rs. 17.04 Lakhs)

**SCHEDULE 7 - SUNDRY DEBTORS (unsecured):**

**Debts outstanding for a period exceeding six months:**

Considered good	51.43	19.85
Considered doubtful	158.30	158.30
	<u>209.73</u>	<u>178.15</u>

**Other debts:**

Considered good	*	1,688.60	1,175.31
		<u>1,898.33</u>	<u>1,353.46</u>
Less: Provision for doubtful debts		158.30	158.30
	*	<u>1,740.03</u>	<u>1,195.16</u>

\* includes share in joint venture Rs. 1.59 Lakhs (2010 - Rs. 1.42 Lakhs)



**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 8 - CASH AND BANK BALANCES:</b>		
Cash on hand	*	3.36
Cheque(s) on hand	4.99	-
With scheduled banks on:		
Current account	133.78	358.37
Margin account (under lien)	-	2.03
Dividend account	13.45	13.42
Term deposit	2,199.72	825.00
With non-scheduled bank		
on Current account #	**	58.31
	***	1,260.49
	<u>2,408.95</u>	<u>1,260.49</u>

# includes

Maximum balance outstanding during the year

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs		
Ceskoslovenska obchodni banka, a.s.				
Czech Republic	15.24	20.99	5.93	8.57
Komerčni banka, a.s. Czech Republic	12.26	18.95	10.66	12.11
National Westminster Bank Plc. London	38.06	43.75	38.06	37.63
	<u>65.56</u>	<u>83.69</u>		

\* includes share in joint venture Rs. Nil (2010 - Rs. 0.15 Lakh)

\*\* includes share in joint venture Rs.10.67 Lakhs (2010 - Rs 12.11 Lakhs)

\*\*\* includes share in joint venture Rs.10.67 Lakhs (2010 - Rs.12.26 Lakhs)

**SCHEDULE 9 - OTHER CURRENT ASSETS**

**(unsecured, considered good unless otherwise stated):**

Interest accrued (includes Rs. 3.28 Lakhs (2010 - Rs. 1.06 Lakhs) from Government Bonds	<u>93.63</u>	<u>79.22</u>
	<u>93.63</u>	<u>79.22</u>

**SCHEDULE 10 - LOANS AND ADVANCES**

**(unsecured, considered good unless otherwise stated):**

Intercompany deposit	400.00	300.00
Advances recoverable in cash or in kind or for value to be received		
Considered good	*	385.44
Considered doubtful	24.09	24.09
Deposit with a Body Corporate - considered doubtful	267.83	267.83
Amount lying under Portfolio Management Services	0.44	187.17
Security deposits	48.57	18.90
MAT credit entitlement	18.65	1.80
Advance tax, net of provisions	31.09	318.13
Balance with excise authorities	86.64	82.13
	<u>1,519.58</u>	<u>1,585.49</u>
Less: Provision for doubtful advances	291.92	291.92
	*	1,293.57
	<u>1,227.66</u>	<u>1,293.57</u>

\* includes share in joint venture Rs. Nil (2010 - Rs. 0.08 Lakh)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 11 - CURRENT LIABILITIES:</b>		
Sundry creditors of Micro and Small Enterprises (refer note below) **	<b>11.50</b>	1.08
Sundry creditors other than Micro and Small Enterprises	<b>794.03</b>	459.98
Security deposits	<b>576.10</b>	564.23
Advance from customers	<b>17.98</b>	51.16
Unclaimed dividends	<b>13.45</b>	13.42
Others	<b>87.91</b>	107.15
	<b>* 1,500.97</b>	1,197.02

\* includes share in joint venture Rs.0.30 Lakh (2010 - Rs. 0.20 Lakh)

\*\* Note :The Group has dues payable to Micro and Small enterprises as per MSMED Act, 2006 as at the year end amounting to Rs.11.50 Lakhs ( 2010 - Rs.1.08 Lakhs). Identification of these enterprises is based on the management's knowledge of their status. No interest has been paid or is payable as at the year end to any Micro and Small enterprises as per the provisions of the Act.

There is no amount due and outstanding to be credited to the Investor's Education and Protection Fund under Section 205C of the Companies Act, 1956.

**SCHEDULE 12 - PROVISIONS:**

Gratuity	<b>41.76</b>	44.95
Long term compensated absences	<b>156.30</b>	120.07
Interim dividend	-	171.99
Proposed dividend	<b>229.32</b>	171.99
Dividend Distribution Tax	<b>37.20</b>	58.46
	<b>464.58</b>	567.46

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 13 - OTHER OPERATING INCOME:</b>		
Profit sharing on joint marketing of products (Tax Deducted at Source Rs. Nil (2010 - Rs. 0.36 Lakh))	7.36	23.05
Service income	73.79	86.64
Income from research and development	-	802.96
Profit on sale/redemption of current investments-other than trade	5.89	1.83
Less: Loss on sale/redemption of current investments-other than trade	0.97	4.00
Less: Diminution in the value of current investments-other than trade	0.01	1.77
Income from investments:		
Current - other than trade (Tax Deducted at Source Rs. Nil. (2010 - Rs. Nil))	99.66	111.28
Interest on:		
Inter-corporate deposits	41.04	28.39
Bank deposits	*	75.42
Other loans, advances and deposits (Tax Deducted at Source Rs. 10.60 Lakhs (2010-Rs. 3.75 Lakhs))	6.92	3.29
Rent (Tax Deducted at Source Rs.116.50 Lakhs (2010 - Rs. 149.58 Lakhs))	1,029.22	870.78
	**	1,338.32
		1,989.32
* includes share in joint venture Rs. 0.01 Lakh (2010 - Rs. 0.08 Lakh)		
** includes share in joint venture Rs. 0.01 Lakh (2010 - Rs. 0.08 Lakh)		
<b>SCHEDULE 14 - OTHER INCOME:</b>		
Interest on income-tax refunds	30.56	91.87
Exchange gain (net)	103.91	-
Earnout Revenue (refer Schedule 19, Note 4 (c))	413.55	-
Profit on sale of fixed assets	-	0.44
Excess provision written back	-	31.50
Miscellaneous income	*	9.73
	**	557.75
		133.74
*includes share in joint venture Rs. 0.03 Lakh (2010 - Rs.0.01 Lakh)		
**Includes share in joint venture Rs. 0.03 Lakh (2010 - Rs. 0.01 Lakh)		
<b>SCHEDULE 15 - MATERIAL COST</b>		
Inventories, beginning of the year		
Raw and packing materials	308.58	286.24
Intermediate raw materials	19.82	107.92
	328.40	394.16
Add: Purchases:		
Raw and packing materials	*	2,157.44
	2,485.84	1,431.84
		1,826.00
Inventories, end of the year		
Raw and packing materials	360.57	308.58
Intermediate raw materials	42.74	19.82
	403.31	328.40
	*	2,082.53
		1,497.60
* includes share in joint venture Rs.4.56 Lakhs (2010 - Rs.20.77 Lakhs)		

