



Ref:DFSL/SEC/SE/2017

29th May,2017

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

**Sub: Outcome of Board Meeting pursuant to Regulation 30 of the
SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015**

Sir/ Madam,

We would like to inform you that the Board of Directors in their meeting held on today i.e. **29th May, 2017 at 03:00 P.M** at the Registered Office of the Company at **D-7/3 Okhla Industrial Area, Phase-2 New Delhi-110020**, approved and the Audited Financial Results for quarter ended / year ended 31st March ,2017 (standalone & consolidated) along with report of the Auditor and enclose the following:

-Statement showing Audited Financial Results (Standalone and consolidated) for the year ended 31st March,2017

-Annexure 1- Statement of Impact of qualifications for the standalone and consolidated results for the modified opinion.

Yours Faithfully,

For DCM Financial Services Limited



Surender Kumar
Whole Time Director



Encl: As stated above

DCM FINANCIAL SERVICES LIMITED

CIN 65921DL1991PLC043087

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 LTD.

CIN L65921DL1991PLC043087

Regd. Office- D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020
AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31st March, 2017

[Amount In Lacs]

PARTICULARS	CONSOLIDATED				
	Quarter Ended			Year Ended	
	3 months ended 31/3/2017 (Audited)	Preceding 3 months ended 31/12/2016 (Unaudited)	Corresponding 3 months ended in the previous year 31/3/2016 (Audited)	Current Year ended 31/3/2017 (Audited)	Previous year ended 31/3/2016 (Audited)
I) Revenue from Operations					
II) Other Income*	98.65	92.18	77.26	367.47	395.76
III Total Revenue (I+II)	98.65	92.18	77.26	367.47	395.76
IV) Expenses					
Cost of materials consumed	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.00	-	3.34	0.00	3.34
Employee benefits expense	17.83	12.77	1.13	41.58	23.58
Finance Cost	-	-	0.12	-	0.36
Depreciation and amortisation expense	8.55	7.90	7.89	31.69	31.55
Other expenditure	29.03	22.51	32.85	79.57	73.62
Total Expenses	55.41	43.18	45.33	152.84	132.45
V. Profit/(Loss) before exceptional and extraordinary items and tax (III- IV)	43.24	49.00	31.93	214.63	263.31
VI. Exceptional items	-	-	-	-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)	43.24	49.00	31.93	214.63	263.31
VIII. Extraordinary items	-	-	-	-	-
IX. Profit/(Loss) before tax (VII-VIII)	43.24	49.00	31.93	214.63	263.31
Tax expenses	11.68	24.22	0.54	44.00	53.60
- Current Tax	11.68	24.22	0.54	44.00	53.60
- Deferred Tax Charge / (Credit)	-	-	-	-	-
- Previous years tax	-	-	-	-	-
XI. Net Profit/(Loss) for the period from continuing operations (IX-X)	31.56	24.78	31.39	170.63	209.71
XII. Profit/(Loss) from discontinuing operations before tax	-	-	-	-	-
XIII. Tax expense of discontinuing operations	-	-	-	-	-
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)	-	-	-	-	-
XV. Profit/(Loss) for period before Minority interest	31.56	24.78	31.39	170.63	209.71
Share of profit / (loss) of associates*	-	-	-	-	-
Minority interest *	-	-	-	(0.19)	0.05
XVI. Profit/(Loss) for the period (XI +XIV)	31.56	24.78	31.39	170.82	209.66
Paid-up Equity Share Capital (Face value of Rs.10/- each)	2,212.51	2,312.51	2,212.51	2,212.51	2,212.51
Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	(6,978.21)	(7,149.01)
(i) Earning Per Share(of Rs. 10/- each):					
(a) Basic	0.14	0.11	0.14	0.77	0.95
(b) Diluted	0.14	0.11	0.14	0.77	0.95

* Applicable in the case of consolidated results.

* Income from operation shows only income arising from recovery of past debts by the settlement with the sundary debtors.
During the current period no new business activity has been undertaken by the company.

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 29th May 2017 The Statutory Auditors have carried out Audit of the above results.
- (2) Segment reporting as defined in Accounting Standard (AS-17) is not applicable since the entire operation of the company relates to only one segment.
- (3) In terms of Regulation 13(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, there were no investor complaint pending at the beginning of
- (4) The figures have been re-grouped/re-arranged wherever considered necessary.

Surender Kumar
Whole Time Director
DIN : 02188166
Add:

Place : NEW DELHI
Date: 29th MAY 2017



DCM FINANCIAL SERVICES LTD.

CIN L65921DL1991PLC043087

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

Consolidated Statement of Assets and Liabilities as on 31st March, 2017 (Amount (In lacs))

Particulars	As at 31-03-2017 (Audited)	As at 31/03/2016 (Audited)
EQUITY AND LIABILITIES		
1 SHAREHOLDERS FUND:		
(a) Share Capital	2212.51	2212.51
(b) Reserves and Surplus	(6,978.21)	(7,149.01)
Total Shareholder's funds	(4,765.70)	(4,936.50)
2 Share Application Money pending for allotment	-	-
3 Deferred government grant	-	-
4 Minority interest	2.82	3.01
5 Non -Current liabilities		
Long -Term borrowings	9648.12	9658.45
Deffered Tax Liabilities (net)	-	-
Foreign currency monetry itme translation difference liability account	-	-
Other long term borrowings	1535.91	1537.5
long term provisions	2086.14	2084.33
Total Non Current Liabilities	13270.17	13280.28
5 Current Liabilities		
Short Term Borrowings	-	-
Trade Payables	-	-
(A) Total outstanding dues of micro enterprises and small enterprises		
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		
other current liabilities	210.04	186.66
Short term provisions	133.57	88.21
Total Current Liabilities	343.61	274.87
TOTAL EQUITY AND LIABILITIES	8850.90	8621.66
ASSETS		
1 Non current assets		
(i) Fixed Assets		
Tangible assets	1286.05	1320.67
Producing items		
Intangible assets		
Preproducing items		
Tangible assets capital work-in-progress		
Intengible assets under development or work in-progress		
Total Fixed Assets	1286.05	1320.67
(ii) Non - Current investment	85.75	85.72
(iii) Deffered Tax assets (net)		
(iv) Long Term Trade Receivables	1873.81	1873.81
(iv) Long terms loans and advances	221.26	221.26
(v) Other non -current assets	5025.46	4753.11
Sub-total -Non Current Assets	8492.33	8254.57
2 Current Assets		
(a) Current investment		
(b) Inventories	0.81	0.81
(c)Trade receivable		
(d) cash and cash equivalent	45.42	18.38
(e) Short- term loans and advances	5.03	7.04
(f) Other current assets	307.31	340.86
Sub-total - Current Assets	358.57	367.09
TOTAL- ASSETS	8850.90	8621.66



