



Dated: 03/07/2020

The Head- Listing Compliance BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai- 400001 Security Code: 511611	The Head- Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Mumbai - 400 051 Stock Code: DCMFINSERV	The Manager The Calcutta Stock Exchange Ltd. 7, Lyons Range, Murgighata, BBD Bagh, Kolkata, West Bengal- 700001 Scrip Code: 014032
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Sub: Outcome of Board Meeting pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

This is to inform you that Board of Directors of the Company in their meeting held today, i.e. Friday, 03rd July, 2020 (commenced at 04:00 P.M. and concluded at 06:00 P.M.), have considered and approved, inter-alia, the following business(s):

1. Considered and Approved the Audited Standalone Financial Results of the company as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended 31st March, 2020. **(Copy Enclosed)**
2. Considered and Approved the Audited Consolidated Financial Results of the company as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended 31st March, 2020. **(Copy Enclosed)**
3. The Board considered and took on record, the Audit Report with modified opinion on Financial Results for the quarter and year ended 31st March, 2020 as placed by the Statutory Auditor of the Company. **(Copy Enclosed)**
4. Declaration of modified opinion on Auditor's Report on annual financial results for the quarter and year ended 31st March, 2020. **(Copy Enclosed)**
5. The Board took note of Non-Applicability of Compliance with Statement of Deviation(s) or Variation(s) as per Regulation 32 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the quarter & year ended 31st March, 2020.

Kindly take the above information on your records.

For DCM Financial Services Limited

(Shantanu Deveshwar)

(DIN: 08268523)

Whole Time Director

Place: New-Delhi

DCM FINANCIAL SERVICES LIMITED

CIN L65921DL1991PLC043087

Regd. Office: D 7/3, Okhla Industrial Area-II, New Delhi-110020

Tel-011-26387750 email ID: info@dfsionline.com

Website: www.dfsionline.com

DCM FINANCIAL SERVICES LIMITED

CIN L65921DL1991PLC043087

Regd. Office:- D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.

Statement of Standalone Audited Financial Results for the Quarter and Year ended March 31, 2020

(Rupees in Lakhs except per share data)

Particulars	Quarter Ended			Year Ended	
	31st March, 2020	31st Dec, 2019	31st March, 2019	31st March, 2020	31st March, 2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
I. Revenue from Operations	-	-	-	-	-
II. Other Income	60.56	61.46	56.16	254.18	299.37
III. Total Income (I +II)	60.56	61.46	56.16	254.18	299.37
IV. Expenses					
Cost of Material Consumed	-	-	-	-	-
Purchases of Stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, Work-in-progress and stock-in-trade	-	-	-	-	-
Employee Benefits Expenses	-9.80	13.20	19.07	39.10	55.10
Finance Costs	24.50	24.51	25.94	98.03	110.73
Depreciation and amortisation expenses	7.15	7.16	7.83	28.62	31.32
Other Expenses	57.11	27.44	23.47	166.27	148.86
Total Expenses (IV)	78.96	72.31	76.31	332.02	346.00
V. Profit/(Loss) before exceptional items and tax (III- IV)	(18.40)	(10.85)	(20.15)	(77.84)	(46.63)
VI. Exceptional items	-	-	-	-	-
VII. Profit/(Loss) before tax (V-VI)	(18.40)	(10.85)	(20.15)	(77.84)	(46.63)
VIII. Tax Expense					
(1) Current tax	-	-	(12.81)	-	-
(2) Deferred tax	(78.54)	(0.56)	66.89	(74.03)	43.41
(3) Previous Year Tax	-	-	0.19	-	0.19
(4) Mat Credit Entitlement	28.52	-	-	28.52	-
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)	31.62	(10.29)	(74.42)	(32.33)	(90.23)
X. Profit/(Loss) from discontinued operations	-	-	-	-	-
XI. Tax expense of discontinued operations	-	-	-	-	-
XII. Profit/(Loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII. Profit/(Loss) for the period (IX+XII)	31.62	(10.29)	-74.42	(32.33)	(90.23)
XIV. Other Comprehensive Income					
(A) (i) Items that will not be reclassified to profit or loss	0.34	-	2.56	0.34	(4.25)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	0.21	(0.09)	0.88
(B) (i) Items that will be classified to profit or loss	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
XV. Total Comprehensive Income for the period (XIII+XIV)	31.96	(10.29)	(71.65)	(32.08)	(93.60)
(Comprising Profit (Loss) and Other Comprehensive Income for the Period)					
XVI. Paid up Equity Share Capital (Face Value of Rs. ___ Each)				2212.51	2212.51
XVII. Other Equity				(6564.24)	(6532.15)
XIX. Earnings per equity share (for continuing operation):					
(1) Basic	0.14	(0.05)	(0.32)	(0.14)	(0.42)
(2) Diluted	0.14	(0.05)	(0.32)	(0.14)	(0.42)
XX. Earnings per equity share (for discontinued operation):					
(1) Basic	-	-	-	-	-
(2) Diluted	-	-	-	-	-
XXI. Earnings per equity share (for discontinued & continuing operations)					
(1) Basic	0.14	(0.05)	(0.32)	(0.14)	(0.42)
(2) Diluted	0.14	(0.05)	(0.32)	(0.14)	(0.42)



Notes:

(1) The above results have been reviewed by Audit Committee and taken on record by the Board of Directors at its Meeting held on 3rd July 2020. The Statutory Auditors have carried out their audit for the above results.

(2) The above results are prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

(3) The IND AS compliant corresponding figures for the period as reported above have not been subjected to review. However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.

(4) The figures for the previous period/year have been regrouped/reclassified, wherever necessary, to conform to the current period/year classification

(5) As the Company's business activity falls within a single segment, therefore "Segment Reporting" are not applicable.

(6) The figures of the last quarters are the balancing figures between audited figures in respect of the full financial year up to March 31, 2020 and March 31, 2019 and the unaudited published year-to-date figures up to December 31, 2019 and December 31, 2018, being the date of the end of the third quarter of the respective financial years which were subjected to limited review.

(7) The COVID -19 pandemic is rapidly spreading throughout the world. The company is not doing any operations as there is order by the Hon'ble High Court and RBI to not to do any operations/ business. Accordingly, company is only paying back its creditors and Fixed Deposit Holders as per the recommendations of One Man Committee. The Company has resumed repayment to its creditors in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial results as at 31st March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions.

For DCM FINANCIAL SERVICES LTD



SHANTANU DEVESHWAR
WHOLE TIME DIRECTOR
DIN : 08268523



Date: 3rd July, 2020
Place : NEW DELHI

DCM FINANCIAL SERVICES LTD.

CIN L65921DL1991PLC043087

Regd. Office- D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.

Statement of Audited Standalone Assets and Liabilities

(Rupees in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	(Audited)	(Audited)
ASSETS		
Non current assets		
(a) Property, Plant and Equipment	1193.72	1222.34
(b) Capital Work in Progress	-	-
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible Assets	-	-
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financials Assets-	-	-
(i) Investments	-	-
(ii) Trade Receivables	-	-
(iii) Loans	-	-
(iv) Other (to be specified)	1712.76	2200.00
(i) Deferred tax assets (net)	373.32	327.90
(j) Other non-current assets	220.80	202.75
Current Assets		
(a) Inventories	-	-
(b) Financials Assets		
(i) Investments	64.06	120.90
(ii) Trade receivables	-	-
(iii) Cash and cash equivalents	11.31	22.42
(iv) Bank Balance other than (iii) above	278.82	884.50
(v) Loans	-	-
(vi) Others (interest accrued but not due on Fixed Deposits)	112.61	17.49
(c) Current tax Assets	-	-
(d) Other current Assets	-	-
TOTAL ASSETS	3967.40	4998.29
EQUITY AND LIABILITIES		
Equity-		
(a) Equity Share Capital	2212.51	2212.51
(b) Other Equity	-6564.24	-6532.16
Liabilities		
Non -Current liabilities		
(a) Financials Liabilities		
(i) Borrowings	207.70	1425.26
(ii) Trade Payable	-	-
(iii) Other Financial liabilities (other than specified in item (b) to be specified	-	-
(b) Provisions	5.72	8.28
(c) Deferred Tax Liabilities (net)	-	-
(d) Other Non-Current Liabilities	-	72.98
Current Liabilities		
(a) Financials Liabilities		
(i) Borrowings	-	-
(ii) Trade Payables	-	-
(iii) Other Financial liabilities (other than specified in item (c) to be specified	8080.66	7763.56
(b) Other current liabilities	24.54	30.63
(c) provisions	0.51	17.23
(d) Current Tax Liabilities	-	-
TOTAL EQUITY AND LIABILITIES	3967.40	4998.29

For DCM FINANCIAL SERVICES LIMITED


 (SHANTANU DEVESHWAR)
 WHOLE TIME DIRECTOR
 DIN : 0828523

Date: 3rd July, 2020
 Place : NEW DELHI



DCM FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE ENDED 31ST MARCH 2020

(Amount in Rs.)