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 16 - (INCREASE)/DECREASE IN INVENTORIES:</b>		
<b>Stock-in-trade at the commencement of the year:</b>		
Work-in-process	201.99	99.03
Finished goods	143.89	227.68
	<u>345.88</u>	<u>326.71</u>
<b>Less: Stock-in-trade at the end of the year:</b>		
Work-in-process	265.06	201.99
Finished goods	335.88	143.89
	<u>600.94</u>	<u>345.88</u>
	<u>(255.06)</u>	<u>(19.17)</u>
 <b>SCHEDULE 17 - PERSONNEL EXPENSES:</b>		
Salaries, wages and bonus	1,201.72	1,229.73
Contribution to provident and other funds	73.52	87.97
Gratuity expenses (refer Schedule 19, Note 9)	29.84	15.75
Employee welfare expenses	90.11	75.12
	<u>1,395.19</u>	<u>1,408.57</u>
	*	
* includes share in joint venture Rs. 0.73 Lakhs (2010 - Rs. 3.04 Lakhs)		
 <b>SCHEDULE 18 - OPERATING AND OTHER EXPENSES:</b>		
Consumption of stores and spares	128.82	130.28
Processing charges	318.70	199.62
Power and fuel	387.86	317.00
Rates and taxes	69.44	49.80
Excise duty expenses (refer Schedule 19, Note 4(e))	21.47	3.33
Rent	15.22	15.40
Insurance	53.42	43.02
Repairs and maintenance:		
Plant and machinery	24.34	36.96
Buildings	35.20	40.56
Others	111.08	166.32
Commission and discount on sales	5.29	14.52
Bank charges	21.20	19.31
Advertising and sales promotion expenses	18.44	11.58
Packing, freight and distribution expenses	202.07	122.65
Business promotion expenses	10.30	21.17
Royalty	0.78	12.74
Travelling and Conveyance	233.61	183.26
Legal and professional charges	579.48	541.28

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	March 31, 2011 Rs. in Lakhs	March 31, 2010 Rs. in Lakhs
<b>SCHEDULE 18 - OPERATING AND OTHER EXPENSES: (contd.)</b>		
Technical knowhow fees	2.59	5.30
Communication costs	36.50	41.82
Exchange loss (net)	-	107.96
Cost of contract clinical research services	-	39.59
Donations	18.30	0.74
Directors' sitting fees	14.95	6.01
Loss on sale of fixed assets	4.72	1.55
Provision for doubtful debts	-	22.54
Doubtful advances written off	-	3.54
Provision for doubtful advances	-	5.08
Miscellaneous expenses	** 172.15	185.62
	*** <u>2,485.93</u>	<u>2,348.55</u>

\* includes share in joint venture Rs.0.12 Lakh (2010 - Rs.0.39 Lakh)

\*\* includes share in joint venture Rs.Nil (2010 - Rs.0.35 Lakh)

\*\*\* includes share in joint venture Rs.0.12 Lakh (2010 - Rs.0.74 Lakh)

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 19 - NOTES TO THE ACCOUNTS:

#### 1 (a) Background

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.

The Company was holding 76,77,500 shares (95.97%) of FBL in the beginning of the year. The Company also has been holding 30,000 equity shares in APL at the beginning of the year. During the year, Company agreed with its subsidiary - FBL to convert the 7,00,000 redeemable non convertible preference shares of Rs. 10 together with share issue premium of Rs. 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 Rs. 10 each at face value of FBL and Company's interest in FBL has increased from 95.97% to 97.85%.

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

(a) Allegro Corporate Finance Advisors Pvt. Ltd. - 7,89,474 equity shares of Rs. 10 each

(b) FBL ESOP Trust - 4,88,334 equity shares of Rs. 10 per equity share pending implementation of ESOP plan.

Subsequent to above, during the year, the Company along with its subsidiary FBL has executed definitive agreement with Evolve India Life Science 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 share of Rs. 104.44. As a result of above Company holds 1,27,62,464 equity shares (70.15%) of FBL as on March 31, 2011.

During the year, Company has invested Rs. 225 lakhs for 15,96,892 equity shares of Rs. 10 each of Health and Wellness India Pvt. Ltd (HWIPL) Bangalore. HWIPL is the business of providing services on sporting activities, health awareness and health education. With the aforesaid investment Company holds 30.30% 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.

During the previous year, Company executed a Share Purchase and a Shareholder's Agreement (Agreements) on August 31, 2009 with Evotec AG and transferred 2,54,94,000 equity shares of Rs. 2/- each. i.e. 70% of the paid up equity share capital of Evotec (India) Private Ltd (EIPL) for a consideration of Rs. 1,117.71 Lakhs, as a result of which w.e.f. September 1, 2009 EIPL and Evotec-RSIL Limited (ERL), a subsidiary of EIPL, are no longer subsidiaries of the Company. Accordingly the Company's interest in EIPL 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 fully consolidated.

