

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF DIL LIMITED

1. We have reviewed the Standalone Unaudited Financial Results and also the Consolidated Unaudited Financial Results of **DIL LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the loss of its joint venture and associates for the quarter and nine months ended December 31, 2018, included in the accompanying Statement of Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended December 31, 2018 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Management of Parent and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Consolidated unaudited financial results in the Statement includes the interim financial results / interim financial information of the following entities:

Parent

1. DIL Limited

Direct subsidiaries

2. Aegean Properties Limited
3. CC Square Films Limited
4. Fermenta Biotech Limited

Step down subsidiaries

5. Fermenta Biotech (UK) Limited
6. G. I. Biotech Private Limited

Associates

7. Health and Wellness India Private Limited
8. Zela Wellness Private Limited

Joint venture

9. Agastya Films LLP

4. The Parent has given share application money of ₹ 597.00 Lakhs to an entity whose accumulated losses (other equity) at ₹ 4,635.38 Lakhs substantially exceed its equity share capital of ₹ 1,920.55 Lakhs, as at March 31, 2018, as per the latest audited financial statements for the year ended March 31, 2018. Further, the independent auditors of that entity, in their audit report dated May 30, 2018, on the aforesaid financial statements, have *inter-alia* reported that the entity's operations have been suspended since December 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 5 of the Statement]. For the reasons stated in the said note 5 of the Statement, the Management of Parent believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate information, we are unable to comment whether the aforesaid outstanding share application money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made, both, in the standalone unaudited financial results and in the consolidated unaudited financial results.
5. Based on our review conducted as stated above and on the consideration of the review reports of other auditors referred to in paragraph 6 below, except for the possible effects of the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the aforesaid Indian Accounting Standards ("Ind AS") and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial information of 3 subsidiaries included in the consolidated unaudited financial results, included in the Statement, whose interim financial information reflect total revenues of ₹ 4.50 Lakhs and ₹ 13.50 Lakhs for the quarter and nine months ended December 31, 2018, respectively, and total profit after tax (net) of ₹ 2.19 Lakhs and ₹ 7.30 Lakhs and total comprehensive income of ₹ 2.19 Lakhs and ₹ 7.30 Lakhs for the quarter and nine months ended December 31, 2018, respectively, as considered in the consolidated unaudited financial results, included in the Statement. The above figures are before giving effect of any consolidation adjustments. The interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management of Parent and our report on the consolidated unaudited financial results, included in the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our review report on the consolidated unaudited financial results, included in the Statement, is not modified in respect of these matters.

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7. The consolidated unaudited financial results, included in the Statement, include the interim financial information of a subsidiary which has not been reviewed by their auditors, whose interim financial information reflect total revenues of ₹ Nil, both, for the quarter and nine months ended December 31, 2018 and total loss after tax of ₹ 2.40 Lakhs and ₹ 2.50 Lakhs and total comprehensive loss of ₹ 2.40 Lakhs and ₹ 2.50 Lakhs for the quarter and nine months ended December 31, 2018, respectively, as considered in the consolidated unaudited financial results, included in the Statement. The above figures are before giving effect of any consolidation adjustments. The consolidated unaudited financial results also include the Group's share of loss after tax (net) of ₹ 24.80 Lakhs and ₹ 42.78 Lakhs and total comprehensive loss (net) of ₹ 24.80 Lakhs and ₹ 42.78 Lakhs for the quarter and nine months ended December 31, 2018, respectively, as considered in the consolidated unaudited financial results, included in the Statement, in respect of 2 associates and a joint venture, based on their interim financial information which have not been reviewed or audited by their auditors. The interim financial information in respect of this subsidiary, these associates and a joint venture have been furnished to us by the Management of Parent. According to the information and explanations given to us by the Management of Parent, these interim financial information are not material to the Group.