Particulars	31.03.2020	31.03.2019
(A) Cash flow from Operating Activities		
Profit Before Tax	(7,784,520)	(4,662,963)
Add:		
Depreciation	2,862,475	3,131,728
Interest Paid	9,802,788	11,068,726
Provision for Impairment of Investment	4,680	1,710,167
Less:		
Remeasurement of post employment defined benefit plans	33,916	(424,732)
Interest on Fixed Deposits	(18,072,623)	(20,886,221)
Deferred Income	(7,297,981)	(8,580,448)
Dividend Income	(45,024)	(25,730)
Gain on sale of Fixed Assets	-	-
Unrealised gain on account of fair valuation of Investments	5,205,700	1,433,371
Operating Profits before working Capital changes	(15,290,588)	(17,236,102)
Adjustment for:		
Change in Other Non Current Assets	-	349,400
Change in Other Financial Current Assets	(9,512,205)	17,101,934
Change in Current Liabilities	(609,936)	(256,704)
Change in Other Current Financial Liabilities	1,956,581	563,860
Change in Other Non Current Financial Liabilities	-	-
Change in Provisions	(1,926,821)	875,299
Cash generation from Operating Activities	(25,382,969)	1,397,686
Less:		
Income Tax paid	1,805,148	2,459,084
	(27,188,117)	(1,061,398)
(B) Cash Flow from Investing Activities		
Interest Income	18,072,623	20,886,221
Dividend Income	45,024	25,730
Redemption/(Purchase) of FD	109,291,965	27,604,765
Sale of Investments	473,177	-
Sale of Fixed Assets	-	-
	127,882,789	48,516,716
(C) Cash Flow from Financing Activities		
Repayment to Debenture Holders	(17,340,829)	(35,195,313)
Repayment to SIDBI	(1,088,982)	-
Repayment of Bank Loan - PSB	(24,102,141)	-
Repayment of Loan to Fixed Depositors	(32,980,662)	(21,245,671)
Repayment of Loan to Related Parties	(26,293,328)	-
	(101,805,941)	(56,440,984)
Net increase decrease in cash & cash equivalents	(1,111,270)	(8,985,666)
Cash and Cash equivalents (Opening Balance)	2,242,135	11,227,801
Cash and Cash equivalents (Closing Balance)	1,130,865	2,242,135

Notes forming part of Financial Statements
This is the Cash Flow Statement referred to in our report of even date.

As per our report annexed,

For Mukesh Aggarwal & Co.
Chartered Accountants
Firm Registration No. 011393N

Rishi Mittal
Partner
M.No. 521860



Shantanu Deveshwar
Director
DIN: 08268523

Richa Kalra
Director
DIN: 07632571

Somali Tiwari
Company Secretary
M.No. A-47631

Place: Delhi
Dated: 3rd July, 2020

DCM FINANCIAL SERVICES LIMITED

CIN L65921DL1991PLC043087

Regd. Office:- D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.

Statement of Consolidated Audited Financial Results for the Quarter and Year ended March 31, 2020

(Rupees in Lakhs except per share data)

Particulars	Quarter Ended			Year Ended	
	31st March, 2020	31st Dec, 2019	31st March, 2019	31st March, 2020	31st March, 2019
	(Audited) Refer Note 6	(Unaudited)	(Unaudited) Refer Note 7	(Audited)	(Audited)
I. Revenue from Operations	0.00	0.00	0.00	0.00	0.00
II. Other Income	61.84	61.47	56.17	255.09	299.63
III. Total Income (I+II)	61.84	61.47	56.17	255.09	299.63
IV. Expenses					
Cost of Material Consumed	-	-	-	-	-
Purchases of Stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, Work-in-progress and stock-in-trade	-	-	25.32	-	-
Employee Benefits Expenses	-9.80	13.20	19.07	39.10	55.10
Finance Costs	25.54	23.99	24.05	95.95	108.84
Depreciation and amortisation expenses	7.44	7.32	8.33	29.42	31.99
Other Expenses	57.18	27.59	24.29	167.21	150.55
Total Expenses (IV)	80.36	72.10	101.06	331.68	346.48
V. Profit/(Loss) before exceptional items and tax (III- IV)	-18.62	-10.63	-44.89	-76.59	-46.85
VI. Exceptional items	-	-	-	-	-
VII. Profit/(Loss) before tax (V-VI)	-18.62	-10.63	-44.89	-76.59	-46.85
VIII. Tax Expense					
(1) Current tax	-0.25	0.03	-12.81	0.00	0.00
(2) Deferred tax	-77.91	-0.92	43.83	-73.65	43.83
(3) Previous Year Tax	-	-	0.77	-	0.77
(4) Mat Credit Entitlement	28.52	-	-	28.52	-
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)	31.12	-9.74	-76.68	-31.48	-91.44
X. Profit/(Loss) from discontinued operations	-	-	-	-	-
XI. Tax expense of discontinued operations	-	-	-	-	-
XII. Profit/(Loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII. Profit/(Loss) for the period (IX+XII)	31.12	-9.74	-76.67	-31.48	-91.44
XIV. Other Comprehensive Income					
(A) (i) Items that will not be reclassified to profit or loss	0.34	0.00	0.00	0.34	-4.25
(ii) Income tax relating to items that will not be reclassified to profit or loss	-0.09	0.00	0.68	-0.09	0.88
(B) (i) Items that will be classified to profit or loss	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
XV. Total Comprehensive Income for the period (XIII+XIV)	31.37	-9.74	-76.79	-31.21	-94.81
(Comprising Profit (Loss) and Other Comprehensive Income for the Period)					
XVI. Profit for the period attributable to:					
Owners of the Company	31.18	-9.80	-76.26	-31.55	-91.32
Non-controlling interests	-0.06	0.05	-0.41	0.09	-0.12
XVII. Other Comprehensive Income attributable to:					
Owners of the Company	0.25	0.00	0.88	0.25	-3.37
Non-controlling interests	0.00	0.00	0.00	0.00	0.00
XVIII. Total Comprehensive Income attributable to:					
Owners of the Company	31.43	-9.80	-75.38	-31.30	-94.69
Non-controlling interests	-0.06	0.05	-0.41	0.09	-0.12
XIX. Paid up Equity Share Capital (Face Value of Rs. ___ Each)				2212.51	2212.51
XX. Other Equity				-6541.40	-6510.18
XXI. Earnings per equity share (for continuing operation):					
(1) Basic	0.14	-0.04	-0.34	-0.14	-0.43
(2) Diluted	0.14	-0.04	-0.34	-0.14	-0.43
XXII. Earnings per equity share (for discontinued operation):					
(1) Basic	-	-	-	-	-
(2) Diluted	-	-	-	-	-
XXIII. Earnings per equity share (for discontinued & continuing operations)					
(1) Basic	0.14	-0.04	-0.34	-0.14	-0.43
(2) Diluted	0.14	-0.04	-0.34	-0.14	-0.43



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Notes:

(1) The above results have been reviewed by Audit Committee and taken on record by the Board of Directors at its Meeting held on 3rd July 2020. The Statutory Auditors have carried out their audit for the above results.

(2) The above results are prepared in accordance with Indian Accounting Standards ("Ind AS"), the provisions of the Companies Act, 2013 ("the Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

(3) The IND AS compliant corresponding figures for the period as reported above have not been subjected to review. However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.

(4) The figures for the previous period/year have been regrouped/reclassified, wherever necessary, to conform to the current period/year classification

(5) As the Company's business activity falls within a single segment, therefore "Segment Reporting" are not applicable.

(6) The figures of the last quarters are the balancing figures between audited figures in respect of the full financial year up to March 31, 2020 and March 31, 2019 and the unaudited published year-to-date figures up to December 31, 2019 and December 31, 2018, being the date of the end of the third quarter of the respective financial years which were subjected to limited review.

(7) The Consolidated figures for the corresponding quarter ended March 31, 2019, as reported in these consolidated financial results have been approved by the Holding Company's Board of Directors and have not been subjected to audit or review.

(8) The COVID -19 pandemic is rapidly spreading throughout the world. The company is not doing any operations as there is order by the Hon'ble High Court and RBI to not to do any operations/ business. Accordingly, company is only paying back its creditors and Fixed Deposit Holders as per the recommendations of One Man Committee. The Company has resumed repayment to its creditors in a phased manner as per directives from the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial results as at 31st March 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Company will continue to monitor any material changes to future economic conditions.

For DCM FINANCIAL SERVICES LIMITED



SHANTANU DEVESHWAR
WHOLE TIME DIRECTOR
DIN : 08268623



Date: 3rd July, 2020

Place :NEW DELHI

DCM FINANCIAL SERVICES LTD.

CIN 165921DL1991PLC043087

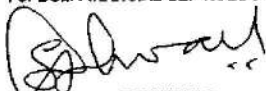
Regd. Office:- D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.

Statement of Audited Consolidated Assets and Liabilities

(Rupees in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	(Audited)	(Audited)
ASSETS		
Non current assets		
(a) Property, Plant and Equipment	1194.99	1224.04
(b) Capital Work in Progress	-	-
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other intangible Assets	-	-
(f) Intangible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financials Assets-	-	-
(i) Investments	0.21	0.46
(ii) Trade Receivables	-	-
(iii) Loans	-	-
(iv) Other(to be specified)	1712.76	2200.00
(i) Deferred tax assets (net)	373.56	328.52
(j) Other non-current assets	220.90	202.85
Current Assets		
(a) Inventories	-	-
(b) Financials Assets		
(i) Investments	64.06	120.90
(ii) Trade receivables	-	-
(iii) Cash and cash equivalents	35.06	22.80
(iv) Bank Balance other than (iii) above	278.82	884.50
(v) Loans	-	-
(vi) Others (Interest accrued but not due on Fixed Deposits)	112.61	17.49
(c) Current tax Assets	-	-
(d) Other current Assets	0.03	0.04
TOTAL ASSETS	3993.00	5001.58
EQUITY AND LIABILITIES		
Equity-		
(a) Equity Share Capital	2212.51	2212.51
(b) Other Equity	-6541.40	-6510.18
Liabilities		
Non -Current liabilities		
(a) Financials Liabilities		
(i) Borrowings	207.70	1404.50
(ii) Trade Payable	-	-
(iii) Other Financial liabilities (other than specified in item (b) to be specified	-	-
(b) Provisions	5.72	8.28
(c) Deferred Tax Liabilities (net)	-	-
(d) Other Non-Current Liabilities	-	72.98
Current Liabilities		
(a) Financials Liabilities		
(i) Borrowings	-	-
(ii) Trade Payables	-	-
(iii) Other Financial liabilities (other than specified in item (c) to be specified	8083.42	7765.64
(b) Other current liabilities	24.54	30.63
(c) provisions	0.51	17.23
(d) Current Tax Liabilities	-	-
TOTAL EQUITY AND LIABILITIES	3993.00	5001.58

For DCM FINANCIAL SERVICES LIMITED



(SHANTANU DEVESHWAR)
WHOLE TIME DIRECTOR
DIN : 0828523



Date: 3rd July 2020
Place : NEW DELHI

DCM FINANCIAL SERVICES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE ENDED 31ST MARCH 2020