NOTES

1. The above financial Results were taken on record by the Board of Directors at the meeting held on 29.05.2017.
2. Figures for the quarter ended March 31,2016 and March 31, 2017 are in accordance with Listing Agreement, the balancing figures for the full financial year ended on March 31, 2016 and March 31,2017 and published year to date figures upto the third quarter of the respective financial year figures would need to interpreted and analyzed accordingly.
3. A fresh scheme of Arrangement for Re-organisation of share capital of the Company and for compromise with its secured and unsecured creditors was filed before the Hon'ble Delhi High Court in 2004 u/s 2004 391/394 of the companies Act, 1956. The promoters of the company had contributed Rs 19.50 crores as undertaking the same has been deposited with the High court Registrar as per order. The Hon'ble Court has put certain restraints on the assets and on operations of the bank accounts of the company. The next date of hearing is on May 30, 2017
4. The management's view on qualifications report by statutory auditors for the period ended 31st March 2017 having material impact in the current period on Non provision of Interest on Debentures, fixed deposits, Loan from Banks and institutions and inter corporate deposits etc continuous to remain the same that provision have not been made in accordance with proposed restructuring scheme.
5. In accordance with Accounting Standards 22 issued by The Institute of Chartered Accountants of India, on accounting for taxes on income deferred tax assets on accumulated depreciation and losses has not been accounted for.
6. The compliance of segment wise revenue, results and capital employed along with financial results is not applicable to our company in terms of clause 27 on reportable segment of Accounting Standards on Segment Reporting (AS -17)

By Order of the Board

DCM Financial Services Ltd


(Surender Kumar)

Executive Director
DIN 02188166



Place: New Delhi

Date: 29.05.2017

DCM FINANCIAL SERVICES LTD.

CIN L65921DL1991PLC043087

Regd. Office: D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.
AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31st March, 2017

(Amount In Lacs)

PARTICULARS	STANDALONE				
	Quarter Ended			Year Ended	
	3 months ended 31/3/2017 (Audited)	Preceding 3 months ended 31/12/2016 (Unaudited)	Corresponding 3 months ended in the previous year 31/3/2016 (Audited)	Current Year ended 31/03/2017 (Audited)	Previous year ended 31/3/2016 (Audited)
I) Revenue from Operations					
II) Other Income*	98.87	91.93	77.26	367.43	393.23
III Total Revenue (I+II)	98.87	91.93	77.26	367.43	393.23
IV) Expenses					
Cost of materials consumed	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.00	-	3.34	0.00	3.34
Employee benefits expense	17.83	12.77	1.13	41.58	23.58
Finance Cost	-	-	0.12	-	0.36
Depreciation and amortisation expense	7.71	7.62	7.68	30.57	30.72
Other expenditure	31.07	22.15	32.51	81.00	72.44
Total Expenses	56.61	42.54	44.78	153.15	130.44
V. Profit/(Loss) before exceptional and extraordinary items and tax (III- IV)	42.26	49.39	32.48	214.28	262.79
VI. Exceptional items	-	-	-	-	-
VII. Profit/(Loss) before extraordinary items and tax (V-VI)	42.26	49.39	32.48	214.28	262.79
VIII. Extraordinary items	-	-	-	-	-
IX. Profit/(Loss) before tax (VII-VIII)	42.26	49.39	32.48	214.28	262.79
Tax expenses	11.68	24.22	0.54	44.00	53.60
- Current Tax	11.68	24.22	0.54	44.00	53.60
- Deferred Tax Charge / (Credit)	-	-	-	-	-
- Previous years tax	-	-	-	-	-
XI. Net Profit/(Loss) for the period from continuing operations (IX-X)	30.58	25.17	31.94	170.28	209.19
XII. Profit/(Loss) from discontinuing operations before tax	-	-	-	-	-
XIII. Tax expense of discontinuing operations	-	-	-	-	-
XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)	-	-	-	-	-
XV. Profit/(Loss) for period before Minority interest	30.58	25.17	31.94	170.28	209.19
Share of profit / (loss) of associates*	-	-	-	-	-
Minority interest *	-	-	-	-	-
XVI. Profit/(Loss) for the period (XI +XIV)	30.58	25.17	31.94	170.28	209.19
Paid-up Equity Share Capital (Face value of Rs.10/- each)	2,212.51	2,312.51	2,212.51	2,212.51	2,212.51
Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	(6,978.21)	(7,149.01)
(i) Earning Per Share(of Rs. 10/- each):					
(a) Basic	0.14	0.11	0.14	0.77	0.95
(b) Diluted	0.14	0.11	0.14	0.77	0.95

* Applicable in the case of consolidated results.

* Income from operation shows only income arising from recovery of past debts by the settlement with the sundary debtors.
During the current period no new business activity has been undertaken by the company.