Our review report on the consolidated unaudited financial results, included in the Statement, is not modified in respect of our reliance on the interim financial information certified by the Management of Parent.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, February 12, 2019

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NOTES:

1 Segment Information

Particulars	Consolidated					
	Quarter ended			Nine Months Ended		Year Ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited *
	December 31,	September 30,	December 31,	December 31,	December 31,	March 31,
	2018	2017	2017	2018	2017	2018
Segment revenue						
- Bulk drugs/chemicals	10,789.41	11,731.07	9,535.68	30,171.20	19,872.71	29,202.01
- Property	494.05	489.51	322.78	1,440.99	807.38	1,268.82
- Unallocated	121.57	930.78	5.34	1,111.40	443.33	894.84
Total	11,405.03	13,151.36	9,863.80	32,723.59	21,123.42	31,365.67
Less : Inter-segment revenue	113.74	93.60	22.65	303.52	71.99	173.25
Total Income	11,291.29	13,057.76	9,841.15	32,420.07	21,051.43	31,192.42
Segment results						
- Bulk drugs/chemicals	4,269.93	5,279.05	3,866.33	12,235.24	5,779.40	9,466.54
- Property	228.99	194.90	61.19	625.83	(273.07)	198.50
- Unallocated (Net)	(217.17)	(1,113.88)	(249.69)	(1,583.06)	(403.88)	(854.56)
Total	4,281.75	4,360.07	3,677.83	11,278.01	5,102.45	8,810.48
Less: Inter-segment results	17.94	720.19	(22.87)	737.69	(18.72)	149.84
Total Profit before tax and before finance cost	4,299.69	5,080.26	3,654.96	12,015.70	5,083.73	8,960.32
Less : Finance costs	(562.56)	(475.23)	(238.82)	(1,476.77)	(945.28)	(1,363.38)
Total Profit before tax	3,737.13	4,605.03	3,416.14	10,538.93	4,138.45	7,596.94
Segment Assets						
- Bulk Drugs/chemicals	32,063.28	32,092.16	23,072.18	32,063.28	23,072.18	23,749.09
- Property	8,351.26	8,079.66	9,840.43	8,351.26	9,840.43	8,217.82
- Unallocated	10,000.68	10,387.13	2,983.12	10,000.68	2,983.12	* 6,497.29
Total Segment Assets	50,415.22	50,558.95	35,895.73	50,415.22	35,895.73	* 38,464.20
Segment liabilities						
- Bulk Drugs/chemicals	8,047.69	8,806.49	11,947.94	8,047.69	11,947.94	7,337.40
- Property	1,656.58	1,662.18	955.17	1,656.58	955.17	1,032.06
- Unallocated	19,540.89	21,573.37	11,298.58	19,540.89	11,298.58	16,551.56
Total Segment liabilities	29,245.16	32,042.04	24,201.69	29,245.16	24,201.69	24,921.02

Footnote:

* Restated (See Note 4)

The Company on standalone basis has only one primary business segment Viz. Renting of Properties.