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

- (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:-

	<b>31-Mar-11</b>	31-Mar-10
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
i) Percentage of holding	<b>50%</b>	50%
ii) Assets	<b>29.70</b>	31.63
iii) Liabilities	<b>0.30</b>	0.20
iv) Income	<b>1.38</b>	3.43
v) Expenditure	<b>5.90</b>	25.22
vi) Capital Commitment	-	-
vii) Contingent liabilities	-	-

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)

- (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.

#### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### (c) 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, 2011.

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

Name of the subsidiaries	Country of incorporation	2010-11 % shareholding	2009-10 % shareholding
Fermenta Biotech Limited *	India	72.09%	95.97%
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	72.09%	95.97%
G.I. Biotech Private Limited (62.50 %Subsidiary of FBL)	India	45.06%	59.98%
Aegean Properties Limited	India	100.00%	100.00%
CC Square Films Limited	India	100.00%	-
Evotec (India) Private Limited (upto August 31, 2009)	India	-	100.00%
Evotec-RSIL Limited (Subsidiary of EIPL) (upto August 31, 2009)	India	-	51.00%
<b>Name of the associates</b>			
Evotec (India) Private Limited (w.e.f. September 1, 2009)	India	30.00%	30.00%
Evotec-RSIL Limited (Subsidiary of EIPL) (w.e.f. September 1, 2009) (Since merged with Evotec (India) Private Limited w.e.f. January 1, 2010)	India	-	30.00%
Health and Wellness India Private Ltd ( w.e.f. March 15, 2011)	India	30.30%	-
<b>Name of the joint venture</b>			
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.

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

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)

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 profit and loss account 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.

#### (d) The significant accounting policies are as follows:

##### (i) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises cost of acquisition or construction including any attributable cost of bringing the asset to its working condition for its intended use, net of cenvat credit. Borrowing costs relating to acquisition of fixed asset which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

The assets held for disposal are stated at lower of net book value and the estimated net realisable value.

##### (ii) Depreciation and Impairment

###### a) Depreciation

Depreciation is provided on the original cost, pro-rata to period of use on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, or estimated useful life, whichever is higher.

Estimated useful life (in years)

Building	
On freehold land	30-61
Leased improvements	9-30
Plant & Machinery	5-21
Computers	5-6
Furniture & Fixtures	5-6
Vehicles	8-11

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

###### b) Intangible Assets

Costs relating to patents and licenses, which are acquired, are capitalized and amortized on a straight-line basis over their useful lives.

Film Rights	5
Computer Software	5-6
Development cost	3



## **SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

### **SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

#### **c) Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### **(iii) Goodwill**

The excess of cost to the Company of its investment in subsidiaries and joint venture over the Company's portion of equity in the subsidiaries and joint venture at the respective dates on which investments in subsidiaries and joint venture were made, is recognised in the consolidated financial statements as goodwill. The Company's portion of equity in the subsidiaries and joint venture is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries and joint venture as on the date of investment.

Goodwill on consolidation is recorded at cost and is evaluated for impairment at each period end or whenever events or changes in circumstances indicate that its carrying amount may be impaired.

#### **(iv) Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

#### **(v) Inventories**

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

Cost is determined as follows:

- a) Stores and spare parts and laboratory chemicals: First-in-first-out method.
- b) Raw materials and packing materials: Weighted average method. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- 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.

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.

Inventory of under production film is valued at actual cost incurred or net realisable value, whichever is lower. The cost of production is charged to revenue at the time of first release of the film.

#### **(vi) Employee benefits**

- i. Retirement benefits in the form of provident fund and superannuation fund are defined contribution schemes and the Group has no further obligation beyond the contributions made to the respective funds. Contributions are charged to profit and loss account in the period in which they accrue.
- ii. 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

## **SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

### **SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

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 profit and loss account 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.

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

#### **(vii) Revenue recognition**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duty deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arisen during the year.

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

Income from research and development activities is recognised on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. Income from projects whose outcome is dependent on successful completion of research (discovery based projects) is recognised on approval from customers. Income from custom synthesis is recognised on dispatch to customer.

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

Income from investments is accrued when the right to receive payment is established.

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

Revenue from licensing of motion film / advertising projects (event management) is recognised in accordance with the licensing agreement or physical delivery of the motion film / advertising projects (event management), whichever is later.

Income from services is recognised on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates.

Royalty income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

#### **(viii) Foreign currency transactions**

##### **Initial Recognition**

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

##### **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined .

##### **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Exchange differences arising in respect of fixed assets acquired from outside India before accounting period commencing on or after December 7, 2006 are capitalized as a part of fixed asset.

## **SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

### **SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

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.

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the group itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

#### **(ix) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease.

As lessee:

Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

As lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the profit and loss account on a straight-line basis over the lease term. Costs including depreciation and other initial direct costs like brokerage etc are recognised as an expense in the profit and loss account.

#### **(x) 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 Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised 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 realised. In situations where the group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets 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 realised.

## **SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

### **SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The group writes-down the carrying amount of a 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 realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the group will pay normal income tax during the specified period. In the year in which Minimum alternative tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account 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 Income Tax during the specified period.

#### **(xi) Provisions, contingent liabilities and contingent assets**

A provision is recognised when the group 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. Contingent assets are not recognized in the books of account of the group. Contingent liabilities are disclosed by way of notes to accounts.

#### **(xii) Earnings per share**

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

#### **(xiii) Research and development costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) - its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over their estimated useful lives of three years on a straight line basis.

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

During the current year the Company's subsidiary FBL has charged Rs. 170.38 Lakhs (2010 - Rs. 236.71 Lakhs) to profit and loss account on account of expenses on research and development. Capital Expenditure in the current year on Research and Development amounts to Rs. 30.82 Lakhs (2010 - Rs. 32.83 Lakhs)

#### **(xiv) Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposit (having maturity of less than 3 months), cheques in hand and cash in hand.