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 29th May 2017 The Statutory Auditors have carried out Audit of the above results.
- (2) Segment reporting as defined in Accounting Standard (AS-17) is not applicable since the entire operation of the company relates to only one segment.
- (3) In terms of Regulation 13(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, there were no investor complaint pending at the beginning of
- (4) The figures have been re-grouped/re-arranged wherever considered necessary.

Surender Kumar
Whole Time Director
DIN : 02188166
Add:

Place : NEW DELHI
Date: 29th MAY 2017



DCM FINANCIAL SERVICES LTD.

CIN L65921DL1991PLC043087

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

Standalone Statement of Assets and Liabilities as on 31st March, 2017		(Amount (In lacs))	
Particulars	As at 31-03-2017 (Audited)	As at 31/03/2016 (Audited)	
EQUITY AND LIABILITIES			
1 SHAREHOLDERS FUND:			
(a) Share Capital	2212.51	2212.51	
(b) Reserves and Surplus	(6,987.79)	(7,158.08)	
Total Shareholder's funds	(4,775.28)	(4,945.57)	
2 Share Application Money pending for allotment	-	-	
3 Deferred government grant	-	-	
4 Minority interest	-	-	
5 Non -Current liabilities			
Long -Term borrowings	9648.12	9658.45	
Deffered Tax Liabilites (net)	-	-	
Foreign currency monetry itme translation difference liability account	-	-	
Other long term borrowings	1535.91	1537.50	
long term provisions	2086.14	2084.33	
Total Non Current Liabilites	13270.17	13280.28	
5 Current Liabilities			
Short Term Borrowings	-	-	
Trade Payables	-	-	
(A) Total outstanding dues of micro enterprises and small enterprises			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises			
other current liabilities	231.99	208.32	
Short term provisions	133.57	88.21	
Total Current Liabilites	365.56	296.53	
TOTAL EQUITY AND LIABILITES	8860.45	8631.24	
ASSETS			
1 Non current assets			
(i) Fixed Assets			
Tangible assets	1283.07	1317.69	
Producing items			
Intangible assets			
Preproducing items			
Tangible assets capital work-in-progress			
Intengible assets under development or work in-progress			
Total Fixed Assets	1283.07	1317.69	
(ii) Non - Current investment	103.58	103.59	
(iii) Deffered Tax assets (net)			
(iv) Long Term Trade Receivables	1873.81	1873.81	
(iv) Long terms loans and advances	221.26	221.27	
(v) Other non -current assets	5024.88	4753.53	
Sub-total -Non Current Assets	8506.60	8269.89	
2 Current Assets			
(a) Current investment			
(b) Inventories	0.81	0.81	
(c) Trade receivable			
(d) cash and cash equivalent	41.75	13.50	
(e) Short- term loans and advances	5.03	7.03	
(f) Other current assets	306.26	340.01	
Sub-total - Current Assets	353.85	361.35	
TOTAL- ASSETS	8860.45	8631.24	



NOTES

1. The above financial Results were taken on record by the Board of Directors at the meeting held on 29.05.2017.
2. Figures for the quarter ended March 31,2016 and March 31, 2017 are in accordance with Listing Agreement, the balancing figures for the full financial year ended on March 31, 2016 and March 31,2017 and published year to date figures upto the third quarter of the respective financial year figures would need to interpreted and analyzed accordingly.
3. A fresh scheme of Arrangement for Re-organisation of share capital of the Company and for compromise with its secured and unsecured creditors was filed before the Hon'ble Delhi High Court in 2004 u/s 2004 391/394 of the companies Act, 1956. The promoters of the company had contributed Rs 19.50 crores as undertaking the same has been deposited with the High court Registrar as per order. The Hon'ble Court has put certain restraints on the assets and on operations of the bank accounts of the company. The next date of hearing is on May 30, 2017
4. The management's view on qualifications report by statutory auditors for the period ended 31st March 2017 having material impact in the current period on Non provision of Interest on Debentures, fixed deposits, Loan from Banks and institutions and inter corporate deposits etc continuous to remain the same that provision have not been made in accordance with proposed restructuring scheme.
5. In accordance with Accounting Standards 22 issued by The Institute of Chartered Accountants of India, on accounting for taxes on income deferred tax assets on accumulated depreciation and losses has not been accounted for.
6. The compliance of segment wise revenue, results and capital employed along with financial results is not applicable to our company in terms of clause 27 on reportable segment of Accounting Standards on Segment Reporting (AS -17)

By Order of the Board

DCM Financial Services Limited.


(Surender Kumar)

Executive Director
DIN 02188166



Place: New Delhi

Date: 29.05.2017

V SAHAI TRIPATHI & CO
CHARTERED ACCOUNTANTS

C-593, LGF, Defence Colony
New Delhi - 1100 24
Tel. : +91-11- 46612531-33
Fax : +91-11- 46540520
E-Mail : vst@sahaitripathi.com

Auditor's Report On Quarterly Financial Results and Year to Date Results Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 (amended)

To,
Board of Directors
DCM Financial Services Ltd.