Particulars	(Amount in Rs.)	
	31.03.2020	31.03.2019
(A) Cash flow from Operating Activities		
Profit Before Tax	(7,659,111)	(4,684,864)
Add:		
Depreciation	2,941,782	3,199,362
Interest Paid	9,594,571	10,879,980
Provision for Impairment of Investment	4,680	1,710,167
Unrealised loss on account of fair valuation of Investments	5,205,700	1,433,371
Less:		
Remeasurement of post employment defined benefit plans	33,916	(424,732)
Interest on Fixed Deposits	(18,072,623)	(20,886,221)
Deferred Income	(7,297,981)	(8,580,448)
Dividend Income	(45,542)	(26,128)
Gain on sale of Fixed Assets	-	-
Unrealised gain on account of fair valuation of Investments	25,270	-761
Operating Profits before working Capital changes	(15,269,337)	(17,380,273)
Adjustment for:		
Change in Other Current Assets	221	2,730
Change in Other Non Current Assets	-	339,400
Change in Other Financial Current Assets	(9,512,205)	17,101,934
Change in Current Liabilities	(609,936)	(256,704)
Change in Other Current Financial Liabilities	2,025,071	628,748
Change in Other Non Current Financial Liabilities	-	-
Change in Provisions	(1,926,821)	875,298
Cash generation from Operating Activities	(25,293,007)	1,311,132
Less:		
Income Tax paid	1,805,148	2,459,083
	(27,098,155)	(1,147,951)
(B) Cash Flow from Investing Activities		
Interest Income	18,072,623	20,886,221
Dividend Income	45,542	26,128
Redemption/(Purchase) of FD	109,291,965	27,604,765
Sale of Investments	473,177	(7,000)
Purchase of Fixed Assets	(37,100)	-
	127,846,207	48,510,114
(C) Cash Flow from Financing Activities		
Repayment to Debenture Holders	(17,340,829)	(35,195,313)
Repayment to SIDBI	(1,088,982)	-
Repayment of Bank Loan - PSB	(24,102,141)	-
Repayment of Loan to Fixed Depositors	(32,980,662)	(21,245,671)
Repayment of Loan to Related Parties	(24,008,903)	-
	(99,521,515)	(56,440,984)
Net increase decrease in cash & cash equivalents	1,226,537	(9,078,821)
Cash and Cash equivalents (Opening Balance)	2,279,885	11,358,706
Cash and Cash equivalents (Closing Balance)	3,506,422	2,279,885

Notes forming part of Financial Statements
This is the Cash Flow Statement referred to in our report of even date.

As per our report annexed.

For Mukesh Aggarwal & Co.
Chartered Accountants
Firm Registration No. 011393N

Rishi Mittal
Partner
M.No. 521860



Place : Delhi
Dated : 3rd July, 2020

Shantanu Deveshwar
Director
DIN: 08268523

Richa Kalra
Director
DIN: 07632571

Somali Tiwari
Company Secretary
M.No. A-47631

Independent Auditors' Report

To the Members of
DCM FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **DCM FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 for 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,

- (a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2020; and
- (b) In the case of Statement of Profit and Loss account, of the loss for the year ended on date March 31, 2020.
- (c) In the case of Cash Flow Statement for the year ended on date March 31, 2020.
- (d) In the case of Statement of changes in equity for the year ended on date March 31, 2020.

Basis for Qualified Opinion

- (i) Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholders creditors which are covered under scheme has given



its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits.

Had interest of Rs. 1,683 Lacs been provided for in the financial statements of year ending 31st March 2018 on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs. 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current Liabilities as at 31st March, 2020 would have been higher by Rs 1,340 Lacs. The same has been explained in Note 17.1 and Note 17.4

- (ii) For redemption of 'B' series debentures of Rs. 2014.98 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2014.98 Lacs has not been created due to insufficient profits. The same has been explained in Note 17.1.
- (iii) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in Note 17.1, 17.2 and 17.3.
- (iv) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, FD balances with Bank, interest on FD from banks, balance of ex-employees, margin against L/C, loans from institutions, banks, no dues certificate on payment of loans from bank and other receivables and payables have not been received from the parties/persons concerned. In the absence of balance confirmation the closing balances as per books of accounts have been incorporated in the final accounts and have been shown, unless otherwise stated by the management about its recoverability in the financials including considering the NPA Provisions, are good for recovery/payment. Time barred debts under the Limitations Act have not been separately ascertained and written off or provided for. In the absence of such confirmation & corresponding reconciliation, it is not feasible for us to determine financial impact on the financials and the amount referred as payable in the financials can differ. Please refer Note No-38
- (v) The subsidiary company namely, Global IT Options Limited has from 1st June 2014 to 31st March, 2018 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited) and the same balance was outstanding as on 31st March 2019. It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has been provided on outstanding balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non-compliance of Section 186 of the Companies Act, 2013, which could attract



penalties. We have discounted this liability considering the borrowing with interest @10% p.a. in FY 2015-16 considering that the same will be paid in FY 2019-20. However, the company has paid back the amount of Rs. 22.84 Lacs to its subsidiary in the FY 2019-20. Hence, the balance outstanding as on 31st March 2020 is NIL.

(vi) **Contingent liabilities and Other Commitments**

- vi(a) During the year ended 30th June, 2011 the company's tenant had filed a claim of Rs. 10,000,000 against the company due to damages suffered by the tenant which is still pending under arbitration proceedings as on 31st March, 2020.
- vi(b) There is a demand of Rs. 34,58,900 for the Assessment Year 2006-07 and Rs. 357,542 for the Assessment Year 2012-13 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities as on 31st March 2020.
- vi(c) There is an award passed by the arbitrator against the company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 5,128,320 i.e. the claim amount, along with Rs. 30,680,848 towards interest cost for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. Furthermore, an incidental cost which includes arbitration venue rent, record keeping cost, administrative cost and stamp paper charges amounting to Rs. 549,280, had been awarded to the company. The total financial impact comes to Rs. 36,358,448 which has been contested by Company before Hon'ble Delhi High Court.
- vi(d) Due to dispute with the builder namely M/s NBCC Ltd. from which the company had purchased an office premises in the year 1995, regarding a claim of Rs. 28,829,634 on account of increase in super area and certain other expenditure which the builder i.e. M/s NBCC Ltd. had incurred and the same is pending in arbitration. Breakup of the amount of Rs . 28,829,634 mentioned supra is as follows:

S. No.	Description	Amount
1.	Difference in super area Vs. provisional area	22,928,254/-
2.	Claim of property tax	319,100/-
3.	Claim of ground rent	2,167,190/-
4.	Allied charges	782,210/-
5.	Augmentation of Electric sub station	132,880/-
6.	Loss of profit	2,000,000/-
7.	Arbitration cost	500,000/-
TOTAL		28,829,634/-



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:-

- (i) We draw attention to Note 36 in the financial statements, which indicates that the Company incurred a net loss of Rs. 32,08,547 during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 413,831,396. The accumulated loss as on 31st March, 2020 stands to Rs. 85,73,95,457/- (Previous year Rs. 85,48,86,910/-). As on 31st March, 2020, the Company's total liabilities exceeded to its total assets by Rs. 43,51,73,731/- (Previous year Rs. 43,19,65,185/-).
- As stated in Note 36, these events or conditions, along with other matters as set forth in Note 36 which are as under :-
- The Company is not carrying on any business as to comply with the directives of the Reserve Bank of India, the company ceased to accept deposits from September 1997 and the company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The Company contends that the Scheme of One Man Committee shall be implemented in full and other aspect of fresh restructuring scheme such issuance of equity to SBI Home Finance Limited and Pressman Leasing would be approved/decided upon by the Hon'ble Delhi High Court and accordingly the decision on revival of Company would be taken by Hon'ble Delhi High Court. It indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.
- (ii) We draw attention to Note 26 in the financial statements regarding successful implementation of scheme of One Man Committee on which continuity and revival of the Company is completely dependent which not only includes successful implementation of Schedule of payments described under Phase-I and Phase-II, but also realisability of funds from the disposal of Fixed Assets especially Building which is under dispute with Tenant as well as NBCC.
- (iii) We draw attention to Note 32 in the financial statements on the deposit Rs. 195,000,000 with the Hon'ble Delhi High Court. DCM Services Ltd, as a promoter had committed to bring in Rs. 195,000,000 as a promoter contribution upon sanction of their restructuring scheme under erstwhile Section 391 of the Indian Companies Act, 1956 which is under implementation by One Man Committee appointed with the direction of Hon'ble Delhi High Court. The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 195,000,000 with the Court and pursuant to the court order DCM Services Limited deposited Rs 50,000,000 on 16.07.2010, Rs 67,000,000 on 18.11.2010, Rs. 39,000,000 on 21.04.2011 & Rs. 39,000,000 on 27.04.2012 aggregating to Rs. 195,000,000 on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. All the funds are with Delhi High Court along-with accrued interest thereon. No financial impact of this has been recorded in the financials of the company till 31st March, 2020 as there is no clarity provided by Hon'ble High Court of Delhi on whether Company would have to issue any



shares against such contribution as per SEBI guidelines or such amount would be refundable to DCM Services Limited by company or there would be no liability on the Company to either to pay the said amount or issue any shares in lieu of that. Till Company gets any clarity on this matter, no financial entry has been recorded in the books of accounts. ❁

Other Matter

We draw attention to Note 40 to the financial statements, regarding management's assessment of Covid-19 impact on the future performance of the company. Our report is not modified in respect of the matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report, Report on Corporate Governance and General Shareholders Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure 'A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Companies Act, 2013, we report that:
 - a. Except for the matters described in the Basis for Qualified Opinion and Key Audit Matters paragraph, we have sought and 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 matters described in the Basis for Qualified Opinion and Key Audit Matters 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. Except for the matters described in the Basis for Qualified Opinion and Key Audit Matters paragraph, in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 ;
- e. The matter described in the Basis for Qualified Opinion and Key Audit Matters paragraph above, in our opinion, may have a qualified effect on the functioning of the Company.
- f. On the basis of the representations received from the directors as on 31st March 2020 taken on the record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g. 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' ; and
- h. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 litigations on its financial position in its financial statements - Refer Note 28 to the financial statements;
 - ii. The Company has made necessary provision in its financial statements under the applicable law or Indian accounting standards, wherever required;
 - iii. The company moved an application before the Hon'ble Company Law Board, New Delhi on 22nd July 2004 under Regulation 44 of the Company Law Regulations 1991 proposing a fresh repayment schedule for fixed depositors, debenture-holders and other creditors of the Company. The company filed a Fresh Scheme of Arrangement for the reorganization of the share capital of the company and for compromise with the secured and unsecured creditors of the company, hereinafter referred to as the



"Fresh Restructuring Scheme" before the Hon'ble Delhi High Court on 24th September 2004 mentioning therein repayment schedule.

Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. One Man Committee observed that that it already has sufficient funds, ready cash, to repay about 70% of the deposits to all the depositors having deposits of more than Rs 5,000 including secured creditors in the first stage. Under Phase -1, 70% of the principal amount be paid to the creditors having deposits of more than 5,000 and full amount be paid to those who have deposits of Rs. or less than Rs.5,000 in the first instance to fixed depositors, Debenture-holders and banks. In the second phase, which should also commence with phase 1 simultaneously, properties and shares and all the assets be liquidated by selling and the realized amount is recommended to be utilized for the repayment of balance 30% of principal amount and the maturity interest component only on the fixed deposits and debentures. Other creditors such as banks, financial institutions, ICD Holders shall also be paid 30% of the Principal Amount except to SBI Home Finance Limited and Pressman Leasing which will be issued equity shares in Second Phase. Depending upon the availability of surplus amount from disposal of assets with the Company, the Hon'ble High Court of Delhi may decide whether some additional amount of interest can be paid to depositors or other creditors. During the year ended 31st March, 2018, Company started paying the amount as per Phase-I and the company is still in continuation of making payments as per Phase I for the year ended 31st March 2020. Also the company has started making payments as per Phase II simultaneously during the current financial year.

The One Man committee earlier recommended to pay to the creditors 70% of the principal amount. The above said arrangement was modified by the committee on 18th May 2019 and accordingly it has been decided to pay creditors in full who have claimed amount as per procedure set by the committee and whose documents have been verified. As per the claims made by the creditors 100% of principal being paid to them. Also company has also started paying balance 30% to creditors to whom 70% has already been paid previously. The balance payable to creditors is as per books and who have not claimed so far or their documents are under verification.

The matter regarding payment to fixed depositors, debenture-holders and other sums are already covered under Phase-I and Phase-II schedule of payment decided by One Man Committee duly appointed by Hon'ble Delhi High Court.



All the unpaid matured Public Fixed Deposits of Rs 4907.66 Lacs Unpaid Matured Debentures of Rs. 1848.68 Lacs which was more than seven year old. Accordingly except the matter stated above, there has been no delay in transferring amounts or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note No 17.1 and 17.4.

For Mukesh Aggarwal & Co.
Chartered Accountants
Firms Registration No. 011393N

Place: Delhi
Date: 3rd July, 2020



Rishi Mittal

(Rishi Mittal)

Partner

Membership No. 521860

UDIN No 20521860AAAAAU2602

Annexure 'A' to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with such program, the management has physically verified its fixed assets during the year and no material discrepancies were noticed by them.
- (c) The title deeds of immovable properties are held in the name of the company.
2. The company does not hold any inventory as on 31st March 2020
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Consequently sub-clauses 3 (a), (b) & (c) of this clause are not applicable.
4. The Company has not made any transaction in respect of loans covered under section 185 of the Companies Act 2013. In respect of loans, investments, guarantees and security covered under section 186 of the Companies Act, 2013, the provisions of the said section 186 have been duly complied except a case mentioned in our Basis of Opinion Para(v).
5. The Company has not accepted any deposits from the public during the year. The directives issued by the Reserve Bank of India and the provision of section 73 to 76 or any other relevant provision of the Companies Act 2013 are not applicable on all the unpaid matured public Fixed Deposits of Rs 4907.66 Lacs. Unpaid Matured Debentures of Rs. 1848.68 Lacs standing as at 31st March, 2020 which were accepted in prior periods in view of filing of Fresh Restructuring Scheme filed with Hon'ble Delhi High Court on 25th September, 2004. Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. One Man Committee observed that that it already has sufficient funds, ready cash, to repay about 70% of the deposits to all the depositors having deposits of more than Rs 5,000 including secured creditors in the first stage.



Under Phase -1, 70% of the principal amount be paid to the creditors having deposits of more than 5,000 and full amount be paid to those who have deposits of Rs. or less than Rs.5,000 in the first instance to fixed depositors, Debenture-holders and banks. In the second phase, which should also commence with phase 1 simultaneously properties and shares and all the assets be liquidated by selling and the realized amount is recommended to be utilized for the repayment of balance 30% of principal amount and the maturity interest component only on the fixed deposits and debentures. Other creditors such as banks, financial institutions, ICD Holders shall also be paid 30% of the Principal Amount except to SBI Home Finance Limited and Pressman Leasing which will be issued equity shares in Second Phase. Depending upon the availability of surplus amount from disposal of assets with the Company, the Hon'ble High Court of Delhi may decide whether some additional amount of interest can be paid to depositors or other creditors. During the year ended 31st March, 2020, Company is in continuation of paying the amount as per Phase-I and company has started making payments as per Phase II simultaneously during the current financial year.

The matter regarding payment to fixed depositors, debenture-holders and other sums are already covered under Phase-I and Phase-II schedule of payment decided by One Man Committee duly appointed by Hon'ble Delhi High Court. The company contends that the aforesaid Public Deposits and payment to Debenture-holders shall be settled as per schedule laid down by the implementation of One Man Committee outcome of Fresh Restructuring Scheme.

6. In accordance with the information given by the management the maintenance of cost records has not been prescribed by the Central Government under section 148 (1) of the Companies Act, 2013.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, GST, duty of customs, cess and any other statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us, there was no undisputed amounts payable in respect of the above dues which were outstanding as at 31st March, 2020 for a period of more than six months from the date of their becoming payable.
- (c) According to the information and explanations given to us, the amounts payable in respect of income tax which have not been deposited on account of any disputes, are as under:

Name of the Statute	Assessment years	Tax Demand in (Rs.)	Forum where dispute is pending
Income Tax Act,	2006-2007	Rs. 34.59 Lacs	ITAT



1961			
Income Tax Act, 1961	2012-2013	Rs. 3.58 Lacs	ITAT

8. The company had defaulted in the repayment of dues to financial institutions, banks and debenture holders. Refer note 17.1 to 17.3

However, the dues of Punjab and Sind Bank and SIDBI were paid in full during the current financial year i.e. 19-20 and payable as on 31st March 2020 is NIL.

Although the company is continuing its default in the repayment of dues to debenture holders as explained in Note No-17.1 of Notes to Accounts.

The matter is sub-judice with Hon'ble Delhi High Court as the company had filed a Fresh Scheme of Arrangement for the reorganization of the share capital of the company and for compromise with the secured and unsecured creditors of the company, before the Hon'ble Delhi High Court at New Delhi on 24th September 2004.

Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. One Man Committee observed that that it already has sufficient funds, ready cash, to repay about 70% of the deposits to all the depositors having deposits of more than Rs 5,000 including secured creditors in the first stage. Under Phase -1, 70% of the principal amount be paid to the creditors having deposits of more than 5,000 and full amount be paid to those who have deposits of Rs. 5000 or less than Rs.5,000 in the first instance to fixed depositors, Debenture-holders and banks. In the second phase, which should also commence with phase 1 simultaneously, properties and shares and all the assets be liquidated by selling and the realized amount is recommended to be utilized for the repayment of balance 30% of principal amount and the maturity interest component only on the fixed deposits and debentures. Other creditors such as banks, financial institutions, ICD Holders shall also be paid 30% of the Principal Amount except to SBI Home Finance Limited and Pressman Leasing which will be issued equity shares in Second Phase. Depending upon the availability of surplus amount from disposal of assets with the Company, the Hon'ble High Court of Delhi may decide whether some additional amount of interest can be paid to depositors or other creditors. During the year ended 31st March, 2020, Company is paying the amount as per Phase-I and has simultaneously started making payments under Phase-II during the current financial year.

The matter regarding payment to aforesaid Financial Institution Parties are already covered under Phase-I and Phase-II schedule of payment decided by One Man Committee duly appointed by Hon'ble Delhi High Court. The company contends that the payment to aforesaid Financial Institution Parties shall be settled as per schedule laid down by the implementation of One Man



Committee outcome of Fresh Restructuring Scheme.

9. According to the information and explanations given to us, during the year the Company has not raised money by way of initial public offer and term loans.
10. According to the information and explanations given to us, no fraud by the company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
11. The company has paid managerial remuneration as per provisions of section 197 read with Schedule V to the Companies Act, 2013 and on the basis of approval received from Central Government on 1st May, 2017 which contains payment of managerial remuneration of not more than Rs 3.99 Lac per annum. No further order has been passed. However, the company has made payment of Rs. 4,52,602 during the current financial year which includes payment of Rs. 1,15,304 pertaining to previous year 18-19.
12. The company is not a Nidhi Company and hence clause 3 (xii) is not applicable.
13. The transactions with the related parties made by the Company are in compliance with sections 177 and 188 of Companies Act 2013 where applicable and the details have been disclosed in the Financial Statements, as required by the applicable Indian Accounting Standards.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence clause 3 (xiv) is not applicable.
15. During the year, the company has not entered into any non- cash transactions with directors or persons connected with him and hence provision of section 192 of Companies Act 2013 is not applicable.
16. Initially the company was NBFC. However, renewal of application for registration has been rejected by RBI in 2004. In view of rejection of NBFC license, Section 45-IA of Reserve Bank of India Act, 1934 is not applicable on this company.