#### **(xv) Segment Reporting**

##### **Identification of segments :**

The Group'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.

## **SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

### **SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

#### **Allocation of common costs :**

Common allocable costs are allocated to each segment on reasonable basis.

#### **Unallocated items :**

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

#### **Segment Policies :**

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

#### **Inter segment sales/transfers:**

The Group generally accounts for inter segment sales/transfers as if the sales or transfers are at current market price.

### **3. Contingent liabilities and commitment:**

#### **(a) Relating to parent company:-**

- i) Estimated amount of contracts remaining to be executed on capital account Rs. 1.12 Lakhs (2010 - Rs. 16.29 Lakhs)
- ii) Contingent liabilities, including amounts not provided for pertaining to excise duty, sales tax and service tax matters in respect of earlier years for which appeals are pending before appropriate authorities. Future cash outflows in respect of this contingent liabilities are determinable only on receipt of judgments pending at various forums / authorities. Rs. 86.84 Lakhs (2010 - Rs. 89.10 Lakhs)

#### **(b) Relating to subsidiary company.**

Fermenta Biotech Limited:-

- i) Estimated amount of contracts remaining to be executed on capital account Rs. 638.51 Lakhs (2010 - Rs. 45.26 Lakhs)
- ii) Excise demand in respect of earlier years not provided for, for which appeals are pending with the appropriate authorities - Rs. 1.50 Lakhs (2010- Rs. 1.50 Lakhs)

4. a) During the year ended March 31, 2009 the Company's subsidiary FBL has entered into an agreement for transfer of the throat lozenge business along with the trademark " Astrasept" and the related moveable assets for a consideration of Rs. 8 Lakhs, to its wholly owned subsidiary G.I.Biotech Private Limited (GI BIO)., Simultaneously company has also entered into a share transfer agreement with Ronator Investments Limited (R I) a company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in GI BIO in four instalments to be completed by 10th February 2009 for a total consideration of USD 400,000. In accordance with the share transfer agreement, during the year ended March 31, 2009 the Company sold 3750 shares for consideration of USD 150,000 and recorded a profit of Rs 70.60 Lakhs. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to 31st December, 2011.
- (b) 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.
- (c) As stated above in note 1 (a) during the previous year the Company has transferred 70% of the paid up equity share capital of Evotec (India) Pvt. Ltd. (EIPL) (formerly known as Research Support International Private Limited (RSIPL)) to Evotec AG for a consideration of Rs. 1,117.71 lakhs.

During the year, Company has received an earn out of Rs. 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 aforesaid agreement.

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)

As stated in Note 1(a) above, in view of divestment of 70% stake by the Company in equity share capital of Evotec (India) Private Ltd. (EIPL), EIPL has ceased to be the subsidiary w.e.f September 1, 2009.

Accordingly the operations of EIPL have been treated as "Discontinued Operations" as per AS 24 - "Discontinuing operations". The assets and liabilities as on March 31, 2010, revenue and expenses for the period April 1, 2009 to August 31, 2009 recorded in the consolidated financial statement under the segment "Research and Development" relating to discontinued operations are as follows

	2010-11 Rs. in Lakhs	2009-10 Rs. in Lakhs
i) Profit and Loss account		
Sales and other operating income	-	838.25
Other Income	-	0.68
Operating Expenses	-	585.79
Interest	-	21.97
Depreciation	-	92.87
Profit before tax	-	138.30
Tax expenses	-	0.30
Profit after tax	-	138.00
ii) Net value realised on sale of 70% holding in EIPL		
Total consideration received	-	1,117.71
Less: adjusted cost of 70% holding	-	621.92
Profit on sale of 70% share holding of subsidiary	-	495.79
iii) Cash flow in respect of ordinary activity attributable to discontinuing operation.		
Operating activity	-	(0.92)
Investing activity	-	(48.91)
Financing activity	-	(11.67)
(d) During the year, Company along with its subsidiary Fermenta Biotech Limited (FBL) has executed Shareholder agreement and Share Subscription agreement with Evolence India Life Sciences Fund LLC (EILSF). The 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 EILSF and issue of an equal number of fresh equity shares by FBL to EILSF at a price of Rs. 104.44 per equity share of Rs.10 each.		
(e) (i) Sales includes share in joint venture Rs. 1.34 Lakhs (2010 - Rs.3.34 Lakhs)		
(ii) Excise duty on sales amounting to Rs. 144.98 Lakhs (2010 - Rs. 89.96 Lakhs) has been reduced from sales from profit and loss account and increase / (decrease) of excise duty on inventories , captive consumption etc. amounting to Rs. 21.47 Lakhs (2010 - Rs. 3.33 Lakhs) has been considered as (income)/ expenses in Schedule 18 of financial statement.		

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**5 Segment information**

**A. Primary Segments - Business Segments**

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

- Property - Renting of properties and infrastructure services
- 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
- Research & Development - Providing contract research services

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.

	Rs. in Lakhs					
	2010-2011					
	Continuing Operations			Discontinuing Operations		Total
Chemicals	Property	Treasury	Entertainment	* Research & Development		
<b>a. Segment Revenue</b>						
1. Segment revenue -						
Sales / income from operations	6,550.65	1,230.14	2,423.00	-	-	10,203.79
	4,827.58	1,085.07	818.09	-	872.22	7,602.96
Less : Inter-segment revenue	1.42	127.13	229.05	-	-	357.60
	-	130.55	123.27	-	33.97	287.79
Unallocable Income						45.36
						108.60
2. Total	<u>6,549.23</u>	<u>1,103.01</u>	<u>2,193.95</u>	<u>-</u>	<u>-</u>	<u>9,891.55</u>
	4,827.58	954.52	694.82	-	838.25	7,423.77
<b>b. Segment Result</b>						
1. Segment result/operating profit/(loss)	1,562.99	869.51	1,995.22	(64.41)	-	4,363.31
	986.39	610.69	689.23	(62.03)	159.60	2,383.88
2 Interest expense						127.79
						142.37
3 Unallocable income/(expenditure) (net)						(600.91)
						(732.32)
4 Profit before tax						3,634.61
						1,509.19
5 Provision for tax						764.22
- current tax						338.24
- deferred tax						70.70
						(12.05)
Provision for tax in respect of earlier years written back						(0.37)
						(0.32)
6 Profit after tax						2,799.32
						1,182.68