We have audited the quarterly financial results of DCM Financial Services Ltd. for the quarter ended March 31st, 2017 and the year to date results for the period April 1st, 2016 to March 31st, 2017, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016(amended). These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued there-under; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these quarterly and year to date financial results:

- i). have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 (amended) in this regard; and
- ii). give a true and fair view of the net profit and other financial information for the quarter ended March 31st, 2017 as well as the year to date results for the period from April 1st, 2016 to March 31st, 2017 **which is subject to the qualified opinions as stated in our Audit Report for the year ended March 31st, 2017.**

Place: New Delhi
Date: May 29th, 2017



For V. Sahai Tripathi Co.
Chartered Accountants
Firm Regn. No.: 000262N

(Manish Mohan)
Partner
M. N-091607

INDEPENDENT AUDITOR'S REPORT

To the Members of DCM Financial Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DCM Financial Services Limited (hereinafter referred to as "the Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements



and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- (i) The accounts and financials of the Group have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (b) adequate finances and opportunities would be available in the foreseeable future to enable the holding company to start operating on a profitable basis and (c) injection of Rs. 19.50 Lacs as promoters quota which has already been infused by the management group. The same has been explained in **Note 27**.
- (ii) No provision of Rs. 817.81 Lacs (Rs. 16465.29 Lacs towards accumulated Interest as at 31st March, 2017) (Previous Year - Rs. 15647.48 Lacs) which is simple interest calculated @10% per annum towards Interest on Debentures, Fixed Deposits and Inter Corporate Deposits, have been provided in the consolidated financial statements on the outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits. Fresh Restructuring Scheme filed before Hon'ble Delhi High Court, does not envisage and seek payment of any interest as the interest has been considered waived off in the proposed scheme. The order of Company Law Board (CLB) which was issued in 1998 in the context of Fixed Deposits stipulated payment of Interest of 10% per annum to Fixed Depositors. The order of CLB applies to Fixed Deposits only, however considering the principles of prudence, it is deemed prudent to provide Interest @10% per annum since inception or renewal on outstanding amount of Debentures and Inter Corporate Deposits also.

Had interest @10% per annum been provided for in the consolidated financial statements on outstanding amount of Debentures, Fixed Deposits and Inter



Corporate Deposits, the Net Profit before tax would have been lowered by Rs 817.81Lacs and Net Profit after tax would have been lowered by Rs 651.07Lacs as at 31st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2017 would have been higher by Rs 16298.55Lacs. The tax effect will be consequential. The same has been explained in Note 3.1.f, Note 3.4(g) and Note 3.6.

- (iii) For redemption of 'B' series debentures of Rs. 2544.36 Lacs, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2544.36 Lacs has not been created due to insufficient profits. The same has been explained in Note 2.2.
- (iv) 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 Holding 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 3.1.d and Note 3.2.b & 3.3.1.
- (v) 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, balance of ex-employees, margin against L/C, loans from institutions, banks, 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 the amount referred as payable in the financials can differ. Please refer Note No-28
- (vi) Pursuant to sub-section 5 of section 203 Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 every listed company is required to appoint a Whole Time Company Secretary, non compliance of which the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees. During the year ended March 31st, 2017, the Holding Company was in contravention of the aforesaid provision. As explained to us, the management has made various attempts to appoint a Whole Time Company Secretary, however was unable to appoint Whole Time Company Secretary in the absence of suitable candidate. The Holding Company has made relevant disclosures in the Board of Directors meeting regarding this issue. It is non compliance of Section 203 of Companies Act, 2013, which could attract penalties.



(vii) Pursuant to section 149 of Companies Act, 2013 read with rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 every listed company is required to appoint at least one Woman Director. During the year ended March 31st, 2016, the Holding Company was in contravention of the aforesaid provision as no woman director has been appointed. It is non compliance of Section 149 of Companies Act, 2013. Presently Section 149(1) of the Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for the non compliance which are Rs. 50,000 from 1-April-2015 to 30th June,2015 and thereafter Rs. 1000 per day for next 01-July-2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs. 5000 per day. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16.85Lacs (P.Y RS.10.50Lacs) till date of appointment of women director (i.e. 5th October, 2016). Had provision been provided for in the consolidated financial statements, the net profit before tax for the year ended 31st March, 2017 would have been lower by Rs 6.35 Lacs and net profit after tax would have been lowered by Rs. 5.05 Lacs. The cumulative net loss as well as Current/ Non Current Liability/Provisions as at 31st March, 2017 would have been higher by Rs.15.55 Lacs. The tax effect would be consequential.

(viii) As per the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax, MAT Credit is an asset to be recognized in the Financial Statement when it is 'Probable' that the future economic benefits associated with it will flow to the enterprise and asset has a cost or value that can be measured reliably. In the previous periods, the Holding company has already recorded MAT Credit Entitlement of Rs 28.52Lacs in the books of accounts. Considering that the matter is under jurisdiction of Delhi High Court for many years and the company as described in point no (i) of Basis of Qualification and Company is not allowed to carry on its operations except the realization of old debts and permitted payments, there is no virtual certainty that future economic benefit would flow to company. Considering this, we are of opinion that such MAT Credit Entitlement of Rs 28.52Lacs needs to be derecognized.

Had MAT Credit of Rs 28.52Lacs had been reversed in consolidated financial statements in year ended March, 2017, the net profit after tax would have been lower by Rs 28.52Lacs and net profit after tax would have been lowered by Rs. 22.70 Lacs and consequently the net cumulative loss would have been higher by Rs. 22.70 Lacs. In addition to, non-current loans and advances would have been lowered by Rs. 22.70 Lacs after considering the tax effects.

(ix) Contingent liabilities and Other Commitments

ix(a) Mr. Dhruv Prakash had lodged a claim of Rs 65 Lacs and winding up petition against the Holding company. The contingent liability arising out of this suit amounts to Rs 65 Lacs. There are also other cases filed in consumer, civil & criminal courts and other courts against the company for which the group is contingently liable but for which the amount is not quantifiable. Refer Note no. 22(a)



ix(b) As per the Fresh Restructuring Scheme, the total amount payable to PSB remains quantified at Rs. 901.80 Lacs as on 30th June 2004 (after providing interest @10% p.a., compounded quarterly from 30th September 1999 till 31st March, 2000 on the principal debt as on 30.09.1997). The company has till date paid/ adjusted Rs. 98.4 Lacs and the balance of Rs. 803.40 Lacs as on 30th June 2008 is payable as per the Fresh Restructuring Scheme pending before the Hon'ble Delhi High Court. Out of Rs. 803.40 Lacs i.e. Rs.442.68 Lacs shall be payable in 6 equal yearly installments after one year from the date of approval of the scheme or 1st April, 2006 whichever is earlier. The balance of Rs 360.72 Lacs shall be converted in equity shares at any time within 3 years of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court in accordance with applicable SEBI Guidelines for issuance of preferential allotment of the effective date or 1st April, 2006 whichever is earlier

