dil LIMITED

57th ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS

Mr. G. G. Desai
Chairman

Mr. Krishna Datla
Managing Director

Mr. Satish Varma
Executive Director

Mr. Sanjay Buch

Ms. Rajeshwari Datla

Mr. Vinayak Hajare
(Appointed as Additional Director w.e.f. June 18, 2009)

Mr. Kunal Kashyap
(Resigned w.e.f. March 3, 2009)

COMPANY SECRETARY

Mr. Srikant N. Sharma

SOLICITORS

Crawford Bayley & Co.

AUDITORS

S. R. Batliboi & Associates

INTERNAL AUDITORS

M M Nissim & Co.

BANKERS

Standard Chartered Bank
Bank of Baroda
Union Bank of India

MANAGEMENT TEAM

Mr. Krishna Datla
Managing Director

Mr. Satish Varma
Executive Director

Mr. Irfan Bandukwalla
Head, Strategic Planning and Business Development

Mr. K H Kashid
Chief Financial Officer

Mr. Srikant N Sharma
Head, Corporate Affairs and Legal

Mr. V K Raveendranath
Head, Human Resources

REGISTERED OFFICE

'dil' Complex, Ghodbunder Road,
Majiwada, Thane (West) – 400 610.
Maharashtra, India.
Tel No : +91 22 6798 0888
Fax No : +91 22 6798 0999
E-mail : contact@dil.net
www.dil.net

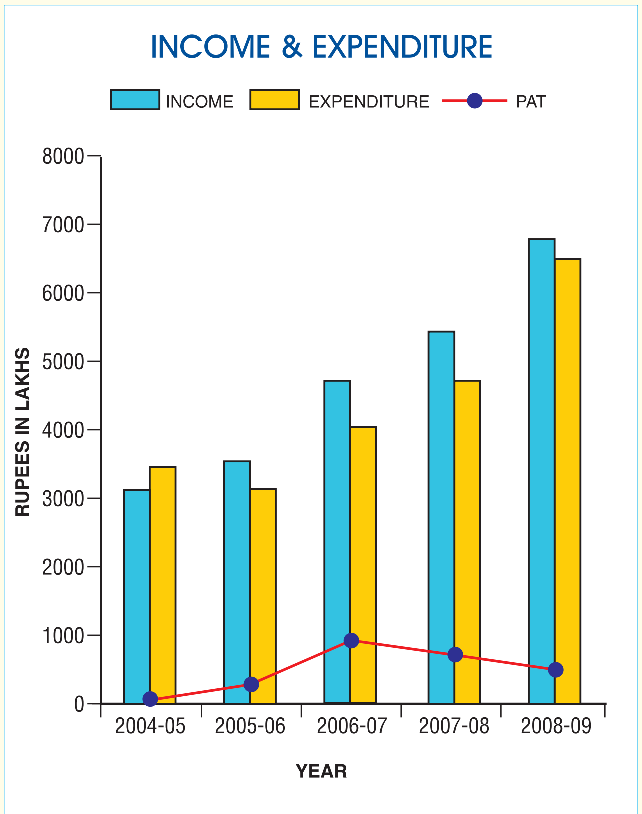
REGISTRAR AND TRANSFER AGENTS

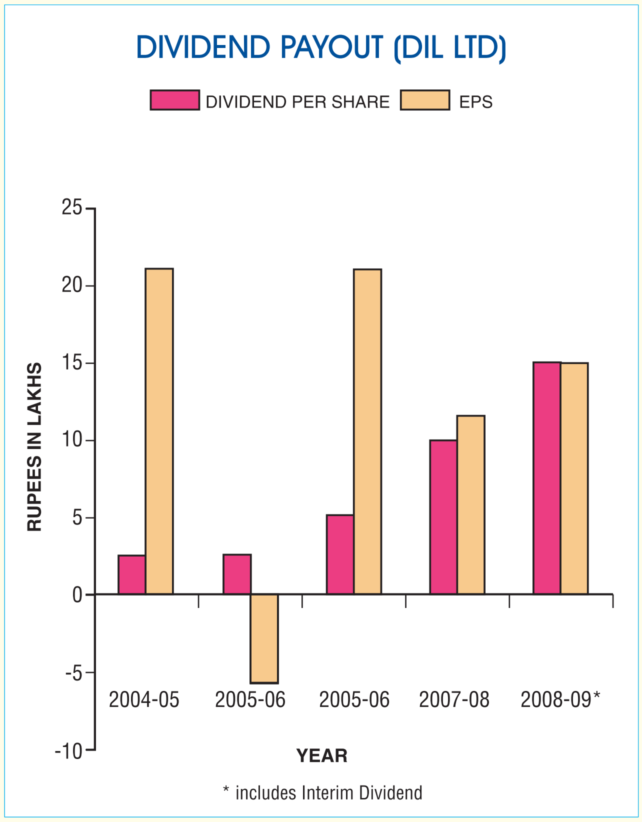
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Maharashtra, India.
Mumbai – 400 078.
Tel No : +91 22 2596 3838
Fax No : +91 22 2596 2691
Email : rnt.helpdesk@linkintime.co.in

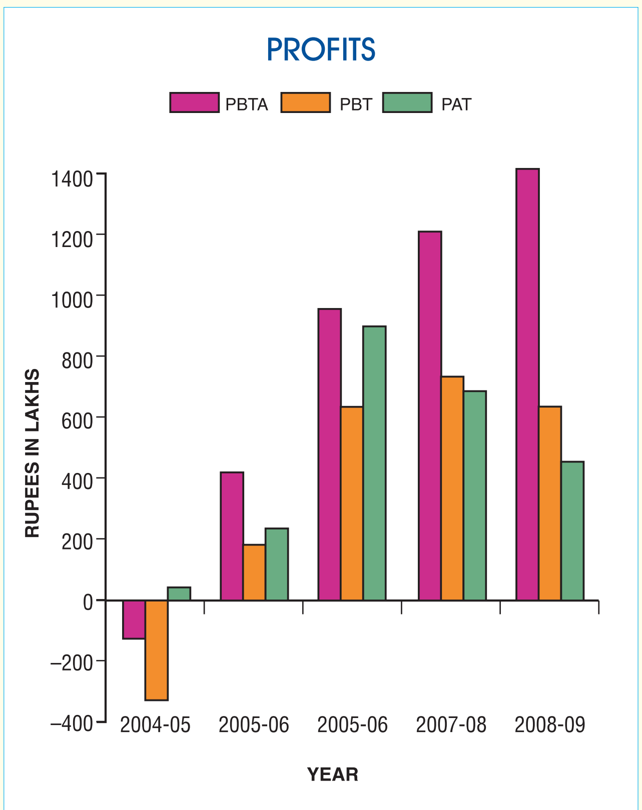
WEBSITES

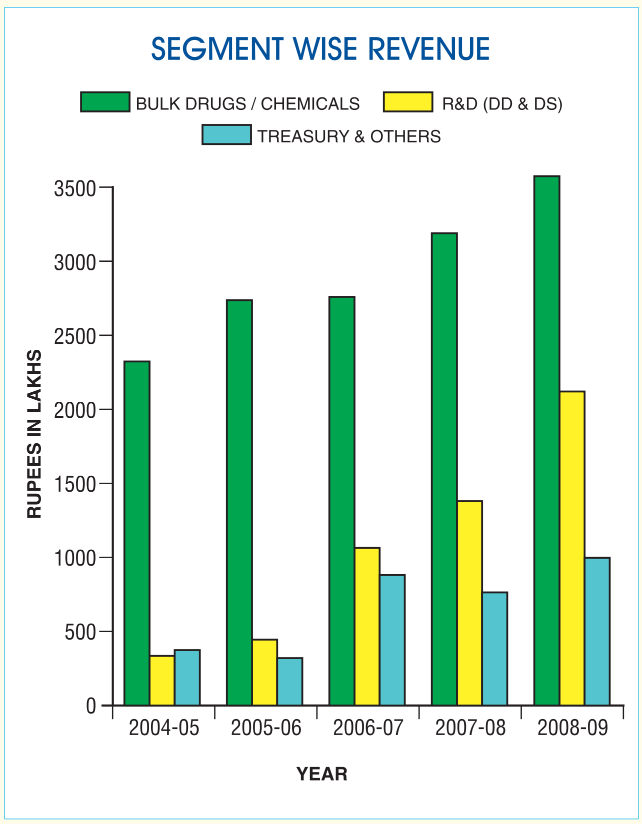
www.dil.net
www.evotec-rsil.com
www.fermentabiotech.com
www.glider.cz
www.rsil.biz
www.whitestripes.biz

FINANCIAL HIGHLIGHTS - CONSOLIDATED

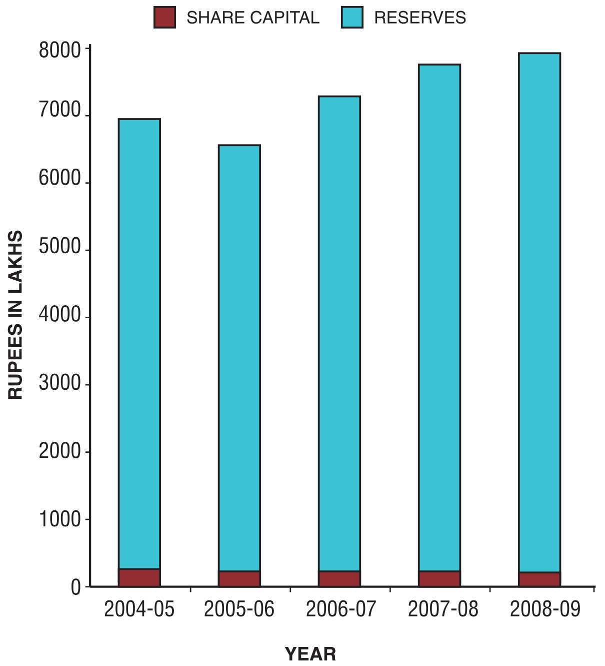




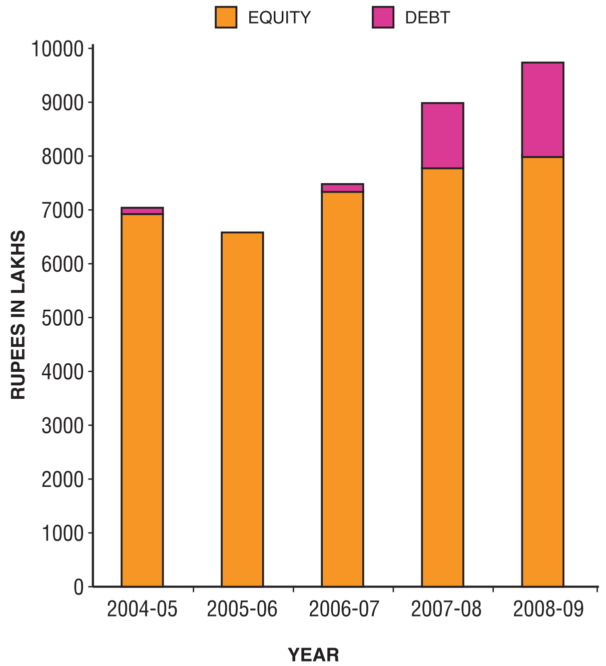




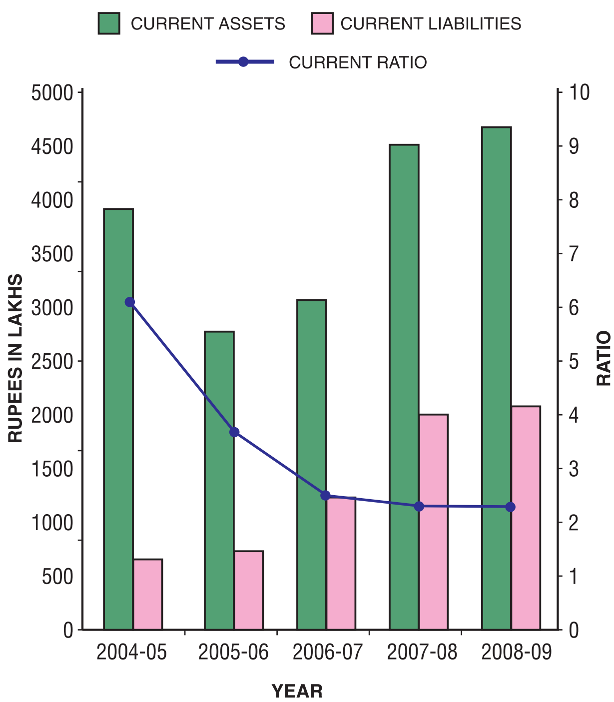
SHAREHOLDERS FUND



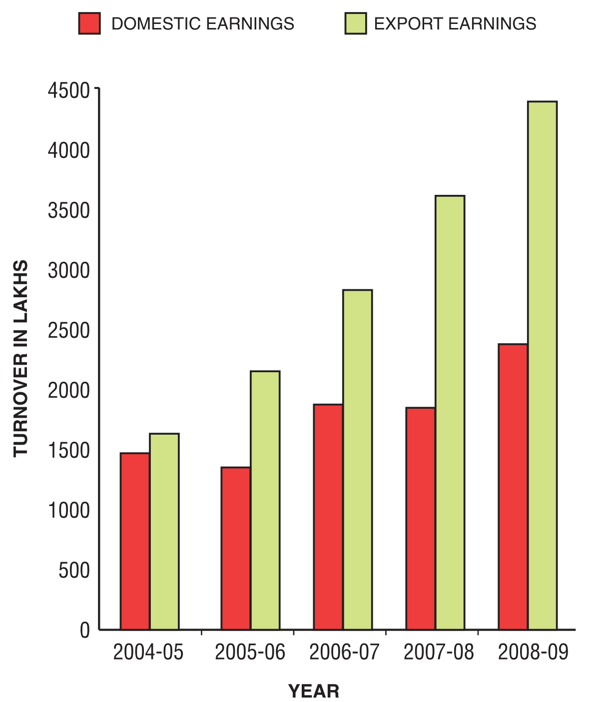
DEBT & EQUITY



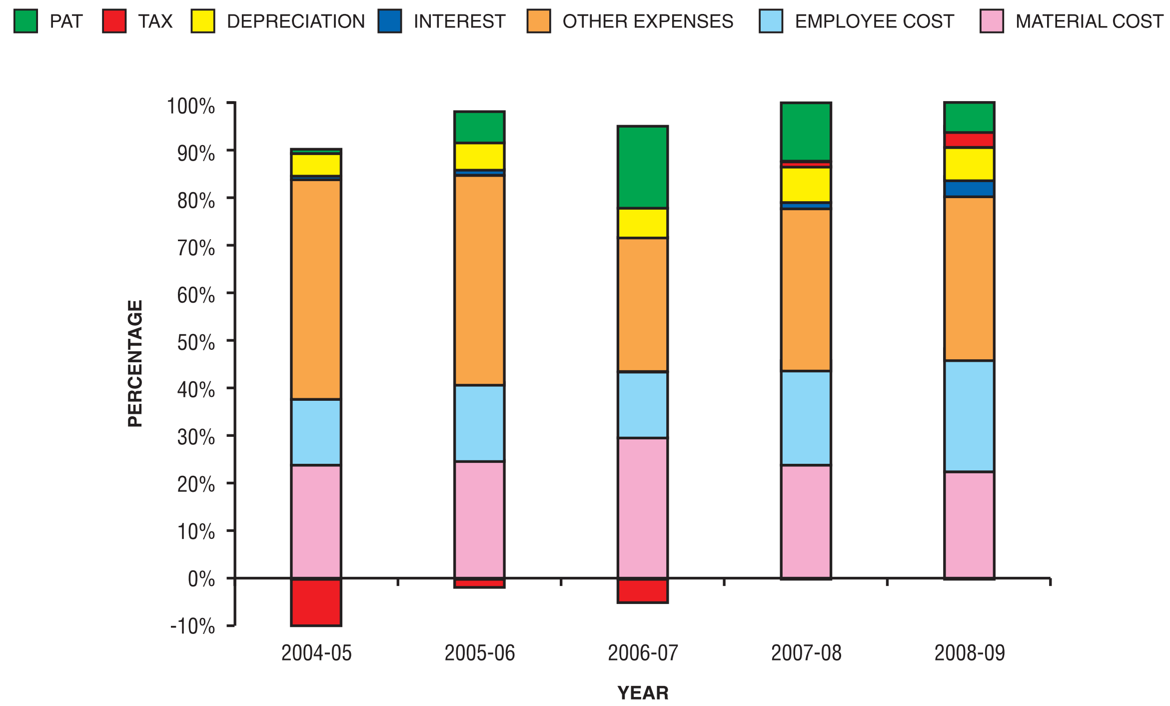
CURRENT RATIO



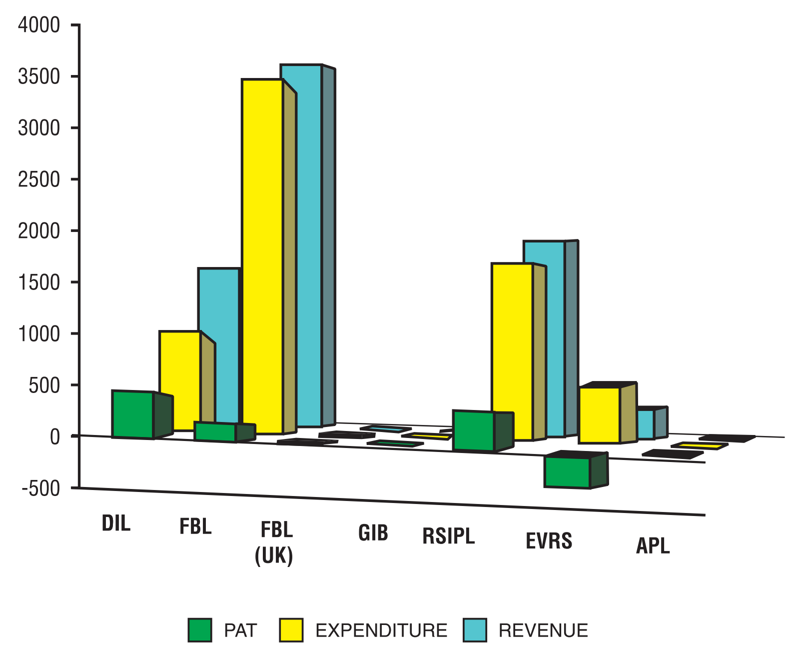
DOMESTIC & EXPORT EARNINGS



DISTRIBUTION OF REVENUE 2008-09



PERFORMANCE OF DIL & SUBSIDIARY COMPANIES 2008-09



CONTENTS

NOTICE

Notice is hereby given that the Fifty Seventh Annual General Meeting of the Members of DIL LIMITED will be held at 'dil' Complex, Ghodbunder Road, Majiwada, Thane (West), 400 610 on Tuesday, September 29, 2009 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, 2009 and the Profit and Loss Account for the year ended on that date, the Directors' Report and the Auditors' Report thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2009.
3. To appoint a Director in place of Mr. Satish Varma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, pass with or without modification, following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT Mr. Vinayak Hajare, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

By Order of the Board

Srikant N. Sharma
Company Secretary

Thane, August 6, 2009.