For Mukesh Aggarwal & Co.
Chartered Accountants
Firms Registration No. 011393N



(Signature)
(Rishi Mittal)
Partner
Membership No. 521860

Place: Delhi

Date: 3rd July, 2020

Annexure 'B' to Independent Auditors' Report

Referred to in Paragraph 2 (f) under the heading of "report on other legal and regulatory requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DCM FINANCIAL SERVICES LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the 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 internal policies & procedures, accounting records and essential components on the internal control over financial reporting criteria established by the Company as per Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the 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 Companies Act, 2013.

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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, volume of transactions, materiality, timing, and extent of audit test applied in our audit of the standalone financial statement of the company and the disclaimer does not affect our opinion on the standalone financial statements of the company.

For Mukesh Aggarwal & Co.
Chartered Accountants
Firms Registration No. 011393N



(Rishi Mittal)

Partner

Membership No. 521860

Place: Delhi

Date: 3rd July, 2020



Independent Auditors' Report

To the Members of
DCM FINANCIAL SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **DCM FINANCIAL SERVICES LIMITED** ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiaries together referred to as the 'Group') which comprise the Consolidated Balance Sheet as at 31st March, 2020, and the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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 for Qualified Opinion paragraph**, the aforesaid standalone Ind AS consolidated 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,

- (a) In the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of the Company as at March 31, 2020; and
- (b) In the case of Consolidated Statement of Profit and Loss account, of the loss for the year ended on date March 31, 2020.
- (c) In the case of Consolidated Cash Flow Statement for the year ended on date March 31, 2020.
- (d) In the case of Consolidated Statement of changes in equity for the year ended on date March 31, 2020.

Basis for Qualified Opinion

- (i) Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of



Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholder creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the consolidated financial statements on the outstanding amount of Debentures and Fixed Deposits.

Had interest of Rs. 1,683 Lacs been provided for in the consolidated financial statements of year ending 31st March 2018 on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs. 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current Liabilities as at 31st March, 2020 would have been higher by Rs 1,340 Lacs. The same has been explained in Note 17.1 and Note 17.4

- (ii) For redemption of 'B' series debentures of Rs. 2014.98 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2014.98 Lacs has not been created due to insufficient profits. The same has been explained in Note 17.1.
- (iii) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in Note 17.1, 17.2 and 17. 3.
- (iv) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, FD balances with Bank, interest on FD from banks, balance of ex-employees, margin against L/C, loans from institutions, banks, no dues certificate on payment of loans from bank and other receivables and payables have not been received from the parties/persons concerned. In the absence of balance confirmation the closing balances as per books of accounts have been incorporated in the final accounts and have been shown, unless otherwise stated by the management about its recoverability in the financials including considering the NPA Provisions, are good for recovery/payment. Time barred debts under the Limitations Act have not been separately ascertained and written off or provided for. In the absence of such confirmation & corresponding reconciliation, it is not feasible for us to determine financial impact on the financials and the amount referred as payable in the financials can differ. Please refer Note No-38
- (v) **Contingent liabilities and Other Commitments**

- v(a) During the year ended 30th June, 2011 the company's tenant had filed a claim of Rs. 10,000,000 against the holding company due to



damages suffered by the tenant which is still pending under arbitration proceedings as on 31st March, 2020.

- v(b) There is a demand of Rs. 3,458,902 raised by Income Tax Department for the Assessment Year 2006-07 and Rs. 357,542 for the Assessment Year 2012-13 for payment of income tax under the Income Tax Act, 1961, which is disputed by the holding company and pending before the appropriate authorities as on 31st March 2020.
- v(c) There is an award passed by the arbitrator against the holding company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 5,128,320 i.e. the claim amount, along with Rs. 30,680,848 towards interest cost for an underwriting given by the holding company in the year 1995 for the public issue of M/s MS Shoes East Ltd. Furthermore, an incidental cost which includes arbitration venue rent, record keeping cost, administrative cost and stamp paper charges amounting to Rs. 549,280, had been awarded to the holding company. The total financial impact comes to Rs. 36,358,448 which has been contested by Holding Company before Hon'ble Delhi High Court.
- v(d) Due to dispute with the builder namely M/s NBCC Ltd. from which the holding company had purchased an office premises in the year 1995, regarding a claim of Rs. 28,829,634 on account of increase in super area and certain other expenditure which the builder i.e. M/s NBCC Ltd. had incurred and the same is pending in arbitration. Breakup of the amount of Rs . 28,829,634 mentioned supra is as follows:

S. No.	Description	Amount
1.	Difference in super area Vs. provisional area	22,928,254/-
2.	Claim of property tax	319,100/-
3.	Claim of ground rent	2,167,190/-
4.	Allied charges	782,210/-
5.	Augmentation of Electric sub station	132,880/-
6.	Loss of profit	2,000,000/-
7.	Arbitration cost	500,000/-
TOTAL		28,829,634/-

- (vi) The subsidiary company namely, Global IT Options Limited has from 1st June 2014 to 31st March, 2018 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited) and the same balance is outstanding as on 31st March 2019 also. It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has been provided on outstanding balance of Rs 22.84 Lacs by Company



to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non-compliance of Section 186 of the Companies Act, 2013, which could attract penalties. We have discounted this liability considering the borrowing with interest @10% p.a. in FY 2015-16 considering that the same will be paid in FY 2019-20. However, the company has paid back the amount of Rs. 22.84 Lacs to its subsidiary in the FY 2019-20. Hence, the balance outstanding as on 31st March 2020 is NIL. This qualification pertains to subsidiary.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:-

- (i) We draw attention to Note 36 in the consolidated financial statements, which indicates that the Company incurred a net loss of Rs. 31,20,791 during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 41,15,46,356. The accumulated loss as on 31st March, 2020 stands to Rs. 85,54,17,842/- (Previous year Rs. 85,22,97,051/-). As on 31st March, 2020, the Company's total liabilities exceeded to its total assets by Rs. 43,28,88,691/- (Previous year Rs. 42,97,67,900/-).

As stated in Note 36, these events or conditions, along with other matters as set forth in Note 36 which are as under :-

The Holding Company is not carrying on any business as to comply with the directives of the Reserve Bank of India, the company ceased to accept deposits from September 1997 and the company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The Company contends that the Scheme of One Man Committee shall be implemented in full and other aspect of fresh restructuring scheme such issuance of equity to SBI Home Finance Limited and Pressman Leasing, would be approved/decided upon by the Hon'ble Delhi High Court and accordingly the decision on revival of Company would be taken by Hon'ble Delhi High Court. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

- (ii) We draw attention to Note 26 in the consolidated financial statements regarding successful implementation of scheme of One Man Committee on which continuity and revival of the Company is completely dependent which not only includes successful implementation of Schedule of payments described under Phase-I and Phase-II, but also realisability of funds from the disposal of Fixed Assets especially Building which is under dispute with Tenant as well as NBCC.
- (iii) We draw attention to Note 32 in the consolidated financial statements on the deposit Rs. 195,000,000 with the Hon'ble Delhi High Court. DCM Services Ltd, as a promoter had committed to bring in Rs. 195,000,000 as a promoter contribution



upon sanction of their restructuring scheme under erstwhile Section 391 of the Indian Companies Act, 1956 which is under implementation by One Man Committee appointed with the direction of Hon'ble Delhi High Court. The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 195,000,000 with the Court and pursuant to the court order DCM Services Limited deposited Rs. 50,000,000 on 16.07.2010, Rs 67,000,000 on 18.11.2010, Rs. 39,000,000 on 21.04.2011 & Rs. 39,000,000 on 27.04.2012 aggregating to Rs. 195,000,000 on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. All the funds are with Delhi High Court along-with accrued interest thereon. No financial impact of this has been recorded in the financials of the company till 31st March, 2020 as there is no clarity provided by Hon'ble High Court of Delhi on whether Company would have to issue any shares against such contribution as per SEBI guidelines or such amount would be refundable to DCM Services Limited by company or there would be no liability on the Company to either to pay the said amount or issue any shares in lieu of that. Till Company gets any clarity on this matter, no financial entry has been recorded in the books of accounts.

Other Matter

We draw attention to Note 40 to the financial statements, regarding management's assessment of Covid-19 impact on the future performance of the company. Our report is not modified in respect of the matter.

Information Other than the consolidated financial statements and Auditor's Report Thereon

The Board of Directors of Group is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report, Report on Corporate Governance and General Shareholders Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

The Board of Directors of Company is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards



specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

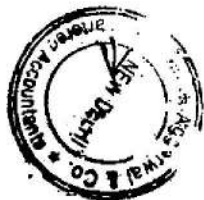
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Companies Act, 2013, we report that:
 - a. Except for the matters described in the Basis for Qualified Opinion and Key Audit Matters paragraph, we have sought and 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 matters described in the Basis for Qualified Opinion and Key Audit Matters paragraph, in our opinion proper books of account as required by law have been kept by so far as it appears from our examination of those books;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. Except for the matters described in the Basis for Qualified Opinion and Other Key Matters paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 ;
- e. The matter described in the Basis for Qualified Opinion and Other Key Matters paragraph above, in our opinion, may have a qualified effect on the functioning of the Group.
- f. On the basis of the representations received from the directors as on 31st March 2020 taken on the record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g. 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 'A' ; and
- h. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements - Refer Note 28 to the consolidated financial statements;
 - ii. The Group has made necessary provision in its consolidated financial statements under the applicable law or Indian accounting standards, wherever required;



- iii. The Company moved an application before the Hon'ble Company Law Board, New Delhi on 22nd July 2004 under Regulation 44 of the Company Law Regulations 1991 proposing a fresh repayment schedule for fixed depositors, debenture-holders and other creditors of the Company. The company filed a Fresh Scheme of Arrangement for the reorganization of the share capital of the company and for compromise with the secured and unsecured creditors of the company, hereinafter referred to as the "Fresh Restructuring Scheme" before the Hon'ble Delhi High Court on 24th September 2004 mentioning therein repayment schedule.

Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. One Man Committee observed that that it already has sufficient funds, ready cash, to repay about 70% of the deposits to all the depositors having deposits of more than Rs 5,000 including secured creditors in the first stage. Under Phase -1, 70% of the principal amount be paid to the creditors having deposits of more than 5,000 and full amount be paid to those who have deposits of Rs. or less than Rs.5,000 in the first instance to fixed depositors, Debenture-holders and banks. In the second phase, which should also commence with phase 1 simultaneously, properties and shares and all the assets be liquidated by selling and the realized amount is recommended to be utilized for the repayment of balance 30% of principal amount and the maturity interest component only on the fixed deposits and debentures. Other creditors such as banks, financial institutions, ICD Holders shall also be paid 30% of the Principal Amount except to SBI Home Finance Limited and Pressman Leasing which will be issued equity shares in Second Phase. Depending upon the availability of surplus amount from disposal of assets with the Company, the Hon'ble High Court of Delhi may decide whether some additional amount of interest can be paid to depositors or other creditors. During the year ended 31st March, 2018, During the year ended 31st March, 2018, Company started paying the amount as per Phase-I and the company is still in continuation of making payments as per Phase I for the year ended 31st March 2020. Also the company has started making payments as per Phase II simultaneously during the current financial year. The matter regarding payment to fixed depositors, debenture-holders and other sums are already covered under Phase-I and Phase-II schedule of payment decided by One Man Committee duly appointed by Hon'ble Delhi High Court.



The One Man committee earlier recommended to pay to the creditors 70% of the principal amount. The above said arrangement was modified by the committee on 18th May 2019 and accordingly it has been decided to pay creditors in full who have claimed amount as per procedure set by the committee and whose documents have been verified. As per the claims made by the creditors 100% of principal being paid to them. Also company has also started paying balance 30% to creditors to whom 70% has already been paid previously. The balance payable to creditors is as per books and who have not claimed so far or their documents are under verification.

All the unpaid matured Public Fixed Deposits of Rs 4907.66 Lacs Unpaid Matured Debentures of Rs. 1848.68 Lacs which was more than seven year old. Accordingly except the matter stated above, there has been no delay in transferring amounts or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note No 17.1 and 17.4.

There is no outstanding amounts in Subsidiary Company which are required to be transferred to the Investor Education and Protection Fund.

For Mukesh Aggarwal & Co.
Chartered Accountants
Firms Registration No. 011393N



(Rishi Mittal)
Partner

Membership No. 521860

UDIN No 20521860AAAAV7809

Place: Delhi
Date: 3rd July, 2020



Annexure 'A' to Independent Auditors' Report

Referred to in Paragraph 2 (f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DCM FINANCIAL SERVICES LIMITED ("herein referred as the Company") and its subsidiary company as of March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management of Company and its subsidiary company is responsible for establishing and maintaining internal financial controls based on internal policies & procedures, accounting records and essential components on the internal control over financial reporting criteria established by the respective Company as per Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 consolidated 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company and its subsidiary has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, volume of transactions, materiality, timing, and extent of audit test applied in our audit of the financial statement of the company and the disclaimer does not affect our opinion on the financial statements of the company.



Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, is based on solely on the corresponding reports of the auditors of such company incorporated in India.

For Mukesh Aggarwal & Co.
Chartered Accountants
Firms Registration No. 011393N

Place: Delhi

Date: 3rd July, 2020



(Rishi Mittal)

Partner

Membership No. 521860



Date: 03.07.2020

The Head- Listing Compliance BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai- 400001	The Head- Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Mumbai - 400 051	The Manager The Calcutta Stock Exchange Ltd. 7, Lyons Range, Murgighata, BBD Bagh, Kolkata, West Bengal- 700001
Scrip Code: 511611	Stock Code: DCMFINSERV	Scrip Code: 014032

Sub: Declaration on Audit Report for the year ended 31st March, 2020

Dear Sir/Madam,

We hereby declare, on behalf of **DCM Financial Services Limited** that Audit report in respect to Annual Audited financial Results for the period ended 31st March, 2020 submitted by **Mukesh Aggarwal & Co.**, Statutory Auditor of the Company is with modified opinion of the Statutory Auditor.

Kindly take the same in your records.

Thanking You.

For DCM Financial Services Limited

Shantanu Deveshwar
Whole Time Director
DIN: 08268523



Place: New Delhi

DCM FINANCIAL SERVICES LIMITED

CIN: L65921DL1991PLC043087

Regd. Office: D 7/3, Okhla Industrial Area-II, New Delhi-110020

Tel-011-26387750

email ID: info@dfsionline.com

Website: www.dfsionline.com

DCM FINANCIAL SERVICES LIMITED

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along - with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 in compliance with Regulation 34/12 of the SEBI (LODR) (Amendment) Regulations, 2016				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	2,54,18,452	2,54,18,452
	2.	Total Expenditure	2,86,26,999	16,26,26,999
	3.	Net Profit/(Loss)	(32,08,547)	(13,72,08,547)
	4.	Earnings Per Share	(0.15)	(6.20)
	5.	Total Assets	39,67,39,042	39,67,39,042
	6.	Total Liabilities	39,67,39,042	39,67,39,042
	7.	Net Worth	(43,51,73,731)	(56,91,73,731)
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
i	<p>Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholders creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits.</p> <p>Had interest of Rs. 1,683 Lacs been provided for in the financial statements of year ending 31st March 2018 on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs. 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current Liabilities as at 31st March, 2020 would have been higher by Rs 1,340 Lacs. The same has been explained in Note 17.1 and Note 17.4</p>			
ii	<p>For redemption of 'B' series debentures of Rs. 2014.98 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2014.98 Lacs has not been created due to insufficient profits. The same has been explained in Note 17.1.</p>			



iii	The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in Note 17.1, 17.2 and 17. 3.
iv	Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, FD balances with Bank, interest on FD from banks, balance of ex-employees, margin against L/C, loans from institutions, banks, no dues certificate on payment of loans from bank and other receivables and payables have not been received from the parties/persons concerned. In the absence of balance confirmation the closing balances as per books of accounts have been incorporated in the final accounts and have been shown, unless otherwise stated by the management about its recoverability in the financials including considering the NPA Provisions, are good for recovery/payment. Time barred debts under the Limitations Act have not been separately ascertained and written off or provided for. In the absence of such confirmation & corresponding reconciliation, it is not feasible for us to determine financial impact on the financials and the amount referred as payable in the financials can differ. Please refer Note No-38
v	The subsidiary company namely, Global IT Options Limited has from 1st June 2014 to 31st March, 2018 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited) and the same balance was outstanding as on 31st March 2019. It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has been provided on outstanding balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non-compliance of Section 186 of the Companies Act, 2013, which could attract penalties. We have discounted this liability considering the borrowing with interest @10% p.a. in FY 2015-16 considering that the same will be paid in FY 2019-20. However, the company has paid back the amount of Rs. 22.84 Lacs to its subsidiary in the FY 2019-20. Hence, the balance outstanding as on 31st March 2020 is NIL.
vi	Contingent liabilities and Other Commitments
	vi (a) During the year ended 30th June, 2011 the company's tenant had filed a claim of Rs. 10,000,000 against the company due to damages suffered by the tenant which is still pending under arbitration proceedings as on 31st March, 2020.
	vi(b) There is a demand of Rs. 34,58,900 for the Assessment Year 2006-07 and Rs. 357,542 for the Assessment Year 2012-13 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities as on 31st March 2020.
	vi (c) There is an award passed by the arbitrator against the company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 5,128,320 i.e. the claim amount, along with Rs. 30,680,848 towards interest cost for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. Furthermore, an incidental cost which includes arbitration venue rent, record keeping cost, administrative cost and stamp paper charges amounting to Rs. 549,280, had been awarded to the company. The total financial impact comes to Rs. 36,358,448 which has been contested by Company before Hon'ble Delhi High Court



vi (d) Due to dispute with the builder namely M/s NBCC Ltd. from which the company had purchased an office premises in the year 1995, regarding a claim of Rs. 28,829,634 on account of increase in super area and certain other expenditure which the builder i.e. M/s NBCC Ltd. had incurred and the same is pending in arbitration. Breakup of the amount of Rs. 28,829,634 mentioned supra is as follows:

S. No.	Description	Amount
1.	Difference in super area Vs. provisional area	22,928,254/-
2.	Claim of property tax	319,100/-
3.	Claim of ground rent	2,167,190/-
4.	Allied charges	782,210/-
5.	Augmentation of Electric sub station	132,880/-
6.	Loss of profit	2,000,000/-
7.	Arbitration cost	500,000/-
TOTAL		28,829,634/-

Key Audit Matters

Material Uncertainty Related to Going Concern

We draw attention to Note 36 in the financial statements, which indicates that the Company incurred a net loss of Rs. 32,08,547 during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 413,831,396. The accumulated loss as on 31st March, 2020 stands to Rs. 85,73,95,457/- (Previous year Rs. 85,48,86,910/-). As on 31st March, 2020, the Company's total liabilities exceeded to its total assets by Rs. 43,51,73,731/- (Previous year Rs. 43,19,65,185/-).