Prior to filing of Fresh Restructuring Scheme by the Holding company before Hon'ble Delhi High Court, Punjab & Sind Bank had filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1217.52 Lacs against which the amount payable to them as per books is Rs. 803.40 Lacs. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 98.4Lacs, the claim suite of Rs 1217.52Lacs is also reduced to Rs.1119.12Lacs. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs.1119.12Lacs filed before the Debt Recovery Tribunal could be adjudicated by Debt Recovery Tribunal. No communication has been received from Punjab & Sind Bank or Debt Recovery Tribunal (DRT) regarding any adjudication of claim.

The holding company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 315.72Lacs has been made. The holding company contends that in the event of default in the payment of interest and principal or default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by Punjab & Sind bank shall stand withdrawn and their claim before the Debt Recovery Tribunal of Rs. 1119.12 Lacs(after taking effect of payment of Rs 98.40Lacs) will become payable upon adjudication by Debt Recovery Tribunal. **Refer Note No 3.3.2 and 22(b)**

ix(c) The amount payable to IndusInd Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 651.49Lacs as on 30-June-2004 in accordance with the "Fresh Restructuring Scheme Under Review". Out of which Fixed Deposit of Rs 74.49Lacs has been adjusted by IndusInd Bank. The balance amount of Rs. 576.99Lacs shall be payable as per Fresh Restructuring Scheme.



Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.42Lacs against which the amount payable to them as per books is Rs. 576.99Lacs. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 74.49Lacs, the claim suite is also correspondingly reduced to Rs 967.93Lacs from Rs. 1042.42Lacs. The Holding company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 390.93Lacs has been made. In the event that the Holding company fails to pay the interest or principal or Holding company default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs 967.93Lacs (after taking effect of payment of Rs 74.49Lacs) would become payable upon adjudication by Debt Recovery Tribunal. **Refer Note No3.3.3 and 22(c)**

- ix.(d) During the year 1999, the Holding Company had received Rs. 100 Lacs from one of its debtors i.e. Pure Drinks New Delhi Ltd. where the winding up petition proceedings was already initiated. Upon receipt of payment, the Holding Company reduced the recoverable amount accordingly. Subsequently, the Hon'ble Punjab and Haryana Court deemed that payment is out of turn/preferential payment made by Pure Drinks New Delhi Ltd where winding up petition proceedings was already initiated and asked the company to deposit back the said amount Hon'ble Punjab and Haryana Court. The Holding Company filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. Therefore the Holding company is liable to deposit the amount mentioned above which is yet to be deposited. And in view of restrictions imposed on operations of Bank A/c's by Hon'ble Delhi High Court, the Holding Company has filed an application to release this money for depositing the same with Punjab & Haryana High Court which still pending to be addressed. **Refer Note No. 22(d)**
- ix.(e) During the year ended 30th June, 2011 the holding company's tenant had filed a claim of Rs. 100 Lacs against the company due to damages suffered by the tenant which is pending under arbitration proceedings as on 31st March, 2017. **Refer Note No. 22(e)**
- ix.(f) There is a demand of Rs. 34.59 Lacs raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the Holding company and pending before the appropriate authorities. **Refer Note No. 22(f)**
- ix.(g) 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. 51.28Lacs i.e.



the claim amount, along with Rs. 306.81 Lacs 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. 5.49 Lacs, had been awarded to the Holding company. The total financial impact comes to Rs. 363.58 Lacs which has been contested by Holding Company before Hon'ble Delhi High Court. **Refer Note No. 22(g)**

- ix.(h) 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. 288.30 Lacs 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. 288.30 Lacs mentioned supra is as follows **Refer Note No. 22(h) :-**

(in Lacs)

S. No.	Description	Amount
1.	Difference in super area Vs. provisional area	229.28/-
2.	Claim of property tax	3.19/-
3.	Claim of ground rent	21.67/-
4.	Allied charges	7.83/-
5.	Augmentation of Electric sub station	1.33/-
6.	Loss of profit	20.00/-
7.	Arbitration cost	5.00/-
TOTAL		288.30/-

- ix.(i) SIDBI had filed a petition for winding up on alleged non-payment of Rs. 54.40 Lacs which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the Holding Company has recorded Rs. 36.30 Lacs in the books of account. Provision for Rs. 18.10 Lacs liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided in the books due to waiver of interest sought under the "Fresh Restructuring Scheme". **Refer Note No. 22(i)**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the **Basis for Qualified Opinion paragraph**, the aforesaid 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 of the state of affairs of the Group as at 31st March 2017, and their consolidated profit/loss and its cash flows for the year ended on that date.



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 Act, we report that:
 - a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Group so far as appears from our examination of those books;
 - c. the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the impact of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement comply with the Accounting Standards specified 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 paragraph above, in our opinion, may have an Qualified effect on the functioning of the Group.
 - f. Pursuant to section 167 of Companies Act, 2013, the office of all three directors of Holding Company are vacated due to disqualification incurred under section 164(2) of Companies Act, 2013 which due to non redemption of debentures and repayment of public deposits. As explained by the Holding Company, the matter presently is sub-juiced and the same is pending under Fresh Restructuring Scheme with Hon'ble Delhi High Court. On the basis of written representations received from the directors of other entity (i.e. subsidiary company) as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- h. The qualified remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- 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, 2015, in our opinion and to the best of our information and according to the explanations given to us
- a. The consolidated financial statement disclose the impact of pending litigations on the consolidated financial position of the Group in consolidated financial statements - Refer Note 22 to the consolidated financial statement.
- b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. The Holding 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 to fixed depositors, debenture-holders and other creditors of the Company. The Holding 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. All the unpaid matured public fixed deposits of Rs 5,629.04 Lacs, Unpaid Matured Debentures of Rs. 2,550.21 Lacs and refundable share application money of Rs 549.72 Lacs are more than seven year old.