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)

5 Segment information: (contd.)

A. Primary Segments - Business Segments (contd.)

						Rs. in Lakhs
	2010-2011					Total
	Continuing Operations			Discontinuing Operations		
	Chemicals	Property	Treasury	Entertainment	* Research & Development	
<b>c. Other information</b>						
1. Segment assets	<b>8,781.93</b>	<b>1,320.46</b>	<b>5,793.59</b>	<b>153.11</b>	-	<b>16,049.09</b>
	<i>5,249.46</i>	<i>1,292.95</i>	<i>4,082.59</i>	<i>38.00</i>	-	<i>10,663.00</i>
2. Unallocable assets						<b>1,084.87</b>
						<i>1,256.89</i>
3. Total assets						<b>17,133.96</b>
						<i>11,919.89</i>
4. Segment liabilities	<b>4,508.50</b>	<b>591.90</b>	-	<b>4.90</b>	-	<b>5,105.30</b>
	<i>2,068.32</i>	<i>577.68</i>	-	<i>9.24</i>	-	<i>2,655.24</i>
5. Unallocable liabilities						<b>479.16</b>
						<i>577.55</i>
6. Total liabilities						<b>5,584.46</b>
						<i>3,232.79</i>
7. Cost incurred during the year to acquire						
- segment fixed assets	<b>2,220.00</b>	<b>2.86</b>	-	<b>1.33</b>	-	<b>2,224.19</b>
	<i>950.52</i>	<i>46.59</i>	-	<i>24.85</i>	<i>49.32</i>	<i>1,071.28</i>
-unallocated segment fixed assets						<b>83.62</b>
						<i>56.76</i>
8. Depreciation	<b>296.87</b>	<b>67.40</b>	-	<b>7.22</b>	-	<b>371.49</b>
	<i>232.57</i>	<i>69.65</i>	-	<i>8.11</i>	<i>92.87</i>	<i>403.20</i>
Unallocated depreciation						<b>43.54</b>
						<i>39.73</i>
9. Non-cash expenses other than depreciation / amortisation						
- Provision for diminution in value of investments	-		<b>0.01</b>	-	-	<b>0.01</b>
	-		<i>1.77</i>	-	-	<i>1.77</i>
- Provision doubtful debts / advances	-		-	-	-	-
	<i>31.16</i>		-	-	-	<i>31.16</i>
- Provision for diminution in value of investments / doubtful advances						

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

\* refer Schedule 19, Note 1(a)



**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**5 Segment information: (contd.)**

**B. 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:

	<b>2010-11</b>	2009-10
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
India	<b>5,258.73</b>	3,052.22
Europe	<b>4,255.96</b>	3,513.04
Others countries	<b>331.50</b>	749.90
	<u><b>9,846.19</b></u>	<u>7,315.17</u>

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 :

	<b>Carrying amount of segment assets</b>		<b>Additions to fixed assets</b>	
	<b>2010-11</b>	2009-10	<b>2010-11</b>	2009-10
	<b>Rs. in Lakhs</b>	Rs. in Lakhs	<b>Rs. in Lakhs</b>	Rs. in Lakhs
India	<b>15,587.98</b>	10,828.25	<b>2,307.72</b>	1,112.29
Outside India	<b>1,545.98</b>	1,091.64	<b>0.09</b>	15.75
	<u><b>17,133.96</b></u>	<u>11,919.89</u>	<u><b>2,307.81</b></u>	<u>1,128.04</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.

**6 Related party disclosures**

**a. Parties where control exists**

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

**Holding company**

DVK Investments Private Ltd.

**b. 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 - Managing Director (w.e.f. May 1, 2010)
3. Mr. Rajendra Gaitonde - Executive Director (Operations)
4. Ms. Anupama Datla - Executive Director

**Enterprises owned or significantly influenced by key management personnel or their relatives**

1. Lacto Cosmetics (Vapi) Private Ltd.
2. Dupen Laboratories Private Ltd.

**Associates**

1. Evotec (India) Private Ltd .(formerly known as Research Support International Private Ltd.)(w.e.f. September 1, 2009)
2. Evotec RSIL Ltd. (subsidiary of Evotec (India) Private Ltd.) (w.e.f. September 1, 2009) merged with Evotec (India) Private Ltd w.e.f. January 1, 2010#
3. Health and Wellness India Private Ltd. ( w.e.f. March 15, 2011)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**6 Related party disclosures (contd.)**

c. Transactions with related parties.		(Rs. in Lakhs)			
Particulars	Holding Company	Fellow Subsidiary	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
1	Loans and advances given				
	- Evotec (India) Private Ltd				-
	- Health and Wellness India Private Ltd.				(350.00)
					<b>100.00</b>
					(-)
2	Loans and advances recovered				
	- Evotec (India) Private Ltd				-
					(350.00)
3	Interest on loan				
	- Evotec (India) Private Ltd.				-
	- Health and Wellness India Private Ltd.				(5.61)
					<b>5.05</b>
					(-)
4	Remuneration				
	- Mr. Satish Varma		<b>70.47</b>		
			(41.89)		
	- Mr. Krishna Datla		<b>47.23</b>		
			(30.89)		
	- Ms. Anupama Datla		<b>37.77</b>		
			(26.12)		
	- Mr. Rajendra Gaitonde		<b>31.42</b>		
			(21.17)		
5	Sales				
	- Dupen Laboratories Private Ltd.			<b>0.54</b>	
				(0.30)	
6	Purchase of raw material				
	- Dupen Laboratories Private Ltd.			<b>24.76</b>	
				(24.32)	
	- Lacto Cosmetics (Vapi) Private Ltd.			<b>2.82</b>	
				(-)	
7	Processing Charges paid				
	- Lacto Cosmetics (Vapi) Private Ltd.			<b>12.90</b>	
				(4.94)	
8	Professional charges paid				
	- Dupen Laboratories Private Ltd.			-	
				(12.21)	
9	Other reimbursements paid				
	- Evotec (India) Private Ltd.				<b>1.01</b>
					(18.57)
10	Other reimbursements received				
	- Evotec (India) Private Ltd.				<b>126.53</b>
					(61.02)