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 deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the Annual General Meeting.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, (the Act) in respect of Special Business under item 5 as set out above is annexed herewith.
4. The details in respect of Directors recommended for appointment / 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.
5. The interim dividend for the financial year 2008-09 @ Rs. 7.50 per share was declared at the meeting of the Board of Directors held on June 18, 2009 and paid to those members whose name appeared in the Register of Members of the Company on June 30, 2009 and on the basis of Beneficial Ownership details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on June 30, 2009.
6. The final dividend for the year ended March 31, 2009 @ Rs. 7.50 per share will be paid on or before October 29, 2009 to those members whose name appears in the Register of Members of the Company on September 29, 2009, 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 18, 2009.
7. The Register of Members and Share Transfer Books will remain closed from September 19, 2009 to September 29, 2009 (both days inclusive) in connection with the payment of final dividend for the financial year 2008-09.
8. 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.
9. Members are hereby informed that dividends, which remain unclaimed / unencashed over a period of 7 years, have to 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 Act. The unclaimed final dividend for the financial year ended March 31, 2001 and the unclaimed interim dividend declared during the financial year 2001-2002 have been transferred to the IEPF.
10. Dividend for the Financial Year ended March 31, 2002, which remains unpaid or unclaimed, will be due for transfer to the IEPF on October 31, 2009, pursuant to the provisions of Section 205A of the Act.
11. Members who have not encashed their dividend warrants for the years 2001-2002 or thereafter are requested to write to the Company at its Registered Office and / or the Company's Registrar and Transfer Agents. Members are advised that no claims shall remain against the Company for the amount of dividend so transferred to the said Fund.
12. Members are requested to direct all correspondence relating to shares, including change in address, bank mandates, etc. to the Company's Registrar and Transfer Agents.
13. 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 Registrars and Transfer Agents for their doing the needful.
14. Members / proxies should bring the Attendance slip sent herewith, duly filled in, for attending the meeting. They are also requested to bring their copies of the Annual Report. Copies of the Annual Report would not be distributed at the meeting.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Mr. Vinayak Hajare was appointed as an Additional Director of the Company by the Board of Directors at its Meeting held on June 18, 2009. Under Section 260 of the Act, Mr. Vinayak Hajare holds office up to the date of the ensuing Annual General Meeting. The Company has received Notice from a Member under Section 257 of the Act signifying his intention to propose Mr. Vinayak Hajare as a candidate for the office of Director. The said office is subject to retirement by rotation.

A brief profile of Mr. Vinayak Hajare is given in the Corporate Governance Report for Members' reference. The Board commends the resolution for approval by the Members.

None of the Directors except Mr. Vinayak Hajare is in any way, concerned or interested in this Resolution.

By Order of the Board

Srikant N. Sharma
Company Secretary

Thane, August 6, 2009

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

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors have pleasure in presenting the 57th Annual Report and the Audited Accounts for the financial year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

Stand alone results

	(Amount - Rs. in Lakhs)	
	2008-2009	2007-2008
Total Revenue	**1,240.87**	980.10
Total Expenditure	**783.59**	579.35
Profit before Interest, Depreciation & Tax ('EBIDTA')	**457.28**	400.75
Interest	**115.05**	1.42
Depreciation	**109.18**	128.16
Exceptional item – depreciation written back	**179.72**	NIL
Profit before tax ('PBT')	**412.77**	271.17
Less : Provision for tax (including deferred tax)	**70.78**	32.65
Add : Provision for tax in respect of earlier years written back	**(0.65)**	21.22
Profit after tax ('PAT')	**341.34**	259.74
Balance brought forward	**2,069.31**	2,107.86
Balance for appropriations	**2,410.65**	2,367.60
Appropriations		
Interim Dividend	**171.99**	NIL
Proposed Dividend	**171.99**	229.32
Dividend Distribution Tax	**58.46**	38.97
Transfer to General Reserve	**35.00**	30.00
Balance in Profit & Loss account	**1,973.21**	2,069.31
	2,410.65	2,367.60

Consolidated results

	(Amount - Rs. in Lakhs)	
	2008-2009	2007-2008
Total Revenue	**6,760.57**	5,420.57
Total Expenditure	**5,714.97**	4,211.50
Profit before Interest, Depreciation & Tax ('EBIDTA')	**1,045.60**	1,209.07
Interest	**302.17**	77.75
Depreciation	**475.29**	400.44
Exceptional item – depreciation written back	**364.83**	NIL
Profit before tax ('PBT')	**632.97**	730.88
Less : Provision for tax (including deferred tax)	**179.67**	107.46
Add : Provision for tax in respect of earlier years written back	**(0.77)**	55.22
Profit after tax ('PAT')	**452.53**	678.64
Minority interest	**131.65**	21.60
Balance brought forward	**2,188.99**	1,787.04
Balance for appropriations	**2,773.17**	2,487.28
Appropriations		
Interim Dividend	**171.99**	NIL
Proposed Dividend	**171.99**	229.32
Dividend Distribution Tax	**58.46**	38.97
Transfer to General Reserve	**35.00**	30.00
Balance in Profit & Loss account	**2,335.73**	2,188.99
	2,773.17	2,487.28

RESULTS FROM OPERATIONS

During the year under review, the consolidated revenue of the Company was Rs. 6,760.57 lakhs as against Rs. 5,420.57 lakhs in the previous year. Consolidated Profit after tax for the year under review was Rs. 452.53 lakhs as against Rs. 678.64 lakhs in the previous year.

In the year under review, the stand alone revenue generated was Rs.1,240.87 lakhs as against Rs. 980.10 lakhs in the previous year, while the operating profit (EBIDTA) was Rs. 457.28 lakhs (previous year Rs. 400.75 lakhs), the profit before tax was Rs. 412.77 lakhs (previous year Rs. 271.17 lakhs) and the profit after tax was Rs. 341.34 lakhs (previous year Rs. 259.74 lakhs).

DIVIDEND

During the year under review, the Board of Directors had declared and paid an interim dividend of Rs. 7.50 per equity share for the financial year 2008-09 aggregating to Rs. 171.99 lakhs. Your Directors also recommend a final dividend of Rs. 7.50 per equity share for the year ended March 31, 2009. The total Dividend for the financial year 2008-09 would amount to Rs. 15 per equity share.

TRANSFER TO RESERVE

Your Directors propose to transfer Rs. 35 lakhs to General Reserve out of the amount available for appropriations and an amount of Rs. 1973.21 lakhs is proposed to be retained in the Profit and Loss Account.

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 includes Aegean Properties Limited, Fermenta Biotech Limited, Fermenta Biotech (UK) Limited, G I Biotech Private Limited, Research Support International Private Limited, Evotec–RSIL Limited and VasKo Glider s.r.o.

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company's operations are mainly pursued through its subsidiaries, Fermenta Biotech Limited (FBL) which is in the business of manufacturing and selling bulk drugs and enzymes and Research Support International Private Limited (RSIPL) along with its subsidiary Evotec-RSIL Limited (EVRS) which provides Drug Discovery & Development Services. In addition, your Company is also engaged in treasury operations, renting property and entertainment activities.

Manufacturing:

In the year under review, FBL generated revenues of Rs. 3710.51 Lakhs as against Rs. 3193.83 Lakhs in the previous year, mainly due to strong contributions from its Active Pharmaceutical Ingredients (API) Division including domestic sales of Vitamin D3 which registered a growth of 33.84% over the previous financial year, Silicon Powder and Phenyramidol HCl.

Key Highlights of the year under review include:

- Granting of a Patent to FBL jointly with Mikrobiologicky Ustav AV CR, Prague on DNA sequence encoding Penicillin Acylase, novel constructs of a recombinant DNA and recombinant micro–organisms carrying such sequence.

- Expansion of Vitamin D3 capacities in order to meet additional demands from regulated and semi regulated markets.
- Commenced Sales of Vitamin D3 in the markets of North America, European Union, Middle East and Latin America.
- Successfully commissioned a new cGMP manufacturing facility for Silicon Powder at FBL's factory at Kullu for export purpose.
- Setting up of an Environmental division with strategic collaboration with an overseas partner, to offer various environmental biotech solutions, ranging from wastewater management to oil remediation, treatment of lakes etc.
- Obtained permission from the Drug Controller General of India to market Phenyramidol HCl in finished dosage form in the domestic market.
- Introduction of bulk aluminum packaging of Vitamin D3 for overseas markets.
- Received WHO GMP, ISO 9000 – 2008 and HACCP certifications for its API manufacturing unit at Kullu, Himachal Pradesh in addition to the existing Kosher and Halal certifications.
- Received a Certificate of Suitability (CEP) for Cholecalciferol from the European Directorate for the Quality of Medicines and Healthcare (EDQM).

Drug Discovery & Development Services:

During the year under review, RSIPL recorded a total turnover of Rs. 1924.81 Lakhs as against Rs. 1456.21 lakhs in the previous year. The Profit after tax in the year under review was Rs. 346.40 lakhs (previous year Rs. 76.17 lakhs). These performances are mainly attributed to building of good working relationship with the existing clients and adding new clients.

In line with growth of the business, RSIPL commissioned an independent 'Scale up' facility to provide improved solutions in its Drug Discovery & Development Services. In addition, RSIPL initiated expansion plans of its synthetic laboratory capacities.

EVRS, a joint venture entity of RSIPL and Evotec (UK) Limited, started its commercial operations in April 2008. Its activities mainly focused on establishing and strengthening working relationships with clients. EVRS, through its sustained efforts, has been able to get good recognition from its clients. It has successfully received and successfully completed several projects for leading pharmaceutical and biotech companies in the year under review. With successful and timely completion of projects, clients have responded positively by placing new service contracts and also started recognizing EVRS as a preferred service provider.

Entertainment:

Your Company has re-acquired the remake rights of an old Hindi film from a leading production company. The Company is planning to assign the remake rights along with executive producer services.

Exports:

FBL continues to increase its exports by introduction of new products and expanding its market reach. Commissioning of a new plant and increase in plant capacities have helped to meet additional requirements of FBL's customers.

In RSIPL and EVRS, the export earnings from research services contributed almost 95% and 100% of their total earnings in the year under review.

INDUSTRY STRUCTURE & DEVELOPMENTS:

The industry structure, strength and development in relation to Manufacturing, Drug Discovery & Development Services and Entertainment activities are reviewed, as under:

Manufacturing:

The Indian domestic pharmaceutical market was estimated around US$ 10.76 billion in 2008 and is expected to grow at a compound annual growth rate (CAGR) of 9.9 per cent till 2010 and thereafter at a CAGR of 9.5 per cent till 2015. Currently, the Indian pharmaceutical industry is one of the world's leading and developed markets in terms of volume and value. There has been an encouraging growth trend in the offshore manufacturing activities of Indian pharmaceutical Industry.

Drug Discovery & Development Services:

The Pharmaceutical and biotechnological companies are under increasing pressure to deliver new drugs to market and reduce the time required for drug development. In the coming years, significant number of patented drugs will expire and there has been a drop in the launching of new researched products. Further, large pharmaceutical companies are facing increased pressures to reduce their fixed cost components and to explore new cost effective models. These mandates have made many pharmaceutical and biotechnology companies to outsource its research and development activities.

India is fast emerging as the global research and development (R&D) hub of the world. In the last few years, the country has further advanced into the core pharmaceutical knowledge sector, thus attracting a continuous flow of activities, proposals and tie ups from global entities. Strong intellectual property regulations, good research facilities and talented pool of scientific manpower, available at a very competitive cost are the decisive factors to the growing trends of R&D activities.

Entertainment:

Emergence of various revenue streams beyond the conventional revenue model has been a success in the entertainment industry. With easing of foreign direct investments in entertainment industry, global corporate and international studios have evinced keen interests in India. According to the 2008 Annual edition of FCCI – PricewaterhouseCoopers, the expected growth in entertainment sector is 13% CAGR, as projected for 2008-12. Television and advertising industries are experiencing a paradigm shift through digitally interactive media and its revenue generation in the coming years is expected to be substantial.

CONCERNS AND THREATS:

Manufacturing:

Though there has been a positive growth in pharmaceutical sector in India, international supply – demand market dynamics has been a concern. As always cheaper supplies of Vitamin D3 from China remain a major threat for our Vitamin D3 business. The antibiotics segment has been constantly subject to large fluctuations in price structure and to maintain consistent sale of FBL's enzymes, which are primarily focused in this segment, remain a concern. As our exports of enzymatic products are confined to south Asian countries, monitoring and protection of our intellectual property rights for our exported products has been a matter of concern.

Drug Discovery & Development Services:

While a number of large chemistry outsourcing service providers have emerged as leaders within the industry, the outsourcing market for pharmaceutical and biotechnology contract chemistry services remains highly fragmented. As new companies entering the market and as more advanced technologies being used, we expect increased competition in this segment. Companies with low operating cost structures have been offering services at a low fee, thus adding more intensity to the competition.

OPPORTUNITIES AND OUTLOOK:

Manufacturing:

India is already being recognized globally as a manufacturer of economical, high quality API's and formulations, India has exhibited great potential to become a leading global player in enzymatic and biotechnological activities due to consistent availability of talented, skilled and cost effective manpower and well-developed scientific infrastructure.

Drug Discovery and Development Services:

Indian as well as overseas investors believe in India's potential to blossom as a regional R&D hub. According to a study by Battelle, a global leader in R&D, in next 10 years time the global R&D activities will be dominated by Asian countries, including India. Sensing the huge opportunities, the Government has proposed various schemes to provide incentives in order to boost the research and innovation activities of the country.

Our ability to offer a right combination of high quality, cost-effective and comprehensive service offerings has resulted in strong working relationship with our clients, even in the current economic environment. We shall continue to implement our long-term strategy in order to develop and establish as a preferred service provider for our clients in the drug discovery value chain.

Entertainment:

It is projected that in the next five years, there will be a significant rise in online digital streaming, digital movie/ TV downloads. In addition to the existing executive production services, your company would target to produce and to provide production services for movie and television industry.

UNCLAIMED PUBLIC DEPOSIT

Your Company has not accepted/renewed any fixed deposits during the year under review. The total unclaimed fixed deposits as on March 31, 2009 was Rs. 4,317/-.

POSTAL BALLOT

The Company has obtained the approval of the members by means of special resolutions passed through Postal Ballot on December 12, 2008 for payment of remuneration to Mr. Krishna Datla, Managing Director and Mr. Satish Varma, Executive Director, within the limits specified in Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956, or any amendments thereof, in view of inadequacy of profits.

DIRECTORS

Mr. Kunal Kashyap, Director of the Company, resigned from the Board on March 3, 2009. The Board places on record its appreciation of the valuable services rendered during his tenure as director and for his contributions to the deliberations of the Board.

Mr. Vinayak Hajare was appointed as an Additional Director of the Company on June 18, 2009 and holds office till the conclusion of the ensuing Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Act, proposing his candidature to the office of Director.

Mr. Satish Varma retires by rotation and being eligible, offers himself for reappointment 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 to the effect that their appointment if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the Act.

AUDITORS' REPORT

With reference to the observation(s) made by the Auditors in Clause No. 4 of their report(s) in the stand alone as well as consolidated Auditors' Reports on the viability of the Company's investment made in VasKo Glider s.r.o., a joint venture company, your Directors feel that on expected commercial exploitation of the intellectual property rights, presently recognized to VasKo Glider s.r.o., the investment has long term potential.

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, 2009, 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, 2009 have been prepared on a 'going concern' basis.

SUBSIDIARY COMPANIES

Ministry of Corporate Affairs, New Delhi vide letter no. 47/148/2009-CL-III dated March 20, 2009 has granted exemption to the Company under Section 212(8) of the Companies Act, 1956 from attaching the financials of subsidiary companies to the Annual Report 2008-09. Financial information of the subsidiary companies is disclosed in the Annual Report as per the provisions of Section 212 of the Companies Act, 1956. The Company will make available the financial statements of the subsidiary companies to any member of the Company who may be interested in obtaining the same.

Your Company in the year under review was allotted to 22,95,000 Equity Shares (face value of Rs. 2 each) at par of Research Support International Private Limited on June 19, 2008.

Research Support International Limited, a wholly owned subsidiary of your company was converted into a private Company with effect from February 17, 2009, which is now known as Research Support International Private Limited (RSIPL).

Your Company has executed a Share Purchase and a Shareholders' Agreement (Agreements) with Evotec AG, concerning transfer of 2,54,94,000 equity shares i.e. 70% of the paid up equity share capital of RSIPL held by the Company. Post transfer of such shares in RSIPL, Evotec AG's equity holding will constitute 70% and your

Company's equity holding will constitute 30% of the paid up equity share capital in RSIPL. RSIPL would then no longer be a subsidiary of the Company.

DISCLOSURES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

Particulars of employees as required under Section 217(2A) of the Act read with Companies (Particulars of Employees) Rules, 1975, as amended, is given in the annexure forming part of this Report.

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 15 forming part 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. D. Israni & Co, Practising Company Secretaries.

HUMAN RESOURCES

Your Company's Human Resource function has been continuously adding value in talent acquisition, initiating and organizing various employee engagement activities and adding potential value to the workforce by training programs. Hiring has been the forte in the year under review and in this volatile market, your company has inducted 16 new employees and in the group companies the figure has been 99. Human Resource team strives to maintain employee cohesiveness and good morale, taking the companies fundamental values ahead. The number of employees of the company and group companies, as on March 31, 2009 was 50 and 312 respectively.

INTERNAL CONTROL SYSTEMS

The Company has adopted an internal control commensurate with its size, nature of operations, reporting(s) and compliance with applicable laws and regulations.

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 Internal Audit is conducted by an independent firm of Chartered Accountants.

The Audit Committee and the Board of Directors reviews the report(s) of an independent Internal Auditor on regular interval, on the adequacy and effectiveness of Internal Control system and suggests ways to improve it.

SOCIAL INITIATIVES

Your Company supports and contributes towards a non governmental organization to keep the environment clean and to support the social objectives of that organization.

Your Company has been associated with charitable organizations that provide educational support to needy children such as building of schools and providing other required facilities. Donations to Prime Minister's National Relief Fund 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

Statement in this 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 statement.

For and on behalf of the Board

G. G. Desai
Chairman

Thane, August 6, 2009

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

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR 2008-2009

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009.

Name	Age (Yrs.)	Designation	Gross Remu- neration (Rs.)	Qualifications	Experi- ence (Yrs.)	Date of joining	Previous Employment
Satish Varma	39	Executive Director	29,68,614	Computer Science	15	24.10.1994	First Employment
Krishna Datla	28	Managing Director	37,35,430	B.Com	9	03.09.2001	First Employment
Irfan Bandukwalla	38	Head - Strategic Planning and Business Development	45,44,307	B.Com. A.C.A.	17	01.09.2003	Percept Finserve Private Limited
K H Kashid	59	Chief Financial Officer	64,53,597	B.Com. (Hons.) A.C.A.	34	16.02.1978	A. F. Ferguson & Co.

