

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DION GLOBAL SOLUTIONS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **Dion Global Solutions Limited** ("the Company"), which comprises the standalone Balance Sheet as at 31st March, 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "**Standalone Ind AS Financial Statements**").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "**the Act**") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our *qualified* audit opinion on the Standalone Ind AS financial statements.

Basis of Qualified Opinion

As per the accompanying note no. 48(h) of the Standalone Ind AS financial statements wherein it has been explained by the management that the financial statements have been prepared on going concern basis.

The Company has substantial negative net worth and accumulated losses of past years; The Company has made a default in the repayment of Principal and Interest against all the facilities sanctioned by Banks; There is no committed agreement for the infusion of funds by any investors; Due to payment defaults made by the Regius Overseas Holding Co. Ltd. ("ROHCL") wholly owned subsidiary of the Company, lending banks of ROHCL have invoked the SBLCs issued by Axis Bank and Yes Bank. Being the guarantor, now the loan amount is payable by the company to the banks. As explained to us in respect of SBLC invocations, due to the aforesaid defaults and lack of clarity, the company is seeking clarification from RBI, whether to file the form ODI under automatic or approval route.; Axis Bank Limited (ABL) vide its letter dated August 29, 2017 had recalled all the credit facilities given to the Company and ABL had also adjusted a part of the facility against realization of invoked shares of Religare Enterprises Limited and Fortis Healthcare Limited, which are kept by the promoter or promoter group as securities.; Yes Bank Limited have informed the company that all the facilities provided by the Yes Bank have been reclassified as non-performing assets (NPA), etc. ;

Considering the non-ascertainable consequential impact of these factors, events or conditions on financial statements indicate that a material uncertainty exists and may cast the significant doubt on the company's ability to continue as a going concern and therefore, the company is unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial statement.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph*, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018 and its financial performance including total comprehensive losses, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter:

We draw your attention to the accompanying note no. 7.1 and 11.1 of the Standalone Ind AS Financial Statements regarding the exceptional item for creating the 100% provision for the impairment of Investment in ROHCL, a wholly owned subsidiary, amounting to Rs. 20,001.85 lakhs and making a 100% expected credit risk allowance/ written off for the loans granted to wholly owned subsidiary and to related party amounting to Rs. 26,561.13 Lakhs.

We draw your attention to the accompanying note no. 48(f) of the Standalone Ind AS Financial Statements regarding the various directives, such as sale of 7,513,550 (Seventy Five Lacs Thirteen Thousand Five Hundred and Fifty) Equity Shares, representing 23.31% of the subscribed and paid-up equity share capital of the Company, on July 23, 2018 and July 24, 2018, received from the Honorable High Court of Delhi in the matter relating to M/s Daichi Sankyo Company Limited v/s Malvinder Mohan Singh & others.

We draw your attention to the accompanying note no. 48(g) of the Standalone Ind AS Financial Statements, in respect to the preliminary insolvency proceeding under self-administration by the Dion Global Solutions GmbH (wholly owned step-down subsidiary of the Company)

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and *except for the matters referred in the Basis of qualified opinion paragraph*, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) *except for the possible effects of the matters in the Basis of qualified opinion paragraph*, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (Including other comprehensive income), and the Cash Flow Statement and statement of change in equity dealt with by this Report are in agreement with the relevant books of account.;
 - d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules made thereunder;
 - e) The matters referred to in basis of qualified opinion paragraph may have an *adverse effect* on the functioning of the company.
 - f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - g) *With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comments on the basis of qualified opinion paragraph above.*
 - h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer Note 39 to the Standalone Financial Statements;
 - ii. There has been no material foreseeable losses on long-term contracts including derivative contracts, therefore, no provision is required;
 - iii. There were no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S S Kothari Mehta & Co.