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**6 Related party disclosures (contd.)**

**c. Transactions with related parties.**

(Rs. in Lakhs)

Particulars	Holding Company	Fellow Subsidiary	Key Management Personnel	Enterprises owned of significantly influenced by key management personnel or their relatives	Associate
11 Rent Income					
- DVK Investments Private Ltd.	<b>1.16</b> (0.48)				
- VM Café de Art Private Ltd.		<b>1.16</b> (0.48)			
- Evotec (India) Private Ltd.					<b>237.07</b> (132.08)
12 Service income received					
- Evotec (India) Private Ltd.					<b>73.67</b> (83.47)
13 Investment in equity share capital					
- Health and Wellness India Private Ltd.					<b>225.00</b> (-)
14 Subscription money					
- Health and Wellness India Private Ltd.					<b>15.00</b> (-)
15 Balance outstanding as at the year end					
Sundry Creditors					
- Lacto Cosmetics (Vapi) Private Ltd.				<b>2.99</b> (1.28)	
- Dupen Laboratories Private Ltd.				<b>6.59</b> (-)	
Sundry Debtors					
- Dupen Laboratories Private Ltd.				<b>0.15</b> (0.12)	
- Evotec (India) Private Ltd.					<b>165.99</b> (51.68)
Advance recoverable					
- Health and Wellness India Private Ltd.					<b>100.00</b> (-)
Interest accrued					
- Health and Wellness India Private Ltd.					<b>5.05</b> (-)
Key management personnel					
- Mr. Satish Varma			<b>15.00</b> (-)		
Mr. Rajendra Gaitonde			<b>4.00</b> (4.00)		

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

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**7 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, escalation clause and is not renewable.

Lease payments recognised in the statement of profit and loss for the year.	<b>15.22</b>	15.40
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**Operating lease given**

The Company has entered into operating lease agreement for its properties in Thane and Worli, Mumbai with original lease periods expiring between 2009 and 2014. These agreements are cancellable/noncancellable and have rent escalation provisions.

1 Rent income recognised in the statement of profit and loss for the year	<b>1,029.22</b>	870.78
2 Future minimum lease payment under the noncancellable leases in the aggregate and for each following periods:		
i) Not later than one year	<b>41.23</b>	82.45
ii) Later than one year and not later than five years	-	41.23
iii) More than five years		-

**8 Consolidated Deferred Taxes**

**Nature of timing difference**

	<b>Deferred tax asset/(liability) April 1, 2010</b>	<b>(Charge)/credit for the current year</b>	<b>Deferred tax asset/(liability) March 31, 2011</b>
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>a) Deferred tax assets</b>			
Demerger expenses	1.15	(0.59)	<b>0.56</b>
Provision for doubtful debts/advances	153.03	(3.47)	<b>149.56</b>
Items covered under section 43B	56.35	8.96	<b>65.31</b>
Carried forward tax losses.	28.95	(28.95)	-
Sub-total	239.48	(24.05)	<b>215.43</b>
<b>b) Deferred tax liability</b>			
Depreciation/ Impairment	(201.19)	(46.94)	<b>(248.13)</b>
Items allowed under Income tax computed on payment/realisation basis	(0.46)	0.01	<b>(0.45)</b>
Others	(1.94)	0.28	<b>(1.66)</b>
	(203.59)	(46.65)	<b>(250.24)</b>
Net amount	35.89	(70.70)	<b>(34.81)</b>
The above has been reflected in the consolidated balance sheet as follows :			
Deferred tax assets	42.06		-
Deferred tax liability	(6.17)		<b>(34.81)</b>
	35.89		<b>(34.81)</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**9 Employee Benefits**

**March 31, 2011**      March 31, 2010  
**Rs.in Lakhs**      Rs.in Lakhs

**a) Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under personnel expenses, provident and other funds on schedule 14 for the year are as under:

- Provident fund	<b>71.50</b>	84.82
- Superannuation Scheme	<b>2.02</b>	3.15

**b) Defined Benefit Plan**

**Gratuity and long term compensated absences - As per actuarial valuation**

	<b>March 31, 2011</b>	March 31, 2010	<b>March 31, 2011</b>	March 31, 2010
	<b>Gratuity (Funded)</b>		<b>Long term compensated absences (Unfunded)</b>	
i) Changes in the present value of the defined benefit obligation				
Opening	<b>141.52</b>	120.91	<b>120.07</b>	110.23
Interest cost	<b>10.43</b>	8.96	<b>9.00</b>	8.27
Current service cost	<b>35.86</b>	28.52	<b>46.87</b>	31.57
Benefits paid	<b>(26.19)</b>	(0.99)	<b>(17.38)</b>	(11.66)
Net actuarial gain / (loss)	<b>(5.49)</b>	(15.88)	<b>(2.26)</b>	(18.34)
Closing	<b>156.13</b>	<b>141.52</b>	<b>156.30</b>	<b>120.07</b>
ii) Changes in fair value of plan assets				
Opening	<b>96.57</b>	61.23	-	-
Expected return on plan assets	<b>9.31</b>	6.87	-	-
Actuarial (gains) / losses on obligation	<b>1.65</b>	0.88	-	-
Employer's contribution	<b>33.03</b>	28.58	-	-
Benefits paid	<b>(26.19)</b>	(0.99)	-	-
Closing	<b>114.37</b>	<b>96.57</b>	-	-
iii) Amounts recognised in balance sheet				
Present value of defined benefit obligation	<b>156.13</b>	141.52	<b>156.30</b>	120.07
Fair value of plan asset	<b>114.37</b>	96.57	-	-
Net liability recognised in balance sheet	<b>(41.76)</b>	(44.95)	<b>(156.30)</b>	(120.07)
iv) Amounts recognised in profit and loss account				
Current service cost	<b>35.86</b>	28.52	<b>46.87</b>	31.57
Interest cost	<b>10.43</b>	8.96	<b>9.00</b>	8.27
Expected return on plan assets	<b>(9.31)</b>	(6.87)	-	-
Net actuarial (gain)/loss recognised	<b>(7.14)</b>	(16.76)	<b>(2.26)</b>	(18.34)
Total expense	<b>29.84</b>	13.85	<b>53.61</b>	21.50
Expense of EIPL upto August 31, 2009	-	1.90	-	1.90
	<b>29.84</b>	<b>15.75</b>	<b>53.61</b>	<b>23.40</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**

**SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)**

**9 Employee Benefits: (contd.)**

	<b>March 31, 2011</b>	March 31, 2010	<b>March 31, 2011</b>	March 31, 2010
	<b>Gratuity (Funded)</b>		<b>Long term compensated absences (Unfunded)</b>	
v) Actual return on plan assets	<b>9.31</b>	6.87	-	-
vi) Principal assumptions used in actuarial valuation				
Discount rate	<b>7.50%</b>	7.50%	<b>7.50%</b>	7.50%
Expected return on plan assets	<b>9.15%</b>	9.15%	<b>N.A.</b>	N.A.
Salary escalation rate	<b>10%</b>	10%	<b>10%</b>	10%
Employee turnover	<b>1%</b>	1%	<b>1%</b>	1%
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%		
	<b>Gratuity (Funded)</b>			
	<b>March 31, 2011</b>	March 31, 2010	Mach 31, 2009	March 31, 2008
Amounts for the current and previous periods				
Defined benefit obligation	<b>156.13</b>	141.52	162.03	74.12
Plan Assets	<b>114.37</b>	96.57	94.28	32.01
Surplus/(deficit)	<b>(41.76)</b>	(44.95)	(67.75)	(42.10)
Experience Adjustments on plan liabilities	<b>(7.14)</b>	(16.76)	6.58	(24.79)
Experience Adjustments on plan assets	<b>1.64</b>	1.64	1.54	0.88
vii) 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 into 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 2011-12. Rs. 13.95 Lakhs (2010 - Rs. 13.74 Lakhs during 2010-11)				

## SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

### SCHEDULE 19 - NOTES TO THE ACCOUNTS: (contd.)

#### 10 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 outstanding Foreign Exchange Forward contracts outstanding as on March 31, 2011.

b) Particulars of un-hedged foreign currency exposure as at March 31, 2011

	March 31, 2011		March 31, 2010	
	Foreign Currency	Rs. in Lakhs	Foreign Currency	Rs. in Lakhs
DIL Limited				
a) Investments	<b>Kc 96.54 Lakhs</b>	<b>188.51</b>	Kc 96.54 Lakhs	188.51
b) In current accounts	<b>Kc 2.28 Lakhs</b>	<b>5.93</b>	Kc 3.81 Lakhs	9.08
	<b>EURO 0.004 Lakhs</b>	<b>0.30</b>	EURO 0.004 Lakhs	0.29
Fermenta Biotech Limited				
a) In current accounts	<b>USD 0.017 Lakhs</b>	<b>0.77</b>	USD 0.017 Lakhs	0.77
	<b>EURO 0.016 Lakhs</b>	<b>0.99</b>	EURO 0.49 Lakhs	29.93
b) Investments	<b>GBP 2.20 Lakhs</b>	<b>183.99</b>	GBP 2.20 Lakhs	183.99
c) Outstanding debtors	<b>USD 1.72 Lakhs</b>	<b>77.72</b>	USD 0.80 Lakhs	35.99
	<b>EURO 18.59 Lakhs</b>	<b>1,187.10</b>	EURO 13.91 Lakhs	842.22
d) Outstanding creditors	<b>EURO 1.26 Lakhs</b>	<b>80.71</b>	EURO 1.87 Lakhs	113.36
	<b>USD 0.05 Lakh</b>	<b>2.43</b>	-	-
e) Advance paid to creditors	<b>EURO 1.03 Lakhs</b>	<b>65.83</b>	EURO 0.19 Lakhs	11.72
	<b>USD 0.44 Lakh</b>	<b>19.88</b>	-	-
f) Advance from customers	<b>USD 0.16 Lakh</b>	<b>7.40</b>	-	-

#### 11 Prior year comparatives

Previous year's figures have been regrouped wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. Batliboi & Associates