Notes :

1. The Gross remuneration shown above is subject to tax and comprises salary, allowances, monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund / Superannuation Fund.
2. In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's rules.
3. The above details are only for employees located in India.

For and on behalf of the Board

G. G. DESAI
Chairman

Thane, August 6, 2009

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

CORPORATE GOVERNANCE REPORT

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance at DIL Limited has evolved not only to ensure compliance with the dynamic regulatory requirements but also to benefit stakeholders, employees, shareholders and the society. The focus of the Board of Directors is to ensure proper functioning of the Company on a transparent and efficient manner and protect the interest of its stakeholders.

BOARD OF DIRECTORS

- The Composition of the Board as on March 31, 2009 was as under :

Name of Director	Category	* Other Directorships	** Chairmanship in Committees	** Committee Memberships
Mr. G. G. Desai	Chairman (Non Executive) Independent Director	9	4	5
Ms. Rajeshwari Datla ***	Non-Executive Director	Nil	Nil	1
Mr. Krishna Datla ***	Managing Director	3	1	4
Mr. Satish Varma	Executive Director	2	Nil	4
Mr. Sanjay Buch	Independent Director	Nil	Nil	2

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

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

\# *Mr. Vinayak Hajare was appointed as the Additional Director of the Company w.e.f. June 18, 2009.*

*** *Ms. Rajeshwari Datla is the mother of Mr. Krishna Datla.*

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

- **Mr. Satish Varma** (39), has been associated with the Company for more than 15 years and has been handing various important projects of the Company. During his tenure, he has been a core member of the strategic management and decision making team of the Company.

  Mr. Varma is a Director in the following Companies:

  – DVK Investments Private Limited

  – Aegean Properties Limited

  – Fermenta Biotech (UK) Limited

  – Fermenta Biotech Limited

  – G.I. Biotech Private Limited

– Research Support International Private Limited

– VM Café De Art Private Limited

Mr. Varma was appointed as an Executive Director of the Company from July 01, 2003. He is a member of Shareholders' / Investor's Grievance Committees of DIL Limited and Fermenta Biotech Limited. He is also a member of Audit Committees of Fermenta Biotech Limited and Research Support International Private Limited.

• **Mr. Vinayak Hajare** (50) has been appointed as Additional Director on the Board of the Company w.e.f. June 18, 2009

Mr. Vinayak Hajare, M.B.A in Finance, has over 26 years of work experience in areas like Investment Banking and Corporate Finance. He was an Associate Director at Ernst and Young and held several senior positions in companies like Caylon Bank and Lazard India.

Mr. Vinayak Hajare is a Director in the following Companies:

1. InterGest South Asia Private Limited
2. Woleco India Private Limited
3. Ishitva Financial Services Private Limited
4. Micro Technologies (India) Limited

BOARD MEETINGS

• Six Board Meetings were held during the year on April 26, 2008, June 20, 2008, July 29, 2008, October 25, 2008, January 28, 2009 and March 3, 2009

Name	Meetings held in Director's tenure	Meetings attended	Attendance at last Annual General Meeting held on September 26, 2008
Mr. G. G. Desai	6	6	Present
Ms. Rajeshwari Datla	6	5	Present
Mr. Kunal Kashyap *	6	6	Present
Dr. Albrecht Läufer #	2	2	Absent
Mr. Ramesh Venkat ##	1	0	Absent
Mr. Krishna Datla	6	6	Present
Mr. Satish Varma	6	6	Present
Mr. Sanjay Buch	6	5	Present

* *Mr. Kunal Kashyap attended one Board Meeting through tele-conference.*

\# *Dr. Albrecht Läufer resigned as Director w.e.f June 20, 2008.*

\## *Mr. Ramesh Venkat resigned as Director w.e.f April 26, 2008.*

AUDIT COMMITTEE

- The Composition of the Audit Committee as on March 31, 2009 was as under:

Name of the Director	Designation	Meetings attended
Mr. Kunal Kashyap *	Chairman	5
Mr. G. G. Desai *	Chairman	5
Ms. Rajeshwari Datla	Member	4
Mr. Sanjay Buch	Member	4

* *Mr. Kunal Kashyap was the Chairman of the Audit Committee till March 03, 2009. Thereafter, Mr. G.G Desai was appointed as the Chairman of the Audit Committee.*

\# *Mr. Vinayak Hajare was appointed as the Member of the Audit Committee w.e.f June 18, 2009.*

During the year under review, five Audit Committee meetings were held on April 26, 2008, June 20, 2008, July 29, 2008, October 25, 2008 and January 28, 2009. The representatives of the Statutory Auditors and Internal Auditors also attended the Audit Committee meeting(s).

- ***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, 2009 was as under:

Name of the Director	Designation	Meetings held and attended
Mr. Kunal Kashyap *	Chairman	2
Mr. G. G. Desai	Member	2
Mr. Sanjay Buch	Member	2

* *Mr. Kunal Kashyap resigned w.e.f March 3, 2009.*

\# *Mr. Vinayak Hajare was appointed as the Member of the Remuneration Committee w.e.f June 18, 2009.*

During the year under review, two Remuneration Committee meetings were held on June 20, 2008 and October 25, 2008

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

The terms of reference of the Committee include recommending to the Board of Directors, the remuneration package of the Wholetime Directors including commission to all the Directors of the Company. 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, 2009:**

Name of Director	Sitting Fees * (Rs.)	Salary (Rs.)	Contribution to PF and other funds (Rs.)	Benefits & Perquisites (Rs.)	Total (Rs.)
Mr. G. G. Desai Independent Director	1,80,000	—	—	—	1,80,000
Ms. Rajeshwari Datla Non-Executive Director	1,15,000	—	—	—	1,15,000
Mr. Kunal Kashyap Independent Director	1,50,000	—	—	—	1,50,000
Dr. Albrecht Läufer Independent Director	40,000	—	—	—	40,000
Mr. Sanjay Buch Independent Director	1,60,000	—	—	—	1,60,000
Mr. Krishna Datla Managing Director	—	26,36,000	2,88,000	44,614	29,68,614
Mr. Satish Varma Executive Director	—	28,60,493	4,90,050	3,84,887	37,35,430
TOTAL	**6,45,000**	**54,96,493**	**7,78,050**	**4,29,501**	**73,49,044**

* *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;*

* *Ms. Rajeshwari Datla, non-executive director, holds 18,716 equity shares in the Company.*

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

- The composition of the Shareholders' / Investors' Grievance Committee as on March 31, 2009 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.
- The number of investor complaints received and resolved during 2008-2009 was 25.
- Pending complaints as of March 31, 2009 were Nil.

GENERAL BODY MEETINGS

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

Year	Date and Time	Location	Special Resolution(s) passed
2005-2006	September 29, 2006 at 3.00 p.m.	'dil' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610.	No Special resolution was passed
2006-2007	September 14, 2007 at 3.00 p.m.	– same as above –	No Special resolution was passed
2007-2008	September 26, 2008 at 3.00 p.m.	– same as above –	Re-appointment of Mr. Satish Varma as Executive Director of the Company for a period of five years

Note : No Extraordinary General Meetings were held since 2005-2006.

- Special Resolution passed through postal ballot :

Date	Special Resolution	Number and percentage of Votes		
		Total	For	Against
December 12, 2008	Payment of remuneration to Mr. Krishna Datla, Managing Director of the Company, from April 1, 2008 to May 8, 2010 which is within the limits specified in Section II(1)(B) of Part II of Schedule XIII to the Companies Act, 1956 in view of inadequacy of profits.	1514627	1513052 99.90%	1575 0.10%
December 12, 2008	Payment of remuneration to Mr. Satish Varma, Executive Director of the Company, from April 1, 2008 to March 31, 2011 which is within the limits specified in Section II(1)(B) of Part II of Schedule XIII to the Companies Act, 1956 in view of inadequacy of profits.	1514285	1512690 99.89%	1595 0.11%

Note : Dr. S. D. Irani of S. D. Irani & Company, Company Secretaries was appointed as Scrutinizer for conducting the Postal Ballot.

- No Special Resolution is proposed to be conducted through postal ballot at an ensuing Annual General Meeting.

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.
- 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.
- In accordance 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, 2009.
- 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.

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 one month 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
• 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 29, 2009 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, 2009	:	End July 2009
Financial reporting for the quarter ending September 30, 2009	:	End October 2009
Financial reporting for the quarter ending December 31, 2009	:	End January 2010
Financial reporting for the year ending March 31, 2010	:	End June 2010
• Date of Book closure	:	September 19, 2009 to September 29, 2009 (Both days inclusive)

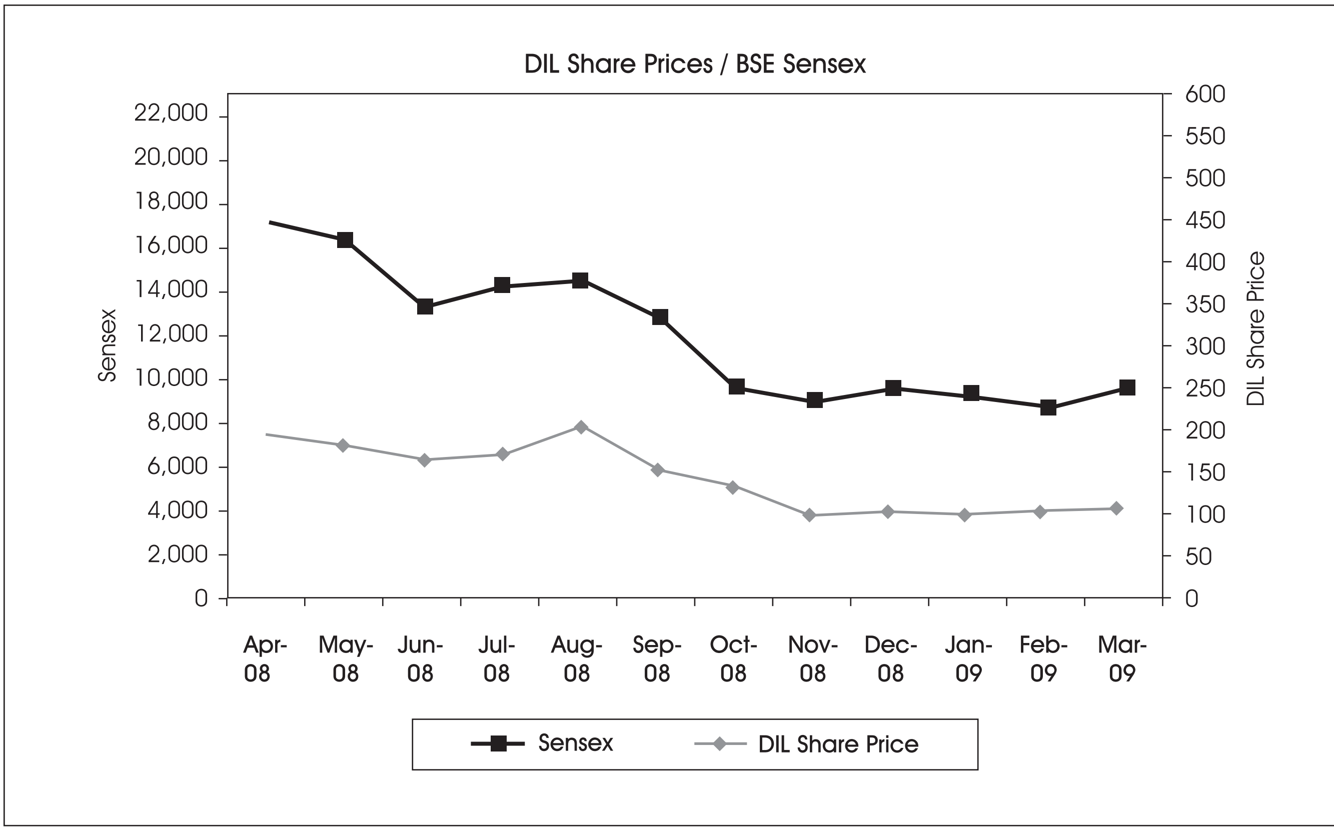
- Dividend Payment Date : on or after September 30, 2009
- Listing on Stock Exchanges : Bombay Stock Exchange Limited (Listing Fees for the year 2009-10 has been paid)
- Stock Code on the Bombay Stock Exchange Limited : 506414
- Market Price Data : High / low during each month in the last financial year.

Month	Bombay Stock Exchange Limited	
	Highest (Rs.)	Lowest (Rs.)
April 2008	204.80	176.15
May 2008	203.85	167.00
June 2008	195.00	155.05
July 2008	199.00	149.35
August 2008	220.00	171.00
September 2008	214.45	145.05
October 2008	179.85	109.05
November 2008	149.00	98.00
December 2008	114.95	93.00
January 2009	118.30	94.25
February 2009	121.00	95.65
March 2009	123.95	99.00

- 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 2008	194.15	17,287.31	12272
May 2008	180.00	16,415.57	6750
June 2008	163.40	13,461.60	16878
July 2008	171.35	14,355.75	16837
August 2008	201.50	14,564.53	9995
September 2008	155.10	12,860.43	17813
October 2008	129.95	9,788.06	11920
November 2008	99.00	9,092.72	18529
December 2008	102.00	9,647.31	12587
January 2009	100.85	9,424.24	15333
February 2009	103.85	8,891.61	27498
March 2009	107.75	9,708.50	16916

- 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.
  Tel No : +91 22 2596 3838
  Fax No : +91 22 2596 2691
  Email : rnt.helpdesk@linkintime.co.in

- Share Transfer System : Shares are normally transferred within a period of 15 days from the date of receipt, provided the documentation is in place. In order to expedite the process of share transfers, the Board of Directors has delegated the powers of share transfer and related matters to Mr. G. G. Desai, Chairman of the Shareholder/Investors Grievance Committee and Mr. Sanjay Buch, Member of the Shareholders/ Investors Grievance Committee, who shall attend the share transfer formalities atleast 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, 2009

Sr. No.	Range	Holding	Amount (Rs.)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 5,000	3,57,173	35,71,730	15.57	4870	96.78
2	5,001 - 10,000	62,914	6,29,140	2.74	88	1.75
3	10,001 - 20,000	42,932	4,29,320	1.87	31	0.61
4	20,001 - 30,000	25,439	2,54,390	1.11	10	0.20
5	30,001 - 40,000	14,196	1,41,960	0.62	4	0.08
6	40,001 - 50,000	18,288	1,82,880	0.80	4	0.08
7	50,001 - 1,00,000	69,880	6,98,800	3.05	9	0.18
8	1,00,001 and above	17,02,376	1,70,23,760	74.24	16	0.32
Total		**22,93,198**	**2,29,31,980**	**100.00**	**5032**	**100.00**

- Shareholding Pattern as on March 31, 2008

	Shareholding	% of Holding
Promoters	13,66,293	59.58
Foreign Banks & NRI's	2,976	0.13
Banks & Financial Institutions	17	0.00
Other Bodies Corporate	1,18,639	5.17
General Public	7,99,409	34.86
Clearing Members	4,836	0.21
Trusts	1,028	0.05
Total	**22,93,198**	**100.00**

- 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. About 32.23% of the Equity Shares of the Company are now 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 2596 3838
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

G. G. Desai
Chairman

Thane, August 6, 2009

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, 2009.

for DIL LIMITED

Thane
August 6, 2009

KRISHNA DATLA
Managing Director

CORPORATE GOVERNANCE CERTIFICATE

To
The Members of
DIL Limited

We have examined the compliance of the conditions of Corporate Governance by DIL LIMITED for the year ended March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing agreement.

We state that, based on the records maintained by the Company and confirmation received from its Registrars and Share Transfer Agents no investor grievances are pending for a period exceeding one month against the Company as at March 31, 2009.

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

For S. D. Israni & Co.

S. D. Israni
Membership No. : FCS 413

Mumbai
Date : August 6, 2009

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, 2009 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. *As discussed in the note 4(c) on Schedule 15 to the financial statements, in respect of investment amounting Rs. 188.51 Lakhs, in VasKo Glider s.r.o., a joint venture company, no provision for diminution in value of investment other than temporary is required since the Company estimates the future economic benefits from the joint venture company to exceed its carrying value. However, having regard to past losses and the uncertainty on the future cash flow projections of the joint venture company, we are unable to comment on provision for diminution in value of investment other than temporary, if any. Our audit report on the financial statements for the year ended March 31, 2008 was modified in respect of the above matter.*

5. 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. *Subject to our comments in paragraph 4 above*, 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi. *Subject to our comments in paragraph 4 above and its consequential effect on the financial statements, if any*, 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, 2009;

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
Chartered Accountants

per Sudhir Soni
Partner

Membership No.: 41870

Place : Mumbai
Date : June 18, 2009

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. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal 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 unsecured loan to a subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). The maximum amount involved during the year was Rs. 100 lakhs and the year-end balance of loans granted to such party was Nil.

(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 loan granted to the subsidiary company which was repayable on demand, repayment of the principal amount 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 Companies Act, 1956.

(e) As informed, 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. Therefore, the provisions of clause 4(iii) (f) and (g) of the Companies (Auditors Report) Order, 2003 (as amended) are not applicable to the Company.

(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 the sale of services. During the year, the Company has not undertaken any activity for the purchase of inventory and the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system 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 exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 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.

(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:

Name of the statute	Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Bombay Sales Tax Act	Sales Tax	99.62*	1995-96	Sales Tax Appellate Tribunal
The Gujarat Sales Tax Act	Sales Tax	3.43	1992 to 1994	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	21.95	2001	Customs, Exicse, & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	67.21	1992 to 1994	Commissioner of Central Excise Appeals, Daman

* Company has provided and paid 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 explanation given to us and based on the documents and records produced to 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) The Company has invested surplus funds in marketable securities and mutual funds. 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 marketable securities and mutual funds 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 Companies Act, 1956.

(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 course of our audit.