As stated in Note 36, these events or conditions, along with other matters as set forth in Note 36 which are as under :- The Company is not carrying on any business as to comply with the directives of the Reserve Bank of India, the company ceased to accept deposits from September 1997 and the company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The Company contends that the Scheme of One Man Committee shall be implemented in full and other aspect of fresh restructuring scheme such issuance of equity to SBI Home Finance Limited and Pressman Leasing would be approved/decided upon by the Hon'ble Delhi High Court and accordingly the decision on revival of Company would be taken by Hon'ble Delhi High Court. It indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

b. **Type of Audit Qualification : Qualified Opinion i,ii,iii,iv,v,vi**

c. **Frequency of qualification: Whether appeared first time / repetitive / since how long continuing**

- i Repetitive since Sept 30th, 1999
- ii Repetitive since Sept,30th 1999
- iii Repetitive since Sept,30th 1999
- iv Repetitive since June,30th 1998
- v Repetitive since 31st March,2015
- vi.a Repetitive since 31st March,2011-Tenant Claim
- vi.b Repetitive 31st March,2014-ITAX
- vi.c Repetitive since 30th June,2012-MS Shoes
- vi.d Repetitive since 30th June,2010-NBCC

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**



i	<p>Provision of interest on certain liabilities covered under Para i and under notes 17.1. & 17.4 is in accordance with the Scheme of restructuring filed by the Company before the Hon'ble Delhi High Court, which provides for waiver and cancellation of interest and the same is pending before the Hon'ble Court. Further, the quantum of interest, if any will be decided by the High Court of Delhi upon completion of phase II payments and sale of assets. Since, Management contends that no interest will be payable as per restructuring scheme no provision of interest is required to be made.</p>
ii	<p>Non-creation of debenture redemption reserve. The same cannot be created due to insufficient profits in the past against the redemption of debenture. This has no impact on financial results of the company as redemption reserve is to be created out of Reserve and Surplus available with the company.</p> <p>Company has commenced repayments in the earlier years as well as in the current Year as per directions of the Hon'ble High Court of Delhi vide order dated 10th Aug,2017 and recommendations of One Man Committee.</p> <p>Company is still not creating Debenture redemption Reserve for the same reason that it has no sufficient profits to do so.</p>
vi	<p>(a) There are certain disputes with the tenant and the claim of tenant is contested in the suit for recovery filed by the Company and the same is pending arbitration. Company is hopeful of winning the Arbitration matter, so no provision of liability is made in this regard.</p>
	<p>(b) Company has taken necessary steps for the rectification of Income tax demand orders and is hopeful to get relief. So, these Income tax demands will get deleted in due course.</p>
	<p>(c) Company has preferred an appeal before Hon'ble High Court of Delhi in the MS Shoes East Limited matter against the arbitration order and the same pending adjudication. Company is hopeful of winning the Arbitration case, so no provision of liability is made in this regard.</p>
	<p>(d) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act. Company is hopeful of winning the Arbitration case, so no provision of liability is made in this regard is made.</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>Management's estimation on the impact of audit qualification:</p>
iii	<p>Depletion in the value of Assets charged to Banks/Institution and Debentures in Para V and covered under notes 17.1,17.2 & 17.3 relates to ascertainment of Security against Debentures and Bank Loan, which could not be ascertained. Management is of the view that Repayment to Banks/ Institution and Debenture holders will be made as per Restructuring scheme and company has already made payments to Banks and Institution under Phase I and Phase II so the matter of depletion of security will not effect the repayment to them under the scheme.</p>
iv	<p>in view of litigation with creditors as mentioned in the para iv, it is not possible to obtain the balance confirmations from all creditors.</p> <p>similarly, the company is in litigation with various lease and hire purchase customers also and the matters are sub-judice, hence confirmations and acknowledgements are not feasible from them also.</p>
v	<p>Regarding Interest Free Loan and advance from Subsidiary company</p> <p>In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts, assistance had been taken to meet the essential expenses from Global IT Options as a temporary arrangement at that time. Company being sick and even the scheme of arrangement is pending before the Court which does not provide payment of Interest to any of the creditors.</p> <p>The subsidiary company had given this amount without interest and in any case element of interest and payment of interest will be decided once the scheme is approved and liquidity position improves. So no provision of interest payable on such temporary loan is made by the company. However, Principal amount is repaid to subsidiary company during the financial year 2019-20.</p>



	<p>Key Audit Matters Material Uncertainty Related to Going Concern: Management View : In light of fresh scheme of arrangement is pending before the Hon'ble High Court of Delhi and a part of the same is being implemented through the One Man Committee, the Company has plans for future business and income generation. Accordingly, it is not only prudent but also imperative to draw the financial statements based on such Going Concern basis. The Scheme seeks to restructure relying on debt equity swaps and profits earned by engaging in service oriented, fee based business leading to progressive reduction in the debt of the Company. The Scheme of Arrangement would not only enable the Company to wipe out its debts but will also enable it to reduce carry forward losses to be a profitable entity So the accounts are drawn on the basis that company is a Going Concern.</p>
	<p>If management is unable to estimate the impact, reasons for the same:</p>
iii	<p>Due to charge created earlier on assets against dues to the banks, and debenture holders these have been shown as secured and there is no financial impact.</p>
iv	<p>As mentioned in the qualification related to balance confirmation that it's not feasible to get the confirmation from Creditors as well as from debtors and receivable due to various cases against them. Management cannot determine the impact due to non confirmation of balances. However Wherever, necessary provision for NPAs have already been created in accordance with RBI guidelines and no further financial impact can be estimated.</p>
v	<p>Regarding Interest Free Loan and advance from Subsidiary company</p> <p>In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts, assistance had been taken to meet the essential expenses from Global IT Options as a temporary arrangement at that time. Company being sick and even the scheme of arrangement is pending before the Court which does not provide payment of Interest to any of the creditors. The subsidiary company had given this amount without interest and in any case element of interest and payment of interest will be decided once the scheme is approved and liquidity position improves. So no provision of interest payable on such temporary loan is made by the company. However, Principal amount is repaid to subsidiary company during the financial year 2019-20.</p>
Going Concern Basis	<p>As explained earlier the accounts have been prepared on the basis of going concern basis on account of pending restructuring scheme and hence the management is unable to estimate the impact.</p>
	<p>(iii) Auditors' Comments on (i) or (ii) above:</p>
	<p>Qualification (iii) The value of assets charged as security in favor of banks, debenture holders & financial institutions have depleted over a period of time. This qualification has bearing on disclosure of liabilities as Secured Vs Unsecured. The depletion has not yet been ascertained by the Company. It needs to be ascertained for appropriate disclosure as per Schedule III of Companies Act 2013. Accordingly, to the extent shortfall, if any, the liability is unsecured, the same has been shown as secured which is incorrect disclosure. The same is read as per audit report.</p>
	<p>Qualification (iv) Balance confirmations are essential component of auditing. Third Party confirmations confirms the management point of view and balances considered by it for financial statements. If third party does not agree with the balance then it is necessary to prepare reconciliation and examine whether any claim of income or charge skipped to be recorded. In the absence of such confirmations it was not feasible for us to determine any financial impact which could be there. The balances considered by it are the initial balances in 1998 and adjusted thereafter if any payment has been made. The qualifications has been determined by considering the claims lodged initially by such parties. Fresh Restructuring scheme submitted in the year 2004 with Hon'ble Delhi High Court and no attempt has been made by the management to get the confirmation of balances of bills receivable and payable, advances, receivables and payables relating to lease and hire purchase, lease security deposit, confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C loans from institutions, banks and other receivables and payable. Accordingly it is not feasible for us to ascertain whether any claim or income or charge has been skipped to be recorded which could have financial impact. The same is read as per audit report.</p>
	<p>Qualification (v) The qualification regarding no interest on ICD taken from subsidiary company in non compliance with the Companies Act is already explained. The same is read as per audit report.</p>



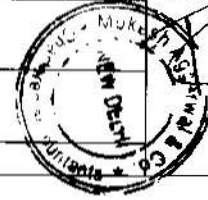
III.

Signatories:

- CEO/Managing Director
- CFO
- Audit Committee Chairman
- Statutory Auditor

Place: New Delhi

Date: 3rd July 2020



Shweta

Shweta

M.K.W.

DCM FINANCIAL SERVICES LIMITED

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along - with Annual Audited Financial Results - (consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 Regulation 17.52 of the SEBI (LODR) (Amendment) Regulations, 2015				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	2,55,08,700	2,55,08,700
	2.	Total Expenditure	2,86,29,491	16,26,29,491
	3.	Net Profit/(Loss)	(31,20,791)	(13,71,20,791)
	4.	Earnings Per Share	(0.14)	(6.20)
	5.	Total Assets	39,93,00,547	39,93,00,547
	6.	Total Liabilities	39,93,00,547	39,93,00,547
	7.	Net Worth	(43,28,88,691)	(56,68,88,691)
	8.	Any other financial item(s) (as felt appropriate by the management)		
II. Audit Qualification (each audit qualification separately):				
a. Details of Audit Qualification:				
i	<p>Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholder creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits.</p> <p>Had interest of Rs. 1,683 Lacs been provided for in the financial statements of year ending 31st March 2018 on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs. 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current Liabilities as at 31st March, 2020 would have been higher by Rs 1,340 Lacs. The same has been explained in Note 17.1 and Note 17.4</p>			
ii	<p>For redemption of 'B' series debentures of Rs. 2014.98 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2014.98 Lacs has not been created due to insufficient profits. The same has been explained in Note 17.1.</p>			



iii	The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in Note 17.1, 17.2 and 17.3.																											
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	<p>v (d) Due to dispute with the builder namely M/s NBCC Ltd. from which the company had purchased an office premises in the year 1995, regarding a claim of Rs. 28,829,634 on account of increase in super area and certain other expenditure which the builder i.e. M/s NBCC Ltd. had incurred and the same is pending in arbitration. Breakup of the amount of Rs. 28,829,634 mentioned supra is as follows:</p> <table border="1" data-bbox="451 1440 1422 1794"> <thead> <tr> <th>S. No.</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Difference in super area Vs. provisional area</td> <td>22,928,254/-</td> </tr> <tr> <td>2.</td> <td>Claim of property tax</td> <td>319,100/-</td> </tr> <tr> <td>3.</td> <td>Claim of ground rent</td> <td>2,167,190/-</td> </tr> <tr> <td>4.</td> <td>Allied charges</td> <td>782,210/-</td> </tr> <tr> <td>5.</td> <td>Augmentation of Electric sub station</td> <td>132,880/-</td> </tr> <tr> <td>6.</td> <td>Loss of profit</td> <td>2,000,000/-</td> </tr> <tr> <td>7.</td> <td>Arbitration cost</td> <td>500,000/-</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>28,829,634/-</td> </tr> </tbody> </table>	S. No.	Description	Amount	1.	Difference in super area Vs. provisional area	22,928,254/-	2.	Claim of property tax	319,100/-	3.	Claim of ground rent	2,167,190/-	4.	Allied charges	782,210/-	5.	Augmentation of Electric sub station	132,880/-	6.	Loss of profit	2,000,000/-	7.	Arbitration cost	500,000/-	TOTAL		28,829,634/-
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TOTAL		28,829,634/-																										