Chartered Accountants

Firm's Registration No. 000756N

Sd/-

(Neeraj Bansal)

Partner

Membership No. 095960

Place of Signature: New Delhi

Date: August 14, 2018

VALUE RESEARCH PREMIUM

Annexure A to the Independent Auditor's Report to the members of Dion Global Solutions Limited

Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has physically verified these fixed assets as per its program of physical verification that covers every item of fixed assets over a period of three years. No material discrepancies were noticed on such verification. The Company has conducted the physical verification during the previous year. However, no physical verification has been conducted during the year.
- (c) The Company does not have any immovable property during the current year, there was one land which had been written off in the previous year (refer note no 48 (b) of Standalone Ind AS Financial Statements)
- (ii) The Company does not have any inventory as defined in Accounting Standard (AS) 2 'Valuation of Inventories'. Accordingly, clause (ii) of Paragraph 3 of the Order is not applicable to the Company;
- (iii) As per the information and explanations given to us and the basis of our examination of the records, the Company has granted unsecured loans to companies, against which provision has been made and as disclosed in Emphasis of Matter paragraph of main report, however based on records and as informed the said companies are not required to be covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) Based on information, explanation, legal advice and records, Company has not granted any loan to Directors in terms of Section 185 of the Companies Act, 2013 (Act). Further, the Company has complied with the provisions of Section 186 of the Act in respect of loans, investments, guarantees, and security made;
- (v) As per information and explanation provided to us, the Company has not accepted any public deposits during the year. Further, we have not come across any such deposit(s) nor the management has reported any such deposit(s), therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable;
- (vi) The Company is not required to maintain the cost records under sub-section (1) of Section 148 of the Companies Act, 2013. Accordingly, clause (vi) of Paragraph 3 of the Order is not applicable to the Company;
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the Financial year concerned for a period of more than six months from the date they become payable;
- (b) The particulars of dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute are as under:

S. No.	Nature of Statutory Dues	Forum where pending	Amount (Rs. In Lacs)	Period
1.	Income Tax	Appeal before the Income Tax Appellate Tribunal, Mumbai	85.34	2007-08
2.	Service Tax	Appeal has been allowed subject to verification by Superintendent of Service Tax	4.90	2007-08 to 2010-11
		Appeal is pending before CESTAT, Bangalore.	354.54 plus equivalent penalty	1 April 2006 to 15 May 2008
		Appeal before commissioner of central excise (adjudication)	122.17	2008-09 to 2010-11
3.	Value Added Tax	Appeals before commercial tax tribunal (Bangalore)	89.97*	2006-07 2007-08

*In case of KVAT Appeal, the Appeal has been decided in favour of Company.

- (viii) The Company has defaulted in repayment of the principal amount and interest of a borrowings to Banks which was due for payment as on 31st March 2018 are as under:

S. No.	Name of the Bank	Principal/ Interest	Amount	Period
1.	Axis Bank	Principal	6,874.08 Lakhs	29/08/2017 to 31/03/2018
		Interest	262.03 Lakhs	01/01/2018 to 31/03/2018
2.	Yes Bank	Principal	13,656.96 Lakhs	21/02/2018 to 31/03/2018
		Interest	3,769.04 Lakhs	21/02/2018 to 31/03/2018
3.	Yes Bank	Principal	3,290.00 Lakhs	29/12/2017 to 31/03/2018
		Interest	33.74 Lakhs	01/03/2018 to 31/03/2018

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has raised the term loan during the year and was applied for the purpose for which it was raised. Due to the default in repayment and invocation of guarantee by banks, the amount of loan adjusted through the securities pledged by the guarantors are now payable to them. (Refer Note No. 19.1 of the Standalone Ind AS financial statement)
- (x) According to the information and explanations given to us, no fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year;
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid or provided for the managerial remuneration hence clause (xi) of Paragraph 3 of the order is not applicable to the company;
- (xii) The Company is not a Nidhi Company, hence clause (xii) of Paragraph 3 of the Order is not applicable to the Company;
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of Paragraph 3 of the Order is not applicable;
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;

For S S Kothari Mehta & Co
Chartered Accountants
Firm's Registration No. 000756N

Sd/-
(Neeraj Bansal)
Partner
Membership No. 095960

Place of Signature: New Delhi
Date: August 14, 2018



Annexure B to the Independent Auditor's Report to the members of Dion Global Solutions Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section

We have audited the internal financial controls over financial reporting of **DION GLOBAL SOLUTIONS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind As Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating

effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, based on records the Company has, in all material respects, an adequate internal financial controls over financial reporting and the internal controls over financial reporting are generally operating effectively as at March 31, 2018 and updated documentation for Micro Small & Medium Enterprises as per MSMED Act 2006, updated documents on the risk controls may be strengthened further, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S S Kothari Mehta & Co
Chartered Accountants
Firm's Registration No. 000756N

Sd/-
(Neeraj Bansal)
Partner
Membership No. 095960

Place of Signature: New Delhi
Date: August 14, 2018