For S R BATLIBOI & ASSOCIATES
Chartered Accountants

per Sudhir Soni
Partner

Membership No.: 41870

Place : Mumbai
Date : June 18, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	**229.32**	229.32
Reserves and surplus	2	**6,735.36**	6,796.46
		6,964.68	7,025.78
Loan Funds			
Secured loans	3	**38.53**	21.75
TOTAL		**7,003.21**	7,047.53
APPLICATION OF FUNDS			
Fixed Assets			
Gross block		**1,910.67**	1,726.98
Less: Depreciation/ Impairment		**600.04**	676.49
Net block	4	**1,310.63**	1,050.49
Capital work-in-progress including capital advances		**38.36**	81.79
		1,348.99	1,132.28
Investments	5	**4,916.66**	5,089.11
Deferred Tax Assets (net) (refer Schedule 15, Note 12)		**28.16**	90.06
Current Assets, Loans and Advances			
Sundry debtors	6	**294.67**	313.20
Cash and bank balances	7	**845.01**	762.39
Other current assets, loans and advances	8	**660.36**	619.72
		1,800.04	1,695.31
Less: **Current Liabilities and Provisions**			
Current liabilities	9	**620.98**	644.70
Provisions	10	**469.66**	314.53
		1,090.64	959.23
Net Current Assets		**709.40**	736.08
TOTAL		**7,003.21**	7,047.53
Notes to Accounts	15		

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
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule		**March 31, 2009 Rs. in Lakhs**		March 31, 2008 Rs. in Lakhs
INCOME					
Sales and other operating income	11		**1,221.33**		890.94
Other income	12		**19.54**		89.16
			1,240.87		980.10
EXPENDITURE					
Cost of Production of motion film			**–**		30.00
Personnel expenses	13		**222.39**		205.39
Operating and other expenses	14		**561.20**		343.96
Interest - on term loans			**3.38**		1.39
- others [refer Schedule 15, Note 3 (a)]			**111.67**		0.03
Depreciation [(includes provision for impairment Rs. 5.94 Lakhs (2008-Rs. (0.40) Lakhs)]	4		**109.18**		128.16
			1,007.82		708.93
PROFIT BEFORE TAX			**233.05**		271.17
Add: Depreciation written back (2008 - Rs. Nil) (Refer schedule 15 note 2(c))			**179.72**		—
PROFIT BEFORE TAX			**412.77**		271.17
Less: Provision for tax					
Current tax [includes Rs. Nil for prior year (2008- Rs. 3.73 Lakhs)]		**33.59**		20.91	
Less: MAT credit entitlement [includes Rs. Nil for prior year (2008 - Rs. 3.73 Lakhs)]		**33.59**	**–**	20.91	–
Deferred tax [includes Rs. 47.12 Lakhs credit for prior years (2008 - Rs. 28.81 Lakhs)]			**61.90**		26.52
Fringe benefit tax [includes Rs. 0.03 Lakhs for prior years (2008 - Rs.0.23 Lakhs)]			**8.88**		6.13
			70.78		32.65
Add: Provision for tax in respect of earlier years written (off)/ back (refer Schedule 15, Note 3 (b))			**(0.65)**		21.22
PROFIT AFTER TAX			**341.34**		259.74
Add: Balance brought forward from previous year			**2,069.31**		2,107.86
BALANCE FOR APPROPRIATIONS			**2,410.65**		2,367.60
Appropriations					
Interim dividend			**171.99**		–
Proposed dividend			**171.99**		229.32
Dividend distribution tax			**58.46**		38.97
Transfer to General reserve			**35.00**		30.00
			437.44		298.29
BALANCE CARRIED TO BALANCE SHEET			**1,973.21**		2,069.31
Basic and diluted, earnings per share (Rs.)			**14.88**		11.33
Weighted average number of equity shares of Rs. 10 each outstanding			**2,293,198**		2,293,198
Notes to Accounts	15				

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 S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

PARTICULARS		March 31, 2009 (Rs. in Lakhs)	March 31, 2008 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		**412.77**	271.17
Adjustments for :			
Depreciation		**109.18**	128.16
Depreciation written back		**(179.72)**	—
Foreign exchange (gain)/loss - unrealised		**(0.50)**	(0.04)
(Profit)/Loss on sale of fixed assets (net)		**3.01**	(1.28)
Loss on deletion of assets		**0.36**	—
Diminution in value of current investments		**0.64**	0.35
Provision for doubtful advances		**19.01**	—
Operating profit/(loss) before working capital changes		**364.75**	398.36
Adjustments for :			
(Increase) in sundry debtors		**18.53**	(60.20)
(Increase) in loans and advances		**(36.49)**	(25.55)
Decrease in investments		**152.81**	422.30
(Decrease)/Increase in current liabilities		**(26.37)**	50.03
Increase/(Decrease) in provisions		**20.10**	40.42
Cash generation from operations		**493.33**	825.36
Direct taxes paid (net of refunds and adjustments)		**(31.81)**	10.97
Net cash from operating activities	(A)	**461.52**	836.33
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (net of adjustments for capital work-in-progress and advances for capital expenditure)		**(135.21)**	(297.57)
Proceeds from sale of fixed assets		**2.45**	4.10
Purchase of investments in subsidiary		**(45.90)**	(382.50)
Net cash used in investing activities	(B)	**(178.66)**	(675.97)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Loan received/(repaid)		**–**	(4.30)
Repayment of fixed deposits		**(0.91)**	(1.05)
Dividend paid		**(225.76)**	(113.44)
Dividend distribution tax		**(38.97)**	(19.49)
Net cash used in financing activities	(C)	**(265.64)**	(138.28)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

CASH FLOW STATEMENT (Contd.)

PARTICULARS		March 31, 2009 (Rs. in Lakhs)	March 31, 2008 (Rs. in Lakhs)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**17.22**	22.08
Cash and cash equivalents (Opening)		**62.52**	40.44
Cash and cash equivalents (Closing)		**79.74**	62.52
Balance as per Schedule 7		**845.01**	762.39
Less: Term Deposit with original maturity of more than three months		**765.00**	700.10
Less: Effect of exchange differance on Cash and Cash equivalents held in foreign currency		**0.27**	(0.23)
Cash & Cash Equivalents in Cash Flow Statement		**79.74**	62.52

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 1 - SHARE CAPITAL:		
Authorised:		
49,20,000 (2008 - 49,20,000) Equity shares of Rs.10 each	**492.00**	492.00
80,000 (2008 - 80,000) Unclassified shares of Rs.10 each	**8.00**	8.00
	500.00	500.00
Issued and Subscribed and Paid up:		
22,93,198 (2008 - 22,93,198) Equity shares of Rs. 10 each fully paid	**229.32**	229.32
Of the above :-		
i) a) 13,20,000 (2008 - 13,20,000) equity shares and 50,000 (2008 - 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 (2008 - Rs. 132.00 lakhs) and Securities Premium Rs. 5.00 Lakhs (2008 - 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 (2008 - 12,10,528) equity shares are held by DVK Investments Private Limited, the holding company.		
	229.32	229.32
SCHEDULE 2 - RESERVES AND SURPLUS:		
Capital Reserve:	**1,140.00**	1,140.00
General Reserve:		
As per last Balance Sheet	**3,587.15**	3,552.62
Add: Transferred from profit and loss account	**35.00**	30.00
Add: Adjustment for Employee Benefits provision (refer schedule 15 Note 2(i))	**–**	4.53
	35.00	34.53
	3,622.15	3,587.15
Profit and Loss Account	**1,973.21**	2,069.31
	6,735.36	6,796.46
SCHEDULE 3 - SECURED LOANS:		
Term loans from banks secured against hypothecation of vehicles (Repayable within one year Rs. 18.63 Lakhs, (2008 - Rs. 10.92 Lakhs))	**38.53**	21.75
	38.53	21.75

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 4 - FIXED ASSETS:

(Rs. in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / IMPAIRMENT						NET BLOCK	
	01.04.2008	Additions	Deductions	**31.03.2009**	01.04.2008	Adjustment from WDV to SLM+	For the year+	Deductions	**31.03.2009**		**31.03.2009**	31.03.2008
Freehold land @	20.79	—	—	**20.79**	—	—	—	—	—		**20.79**	20.79
Buildings*	599.53	71.78	—	**671.31**	172.62	(50.16)	27.50	—	**149.96**		**521.35**	426.91
Leased improvements $	295.73	—	—	**295.73**	45.50	(25.67)	11.27	—	**31.10**		**264.63**	250.23
Plant and machinery **	411.32	66.37	0.39	**477.30**	170.28	(55.81)	26.74	0.03	**141.18**	***	**336.12**	241.04
Furniture and fixtures	268.01	10.88	0.08	**278.81**	197.47	(17.48)	26.05	0.08	**205.96**		**72.85**	70.54
Vehicles #	131.60	46.39	11.26	**166.73**	90.62	(30.60)	17.62	5.80	**71.84**		**94.89**	40.98
TOTAL	**1,726.98**	**195.42**	**11.73**	**1,910.67**	**676.49**	**(179.72)**	**109.18**	**5.91**	**600.04**	***	**1,310.63**	1,050.49
Previous year	1,398.62	357.27	28.91	1,726.98	574.42	—	128.16	26.09	676.49		1,050.49	

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 (2008 - Rs. 26.53 Lakhs)
Assets held for disposal - Net block Rs. Nil (2008 - Rs. Nil)

*** Includes provision for impairment of Rs. 9.97 Lakhs (2008 - Rs. 4.03 Lakhs) based on the estimated net selling prices of the assets held for sale

Includes vehicles hypothecated to banks:
Gross block Rs. 100.91 Lakhs (2008 - Rs. 54.52 Lakhs)
Net block Rs. 73.86 Lakhs (2008 - Rs. 32.37 Lakhs)

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

\+ Refer Schedule 15 Note 2 (c)

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 5 - INVESTMENTS (fully paid-up):		
Long term investments [unquoted unless otherwise stated (At cost)]:		
Trade Investments		
Equity shares:		
Biodil Marsing Private Ltd. 59,000 (2008 - 59,000) Equity shares of Rs. 10 each	**5.90**	5.90
Other than Trade Investments		
Equity shares:		
Solvay Pharma India Ltd. 93 (2008 - 93) Equity shares of Rs. 10 each (quoted)	**0.01**	0.01
Subsidiary Companies (Other than trade)		
Equity shares:		
Aegean Properties Ltd. 30,000 (2008 - 30,000) Equity shares of Rs. 100 each [Nil (2008 - 25,000) Equity shares of Rs. 100 each subscribed during the year] (refer Schedule 15 Note 3 (c))	**30.00**	30.00
Fermenta Biotech Ltd. 76,77,500 (2008 - 76,77,500) Equity shares of Rs. 10 each.	**1,265.72**	1,265.72
Research Support International Private Ltd. 3,64,20,000 (2008 - 3,41,25,000) Equity shares of Rs. 2 each. [22,95,000 (2008 - 1,91,25,000) Equity shares of Rs. 2 each subscribed during the year]	**728.40**	682.50

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)		
Long term investments [unquoted unless otherwise stated (At cost)]: (contd.)		
Subsidiary Companies : (contd.)		
Preference shares:		
Fermenta Biotech Ltd.	**700.00**	700.00
7,00,000 (2008 - 7,00,000) Redeemable 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.		
Research Support International Private Ltd.	**250.00**	250.00
2,50,000 (2008 - 2,50,000) Redeemable 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. March 28, 2007 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.		
Joint venture (Other than trade) (refer Schedule 15, Note 4 (c))		
VasKo Glider s.r.o	**188.51**	188.51
	3,168.54	3,122.64
Less: Provision for diminution in value of investments	**5.90**	5.90
	3,162.64	3,116.74
Current Investments (other than trade):		
Others - Mutual Funds (unquoted):		
DWS Credit Opportunities Cash Fund - 15 days Plan Growth Nil (2008 - 278,817.431) units of Rs. 10 each	**—**	28.62
HDFC Cash Management Fund - Treasury Advantage Plan -Wholesale -Weekly Dividend 2,307,612.2 (2008 - Nil) units of Rs.10 each (4,700,448.695 Units purchased and 2,392,836.495 units redeemed during the year)	**231.18**	—
HDFC FMP 90D March 2008 VII (3) - Wholesale Plan Dividend Nil (2008 - 2,550,000) units of Rs.10 each	**—**	255.00
HSBC Fixed Term Series 23 Inst - Divided Nil (2008 - 2,616,130.513) units of Rs.10 each. (8,680.916 Units purchased and 2,624,811.429 units redeemed during the year)	**—**	261.70
HSBC Ultra Short Term Bond Fund - Inst - Weekly Dividend 1,809,152.839 (2008 -Nil) units of Rs.10 each.	**181.70**	—
HSBC Fixed Term Series 52 Inst Div - Tenure 1yr - Maturity: 07-May-09 2,698,669.974 (2008 -Nil) units of Rs.10 each.	**269.87**	—

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)		
Current Investments (other than trade): (contd.)		
Others - Mutual Funds (unquoted): (contd.)		
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend 2,621,914.351 (2008 - Nil) units of Rs.10 each	**276.39**	—
ICICI Prudential Interval Fund II - Quarterly Interval Plan C - Retail Dividend - Reinvest Dividend Nil (2008 - 2,564,789.228) units of Rs.10 each. (138,389.479 units purchased and 2,703,178.707 units redeemed during the year)	—	256.48
ICICI Prudential FMP Series 39 - Six months Plan A- Retail Dividend - Pay Dividend Nil (2008 -1,110,000) units of Rs.10 each	—	111.00
ICICI Prudential Floating Rate Plan B - Dividend - Reinvest Dividend Nil (2008 - 1,916,568.782) units of Rs.10 each. (16,073.795 units purchased and 1,932,642.577 units redeemed during the year)	—	193.16
JM High Liquidity Fund - Institutional Plan - Dividend 675,576.437 (2008 - Nil) units of Rs.10 each. (1,399,035.155 units purchased and 723,458.718 units redeemed during the year)	**70.01**	—
JM Fixed Maturity Fund Series IV-13 Monthly Plan F4-Growth Plan Nil (2008 - 2,327,945.822) units of Rs.10 each	—	232.80
JM Money Manager Fund -Super Plus Plan - Weekly Dividend 801,053.195(2008 - Nil) units of Rs.10 each	**82.06**	—
JM Arbitrage Advantage Fund - Dividend Plan Nil (2008 - 1,350,083.294) units of Rs.10 each. (54,062.262 units) purchased and 1,404,145.556 units redeemed during the year	—	137.52
Kotak Equity Arbitrage Fund- Dividend Nil (2008 - 1,211,547.563) units of Rs.10 each	—	128.00
Kotak Quarterly Interval Plan Series I - Dividend Nil (2008 - 1,080,445.434) units of Rs.10 each (70,131.667 units purchased and 1,150,577.101 units redeemed during the year)	—	108.09
Kotak FMP 12 M Series 3 Institutional - Dividend 3,094,703.707 (2008 - Nil) units of Rs.10 each	**309.48**	—
Kotak Liquid (Institutional) - Weekly Dividend 1,329,997.5694 (2008 - Nil) units of Rs.10 each	**133.33**	—
LIC MF Interval Fund - Series I - Annual Dividend Plan 2,000,000 (2008 - Nil) units of Rs.10 each	**200.00**	—
Standard Chartered Fixed Maturity Plan-Yearly Series 2 - Dividend Nil (2008 - 2,600,000) units of Rs.10 each	—	260.00
	1,754.02	1,972.37
	4,916.66	5,089.11

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)		
Aggregate amount of quoted investments		
Long term - at cost	**0.01**	0.01
Current - at lower of cost and fair value	—	—
[i.e. market value Rs. 0.50 Lakh (2008 - Rs. 0.38 Lakh)]	**0.01**	0.01
Aggregate amount of unquoted investments		
Long term - at cost less provision for diminution in the value of investments	**3,162.63**	3,116.73
Current - at lower of cost and fair value (i.e. net asset value)	**1,754.02**	1,972.37
	4,916.65	5.089.10
	4,916.66	5,089.11

Investments purchased and sold/redeemed during the year other than those disclosed above:

No. of units		Cost (Rs. In Lakhs)
1,883,316.475	Templeton Quarterly Interval Plan - Plan B - Institutional - Dividend Reinvestment	**188.64**
3,002,325.790	Templeton India Ultra Short Bond Fund Retail Plan - Daily Dividend Reinvestment	**300.77**
2501,777.487	Tata Floater Fund - Daily Dividend	**251.07**
1,000,000.000	Prudential ICICI FMP Series 46- Six months Plan A- Institutional Dividend	**100.00**
25,00,000.000	ICICI Prudential Quarterly Interval Fund II Quarterly Interval Plan F - Retail Dividend - Pay Dividend	**250.00**
8,680.916	HSBC Fixed Term Series 23 Inst - Divided	**0.87**
138,389.479	ICICI Prudential Interval Fund II - Quarterly Interval Plan C - Retail Dividend - Reinvest Dividend	**13.84**
70,131.667	Kotak Quarterly Interval Plan Series I - Dividend	**7.02**
16,073.795	ICICI Prudential Floating Rate Plan B - Dividend - Reinvest	**1.62**
54,062.262	JM Arbitrage Advantage Fund - Dividend Plan	**5.51**
2,392,836.495	HDFC Cash Management Fund - Treasury Advantage Plan	**239.72**
723,458.718	JM High Liquidity Fund - Institutional Plan - Dividend	**74.97**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 6 - SUNDRY DEBTORS (unsecured):		
Debts outstanding for a period exceeding six months		
Considered good	**131.27**	198.18
Considered doubtful	**2.34**	2.34
	133.61	200.52
Other debts:		
Considered good	**163.40**	115.02
	297.01	315.54
Less: Provision for doubtful debts	**2.34**	2.34
	294.67	313.20
Sundry debtors include the following amounts due from companies under the same management:		
i. Fermenta Biotech Ltd.	**35.90**	34.44
ii. Research Support International Private Ltd.	**178.24**	262.70
iii. Evotec RSIL Limited	**36.54**	4.02
iv. G.I. Biotech Private Ltd.	**1.25**	0.76
SCHEDULE 7 - CASH AND BANK BALANCES:		
Cash on hand	**0.79**	1.76
With scheduled banks on:		
Current account	**64.38**	46.86
Margin account (under lien)	**1.88**	1.76
Dividend account	**10.83**	7.27
Term deposits	**765.00**	700.10
With non-scheduled bank :		
Ceskoslovenska obchodini banka, a.s. Czech Republic. - on Current account [Maximum balance outstanding during the year Rs. 15.24 Lakhs (2008 - Rs 12.88 Lakhs)]	**2.13**	4.64
	845.01	762.39

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

		March 31, 2009 Rs. in Lakhs		March 31, 2008 Rs. in Lakhs
SCHEDULE 8 - OTHER CURRENT ASSETS, LOANS AND ADVANCES: (unsecured, considered good unless otherwise stated):				
Other current assets				
Interest accrued		**56.17**		83.95
Loans and advances				
Advance to subsidiary companies [refer schedule 15 note 3(c)] [Maximum amount oustanding during the year Rs. 127.00 Lakhs (2008 - Rs. 62.18 Lakhs)]		**20.50**		30.00
Advance recoverable in cash or in kind or for value to be received				
Considered good	**166.82**		112.06	
Considered doubtful	**19.01**	**185.83**	—	112.06
MAT credit entitlement		**54.50**		20.91
Advance tax, net of provisions		**362.31**		372.74
Balance with excise authorities		**0.06**		0.06
		679.37		619.72
Less: Provision for doubtful advance		**19.01**		—
		660.36		619.72

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 9 - CURRENT LIABILITIES:		
Sundry creditors (Note a)	**157.15**	247.39
Subsidiary companies (Note b)	**18.39**	2.99
Security deposits	**434.57**	384.72
Unclaimed dividends (Note c)	**10.83**	7.27
Unpaid matured fixed deposits (Note c)	**0.03**	0.94
Interest accrued on fixed deposits	**0.01**	1.39
	620.98	644.70

Note:

a) The Company does not have any dues payable to any micro, small and medium 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.	**1.03**	0.03
ii. Research Support International Private Ltd.	**17.36**	2.96

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.