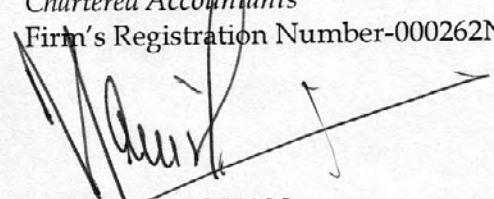
The matter regarding payment to fixed depositors, debenture-holders and other sums are already covered under Fresh Restructuring Scheme which is pending before Hon'ble Delhi High Court. Accordingly except the matter stated above, there has been no delay in transferring amounts or there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company Refer Note No. 3.1,3.4 and 4(i).



In case of subsidiary company, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- D.** The group has provided requisite disclosures in the financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S. O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by group. Refer Note 34 to the consolidated financial statements.

For V Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number-000262N


MANISH MOHAN
Partner
M. N. - 091607

Place: New Delhi
Date: 29th May, 2017



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (1) of our report on other legal and regulatory requirements of even date)

Annexure referred to in paragraph (1) of our report on other legal and regulatory requirements of Independent Auditor's Report to the members of DCM Financials Services Limited on the consolidated financial statements for the year ended March 31, 2017

- 1) In respect of Fixed Assets:-
 - (a) The Group is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) Physical verification of fixed assets was conducted by the management at reasonable intervals during the financial year ended 31st March, 2017.
 - (c) The title deeds of all the immovable properties are held in the name of the Group.
- 2) Inventory consists of shares considered stock-in-trade. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) The Group has not granted loans to Companies, Firms, Limited Liability Partnership (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- 4) The Group has not granted any loans, investments, guarantees and securities during the year in terms of provisions of Section 185 and 186 of Companies Act, 2013.
- 5) The Group has not accepted 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 5,629.04 Lacs Unpaid Matured Debentures of Rs. 2550.21 Lacs standing as at 31st March, 2017 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. The company contends that the aforesaid Public Deposits and payment to Debenture-holders shall be settled as per the outcome of Fresh Restructuring Scheme.



- 6) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of business carried out by the Company. Accordingly, this clause is not applicable on the Group during the year ended 31st March, 2017.
- 7) In respect of statutory dues:
- (a) According to the information and explanations given to us and the records of the group examined by us, in our opinion, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding at 31st March, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the group produced before us, there are disputed demands as mentioned below for the payment of tax under Income tax Act, 1961, which is disputed by the Holding Company with various authorities.

(in Rupees)

Name of the Statutes	Assessment years	Tax Demand in (Rs.)	Forum where dispute is pending	Remarks
Income Tax Act, 1961	2006-2007	Rs. 34.59 Lacs	CIT(A)	Case to be listed

- 8) The Holding Company had defaulted in the repayment of dues to financial institutions, banks and debenture holders as explained in Note Nos. 3.1 to 3.3 and Note No. 3.5 of Notes to Accounts.

Lender wise details are as follows for defaults to Banks and Financial Institutions:-

Particulars	Amount	Default Period
IndusInd Bank Limited	Rs. 576.99 Lacs	Default since Financial Year 1997-98. Refer Note-1
Punjab and Sind Bank	Rs. 803.40 Lacs	Default since Financial Year 1997-98. Refer Note-1
SIDBI	Rs. 36.30 Lacs	Default since Financial Year 1997-98. Refer Note-1



Note-1

The matter is sub-judice with Hon'ble Delhi High Court as the holding 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 and the same is pending as at 31st March, 2017. The matter of payment to aforesaid Banks and Financial Institutions are covered in the Fresh Scheme and payment shall be released aforesaid Banks and Financial Institutions in accordance with decision regarding Fresh Scheme by Hon'ble Delhi High Court.

The aforesaid clause is not applicable on the Subsidiary Company during the year ended 31st March, 2017.

- 9) The Group has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, this clause is not applicable on the Group during the year ended 31st March, 2017.
- 10) According to the information and explanations given to us, no fraud on the Group or by the Group by its officers or employees has been noticed or reported during the year ended 31st March, 2017.
- 11) Managerial remuneration amounting to Rs.5.14 Lacs to the Key Managerial Personnel of Holding Company defined under Section 2(51) of Companies Act, 2013 has been provided for the period relating to 1-Dec-2015 to 31-March-2017 on the basis of post facto approval received from Central Government on 9th May, 2017. Since the matter pertains to financial year 2016-17 same has been recorded in the period ended 31st March 2017.

In case of subsidiary company, no managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Accordingly this clause is not applicable on the Company during the year ended 31st March, 2017.

- 12) Neither the Holding Company nor the subsidiary company is a Nidhi Company and since this clause does not apply to the Group it is not required to maintain ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.
- 13) According to the information and explanations given to us and the records of the group examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.



- 14) According to the information and explanations given to us, the group has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence Section 42 of the Companies Act, 2013 is not applicable.
- 15) According to the information and explanations given to us, the Group has not entered into any non-cash transactions with directors or persons connected with him and hence the provisions of Section 192 of Companies Act, 2013 are not applicable.
- 16) Initially the holding 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 the Holding company and Section 45-IA of Reserve Bank of India Act, 1934 is not applicable on its subsidiary company also.