- DIL Limited ('the Company') is in the business of renting properties. The Company also has strategic investments in subsidiaries, associates and a joint venture which are engaged in manufacturing of bulk drugs, providing services of sporting and health awareness activities, and motion film production.
The above unaudited financial results are presented on a standalone basis as well as on a consolidated basis so as to include the operations of the Company's subsidiaries, associates and a joint venture.
The unaudited financial results included in the above statement of standalone and consolidated results includes the interim financial information of one subsidiary, one joint venture and two associates on the basis of unaudited financial information prepared by the Management which have not been reviewed or audited by their auditors. The said interim financial information is not material to the consolidated results.
- These unaudited standalone and consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- The consolidated audited financial statements for the year ended 31st March, 2018, included the share of losses of two associates based on the unaudited financial information of those associates prepared by the management. Subsequently, in the audited financial statements of these associates for the year ended 31st March, 2018, the entire carrying value of property, plant and equipment of ₹ 287.06 Lakhs was written-off in one of the associates and provision for impairment of inter-corporate deposit of ₹ 330.52 Lakhs was made in the other associate. These along with other adjustments of ₹ 84.29 Lakhs have resulted in a net increase in the aggregate loss of these associates by ₹ 533.29 Lakhs, of which the share of loss of the Company is ₹ 197.32 Lakhs. This error has resulted into a retrospective increase in the Company's share of loss of associates by ₹ 197.32 Lakhs for the year ended 31st March, 2018 and a corresponding reduction, as at 31st March, 2018, in the value of investments in associates by ₹ 90.46 Lakhs and financial assets in share application money (in an associate) by ₹ 106.86 Lakhs, aggregating ₹ 197.32 Lakhs, adjusted in other equity. The line items which are affected have been indicated in the unaudited consolidated results along with a reference to this note.
- The Company has not made any provision for share application money of ₹ 597.00 Lakhs given to Noble Explochem Ltd (Noble) whose total equity as at 31st March, 2018 is negative. One of the creditors of Noble has moved an application to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016. The Company has also submitted its claim as financial creditors to Insolvency Resolution Professional (IRP) to protect its interest, which has been taken on the record by the NCLT. Considering the large asset value Noble holds, the management is confident of recovery of this amount, hence no provision for impairment is necessary. The Statutory auditors have modified their review report in respect of the foregoing matter.
- During the previous quarter ended September 30, 2018, the Company has split the face value of equity shares of the Company from face value of ₹ 10 per share to face value of ₹ 5 per share and thereafter has also allotted bonus equity shares in the ratio of one fully paid up equity share of ₹ 5 each for every one existing fully paid up equity share of ₹ 5 each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on 9th August, 2018. In view of the above, the Company's revised paid up share capital as at 30th September, 2018 and 31st December, 2018 is ₹ 458.64 Lakhs consisting of 91,72,792 equity shares of ₹ 5 each as against paid up share capital of ₹ 229.32/- lakhs consisting of 22,93,198 equity shares of ₹ 10/- each pertaining to previous other periods.
The earnings per share have been adjusted for previous periods presented in accordance with Ind AS 33 "Earnings per Share" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued hereunder.
- The Company having received no adverse observations from Bombay Stock Exchange, has subsequently filed an application seeking sanction of the scheme of amalgamation with its subsidiary, namely, Fermenta Biotech Limited, to National Company Law Tribunal, Mumbai.
- Consequent to the introduction of Goods and Service Tax ("GST") with effect from 1st July, 2017, indirect taxes including duty of excise have been subsumed in to GST. In accordance with Ind AS 115 on "Revenue from contracts with customers" and Schedule III of the Companies Act, 2013, unlike duty of excise, GST is not part of revenue from operations. Accordingly, the figures for the nine months ended 31st December, 2018 is not comparable with the corresponding period.
- The Company has, during the previous quarter ended 30th September, 2018, made provision for impairment of non-current investments and financial assets in associates:
(a) in Standalone unaudited financial results: on Non-current investments ₹ 597.09 Lakhs; on share application money ₹ 309.86 Lakhs; and on inter-corporate deposits ₹ 37.00 Lakhs
(b) in Consolidated unaudited financial results: On share application money ₹ 186.34 Lakhs; and on inter-corporate deposits ₹ 37.00 Lakhs
Further, during the quarter ended 31st December, 2018, the Company has made provision for impairment of ₹ 18.41 Lakhs on non-current investments in an associate in Standalone unaudited financial results.
- The above unaudited standalone and consolidated financial results of the Company for the quarter and nine months ended 31st December, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12th February, 2019. The statutory auditors of the Company have conducted a limited review of the above unaudited standalone and consolidated financial results for the quarter and nine months ended 31st December, 2018.

For DIL Limited


Krishna Dalia
Managing Director

Place: Thane
February 12, 2019

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