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 10 - PROVISIONS:		
Fringe benefit tax, net of advances	**1.28**	0.40
Gratuity	**20.26**	14.67
Long term compensated absences	**45.68**	31.17
Interim dividend	**171.99**	—
Proposed dividend	**171.99**	229.32
Dividend distribution tax	**58.46**	38.97
	469.66	314.53

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		March 31, 2009 Rs. in Lakhs		March 31, 2008 Rs. in Lakhs
SCHEDULE 11 - SALES AND OTHER OPERATING INCOME :				
License fee from film rights including recovery from film		—		30.60
Event Management		—		6.30
Royalty on sale of products		**161.06**		88.98
Service Income		**15.75**		3.94
Profit on sale/redemption of current investments - other than trade	**31.69**		13.19	
Less: Loss on sale/redemption of current investments - other than trade	**0.35**		0.03	
Less: Provision for diminution (net) in the value of current investments - other than trade	**0.64**	**30.70**	0.35	12.81
Income from investments:				
Current - other than trade		**126.75**		119.49
Interest on :				
Bank deposits	**71.83**		79.29	
Other loans, advances and deposits	**12.47**	**84.30**	0.63	79.92
(tax deducted at source Rs.16.81 Lakhs, 2008 - Rs. 15.28 Lakhs)				
Rent (tax deducted at source Rs. 65.84 Lakhs, 2008 - Rs.152.60 Lakhs)		**802.77**		548.90
		1,221.33		890.94
SCHEDULE 12 - OTHER INCOME:				
Interest on income-tax refunds		**12.21**		83.71
Profit on sale/disposal of fixed assets (net)		—		1.28
Miscellaneous Income		**7.33**		4.17
		19.54		89.16
SCHEDULE 13 - PERSONNEL EXPENSES:				
Salaries, wages and bonus		**156.83**		149.09
Contribution to provident and other funds		**23.58**		17.05
Gratuity expenses (refer schedule 15 Note 11)		**20.62**		19.93
Employee welfare expenses		**21.36**		19.32
		* **222.39**		* 205.39

* net of recovery of Rs. 206.70 Lakhs (2008 - Rs. 132.75 Lakhs) from subsidiary companies.

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 14 - OPERATING AND OTHER EXPENSES:		
Power and fuel	**19.60**	22.35
Rates and taxes	**8.40**	8.40
Rent	**13.10**	10.04
Insurance	**9.43**	5.53
Repairs and maintenance:		
Plant and machinery	**17.85**	11.93
Buildings	**70.80**	44.41
Others	**62.83**	39.25
Bank charges	**0.77**	0.66
Advertising and sales promotion expenses	**2.77**	2.93
Business promotion expenses	**5.23**	5.49
Travelling and conveyance	**72.93**	32.26
Legal and professional charges (refer Schedule 15, Note 5)	**166.87**	63.19
Exchange loss (net)	**2.32**	0.98
Communication costs	**13.93**	14.25
Donation	**1.63**	6.09
Brokerage	**3.98**	16.39
Directors' sitting fees	**6.45**	5.95
Provision for doubtful advances	**19.01**	—
Loss on sale of fixed assets (net)	**3.01**	—
Loss on deletion of fixed assets	**0.36**	—
Miscellaneous expenses	**59.93**	53.86
	**** 561.20**	** 343.96

** net of recovery of Rs. 172.50 Lakhs (2008 - Rs. 96.18 Lakhs) from subsidiary companies.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - 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 Companies primarily dealing in manufacturing of bulk drugs and contract research services.

2. **Significant accounting Policies :**

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects in 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 Company and except for the changes in accounting policy discussed more fully below in notes 2(c) and 2(i), 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Change in Accounting Policies

In the current year, the Company changed (with retrospective effect) its method of providing depreciation on fixed assets from the Written Down Value ('WDV') Method to the Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956 or estimated useful life which ever is higher. The management believes that such change will result in a more appropriate presentation of these assets and will give a systematic basis of depreciation charge more representative of the time pattern in which the economic benefits will be derived from the use of such asset.

Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account for the current year would have been higher by Rs. 34.11 Lakhs and the net block of fixed assets would correspondingly have been lower by Rs. 34.11 lakhs. The net surplus of Rs. 179.72 Lakhs arising out of retrospective recomputation has been recognised in the current year's profit and loss account.

(d) 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.

(e) Depreciation

Depreciation is provided on the original cost, pro-rata to period of use on the straight line method as against written down value method used in previous years, at the rates specified in Schedule XIV to the Companies Act, 1956, or estimated useful life, whichever is higher. (refer note 2 (c) above)

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

	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.

(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.

(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) Inventories

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.

(i) 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 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. In the previous year, the Company has adopted Notified Accounting Standard (AS)15 (Revised), 'Employee benefits'. In accordance with the transitional provision of AS15 (Revised), a credit of Rs. 4.53 Lakhs pertaining to years prior to April 1, 2007 has been adjusted against General reserve.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

(j) 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 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.

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

(k) 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.

(l) 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.

(m) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. 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 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

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 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.

(n) 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.

(o) Earnings per share

Basic earnings per share 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 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.

(p) Cash and cash equivalent

Cash and cash equivalents in the balance sheet comprise cash at bank including fixed deposit, cheques in hand and cash in hand.

(q) 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 products and serves different markets.

Allocation of common costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items :

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

Segment Policies :

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

3. (a) Interest includes interest on income tax amounting to Rs.111.44 Lakhs received in earlier years now refunded back to Income Tax Department.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

(b) Consequent upon implementation of the Income Tax Appellate Tribunal order in respect of a matter relating to the financial year 1995-96 on taxability of the brand sale consideration and non compete fees as capital receipts during the previous year, the Company was entitled to a tax benefit of Rs. 358.62 Lakhs against the tax paid for the financial year 1995-1996 and subsequent years, of which Rs. 21.22 Lakhs has been recognised by the Company as write back of excess tax provision for prior years during the year ended March 31, 2008

(c) During the year ended March 31, 2008, the Company converted the unsecured loan to Aegean Properties Limited of Rs. 25 Lakhs into 25,000 equity shares of Rs. 100 each.

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
4. (a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**18.24**	19.69
(b)	Contingent liabilities, including amounts not provided, for tax matters in respect of earlier years for which appeals are pending before appropriate authorities	**15.33**	77.48

(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 and India.

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 is as follows:-

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
i)	Percentage of holding	**50%**	50%
ii)	Assets	**53.21**	73.97
iii)	Liabilities	**0.82**	1.37
iv)	Income	**3.48**	23.06
v)	Expenditure	**24.61**	17.97

Management believes that this investment has long term potential based on the expected exploitation of the joint venture's technology and hence, there is no diminution other than temporary in the investment value.

5. Auditors' remuneration:

Statutory audit fees	**5.00**		4.25	
In other capacity in respect of:				
Report under section 44AB of the Income-tax Act,1961 *	**0.90**	*	0.75	*
Other services	**3.12**		3.59	
Reimbursement of out-of-pocket expenses	**0.36**	*	0.23	*
Service Tax	**1.11**		0.85	
* includes amount payable to another auditor	**10.49**		9.67	

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
6. Remuneration to Directors		
1. Managerial remuneration under section 198 of the Companies Act, 1956		
Salary	**54.36**	36.80
Contribution to provident and other funds	**7.78**	4.80
Perquisites and benefits at actuals	**4.90**	4.23
	* **67.04**	* 45.83
2. Directors' sitting fees	**6.45**	5.95
	* **73.49**	* 51.78

Notes:

1. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertained and, therefore not included above.

2.* In view of inadequacy of profit, the remuneration is as per Schedule XIII of the Companies Act, 1956.

7. Expenditure in foreign currency (on cash basis) :		
Travelling	**10.87**	10.98
Others	**70.17**	68.01
	81.04	78.99

8. Segment information

Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment, which consists of treasury & others and entertainment. Segments have been identified and reported based on the nature of the products, the risk and returns, the organisation structure and the internal financial reporting systems.

Rs. in Lakhs

	2008-2009 / 2007-2008		
	Treasury & Others	**Entertainment**	**Total**
a. Revenue			
1. Segment revenue - External sales / income from operations	**1,220.09** 854.04	**1.24** 36.90	**1,221.33** 890.94
Unallocated revenue			**19.54** 89.16
2. Total			**1,240.87** 980.10
b. Result			
1. Segment result / operating profit / (loss)	**408.33** 335.07	**(60.23)** (62.48)	**348.10** 272.59
2 Interest expense			**115.05** 1.42

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

8. Segment information (contd.)

Rs. in Lakhs

	2008-2009 / 2007-2008		
	Treasury & Others	**Entertainment**	**Total**
3. Profit before tax			**233.05**
			271.17
Depreciation written back	**176.63**	**3.09**	**179.72**
	—	—	—
4. Provision for taxation:			
– current tax			**—**
			—
– deferred tax			**61.90**
			26.52
– fringe benefit tax			**8.88**
			6.13
Provision for tax in respect of earlier years written back			**(0.65)**
			21.22
5. Profit after tax			**341.34**
			259.74
c. Other information			
1. Segment assets	**7,620.95**	**27.93**	**7,648.88**
	7,522.46	21.50	7,543.96
2 Unallocated corporate assets			**444.97**
			462.80
3. Total assets			**8,093.85**
			8,006.76
4. Segment liabilities	**697.97**	**17.93**	**715.90**
	684.95	20.47	705.42
5. Unallocated corporate liabilities			**413.27**
			275.56
6. Total liabilities			**1,129.17**
			980.98
7. Cost incurred during the year to acquire segment fixed assets	**150.65**	**1.34**	**151.99**
	321.48	13.72	335.20
8. Depreciation	**99.29**	**3.95**	**103.24**
	123.51	5.05	128.56
9. Impariment loss recognised/(reversed)	**5.94**	**—**	**5.94**
	(0.40)	—	(0.40)
10. Non-cash expenses other than depreciation/Provision for diminution (net) in the value of current investments - other than trade	**0.64**	**—**	**0.64**
	0.35	—	0.35

Secondary Segments - Geographical Segments

Secondary segmental reporting is performed on basis of the geographical location of the operations and the Company has only one geographical segment i.e. India.

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

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. Fermenta Biotech Ltd.
3. Fermenta Biotech (UK) Ltd. (100% subsidiary of Fermenta Biotech Ltd.)
4. G. I. Biotech Private Ltd. (subsidiary of Fermenta Biotech Ltd.)
5. Research Support International Private Limited.
6. Evotec – RSIL Ltd. (subsidiary of Research Support International Private Limited)

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

c. Joint Venture
VasKo Glider s.r.o.

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

e. Transactions with related parties.

Rs. in Lakhs

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary	Key Management Personnel
1	Loans and advances given - Fermenta Biotech Ltd.		**100.00** (—)		
2	Interest on loan - Fermenta Biotech Ltd.		**10.02** (—)		
3	Remuneration				
	- Mr. Satish Varma				**38.23** (23.18)
	- Mr. Krishna Datla				**30.84** (24.27)
4	Rent income				
	- Aegean Properties Ltd.		**0.48** (0.48)		
	- DVK Investments Private Ltd.	**0.48** (0.48)			
	- Evotec-RSIL Limited		**27.59** (9.00)		
	- Fermenta Biotech Ltd.		**23.45** (17.42)		
	- G. I. Biotech Private Ltd.		**0.43** (0.43)		

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

9. Related party disclosures (contd.)

e. 4 Rent income (contd.)

Rs. in Lakhs

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary	Key Management Personnel
	- Research Support International Private Ltd.		**53.43** (42.06)		
	- VM Café de Art Private Ltd.			**0.48** (0.48)	
5	Rent paid				
	- Aegean Properties Ltd.		**12.00** (9.96)		
6	Other reimbursements paid				
	- Fermenta Biotech Ltd.		**1.29** (0.22)		
	- Evotec-RSIL Limited		— (0.25)		
	- Research Support International Private Ltd.		**7.88** (1.97)		
7	Other reimbursements received				
	- Evotec-RSIL Limited		**41.66** (5.19)		
	- Fermenta Biotech Ltd.		**175.43** (91.78)		
	- Research Support International Private Ltd.		**239.80** (137.78)		
8	Royalty income				
	- Fermenta Biotech Ltd.		**159.82** (88.98)		
9	Additional investment in equity share capital				
	- Research Support International Private Ltd.		**45.90** (382.50)		
	- Aegean Properties Ltd.		— (25.00)		
10	Balance outstanding as at the year end				
	a. Sundry creditors		**18.39** (2.99)		
	b. Sundry Debtors		**251.93** (301.92)		
	c. Advance recoverable		**20.50** (30.00)		

(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, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - 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, 2009 Rs. in Lakhs	Maximum amount outstanding during the year ended March 31, 2009 Rs. in Lakhs
1.	Loans and advances in the nature of loans to subsidiaries (refer Schedule 8)	**20.50**	**30.00**
2.	Loans and advances in the nature of loans where there is no repayment schedule and is interest-free (included above)		
	– Aegean Properties Ltd.	**20.50**	**30.00**
3.	Loans and advances in the nature of loans to firms / companies in which directors are interested		
	Loans and advances given during the year		
	– Aegean Properties Ltd.	**—**	**30.00**
	– Fermenta Biotech Ltd.	**100.00**	**100.00**
	Loans and advances outstanding at the year end		
	– Aegean Properties Ltd.	**20.50**	**30.00**
	– Fermenta Biotech Ltd.	**—**	**100.00**

10. Leases

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
	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		
1.	Lease payment recognised in the statement of profit and loss of the year.	**13.10**	10.04
	Assets given on operating lease		
	The Company has entered into operating lease agreement for its properties in Thane and Worli, Mumbai with original lease periods expring between 2009 and 2014. These agreements are cancellable/non cancellable and have rent escalation provisions.		
1	Rent income recognised in the statement of profit and loss for the year.	**802.77**	548.90
2	Future minimum lease payment under the noncancellable leases in the aggregate and for each of the following periods:		
	i) Not later than one year	**82.45**	3.70
	ii) Later than one year and not later than five years	**82.45**	—
	iii) More than five years	**64.35**	—

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

11. Employee Benefits

	March 31, 2009 Rs. in Lakhs	March 31, 2008 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 13 for the year are as under:		
– Provident fund	**19.36**	15.61
– Superannuation Scheme	**4.22**	1.44

b) Defined Benefit Plan
Gratuity and long term compensated absences - As per actuarial valuation

	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
	Gratuity (Funded)		**Long term compensated absences (Unfunded)**	
i) Changes in the present value of the defined benefit obligation				
Opening	**26.82**	6.61	**31.17**	9.38
Interest cost	**2.01**	0.66	**2.34**	0.94
Current service cost	**10.07**	11.79	**11.49**	8.93
Benefits paid	**—**	—	**1.16**	0.24
Net actuarial (gain)/loss	**9.85**	7.76	**1.84**	12.16
Closing	**48.75**	26.82	**45.68**	31.17
ii) Changes in fair value of plan assets				
Opening	**12.15**	11.14	**—**	—
Actual return on plan assets	**1.67**	1.01	**—**	—
Employer's contribution	**14.67**	—	**—**	—
Closing	**28.49**	12.15	**—**	—
iii) Amounts recognised in balance sheet				
Present value of defined benefit obligation	**48.75**	26.82	**45.68**	31.17
Fair value of plan asset	**28.49**	12.15	**—**	—
Net liability recognised in balance sheet	**(20.26)**	(14.67)	**(45.68)**	(31.17)
iv) Amounts recognised in profit and loss account				
Current service cost	**10.07**	11.79	**11.49**	8.93
Interest cost	**2.01**	0.66	**2.34**	0.94
Actual return on plan assets	**1.67**	1.01	**—**	—
Net actuarial loss recognised	**9.85**	7.76	**1.84**	12.16
Gratuity expense	**20.26**	19.20	**15.67**	22.03

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

11. Employee Benefits (contd.):

	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
	Gratuity (Funded)		**Long term compensated absences (Unfunded)**	
v) Actual return on plan assets	**1.67**	1.01	—	—
vi) Principal assumptions used in actuarial valuation				
Discount rate	**7.50%**	8%	**7.50%**	8%
Expected return on plan assets	**8.75%**	9%	**N.A.**	N.A.
Salary escalation rate	**10%**	10%	**10%**	10%
Employee turnover	**1%**	1%	**1%**	1%
vii) Amounts for the current and previous periods				
Defined benefit obligation	**48.75**	26.82		
Plan Assets	**28.49**	12.15		
Surplus/(deficit)	**(20.26)**	(14.67)		
Experience Adjustments on plan liablilites	**(9.85)**	(7.76)		
Experience Adjustments on plan assets	**0.76**	0.44		

viii) 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 Company is expected to contribute Rs. 12.08 Lakhs to the Gratuity fund during 2009-10

12. Deferred Taxes

Nature of timing difference	**Deferred tax asset/(liability) as at April 1, 2008**	**(Charge)/credit for the current year**	**Deferred tax asset/(liability) as at March 31, 2009**
	Rs. in Lakhs	**Rs. in Lakhs**	**Rs. in Lakhs**
a) Deferred tax assets			
Demerger expenses	6.63	(2.89)	**3.74**
Items covered under section 43B	10.59	4.93	**15.52**
Provision for doubtful debts/advances	0.80	6.46	**7.26**
Carried forward tax losses.	53.31	(20.27)	**33.04**
Sub-total	71.33	(11.77)	**59.56**

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

12. Deferred Taxes (contd.):

Nature of timing difference	Deferred tax asset/(liability) as at April 1, 2008	(Charge)/credit for the current year	Deferred tax asset/(liability) as at March 31, 2009
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
b) Deferred tax liability			
Depreciation/ Impairment	(18.78)	(50.43)	**(31.65)**
Others	(0.05)	0.30	**0.25**
	18.73	(50.13)	**(31.40)**
Net amount	**90.06**	**(61.90)**	**28.16**

Note: Company has committed sources of revenue during 2009-10 which ensure that sufficient future taxable income will be available and against which above deferred tax asset will be realised.