vi	<p>The subsidiary company namely, Global IT Options Limited has from 1st June 2014 to 31st March, 2018 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited) and the same balance is outstanding as on 31st March 2019 also. It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has been provided on outstanding balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non-compliance of Section 186 of the Companies Act, 2013, which could attract penalties. We have discounted this liability considering the borrowing with interest @10% p.a. in FY 2015-16 considering that the same will be paid in FY 2019-20. However, the company has paid back the amount of Rs. 22.84 Lacs to its subsidiary in the FY 2019-20. Hence, the balance outstanding as on 31st March 2020 is NIL. This qualification pertains to subsidiary.</p>
	<p>Material Uncertainty Related to Going Concern We draw attention to Note 36 in the financial statements, which indicates that the Company incurred a net loss of Rs. 32,08,547 during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its total assets by Rs. 413,831,396. The accumulated loss as on 31st March, 2020 stands to Rs. 85,73,95,457/- (Previous year Rs. 85,48,86,910/-). As on 31st March, 2020, the Company's total liabilities exceeded to its total assets by Rs. 43,51,73,731/- (Previous year Rs. 43,19,65,185/-).</p> <p>As stated in Note 36, these events or conditions, along with other matters as set forth in Note 36 which are as under :- The Company is not carrying on any business as to comply with the directives of the Reserve Bank of India, the company ceased to accept deposits from September 1997 and the company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The Company contends that the Scheme of One Man Committee shall be implemented in full and other aspect of fresh restructuring scheme such issuance of equity to SBI Home Finance Limited and Pressman Leasing would be approved/decided upon by the Hon'ble Delhi High Court and accordingly the decision on revival of Company would be taken by Hon'ble Delhi High Court. It indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.</p>
	<p>b. Type of Audit Qualification : Qualified Opinion i,ii,iii,iv,v,vi</p>
	<p>c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing</p>
	<p>i Repetitive since Sept 30th, 1999 ii Repetitive since Sept,30th 1999 iii Repetitive since Sept,30th 1999 iv Repetitive since June,30th 1998 v.a Repetitive since 31st March,2011-Tenant Claim v.b Repetitive 31st March,2014-ITAX v.c Repetitive since 30th June,2012-MS Shoes v.d Repetitive since 30th June,2010-NBCC vi Repetitive since 31st March,2015</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</p>
i	<p>Provision of interest on certain liabilities covered under Para i and under notes 17.1. & 17.4 is in accordance with the Scheme of restructuring filed by the Company before the Hon'ble Delhi High Court, which provides for waiver and cancellation of interest and the same is pending before the Hon'ble Court. Further, the quantum of interest, if any will be decided by the High Court of Delhi upon completion of phase II payments and sale of assets. Since, Management contends that no interest will be payable as per restructuring scheme no provision of interest is required to be made.</p>



ii	<p>Non-creation of debenture redemption reserve. The same cannot be created due to insufficient profits in the past against the redemption of debenture. This has no impact on financial results of the company as redemption reserve is to be created out of Reserve and Surplus available with the company.</p> <p>Company has commenced repayments in the earlier years as well as in the current Year as per directions of the Hon'ble High Court of Delhi vide order dated 10th Aug,2017 and recommendations of One Man Committee.</p> <p>Company is still not creating Debenture redemption Reserve for the same reason that it has no sufficient profits to do so.</p>
v	<p>(a) There are certain disputes with the tenant and the claim of tenant is contested in the suit for recovery filed by the Company and the same is pending arbitration. Company is hopeful of winning the Arbitration matter, so no provision of liability is made in this regard.</p> <p>(b) Company has taken necessary steps for the rectification of Income tax demand orders and is hopeful to get relief. So, these Income tax demands will get deleted in due course.</p> <p>(c) Company has preferred an appeal before Hon'ble High Court of Delhi in the MS Shoes East Limited matter against the arbitration order and the same pending adjudication. Company is hopeful of winning the Arbitration case, so no provision of liability is made in this regard.</p> <p>(d) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act. Company is hopeful of winning the Arbitration case, so no provision of liability is made in this regard is made.</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>Management's estimation on the impact of audit qualification:</p>
iii	<p>Depletion in the value of Assets charged to Banks/Institution and Debentures in Para V and covered under notes 17.1,17.2 & 17.3 relates to ascertainment of Security against Debentures and Bank Loan, which could not be ascertained. Management is of the view that Repayment to Banks/ Institution and Debenture holders will be made as per Restructuring scheme and company has already made payments to Banks and Institution under Phase I and Phase II so the matter of depletion of security will not effect the repayment to them under the scheme.</p>
iv	<p>In view of litigation with creditors as mentioned in the para iv, it is not possible to obtain the balance confirmations from all creditors.</p> <p>Similarly, the Company is in litigation with various Lease and Hire Purchase customers also and the matters are sub-judice, hence confirmations and acknowledgements are not feasible from them also.</p>
vi	<p>Regarding Interest Free Loan and advance from Subsidiary company</p> <p>In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts, assistance had been taken to meet the essential expenses from Global IT Options as a temporary arrangement at that time. Company being sick and even the scheme of arrangement is pending before the Court which does not provide payment of Interest to any of the creditors.</p> <p>The subsidiary company had given this amount without interest and in any case element of interest and payment of interest will be decided once the scheme is approved and liquidity position improves. So no provision of interest payable on such temporary loan is made by the company. However, Principal amount is repaid to subsidiary company during the financial year 2019-20.</p>
	<p>Key Audit Matters</p> <p>Material Uncertainty Related to Going Concern: The same is read as per audit report.</p> <p>Management View :</p> <p>In light of fresh scheme of arrangement is pending before the Hon'ble High Court of Delhi and a part of the same is being implemented through the One Man Committee, the Company has plans for future business and income generation. Accordingly, it is not only prudent but also imperative to draw the financial statements based on such Going Concern basis. The Scheme seeks to restructure relying on debt equity swaps and profits earned by engaging in service oriented, fee based business leading to progressive reduction in the debt of the Company. The Scheme of Arrangement would not only enable the Company to wipe out its debts but will also enable it to reduce carry forward losses to be a profitable entity So the accounts are drawn on the basis that company is a Going Concern.</p>
	<p>If management is unable to estimate the impact, reasons for the same:</p>
iii	<p>Due to charge created earlier on assets against dues to the banks, and debenture holders these have been shown as secured and there is no financial impact.</p>



iv	As mentioned in the qualification related to balance confirmation that it's not feasible to get the confirmation from Creditors as well as from debtors and receivable due to various cases against them. Management cannot determine the impact due to non confirmation of balances. However Wherever, necessary provision for NPAs have already been created in accordance with RBI guidelines and no further financial impact can be estimated.
vi	<p>Regarding Interest Free Loan and advance from Subsidiary company</p> <p>In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts, assistance had been taken to meet the essential expenses from Global IT Options as a temporary arrangement at that time. Company being sick and even the scheme of arrangement is pending before the Court which does not provide payment of Interest to any of the creditors.</p> <p>The subsidiary company had given this amount without interest and in any case element of interest and payment of interest will be decided once the scheme is approved and liquidity position improves. So no provision of interest payable on such temporary loan is made by the company. However, Principal amount is repaid to subsidiary company during the financial year 2019-20.</p>
Key Audit Matter	As explained earlier the accounts have been prepared on the basis of going concern basis on account of pending restructuring scheme and hence the management is unable to estimate the impact.
	(iii) Auditors' Comments on (i) or (ii) above:
	<p>Qualification (iii)</p> <p>The value of assets charged as security in favor of banks, debenture holders & financial institutions have depleted over a period of time. This qualification has bearing on disclosure of liabilities as Secured Vs Unsecured. The depletion has not yet been ascertained y the Company. It needs to ascertained for appropriate disclosure as per Schedule III of Companies Act 2013. Accordingly, to the extent shortfall, if any, the liability is unsecured, the same has been shown as secured which is incorrect disclosure. The same is read as per audit report.</p>
	<p>Qualification (iv)</p> <p>Balance confirmations are essential component of auditing. Third Party confirmations confirms the management point of view and balances considered by it for financial statements. If third party does not agree with the balance then it is necessary to prepare reconciliation and examine whether any claim of income or charge skipped to be recorded. In the absence of such confirmations it was not feasible for us to determine any financial impact which could be there. The balances considered by it are the initial balances in 1998 and adjusted thereafter if any payment has been made . The qualifications has been determined by considering the claims lodged initially by such parties. Fresh Restructuring scheme submitted in the year 2004 with Hon'ble Delhi High Court and no attempt has been made by the management to get the confirmation of balances of bills receivable and payable, advances, receivables and payables relating to lease and hire purchase, lease security deposit, confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C loans from institutions, banks and other receivables and payable. Accordingly it is not feasible for us ascertain whether any claim or income or charge has been skipped to be recorded which could have financial impact. The same is read as per audit report.</p>



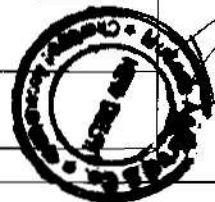
Qualification (vi)
The qualification regarding Contingent Liability is already explained and quantified as above. The same is read as per audit report.

III. **Signatories:**

- CEO/Managing Director
- CFO
- Audit Committee Chairman
- Statutory Auditor

Place: New Delhi

Date: 3rd July, 2020





Date: 03.07.2020

The Head- Listing Compliance BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, FortMumbai- 400001 Scrip Code: 511611	The Head- Listing Compliance National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Mumbai - 400 051 Stock Code: DCMFINSERV	The Manager The Calcutta Stock Exchange Ltd. 7, Lyons Range, Murgighata, BBD Bagh, Kolkata, West Bengal- 700001 Scrip Code: 014032
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Subject: Non Applicability of Compliance with Statement of Deviation(s) or Variation(s) as per Regulation 32 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015- For the quarter and year ended March 31, 2020

Sir/Madam,

With reference to Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the disclosure of Statement of Deviation(s) or Variation(s) under the said regulation is not applicable to the Company.

Kindly take the same in your records.

For DCM Financial Services Limited

Shantanu Deveshwar
Whole Time Director
DIN: 08268523



Place: New Delhi

DCM FINANCIAL SERVICES LIMITED

CIN: L65921DL1991PLC043087
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