Firm Registration No. 101049W  
Chartered Accountants

per Vikram Mehta  
Partner  
Membership No : 105938

G. G. DESAI  
Chairman

SATISH VARMA  
Director

K. H. KASHID  
Chief Financial Officer

KRISHNA DATLA  
Managing Director

SANJAY BUCH  
Director

SRIKANT N. SHARMA  
Company Secretary

RAJESHWARI DATLA  
Director

VINAYAK HAJARE  
Director

Mumbai  
Date: May 28, 2011

Thane  
Date: May 28, 2011

**FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANIES (2010-2011)**

Rs. in Lakhs

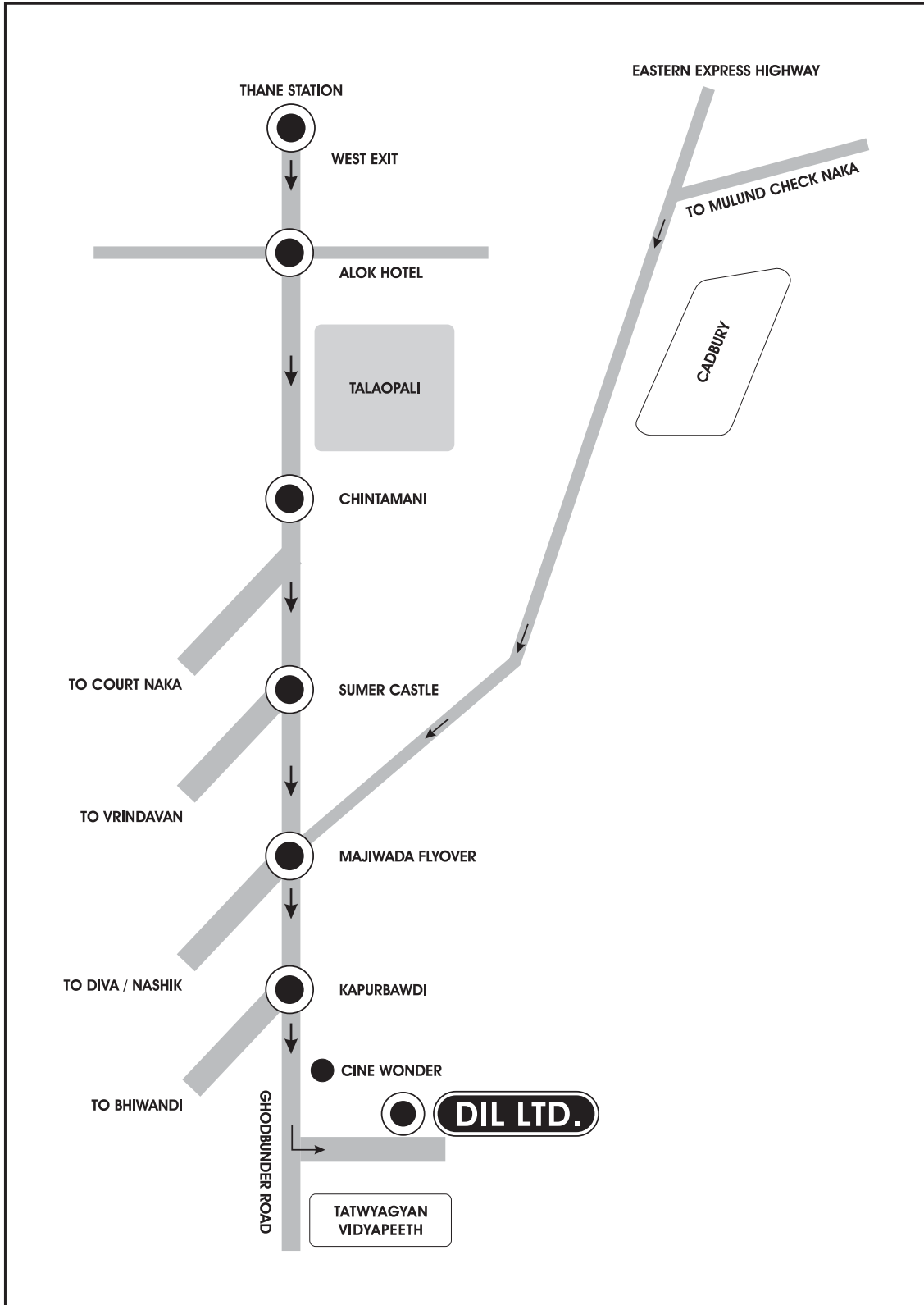
Name of Subsidiary	Fermenta Biotech Ltd.	Fermenta* Biotech (UK) Ltd.	G I Biotech Pvt. Ltd.	Aegean Properties Ltd.	CC Square Films Ltd.
1. Capital	1,770.45	183.60	1.00	30.00	5.00
2 Reserves & Surplus (adjusted for debit balance in Profit and Loss Account, where applicable)	4,100.33	(40.73)	1.26	31.77	-
3 Total Assets (Fixed Assets + Current Assets)	8,764.72	144.44	9.27	64.87	5.00
4 Total Liabilities (Debts + Current Liabilities)	3,080.56	1.57	7.01	3.10	0.59
5 Investments	186.62	-	-	-	-
6 Miscellaneous Expenditure	-	-	-	-	0.59
7 Total Income (including excise duty where applicable)	6,456.08	-	1.44	12.11	-
8 Total Expenditure	5,321.78	1.59	0.69	3.32	-
9 Exceptional Item	-	-	-	-	-
10 Exchange difference gain / (loss)	101.34	2.47	-	-	-
11 Profit / (Loss) before Tax	1,235.64	0.88	0.75	8.79	-
12 Provision for tax / (Write back)	291.08	-	0.13	(3.01)	-
13 Profit / (Loss) after tax	944.56	0.88	0.62	11.80	-
14 Proposed Dividend	-	-	-	-	-

NOTE : Audited Annual Accounts of the subsidiaries are available for inspection at the registered office of the Company and will be sent to every member on request, free of cost.

\* As on March 31, 2011 UK Sterling Pound was equal to INR 72.60.



# 59th AGM Venue's Roadmap



## NOTES

A series of horizontal dotted lines for writing notes.



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

Folio No. \_\_\_\_\_ **ATTENDANCE SLIP** No. of Shares \_\_\_\_\_

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

NAME OF THE SHAREHOLDER / PROXY (IN BLOCK LETTERS) .....

I hereby record my presence at the Fifty Ninth Annual General Meeting of the Company held at 'dil' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610 on Tuesday, September 27, 2011 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



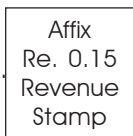
**Registered Office :** 'dil' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610.

Folio No. \_\_\_\_\_ **PROXY FORM** 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 Fifty Ninth Annual General Meeting of the Company to be held on Tuesday, September 27, 2011 at 3.00 p.m. and at any adjournment thereof.

Signed by the said .....

Date .....



**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.

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