13. Previous year's figures have been regrouped wherever necessary.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

14. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details

Registration No.	8485	State Code	11
Balance Sheet Date	31 03 2009 (Date Month Year)		

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

Public Issue	Rights issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

	Total Liabilities	Total Assets
	700321	700321
Sources of Funds :	Paid-up Capital	Reserves & Surplus
	22932	673536
	Secured Loans	Unsecured Loans
	3853	NIL
Application of Funds :	Net Fixed Assets	Investments
	134899	491666
	Deferred Tax Asset	Net Current Assets
	2816	70940
	Misc. Expenditure	Accumulated Losses
	NIL	NIL

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

Turnover	Total Expenditure
124087	100782
Profit/(Loss) Before Tax	Profit/(Loss) After Tax
+ 41277	+ 34134

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

Earnings Per Share (Rs.)	Dividend Rate %
14.88	150

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 15 - NOTES TO THE ACCOUNTS (contd.):

14. 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)	NOT APPLICABLE
Product Description	

Signature to Schedules 1 to 15
For and on behalf of the Board of Directors

G. G. DESAI Chairman	KRISHNA DATLA Managing Director	RAJESHWARI DATLA Director
SATISH VARMA Executive Director	SANJAY BUCH Director	K. H. KASHID Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

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.**	Research Support International Pvt. Ltd.	Evotec - RSIL Limited ***	Aegean Properties Ltd.
(A) The 'Financial Year' of the Subsidiary Company	:	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
(B) Shares of the subsidiary held by DIL Limited on the above dates							
(a) Number and face value	:	76,77,500 shares of Rs. 10 each	2,20,001 shares of G.B. Pound 1 each	6,250 shares of Rs. 10 each	3,64,20,000 shares of Rs. 2 each	42,84,000 shares of Rs. 10 each	30,000 shares of Rs. 100 each
(b) Extent of holding	:	95.97%	100%	62.50%	100%	51%	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, 2009 amounted to							
(i) for the subsidiary's financial year ended as in (A) above.	:	154.38	(13.50)	1.49	346.40	(144.24)	10.07
(ii) for the previous financial years of the Subsidiary since it became the Holding Company's subsidiary.	:	714.03	(11.57)	(2.59)	94.11	(40.99)	3.18
(b) dealt with in the accounts of DIL Ltd. for the year ended March 31, 2009 amounted to	:						
(i) for the subsidiary's financial year ended as in (A) above.	:	NIL	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	NIL

* 100% Subsidiary of Fermenta Biotech Ltd.
** 62.5% Subsidiary of Fermenta Biotech Ltd.
*** 51% Subsidiary of Research Support International Private Ltd.

For and on behalf of the Board of Directors

G. G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

Auditor's Report

The Board of Directors
DIL Limited

1. We have audited the attached consolidated balance sheet of DIL Limited ('the Company'), its subsidiaries and joint venture (collectively referred to as 'the Group'), as at March 31, 2009, 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. 3,094.61 Lakhs as at March 31, 2009, the total revenue of Rs. 2,217.38 Lakhs and cash outflows amounting to Rs. 228.73 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 explained in Note1(b) and 2(a) of Schedule 19, the Company's share of net assets of Rs.53.21 Lakhs, revenue of Rs. 3.48 Lakhs and net cash outflows of Rs. 9.24 Lakhs of the joint venture company included in the consolidated financial statements are based on unaudited financial statements and the consequent impact, if any, of the adjustments that may be required to be made to these financial statements to conform to the accounting principles generally accepted in India and to align accounting policies with those of the Company, is not quantifiable. Our audit report on the consolidated financial statements for the year ended March 31, 2008 was modified in respect of the above matter.*

5. *Except for the matter referred to in paragraph 4 above, where we are unable to comment on the impact, if any, of the adjustments required to be made to these financial statements to conform with the accounting principles generally accepted in India*, 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 and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

   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 and *subject to the matter referred to in paragraph 4*, 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 DIL Group as at March 31, 2009;

   (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
Chartered Accountants

per Sudhir Soni
Partner
Membership No.: 41870

Place: Mumbai
Date: June 18, 2009

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	**229.32**	229.32
Reserves and surplus	2	**7,708.99**	7,523.57
		7,938.31	7,752.89
Minority Interest		**307.53**	394.70
Loan Funds			
Secured loans	3	**1,800.94**	1,177.54
		1,800.94	1,177.54
TOTAL		**10,046.78**	9,325.13
APPLICATION OF FUNDS			
Goodwill on consolidation		**534.33**	531.59
Less: Impairment (Refer Schedule 18 Note 2(d)(iv))		**121.00**	–
		413.33	531.59
Fixed Assets			
Gross block		**6,862.39**	5,357.51
Less: Depreciation / Impairment		**1,997.56**	1,899.28
Net block	4	**4,864.83**	3,458.23
Capital work-in-progress including capital advances		**410.96**	774.10
		5,275.79	4,232.33
Investments	5	**1,756.04**	1,972.39
Deferred tax assets, net (refer Schedule 18, Note 8)		**0.54**	88.61
Current Assets, Loans and Advances			
Inventories	6	**794.72**	782.54
Sundry debtors	7	**1,392.66**	1,408.06
Cash and bank balances	8	**1.325.26**	1,299.20
Other current assets, loans and advances	9	**1,150.13**	993.28
		4,662.77	4,483.08
Less: **Current Liabilities and Provisions**			
Current liabilities	10	**1,434.18**	1,548.89
Provisions	11	**627.57**	434.10
		2,061.75	1,982.99
Net Current Assets		**2,601.02**	2,500.09
Miscellaneous expenditure (to the extent not written off or adjusted)	12	**0.06**	0.12
TOTAL		**10,046.78**	9,325.13
Notes to Accounts	18		

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
Chartered Accountants

per SUDHIR SONI
Partner

Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G.G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	**March 31, 2009 Rs. in Lakhs**	March 31, 2008 Rs. in Lakhs
INCOME			
Net sales and other operating income	13	**6,699.16**	5,267.13
Other income	14	**61.41**	153.44
		6,760.57	5,420.57
EXPENDITURE			
Material costs and cost of production of motion film	15	**1,509.81**	1,196.05
Personnel expenses	16	**1,754.38**	1,217.71
Operating and other expenses	17	**2,329.72**	1,797.68
Miscellaneous expenditure written off		**0.06**	0.06
Interest - on term loans		**113.79**	52.42
Interest - others		**188.38**	25.33
Provision for impairment in the value of goodwill (refer Schedule 18 Note 2(d) (iv))		**121.00**	—
Depreciation (includes provision for impairment Rs. 5.94 Lakhs (2008 - Rs. (0.40) Lakhs)		**475.29**	400.44
		6,492.43	4,689.69
PROFIT BEFORE TAX		**268.14**	730.88
Add: Depreciation written back (2008 - Rs. Nil) (refer Schedule 18 note 2(d) (ii))		**364.83**	—
PROFIT BEFORE TAX		**632.97**	730.88
Less: Provision for taxation			
Current tax (includes Rs. Nil for prior year (2008 - Rs. 3.73 Lakhs))		**104.16**	85.18
Less: MAT credit entitlement (includes Rs. Nil for prior year (2008 - Rs. 3.73 Lakhs))		**33.89**	21.44
		70.27	63.74
Deferred tax (includes Rs. 47.12 Lakhs credit for prior years (2008 - Rs. 28.81 Lakhs))		**88.07**	27.05
Fringe benefit tax (includes Rs. 0.03 Lakhs for prior years (2008 - Rs. 0.23 Lakhs))		**21.33**	16.67
		179.67	107.46
		453.30	623.42
Add: Provision for tax in respect of earlier years written back (net) (refer Schedule 18, Note 4 (a))		**(0.77)**	55.22
PROFIT AFTER TAX		**452.53**	678.64
Share of minority interest in (profit)/loss		**131.65**	21.60
PROFIT AFTER MINORITY INTEREST		**584.18**	700.24
Add: Balance brought forward		**2,188.99**	1,787.04
BALANCE FOR APPROPRIATIONS		**2,773.17**	2,487.28
Appropriations			
Interim dividend		**171.99**	—
Proposed dividend		**171.99**	229.32
Dividend distribution tax		**58.46**	38.97
Transfer to general reserve		**35.00**	30.00
		437.44	298.29
BALANCE CARRIED TO BALANCE SHEET		**2,335.73**	2,188.99
Basic and diluted, earnings per share (Rs.)		**25.47**	30.54
Weighted average number of equity shares of Rs. 10 each outstanding		**2,293,198**	2,293,198
Notes to Accounts	18		

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 S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G.G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

PARTICULARS		March 31, 2009 (Rs. in Lakhs)	March 31, 2008 (Rs. in Lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit /(Loss) before tax		**632.97**	730.88
Adjustments for :			
Depreciation		**475.29**	400.44
Exceptional Items - Depreciation written back consequent to change in method		**(364.83)**	—
Foreign exchange (loss)/gain - unrealised		**(60.77)**	(53.70)
Impairment of Goodwill		**121.00**	—
Profit on sale of long term investments		**(70.60)**	—
Provision for doubtful debts		**—**	25.61
Provision for doubtful advances		**19.01**	—
Miscellaneous expenditure written off		**0.06**	0.06
Doubtful Debts written off		**—**	0.04
Profit/ Loss on sale of fixed assets (net)		**5.92**	(1.28)
Reversal of Provisions		**—**	(18.53)
Reversal of / (Provision for) diminution (net) in the value of current investments		**0.64**	0.35
Operating profit before working capital changes		**758.69**	1,083.87
Adjustments for :			
Increase/(Decrease) in current liabilities		**(1.10)**	437.47
Increase/(Decrease) in provisions		**59.51**	129.20
(Increase)/Decrease in investments		**150.81**	423.10
(Increase)/Decrease in Sundry Debtors		**85.74**	(835.37)
(Increase)/Decrease in Inventories		**(12.18)**	(66.42)
(Increase)/Decrease in Loans and Advances		**(153.88)**	(106.93)
Cash generation from operations		**887.59**	1,064.92
Direct taxes paid (net of refunds and adjustments)		**(114.54)**	(58.93)
Net cash from/(used in) operating activities	(A)	**773.05**	1,005.99
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (net of adjustments for capital work-in-progress and advances for capital expenditure)		**(1,319.02)**	(1,936.96)
Proceeds from sale of fixed assets		**49.91**	4.09
Proceeds from sale of investments		**70.98**	—
Net cash from investing activities	(B)	**(1,198.13)**	(1,932.87)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009 (contd.)

PARTICULARS		March 31, 2009 (Rs. in Lakhs)	March 31, 2008 (Rs. in Lakhs)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares		**44.10**	367.50
Proceeds of long term borrowings		**435.82**	859.37
Repayment of long term borrowings		**(185.25)**	(18.32)
Short term borrowings (net)		**356.05**	192.84
Repayment of fixed deposits		**(0.91)**	(1.05)
Dividend paid		**(225.76)**	(113.44)
Dividend distribution tax		**(38.97)**	(19.49)
Net cash used in financing activities	(C)	**385.08**	1,267.41
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**(40.00)**	340.53
CASH AND CASH EQUIVALENTS (OPENING)		**599.34**	258.81
CASH AND CASH EQUIVALENTS (CLOSING)		**559.34**	599.34
Balance as Per Schedule 8		**1,325.26**	1,299.20
Less: Term Deposits with original maturity of more than three months		**765.00**	700.10
Less: Unrealised gain on foreign currency cash and cash equivalents		**0.92**	(0.24)
Total cash and cash equivalents in cash flow statement		**559.34**	599.34

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G.G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 1 - SHARE CAPITAL:		
Authorised:		
49,20,000 (2008 - 49,20,000) Equity shares of Rs.10 each	**492.00**	492.00
80,000 (2008 - 80,000) Unclassified shares of Rs.10 each	**8.00**	8.00
	500.00	500.00
Issued and Subscribed:		
22,93,198 (2008 - 22,93,198) Equity shares of Rs. 10 each fully paid	**229.32**	229.32

Of the above:-

i) a) 13,20,000 (2008 - 13,20,000) equity shares and 50,000 (2008 - 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 (2008 - Rs. 132.00 lakhs) and Securities Premium Rs. 5 Lakhs (2008 - 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 (2008 - 12,10,528) equity shares are held by DVK Investments Private Limited, the holding company.

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 2 - RESERVES AND SURPLUS:		
Capital Reserve:	**1,140.00**	1,140.00
General Reserve:		
As per last Balance Sheet	**4,152.70**	4,116.61
Add: Transferred from profit and loss account	**35.00**	30.00
Add: Adjustment for Employee Benefits provision (refer schedule 18 Note 2(d)(vii))	**—**	6.09
	35.00	36.09
	4,187.70	4,152.70
Foreign Currency Translation Reserve		
As per last Balance Sheet	**41.88**	10.06
Add: Change during the year	**3.68**	31.82
	45.56	41.88
Profit and Loss Account	**2,335.73**	2,188.99
	7,708.99	7,523.57

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 3 - SECURED LOANS:		
Long term loan		
Term loans from banks secured against hypothecation of vehicles (Repayable within one year Rs. 34.72 Lakhs, (2008 - Rs. 18.94 Lakhs))	**74.06**	34.10
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. 169.62 Lakhs, (2008 - Rs. 123.75 Lakhs))	**534.42**	495.32
Term loan from a bank secured by way of first charge on all plant and machinery and other assets of Research Support International Private Limited at Thane (Repayable within a year Rs. 156 Lakhs (2008 - Rs. 46.00 Lakhs)),	**337.84**	146.62
Interest accrued and due	**—**	2.93
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.	**558.00**	400.00
Cash Credit from banks, against hypothecation of inventories and book debts	**296.62**	98.57
	1,800.94	1,177.54

SCHEDULE 4 - FIXED ASSETS:

(Rs. in Lakhs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION / IMPAIRMENT					NET BLOCK	
	01.04.2008	Additions	Deductions	**31.03.2009**	01.04.2008	Adjustment from WDV to SLM +	For the year +	Deductions	**31.03.2009**	**31.03.2009**	31.03.2008
Freehold land @	56.83	—	—	**56.83**	—	—	—	—	—	**56.83**	56.83
Buildings*	1,344.59	208.77	—	**1,553.36**	287.83	(53.47)	63.64	—	**298.00**	**1,255.36**	1,056.76
Leased improvements $	295.73	—	—	**295.73**	45.50	(25.67)	11.27	—	**31.10**	**264.63**	250.23
Plant and machinery ** %	3,099.59	1,203.62	48.29	**4,254.92**	1,222.83	(232.08)	331.09	0.42	**1,321.42 *** **	**2,933.50**	1,876.76
Furniture and fixtures	357.08	65.08	0.08	**422.08**	233.42	(23.00)	43.35	0.08	**253.69**	**168.39**	123.66
Vehicles #	203.69	95.42	19.64	**279.47**	109.70	(30.61)	25.94	11.68	**93.35**	**186.12**	93.99
TOTAL	**5,357.51**	**1,572.89**	**68.01**	**6,862.39**	**1,899.28**	**(364.83)**	**475.29**	**12.18**	**1,997.56 *** **	**4,864.83**	3,458.23
Previous year	3,852.16	1,534.26	28.91	5,357.51	1,525.09	—	400.44	26.25	1,899.28 ***	3,458.23	

@ 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 (2008 - Rs. 26.53 Lakhs).
Assets held for disposal - Net block Rs. Nil (2008 - Rs. Nil).
*** Includes provision for impairment of Rs. 9.97 Lakhs (2008 - Rs. 4.03 Lakhs) based on the estimated net selling prices of the assets held for sale.
# Includes vehicles hypothecated to banks:
Gross block Rs.169.17 Lakhs (2008 - Rs. 95.26 Lakhs).
Net block Rs.136.07 Lakhs (2008 - Rs. 56.62 Lakhs).
% Includes share in joint venture assets:
Gross value Rs. 3.07 Lakhs (2008 - Rs.4.04 Lakhs)
Depreciation Rs. 1.58 Lakhs (2008- Rs. 2.05 Lakhs)
Net block Rs. 1.49 Lakhs (2008 - Rs.1.99 Lakhs)
$ This represents cost of construction of office premises for which the tenancy rights are with the Company and given on lease during the previous year.
\+ Refer Schedule 18 note 2(d) (ii)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 5 - INVESTMENTS (fully paid-up):		
Long term investments [unquoted unless otherwise stated (At cost)]:		
Trade Investments		
Equity shares:		
Biodil Marsing Private Limited	**5.90**	5.90
59,000 (2008 - 59,000) Equity shares of Rs. 10 each		
Shivalik Solid Waste Management Limited	**2.00**	—
20,000 (2008 - Nil) Equity shares of Rs. 10 each. (purchased during the year)		
Other than Trade Investments		
Government securities		
National Savings Certificates	**0.01**	0.01
Equity shares:		
Solvay Pharma India Limited	**0.01**	0.01
93 (2008 - 93) Equity shares of Rs. 10 each (quoted)		
	7.92	5.92
Less: Provision for diminution in value of investments	**5.90**	5.90
	2.02	0.02
Current investments (other than trade):		
Others - Mutual Funds (unquoted)		
DWS Credit Opportunities Cash Fund - 15 Days Plan Growth Nil (2008 -278,817.431) units of Rs.10 each	—	28.62
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Weekly Dividend 2,307,612.2 (2008 - Nil) units of Rs.10 each (4,700,448.695 units purchased and 2,392,836.495 units redeemed during the year)	**231.18**	—
HDFC FMP 90D March 2008 VII (3) - Wholesale Plan Dividend Nil (2008 - 2,550,000) units of Rs.10 each	—	255.00
HSBC Fixed Term Series 23 Institutional Dividend Nil (2008 - 2,616,130.513) units of Rs.10 each. (8,680.916 units purchased and 2,624,811.429 units redeemed during the year)	—	261.70
HSBC Ultra Short Term Bond Fund - Inst - Weekly Dividend 1,809,152.839 (2008 -Nil) units of Rs.10 each.	**181.70**	—
HSBC Fixed Term Series 52 Inst Div - Tenure 1yr - Maturity: 07-May-09 2,698,669.974 (2008 -Nil) units of Rs.10 each.	**269.87**	—
ICICI Prudential Flexible Income Plan Premium - Weekly Dividend 2,621,914.351 (2008 - Nil) units of Rs.10 each	**276.39**	—
ICICI Prudential Interval Fund II - Quarterly Interval Plan C Nil (2008 - 2,564,789.228,) units of Rs.10 each. (138,389.479 units purchased and 2,703,178.707 units redeemed during the year)	—	256.48
Prudential ICICI FMP Series 46 - Six months Plan A - Institutional - Dividend Nil (2008 -1,110,000) units of Rs.10 each	—	111.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)		
Current investments (other than trade): (contd.)		
Others - Mutual Funds (unquoted): (contd.)		
ICICI Prudential Floating Rate Plan - B Nil (2008 - 1,916,568.782) units of Rs.10 each. (16,073.795 Units purchased and 1,932,642.577 units redeemed during the year)	—	193.16
JM High Liquidity Fund - Institutional Plan - Dividend 675,576.437 (2008 - Nil) units of Rs.10 each. (1,399,035.155 Units purchased and 723,458.718 units redeemed during the year)	**70.01**	—
JM Fixed Maturity Fund Series IV-13 Monthly Plan F4-Growth Plan Nil (2008 - 23,27,945.822) units of Rs.10 each	—	232.80
JM Money Manager Fund -Super Plus Plan - Weekly Dividend 801,053.195(2008 - Nil) units of Rs.10 each	**82.06**	—
JM Arbitrage Advantage Fund - Dividend Plan Nil (2008 - 1,350,083.294) units of Rs.10 each. (54,062.262 units purchased and 1,404,145.556 units redeemed during the year)	—	137.52
Kotak Equity Arbitrage Fund- Dividend Nil (2008 - 1,211,547.563) units of Rs.10 each	—	128.00
Kotak Quarterly Interval Plan Series I - Dividend Nil (2008 - 1,080,445.434) units of Rs.10 each (70,131.667 units purchased and 1,150,577.101 units redeemed during the year)	—	108.09
Kotak FMP 12 M Series 3 Institutional - Dividend 3,094,703.707 (2008 - Nil) units of Rs.10 each	**309.48**	—
Kotak Liquid (Institutional) - Weekly Dividend 1,329,997.5694 (2008 - Nil) units of Rs.10 each	**133.33**	—
LIC MF Interval Fund - Series I - Annual Dividend Plan 2,000,000 (2008 - Nil) units of Rs.10 each	**200.00**	—
Standard Chartered Fixed Maturity Plan-Yearly Series 2 Nil (2008 - 2,600,000) units of Rs.10 each	—	260.00
	1,754.02	1,972.37
	1,756.04	1,972.39
Aggregate amount of quoted investments		
Long term - at cost	**0.01**	0.01
Current - at lower of cost and fair value		
[i.e. market value Rs. 0.50 Lakh (2008 - Rs. 0.38 Lakh)]	**0.01**	0.01
Aggregate amount of unquoted investments		
Long term - at cost less provision for diminution in the value of investments	**2.01**	0.01
Current - at lower of cost and fair value (i.e. net asset value)	**1,754.02**	1,972.37
	1,756.03	1.972.38
	1,756.04	1,972.39

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

			March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs

SCHEDULE 5 - INVESTMENTS (fully paid-up): (contd.)

Investments purchased and sold/redeemed during the year other than those disclosed above:

No. of units		Cost (Rs. in Lakhs)
1,883,316.475	Templeton Quarterly Interval Plan - Plan B - Institutional - Dividend Reinvestment	**188.64**
3,002,325.790	Templeton India Ultra Short Bond Fund Retail Plan - Daily Dividend Reinvestment	**300.77**
2,501,777.487	Tata Floater Fund - Daily Dividend	**251.07**
1,000,000.000	Prudential ICICI FMP Series 46 - Six months Plan A - Institutional Dividend	**100.00**
2,500,000.000	ICICI Prudential Quarterly Interval fund II Quarterly Interval Plan F - Retail Dividend - Pay Dividend	**250.00**
8,680.916	HSBC Fixed Term Series 23 Inst - Dividend	**0.87**
138,389.479	ICICI Prudential Interval Fund II - Quarterly Interval Plan C - Retail Dividend - Reinvest Dividend	**13.84**
70,131.667	Kotak Quarterly Interval Plan Series I - Dividend	**7.02**
16,073.795	ICICI Prudential Floating Rate Plan B - Dividend - Reinvest Dividend	**1.62**
54,062.262	JM Arbitrage Advantage Fund - Dividend Plan	**5.51**
2,392,836.495	HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Weekly	**239.72**
7,23,458.718	JM High Liquidity Fund - Institutional Plan - Dividend	**74.97**

SCHEDULE 6 - INVENTORIES:

		March 31, 2009	March 31, 2008
Raw and packing materials	*	**288.17**	176.46
Stores and spares		**41.83**	39.82
Intermediate raw materials		**107.92**	25.32
Work-in-process	**	**117.49**	237.86
Finished goods	***	**239.31**	303.08
	****	**794.72**	782.54

* includes share in joint venture Rs. 1.93 Lakhs (2008 - Rs. 9.10 Lakhs)
** includes share in joint venture Rs. 18.46 Lakhs (2008 - Rs. 26.76 Lakhs)
*** includes share in joint venture Rs. 11.63 Lakhs (2008 - Rs. 4.96 Lakhs)
**** includes share in joint venture Rs. 32.02 Lakhs (2008 - Rs. 40.82 Lakhs)

SCHEDULE 7 - SUNDRY DEBTORS (unsecured):

		March 31, 2009	March 31, 2008
Debts outstanding for a period exceeding six months:			
Considered good		**45.70**	50.91
Considered doubtful		**211.09**	211.09
		256.79	262.00
Other debts:			
Considered good	*	**1,346.96**	1,357.15
		1,603.75	1,619.15
Less: Provision for doubtful debts		**211.09**	211.09
	*	**1,392.66**	1,408.06

* includes share in joint venture Rs. 0.06 Lakhs (2008 - Rs. 1.97 Lakhs)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 8 - CASH AND BANK BALANCES:			
Cash on hand	*	**2.93**	4.68
With scheduled banks on:			
Current account		**420.10**	129.47
Margin account (under lien)		**1.88**	1.76
Dividend account		**10.83**	7.27
Term deposit		**824.69**	1,054.73
With non-scheduled bank			
on Current account	**	**64.83**	101.29
[Maximum balance outstanding during the year Rs. 83.76 Lakhs (2008 - Rs. 83.51 Lakhs)]			
	***	**1,325.26**	1,299.20

* includes share in joint venture Rs. 0.16 Lakh (2008 - Rs. 0.15 Lakh)

** includes share in joint venture Rs. 18.94 Lakhs (2008 - Rs. 28.20 Lakhs)

*** includes share in joint venture Rs. 19.10 Lakhs (2008 - Rs. 28.35 Lakhs)

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 9 - OTHER CURRENT ASSETS, LOANS AND ADVANCES (unsecured, considered good unless otherwise stated):			
Other current assets			
Interest accrued		**57.12**	84.41
Income receivable		**14.56**	4.46
Loans and advances			
Advances recoverable in cash or in kind or for value to be received			
Considered good	*	**581.63**	449.36
Considered doubtful		**19.01**	—
		600.64	449.36
Deposit with a Body Corporate - considered doubtful		**267.83**	267.83
		868.47	717.19
Less: Provision for doubtful advances		**286.84**	267.83
		581.63	449.36
Security Deposits		**30.04**	18.80
Forward Contract		**8.56**	—
MAT credit entitlement		**54.80**	21.44
Advance tax, net of provisions		**403.36**	414.74
Balance with excise authorities		**0.06**	0.07
	*	**1,150.13**	993.28

* includes share in joint venture Rs. 0.52 Lakh (2008 - Rs. 0.84 Lakh)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 10 - CURRENT LIABILITIES:			
Sundry Creditors	*	**688.04**	1,101.36
Security Deposits		**434.57**	384.73
Advance from customers		**89.18**	53.20
Forward Contract Liability		**211.52**	—
Unclaimed dividends		**10.83**	7.27
Unpaid matured fixed deposits		**0.03**	0.94
Interest accrued on fixed deposits		**0.01**	1.39
	*	**1,434.18**	1,548.89

* includes share in joint venture Rs. 0.20 Lakh (2008 - Rs. 1.37 Lakhs)

Note : The Company has dues payable to micro, small and medium enterprises as per MSMED Act, 2006 as at the year end amounting to Rs. 0.53 Lakh (2008 - Rs Nil). 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, small and medium enterprises as per the provisions of the Act.

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 11 - PROVISIONS:		
Fringe Benefit Tax, net of advances	**2.06**	2.25
Gratuity	**67.75**	71.41
Long term compensated absences	**155.32**	92.15
Interim dividend	**171.99**	—
Proposed dividend	**171.99**	229.32
Dividend Distribution Tax	**58.46**	38.97
	627.57	434.10

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 12 - MISCELLANEOUS EXPENDITURE:		
Pre-operative expenses (to the extent not written off or adjusted)	**0.06**	0.12
	0.06	0.12

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

			March 31, 2009 Rs. in Lakhs		March 31, 2008 Rs. in Lakhs
SCHEDULE 13 - NET SALES AND OTHER OPERATING INCOME:					
Gross sales					
- Exports	*		**2,312.71**		2,234.52
- Domestic			**1,327.19**		985.31
			3,639.90		3,219.83
Less: Excise duty recovered			**125.99**		130.09
			3,513.91		3,089.74
License fee from film rights including recovery from film			**—**		30.60
Event Management			**—**		6.30
Profit sharing on joint marketing of products			**23.87**		22.87
Royalty on sale of products			**1.24**		—
Income from research and development			**2,132.63**		1,404.47
Profit on sale/redemption of current investments - other than trade (refer schedule 18 note 4(b))		**102.30**		13.20	
Less: Loss on sale / redemption of current investments - other than trade		**0.35**		0.03	
Less: Provision for dimunition (net) in the value of current investments - other than trade		**0.64**	**101.31**	0.35	12.82
Income from investments:					
Current - other than trade			**126.75**		119.50
Interest on:					
Bank deposits	**		**89.58**		100.69
Other loans, advances and deposits			**12.48**		0.63
Rent			**697.39**		479.51
	***		**6,699.16**		5,267.13

* includes share in joint venture Rs. 3.12 Lakhs (2008 - Rs. 4.11 Lakhs)
** includes share in joint venture Rs. 0.35 Lakh (2008 - Rs. 0.42 Lakh)
*** includes share in joint venture Rs. 3.48 Lakhs (2008 - Rs. 4.53 Lakhs)

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 14 - OTHER INCOME:			
Interest on income-tax refunds		**12.21**	83.71
Profit on sale of fixed assets (net)		**—**	1.28
Exchange gain (net)		**24.20**	13.87
Excess Provision written back	*	**—**	18.53
Miscellaneous income	**	**25.00**	36.05
	***	**61.41**	153.44

*includes share in joint venture Rs. Nil (2008 - Rs.18.53 Lakhs)
**Includes share in joint venture Rs. 0.01 Lakh (2008 - Rs. Nil)
***includes share in joint venture Rs. 0.01 Lakh (2008 - Rs.18.53 Lakhs)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 15 - MATERIAL COST			
Inventories, beginning of the year			
Raw and packing materials		**167.36**	237.49
Intermediate raw materials		**25.32**	39.77
Work-in-process		**211.10**	249.15
Finished goods		**298.12**	137.04
		701.90	663.45
Add: Purchases:			
Raw and packing materials	*	**1,528.78**	1,234.50
		2,230.68	1,897.95
Inventories, end of the year			
Raw and packing materials		**286.24**	167.36
Intermediate raw materials		**107.92**	25.32
Work-in-process		**99.03**	211.10
Finished goods		**227.68**	298.12
		720.87	701.90
	*	**1,509.81**	1,196.05

* includes share in joint venture Rs. 10.16 Lakhs (2008 - Rs. 9.85 Lakhs)

SCHEDULE 16 - PERSONNEL EXPENSES:			
Salaries, wages and bonus	*	**1,511.37**	1,025.52
Contribution to provident and other funds		**99.94**	65.77
Gratuity expenses (refer schedule 18 Note 9)		**61.35**	63.72
Employee welfare expenses		**81.72**	62.70
	*	**1,754.38**	1,217.71

* includes share in joint venture Rs. 2.05 Lakhs (2008 - Rs. 3.28 Lakhs)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
SCHEDULE 17 - OPERATING AND OTHER EXPENSES:			
Consumption of stores and spares		**200.42**	105.10
Processing charges		**257.20**	254.08
Power and fuel		**280.87**	203.38
Rates and taxes		**39.14**	40.59
Excise duty expenses		**(18.84)**	26.09
Rent		**14.45**	2.88
Insurance		**46.64**	36.69
Repairs and maintenance:			
Plant and machinery		**55.59**	30.84
Buildings		**82.26**	63.05
Others		**102.49**	65.37
Commission and discount on sales		**10.73**	4.21
Bank charges		**22.42**	10.98
Advertising and sales promotion expenses		**13.09**	9.38
Packing, freight and distribution expenses		**97.71**	66.98
Business promotion expenses		**9.57**	9.99
Travelling and Conveyance		**281.26**	185.57
Legal and professional charges		**412.41**	192.34
Technical knowhow fees		**26.87**	18.49
Communication costs		**49.86**	46.96
Cost of contract clinical research services		**122.72**	174.79
Donations		**3.84**	27.76
Brokerage		**4.48**	16.39
Directors' sitting fees		**7.17**	6.47
Loss on sale of fixed assets (net)		**5.56**	—
Loss on deletion from assets		**0.36**	—
Provision for doubtful advances		**19.01**	25.61
Miscellaneous expenses	*	**182.44**	173.69
	*	**2,329.72**	1,797.68

* includes share in joint venture Rs.11.49 Lakhs (2008 - Rs. 3.91 Lakhs)

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - 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'), Research Support International Private Limited ('RSIL'), G.I. Biotech Private Limited ('GI BIO'), Evotec-RSIL Limited ('ERL') collectively referred to as 'the Group', is in the business of manufacturing and selling of chemicals primarily bulk drugs and enzymes, research and development, 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 holds 76,77,500 shares (95.97%) of FBL. The Company also has been holding 30,000 equity shares in APL, 3,41,25,000 equity shares in RSIL at the beginning of the year and these are 100% subsidiaries of the Company. During the year, the company has invested Rs. 45.90 Lakhs to acquire 22,95,000 shares in Research Support International Private Ltd. Also, Research Support International Private Ltd has invested Rs. 45.90 Lakhs to acquire 4,59,000 equity shares in Evotec-RSIL Ltd, a joint venture company with Evotec (UK) Limited for library synthesis research. 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 prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business is as follows:-

		31-Mar-09 Rs. in Lakhs	31-Mar-08 Rs. in Lakhs
i)	Percentage of holding	**50%**	50%
ii)	Assets	**53.21**	73.97
iii)	Liabilities	**0.82**	1.37
iv)	Income	**3.48**	23.06
v)	Expenditure	**24.61**	17.97

The above figures are accepted as provided by joint venture and it is not practicable to make adjustment to the financial statement of the joint venture to align with Indian Generally Accepted Accounting Principles, as the information for making such adjustment is not available with the Company.

2 (a) Basis of preparation

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, except for the financial statement of joint venture as on March 31, 2009 which are prepared as per Local Laws, as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business. 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 Company and except for the changes in accounting policies discussed below in notes 2 (d) (ii) & (vii), 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

(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, 2009.

The following subsidiaries and joint venture have been considered:

Name of the subsidiaries	Country of incorporation	% shareholding
Fermenta Biotech Limited	India	**95.97%**
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	**95.97%**
G. I. Biotech Private Limited (Subsidiary of FBL)	India	**59.98%**
Aegean Properties Limited	India	**100.00%**
Research Support International Private Limited	India	**100.00%**
Evotec-RSIL Limited (Subsidiary of RSIL)	India	**51.00%**
Name of the joint venture		
VasKo Glider s.r.o.	Czech Republic	**50.00%**

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

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. 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. 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.

(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) Change in Accounting Policies :

In the current year, the Company along with its subsidiaries namely RSIL, ERL & APL changed (with retrospective effect) its method of providing depreciation on fixed assets from Written Down Method (WDV) to the Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956 or estimated useful life, whichever is higher. The management believes that such change will result in a more appropriate presentation of these assets and will give systematic basis of depreciation charge more representative of the time in which the economic benefits will be derived from the use of these assets.

Had the group Companies continued to use the earlier basis of providing depreciation, the charge to the Profit & Loss Account for the current year would have been higher by Rs. 128.01 Lakhs and correspondingly net block of fixed assets would have been lower by Rs. 128.01 Lakhs. The Net Surplus of Rs. 364.83 Lakhs arising out of retrospective recomputation has been recognised in the current years profit and loss account.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

(iii) Depreciation and impairment

a) Depreciation

Depreciation is provided on the original cost, pro-rata to period of use on the straight line method as against written down value method used in previous years, 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

b) 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.

(iv) 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. As stated in Note 2 (d) (iii) (b) above, the management has recognised the impairment in value of goodwill of Rs. 121.00 Lakhs and accordingly provision for impairment amount has been made in the consolidated financial statements.

(v) 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.

(vi) 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

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.

In case of RSIL & ERL costs of discovery based projects are charged to the profit and loss account on incurrence and not inventorised.

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.

(vii) Employee benefits

i. Retirement benefits in the form of provident fund and superannuation funds 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.

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 liability and net periodic gratuity cost is actuarially determined 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.

iv. The Group had adopted Notified Accounting Standard (AS) 15 (Revised), 'Employee benefits'. In accordance with the transitional provision of AS 15 (Revised), a credit of Rs. 6.09 Lakhs pertaining to years prior to April 1, 2007 had been adjusted against General reserve.

(viii) 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 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 despatch 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

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

(ix) 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 company 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.

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 company itself. In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and nonmonetary, 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

(x) 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

Costs including depreciation and other initial direct costs like brokerage etc are recognised as an expense in the profit and loss account.

(xi) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit 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 tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 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.

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 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 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.

(xii) 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.

(xiii) 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.

(xiv) Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years. 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. 183.60 Lakhs (2008-Rs. 78.66 Lakhs) to profit and loss account on account of expenses on research and development.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

(xv) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank including fixed deposit, cheques in hand and cash in hand.

3 Contingent liabilities and commitment:

(a) Relating to parent company:-

i) Estimated amount of contracts remaining to be executed on capital account Rs. 18.24 Lakhs (2008 - Rs. 19.69 Lakhs)

ii) Tax matters, including amount not provided in the current year and also in respect of earlier years for which appeals are pending before appropriate authorities Rs. 15.33 Lakhs (2008 - Rs. 77.48 Lakhs)

(b) Relating to subsidiary companies.

Fermenta Biotech Limited:-

Estimated amount of contracts remaining to be executed on capital account Rs. 62.09 Lakhs (2008 - Rs. 100.59 Lakhs)

Research Support International Private Limited:-

Estimated amount of contracts remaining to be executed on capital account Rs. 27.49 Lakhs (2008 - Rs. 0.21 Lakh)

Evotec-RSIL Limited:-

Estimated amount of contracts remaining to be executed on capital account Rs. NIL (2008 - Rs. 25.59 Lakhs)

4 (a) Consequent upon implementation of the Income Tax Appellate Tribunal order in respect of a matter relating to the financial year 1995-96 on taxability of the brand sale consideration and non compete fees as capital receipts during the previous year, the Company was entitled to a tax benefit of Rs. 358.62 Lakhs against the tax paid for the financial year 1995-1996 and subsequent years, of which Rs. 21.22 Lakhs has been recognised by the Company as write back of excess tax provision for prior years during the year ended March 31, 2008.

(b) During the current year the Company's subsidiary FBL has entered into an agreement for transfer of the throat lozenges 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 (G.I)., 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 G.I 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 the Company has sold 3750 shares for consideration of USD 150,000 and recorded a profit of Rs 70.64 Lakhs. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to 31st Aug. 2009.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

5 **Segment information**

A. **Primary Segments - Business Segments**

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

The Company has strategic investments in subsidiaries/joint venture and earns interest and rentals from its assets. The Group is organised into four business segments - Chemicals, Treasury & others, Research & Development and Entertainment. Segments have been identified and reported based on the nature of the products, the risk and returns, the organisation structure and the internal financial reporting systems.

Rs. in Lakhs

	2008-2009				
	Chemicals	**Treasury & Others**	**Research & Development**	**Entertain-ment**	**Total**
a. Segment Revenue					
1. Segment revenue - Net sales / income from operations	**3,624.48**	**1,235.23**	**2,151.47**	**1.24**	**7,012.42**
	3,179.61	*891.12*	*1,429.46*	*36.90*	*5,537.09*
Less : Inter-segment revenue	**5.48**	**292.95**	**57.99**	**—**	**356.42**
	—	*172.27*	*49.38*	—	*221.65*
Unallocable Income					**104.57**
					105.13
2. Total	**3,619.00**	**942.28**	**2,093.48**	**1.24**	**6,760.57**
	3,179.61	*718.85*	*1,380.08*	*36.90*	*5,420.57*
b. Segment Result					
1. Segment result / operating profit / (loss)	**244.52**	**258.81**	**4.31**	**(60.23)**	**447.41**
	518.42	*261.37*	*13.94*	*(62.48)*	*731.25*
Add/(Less): Inter-segment results					**18.33**
					(27.75)
2 Interest expense					**302.17**
					77.75
3 Unallocable income					**104.57**
					105.13
4 Depreciation written back					**364.83**
					—
5. Profit before tax					**632.97**
					730.88
c. Other information					
1. Segment assets	**4,480.90**	**4,355.49**	**2,372.13**	**27.93**	**11,236.45**
	4,387.16	*4,307.29*	*2,067.26*	*21.50*	*10,783.21*
2 Unallocable assets					**872.08**
					524.91
3. Total assets					**12,108.53**
					11,308.12

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

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

A. **Primary Segments - Business Segments** (contd.)

Rs. in Lakhs

		2008-2009				
		Chemicals	**Treasury & Others**	**Research & Development**	**Entertain-ment**	**Total**
4.	Segment liabilities	**2,051.21**	**679.16**	**699.06**	**17.93**	**3,447.36**
		1,644.80	*682.78*	*534.67*	*20.47*	*2,882.72*
5.	Unallocable Liabilities					**415.33**
						277.81
6.	Total liabilities					**3,862.69**
						3,160.53
7.	Cost incurred during the year to acquire segment fixed assets	**536.09**	**150.66**	**474.80**	**1.34**	**1,162.89**
		853.28	*344.03*	*323.23*	*13.72*	*1,534.26*
8.	Depreciation	**172.58**	**110.73**	**188.03**	**3.95**	**475.29**
		110.95	*133.49*	*150.95*	*5.05*	*400.44*
9.	Non-cash expenses other than depreciation / amortisation					
	– Provision for diminution in value of investments / doubtful advances	**—**	**19.65**	**—**	**—**	**19.65**
		25.65	*0.35*	*—*	*—*	*26.00*
	– Impairment of Goodwill	**—**	**121.00**	**—**	**—**	**121.00**
		—	*—*	*—*	*—*	*—*

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

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:

	2008-09 Rs. in Lakhs	2007-08 Rs. in Lakhs
India	**2,359.34**	1,828.22
Outside India	**4,401.23**	3,592.35
	6,760.57	5,420.57

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

	Carrying amount of segment assets		**Additions to fixed assets**	
	2008-09 Rs. in Lakhs	2007-08 Rs. in Lakhs	**2008-09 Rs. in Lakhs**	2007-08 Rs. in Lakhs
India	**10,732.53**	9,587.12	**1,161.95**	1,533.74
Outside India	**1,376.00**	1,721.00	**0.94**	0.52
	12,108.53	11,308.12	**1,162.89**	1,534.26

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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

5 Segment information: (contd.)

C. Segment accounting policies

Segment revenue and result

Current year's segment revenues and results are arrived at based on allocation of the revenues and expenditures to the respective primary segments.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of allowances.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

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 - Executive Director
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) Pvt. Ltd.
2. Dupen Laboratories Private Ltd.

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
1 Remuneration				
- Mr. Satish Varma			**38.23** (23.18)	
- Mr. Krishna Datla			**30.84** (24.27)	
- Ms. Anupama Datla			**24.81** (18.03)	
- Mr. Rajendra Gaitonde			**20.63** (18.31)	

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

c. **Transactions with related parties** (contd.). **(Rs. in Lakhs)**

Particulars	Holding Company	Fellow Subsidiary	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives
2 Sales				
- Dupen Laboratories Private Ltd.				**9.50** (0.31)
3 Purchase of Goods & Services				
- Dupen Laboratories Private Ltd.				**9.36** (8.39)
- Lacto Cosmetics (Vapi) Pvt. Ltd.				**1.43** (—)
4 Rent Income				
- DVK Investments Private Ltd.	**0.48** (0.48)			
- VM Café de Art Private Ltd.		**0.48** (0.48)		
5 Balance outstanding as at the year end				
Sundry Creditors			**4.11** (4.11)	**3.26** (2.73)
Sundry Debtors				**10.28** (0.13)

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

7 Leases

	March 31, 2009 Rs. in Lakhs	March 31, 2008 Rs. in Lakhs
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		
Lease payments recognised in the statement of profit and loss for the year.	**14.45**	2.88
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	**697.39**	479.51
2 Future minimum lease payment under the noncancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**82.45**	3.70
ii) Later than one year and not later than five years	**82.45**	—
iii) More than five years	**64.35**	—

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

8 Consolidated Deferred Taxes

Nature of timing difference	**Deferred tax asset/(liability) April 1, 2008**	**(Charge)/credit for the current year**	**Deferred tax asset/(liability) March 31, 2009**
	Rs. in Lakhs	Rs. in Lakhs	**Rs. in Lakhs**
a) Deferred tax assets			
Demerger expenses	6.63	(2.89)	**3.74**
Expenditure on know-how incurred prior to 01-04-1998 allowable under section 35AB	10.59	4.93	**15.52**
Provision for doubtful debts/advances	49.32	61.67	**110.99**
Items covered under section 43B	—	1.67	**1.67**
Carried forward tax losses.	53.59	(20.55)	**33.04**
Carried forward business loss	—	0.18	**0.18**
Others	0.28	(0.28)	**—**
Sub-total	120.41	44.73	**165.14**
b) Deferred tax liability			
Depreciation/ Impairment	(31.29)	(133.38)	**(164.67)**
Items allowed under Income tax computed on payment/realisation basis	(0.46)	—	**(0.46)**
Others	(0.05)	0.58	**0.53**
	(31.80)	(132.80)	**(164.60)**
Net amount	88.61	(88.07)	**0.54**

Note: Company has committed sources of revenue during 2009-10 which ensure that sufficient future taxable income will be available against which above deferred tax asset will be realised.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

9 Employee Benefits

	March 31, 2009 Rs.in Lakhs	March 31, 2008 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 16 for the year are as under:		
- Provident fund	**97.22**	64.33
- Superannuation Scheme	**2.72**	1.44

b) Defined Benefit Plan

Gratuity and long term compensated absences - As per actuarial valuation

	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
	Gratuity (Funded)		**Long term compensated absences (Unfunded)**	
i) Changes in the present value of the defined benefit obligation				
Opening	**95.27**	31.88	**100.30**	29.42
Interest cost	**7.15**	3.19	**8.15**	2.95
Current service cost	**51.49**	37.03	**58.76**	22.94
Benefits paid	–	2.33	**6.59**	8.13
Net actuarial (gain)/loss	**6.58**	25.50	**(5.30)**	44.97
Closing	**160.49**	95.27	**155.32**	92.15
ii) Changes in fair value of plan assets				
Opening	**32.02**	19.03	—	—
Actual return on plan assets	**4.23**	2.74	—	—
Employer's contribution	**56.49**	4.42	—	—
Benefits paid	—	2.33	—	—
Closing	**92.74**	23.86	—	—
iii) Amounts recognised in balance sheet				
Present value of defined benefit obligation	**160.49**	95.27	**155.32**	92.15
Fair value of plan asset	**92.74**	23.86	—	—
Net liability recognised in balance sheet	**(67.75)**	(71.41)	**(155.32)**	(92.15)
iv) Amounts recognised in profit and loss account				
Current service cost	**51.49**	37.03	**58.76**	22.94
Interest cost	**7.15**	3.19	**8.15**	2.95
Expected return on plan assets	**4.23**	2.74	—	—
Net actuarial loss recognised	**6.58**	25.50	**(5.30)**	44.97
Gratuity expense	**60.99**	62.98	**61.61**	70.86

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

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

	March 31, 2009	March 31, 2008	**March 31, 2009**	March 31, 2008
	Gratuity (Funded)		**Long term compensated absences (Unfunded)**	
v) Actual return on plan assets	**4.23**	2.74	**—**	—
vi) Principal assumptions used in actuarial valuation				
Discount rate	**7.50%**	8%	**7.50%**	8%
Expected return on plan assets	**8.75%**	9%	**N.A.**	N.A.
Salary escalation rate	**10%**	10%	**10%**	10%
Employee turnover	**1%**	1%	**1%**	1%
vii) Amounts for the current and previous periods*				
Defined benefit obligation	**48.75**	26.82		
Plan Assets	**28.49**	12.15		
Surplus/(deficit)	**(20.26)**	(14.67)		
Experience Adjustments on plan liabilities	**(9.85)**	(7.76)		
Experience Adjustments on plan assets	**0.76**	0.44		

*(represents information relating to parent Company and Fermenta Biotech Limited only)

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 Rs. 22.05 Lakhs to the Gratuity fund during 2009-10. Research Support International Private Limited and Evotec-RSIL Ltd. is currently unable to estimate the expected contribution to the Gratuity fund in 2009-10.

10 **Derivative Instruments:**

a) The Company has entered into the following derivative instruments:

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. The following are outstanding Foreign Exchange Forward contracts

	Foreign Currency	No. of Contracts	Notional amount of forward covers in foreign currency	Rs. in Lakhs equivalent
March 31, 2009	**Euro**	**2**	**510,600**	**351.85**
March 31, 2008	Euro	6	851,000	527.17

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

SCHEDULE 18 - NOTES TO THE ACCOUNTS: *(contd.)*

10 **Derivative Instruments:** (contd.)

b) Particulars of un-hedged foreign currency exposure as at March 31, 2009

		March 31, 2009		March 31, 2008	
		Foreign Currency	**Rs. in Lakhs**	Foreign Currency	Rs. in Lakhs
Research Support International Private Limited					
a)	Outstanding debtors	**USD 0.63 Lakh**	**32.66**	—	—
		EURO 1.71 Lakhs	**116.91**	EURO 1.77 Lakhs	111.46
		GBP 0.15 Lakh	**10.82**	GBP 1.80 Lakhs	143.15
b)	Outstanding creditors	**USD 0.02 Lakh**	**1.00**	USD 0.01 Lakh	0.32
		EURO 0.15 Lakh	**10.26**	EURO 0.82 Lakh	51.50
		GBP 0.04 Lakh	**3.31**	GBP 0.04 Lakh	3.54
c)	Advance paid to creditors	**USD 0.01 Lakh**	**0.35**	USD 0.12 Lakh	4.61
		—	**—**	EURO 0.03 Lakh	2.01
Fermenta Biotech Limited					
a)	Outstanding debtors	**USD 1.55 Lakhs**	**79.97**	USD 0.60 Lakh	23.77
		EURO 5.37 Lakhs	**367.16**	EURO 7.25 Lakhs	456.93
b)	Outstanding creditors	**USD 0.20 Lakh**	**10.63**	USD 0.08 Lakh	3.35
		EURO 0.75 Lakh	**51.47**	EURO 0.64 Lakh	40.51
c)	Advance paid to creditors	**USD 0.15 Lakh**	**7.55**	USD 0.10 Lakh	3.91
		EURO 0.26 Lakh	**17.88**	EURO 0.21 Lakh	13.16
		Swiss Francs 0.02 Lakh	**0.88**	—	—
d)	Advance receipts from debtors	**USD 0.001 Lakh**	**0.08**	—	—
Evotec - RSIL Limited					
a)	Outstanding debtors	**USD 0.56 Lakh**	**28.99**	—	—
		EURO 0.99 Lakh	**67.82**	—	—
		GBP 0.01 Lakh	**0.68**	—	—
b)	Outstanding creditors	**USD 0.01 Lakh**	**0.58**	—	—
		EURO 0.45 Lakh	**31.01**	EURO 1.53 Lakhs	96.36
		—	**—**	GBP 0.35 Lakh	27.54
c)	Advance paid to creditors	**USD 0.05 Lakh**	**2.79**	USD 0.08 Lakh	3.15
		EURO 0.01 Lakh	**0.75**	EURO 0.30 Lakh	18.90
		GBP 0.01 Lakh	**1.05**	GBP 0.03 Lakh	2.74

11 **Prior year comparatives**

Previous year's figures have been regrouped wherever necessary.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Chartered Accountants

per SUDHIR SONI
Partner
Membership No : 41870

Mumbai
Date: June 18, 2009

For and on behalf of the Board of Directors

G.G. DESAI
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Executive Director

SANJAY BUCH
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: June 18, 2009

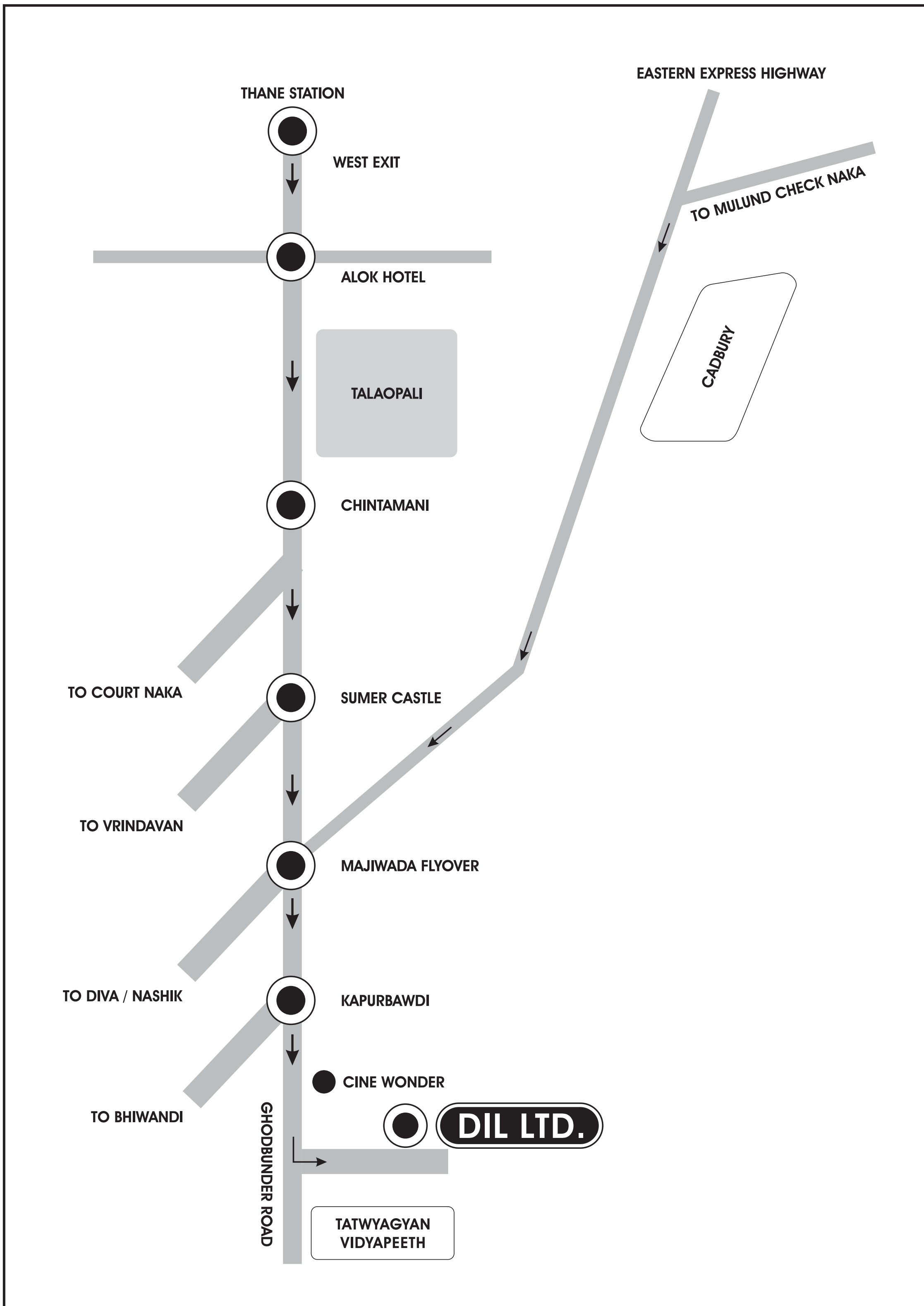
FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANIES (2008-2009)

Rs. in Lakhs

	Name of Subsidiary	**Fermenta Biotech Ltd.**	**Fermenta Biotech (UK) Ltd.**	**G I Biotech Pvt. Ltd.**	**Research Support International Pvt. Ltd.**	**Evotec RSIL Ltd.**	**Aegean Properties Ltd.**
1.	Capital	870.00	183.59	1.00	753.40	840.00	30.00
2.	Reserves & Surplus (adjusted for debit balance in Profit and Loss Account, where applicable)	1660.59	(26.12)	(1.83)	665.51	(363.19)	13.25
3.	Total Assets (Fixed Assets + Current Assets)	4434.28	159.61	13.30	1794.65	630.38	68.21
4.	Total Liabilities (Debts + Current Liabilities)	2090.31	2.14	14.13	804.15	153.57	25.02
5.	Investments	186.62	Nil	Nil	428.41	Nil	Nil
6.	Miscellaneous Expenditure	Nil	Nil	Nil	Nil	Nil	0.06
7.	Total Income (including excise duty where applicable)	3710.51	Nil	4.48	1924.81	276.09	12.00
8.	Total Expenditure	3520.22	2.49	1.85	1672.76	558.12	2.00
9.	Exceptional Item	Nil	Nil	Nil	168.50	Nil	4.57
10.	Exchange difference gain / (loss)	Nil	(11.58)	Nil	Nil	Nil	Nil
11.	Profit / (Loss) before Tax	190.29	(14.07)	2.63	420.55	(282.03)	14.57
12.	Provision for tax / (Write back)	29.42	Nil	0.15	74.15	(0.79)	4.50
13.	Profit / (Loss) after tax	160.87	(14.07)	2.48	346.40	(282.82)	10.07

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.

57th AGM Venue's Roadmap



DIL LIMITED

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 Seventh Annual General Meeting of the Company held at 'dil' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610 on Tuesday, September 29, 2009 at 3.00 p.m.

....

Member's / Proxy's Signature

Notes : (1) This meeting is of members only and you are requested not to bring along with you any person who is not a member.

(2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.

TEAR HERE

DIL LIMITED

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

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 Seventh Annual General Meeting of the Company to be held on Tuesday, September 29, 2009 at 3.00 p.m. and at any adjournment thereof.

Signed by the said .... Affix Re. 0.15 Revenue Stamp ....

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.

THIS PAGE IS INTENTIONALLY KEPT BLANK