For V Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number : 000262N

Place : New Delhi
Dated: 29th May, 2017

(Manish Mohan)
Partner
Membership No. 91607



INDEPENDENT AUDITOR'S REPORT

To the Members of DCM Financial Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **DCM Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- (i) The accounts and financials of the company have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (b) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis and (c) injection of Rs. 1950.00 Lacs as promoters quota which has already been infused by the management group. The same has been explained in Note 27.
- (ii) No provision of Rs. 817.81Lacs (Rs. 16,465.30 Lacs towards accumulated Interest as at 31st March, 2017)(Previous Year - Rs. 15,647.48 Lacs) which is simple interest calculated @10% per annum towards Interest on Debentures, Fixed Deposits and Inter Corporate Deposits, have been provided in the financial statements on the outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits. Fresh Restructuring Scheme filed before Hon'ble Delhi High Court, does not envisage and seek payment of any interest as the interest has been considered waived off in the proposed scheme. The order of Company Law Board (CLB) which was issued in 1998 in the context of Fixed Deposits stipulated payment of Interest of 10% per annum to Fixed Depositors. The order of Company Law Board (CLB) applies to Fixed Deposits only, however considering the principles of prudence, it is deemed prudent to provide Interest @10% per annum since inception or renewal on outstanding amount of Debentures and Inter Corporate Deposits also.

Had interest @10% per annum been provided for in the financial statements on outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits, the Net Profit before tax would have been lowered by Rs 817.81Lacs and Net Profit after tax would have been lowered by Rs 651.07Lacs as at 31st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2017 would have been higher by Rs 16298.55 Lacs. The tax effect will be consequential. The same has been explained in Note 3.1.f, Note 3.4(g) and Note 3.6.



- (iii) For redemption of 'B' series debentures of Rs.2544.36 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs.2544.36 Lacs has not been created due to insufficient profits. The same has been explained in **Note 2.2**.
- (iv) 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 3.1.d and Note 3.2.b & 3.3.1**.
- (v) 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, balance of ex-employees, margin against L/C, loans from institutions, banks, 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-28**
- (vi) The subsidiary company namely, Global IT Options Limited has till 31st March, 2017 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited). 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 not 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.
- Had interest @12% per annum which comes to Rs. 2.74 Lacs for the year ended 31-March-2017 been provided for in the financial statements on outstanding amount of Inter Corporate Deposit ,the net profit before tax would have been lowered by Rs. 2.74 Lacs and net profit after tax would have been lowered by Rs. 2.18 Lacs towards Interest expense for the year ended 31st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities/Provisions as at 31st March 2017 would have been higher by Rs. 5.16 Lacs on account of cumulative interest with effect from 1-June-2014. The tax effect will be consequential. It is non compliance of Section 186 of the Companies Act, 2013, which could attract penalties.
- (vii) Pursuant to sub-section 5 of section 203 Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 every listed company is required to appoint a Whole Time Company Secretary, non compliance of which the company shall be punishable with fine which shall not be



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

- x(a) Mr. Dhruv Prakash had lodged a claim of Rs 65.00 Lacs and winding up petition against the company. The contingent liability arising out of this suit amounts to Rs. 65.00 Lacs. There are also other cases filed in consumer, civil & criminal courts and other courts against the company for which the company is contingently liable but for which the amount is not quantifiable. **Refer Note No. 22(a)**
- x(b) As per the Fresh Restructuring Scheme, the total amount payable to PSB remains quantified at Rs. 901.80 Lacs as on 30th June 2004 (after providing interest @10% p.a., compounded quarterly from 30th September 1999 till 31st March, 2000 on the principal debt as on 30.09.1997). The company has till date paid/ adjusted Rs. 98.40 Lacs and the balance of Rs. 803.40 Lacs as on 30th June 2008 is payable as per the Fresh Restructuring Scheme pending before the Hon'ble Delhi High Court. Out of Rs.803.40 Lacs i.e. Rs.442.68 Lacs shall be payable in 6 equal yearly installments after one year from the date of approval of the scheme or 1st April, 2006 whichever is earlier. The balance of Rs 360.72 Lacs shall be converted in equity shares at any time within 3 years of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court in accordance with applicable SEBI Guidelines for issuance of preferential allotment of the effective date or 1st April, 2006 whichever is earlier

Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, Punjab & Sind Bank had filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1,217.52 Lacs against which the amount payable to them as per books is Rs. 803.40 Lacs. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 98.40 Lacs, the claim suite of Rs 1,217.52 Lacs is also reduced to Rs.1, 119.12 Lacs. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs.1,119.12 Lacs filed before the Debt Recovery Tribunal could be adjudicated by Debt Recovery Tribunal. No communication has been received from Punjab & Sind Bank or Debt Recovery Tribunal (DRT) regarding any adjudication of claim.

The company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 315.72 Lacs has been made. The company contends that in the event of default in the payment of interest and principal or default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by Punjab & Sind bank shall stand withdrawn and their claim before the Debt Recovery Tribunal of Rs. 1,119.12 Lacs (after taking effect of payment of Rs 98.40 Lacs) will become payable upon adjudication by Debt Recovery Tribunal. **Refer Note No 3.3.2 and 22(b)**



- x.(c.) The amount payable to IndusInd Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 651.49 Lacs as on 30-June-2004 in accordance with the "Fresh Restructuring Scheme Under Review". Out of which Fixed Deposit of Rs 74.49 Lacs has been adjusted by IndusInd Bank. The balance amount of Rs. 577.00 Lacs shall be payable as per Fresh Restructuring Scheme.

Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.42 Lacs against which the amount payable to them as per books is Rs. 577.00 Lacs. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 74.49 Lacs, the claim suite is also correspondingly reduced to Rs 967.93 Lacs from Rs. 1,042.42 Lacs. The company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 390.93 Lacs has been made. In the event that the company fails to pay the interest or principal or company default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs 967.93Lacs (after taking effect of payment of Rs 74.49 Lacs) would become payable upon adjudication by Debt Recovery Tribunal. **Refer Note No3.3.3 and 22(c)**

- x.(d) During the year 1999, the company had received Rs. 100.00 Lacs from one of its debtors i.e. Pure Drinks New Delhi Ltd. where the winding up petition proceedings was already initiated. Upon receipt of payment, the Company reduced the recoverable amount accordingly. Subsequently, the Hon'ble Punjab and Haryana Court deemed that payment is out of turn/preferential payment made by Pure Drinks New Delhi Ltd where winding up petition proceedings was already initiated and asked the company to deposit back the said amount with Hon'ble Punjab and Haryana Court. The company had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. Therefore the company is liable to deposit the amount mentioned above which is yet to be deposited. And in view of restrictions imposed on operations of Bank A/c's by Hon'ble Delhi High Court, the company has filed an application to release this money for depositing the same with Punjab & Haryana High Court which still pending to be addressed. **Refer Note No. 22(d)**
- x.(e) During the year ended 30th June, 2011 the company's tenant had filed a claim of Rs. 100.00 Lacs against the company due to damages suffered by the tenant which is still pending under arbitration proceedings as on 31st March, 2017. **Refer Note No. 22(e)**
- x.(f) There is a demand of Rs. 34.59 Lacs raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income



Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities. **Refer Note No. 22(f)**

x.(g) 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. 51.28 Lacs i.e. the claim amount, along with Rs. 306.81 Lacs 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. 5.49 Lacs, had been awarded to the company. The total financial impact comes to Rs. 363.58 Lacs which has been contested by Company before Hon'ble Delhi High Court. **Refer Note No. 22(g)**

x.(h) 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. 288.30 Lacs 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. 288.30 Lacs mentioned supra is as follows **Refer Note No. 22(h) :-**

S. No.	Description	Amount(in Lacs)
1.	Difference in super area Vs. provisional area	229.28/-
2.	Claim of property tax	3.19/-
3.	Claim of ground rent	21.67/-
4.	Allied charges	7.83/-
5.	Augmentation of Electric sub station	1.33/-
6.	Loss of profit	20.00/-
7.	Arbitration cost	5.00/-
TOTAL		288.30/-

x.(i) SIDBI had filed a petition for winding-up on alleged non-payment of Rs. 54.40 Lacs which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 36.30 Lacs in the books of account. Provision for Rs. 18.10 Lacs liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided in the books due to waiver of interest sought under the proposed "Fresh Restructuring Scheme" filed with Hon'ble Delhi High Court. **Refer Note No. 22(i)**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the **Basis for Qualified Opinion paragraph**, the aforesaid standalone 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 of the state of



affairs of the Company as at 31st March 2017, and its profit/loss and its cash flows for the year ended on that date.

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 Act, we report that:
 - a. We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. Except for the impact of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified 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 paragraph above, in our opinion, may have an qualified effect on the functioning of the Company.
 - f. Pursuant to section 167 of Companies Act, 2013, the office of all three director are vacated due to disqualification incurred under section 164(2) of Companies Act, 2013 which is due to non redemption of debentures and repayment of public deposits. As explained by the Company, the matter presently is sub-juiced as Company had already submitted Fresh Restructuring Scheme with Hon'ble Delhi High Court.
 - 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".



- h. The qualified remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- 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
- a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - **Refer Note 22** to the financial statement.
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c. 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. All the unpaid matured Public Fixed Deposits of Rs 5,629.04 Lacs, Unpaid Matured Debentures of Rs. 2,550.21 Lacs and Refundable Share Application Money of Rs 549.72 Lacs which was more than seven year old.

The matter regarding payment to fixed depositors, debenture-holders and other sums are already covered under Fresh Restructuring Scheme which is pending before Hon'ble Delhi High Court. 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. 3.1,3.4 and 4(i)



- d. The Company has provided requisite disclosures in the financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S. O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by company. Refer Note 34 to the standalone financial statements.

Place: New Delhi
Date: May 29, 2017

For V Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number-000262N


(MANISH MOHAN)
Partner
M. N. - 091607



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (1) of our report on other legal and regulatory requirements of even date)

Annexure referred to in paragraph (1) of our report on other legal and regulatory requirements of Independent Auditor's Report to the members of DCM Financials Services Limited on the financial statements for the year ended March 31, 2017

- 1) In respect of Fixed Assets:-
 - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) Physical verification of fixed assets was conducted by the management at reasonable intervals during the financial year ended 31st March, 2017.
 - (c) The title deeds of all the immovable properties are held in the name of the company.
- 2) Inventory consists of shares considered stock-in-trade. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) The Company has not granted loans to Companies, Firms, Limited Liability Partnership (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- 4) The company has not granted any loans, investments, guarantees and securities during the year in terms of provisions of Section 185 and 186 of Companies Act, 2013.
- 5) The company has not accepted 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 5,629.04 Lacs Unpaid Matured Debentures of Rs. 2550.21 Lacs standing as at 31st March, 2017 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. The company contends that the aforesaid Public Deposits and payment to Debenture-holders shall be settled as per the outcome of Fresh Restructuring Scheme.



- 6) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of business carried out by the Company. Accordingly, this clause is not applicable on the Company during the year ended 31st March, 2017.
- 7) In respect of statutory dues:
- (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding at 31st March, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the company produced before us, there are disputed demands as mentioned below for the payment of tax under Income tax Act, 1961, which is disputed by the company with various authorities.

Name of the Statutes	Assessment years	Tax Demand in (Rs.)	Forum where dispute is pending	Remarks
Income Tax Act, 1961	2006-2007	Rs. 34.59 Lacs	CIT(A)	Case to be listed

- 8) The company had defaulted in the repayment of dues to financial institutions, banks and debenture holders as explained in Note Nos. 3.1 to 3.3 and Note No. 3.5 of Notes to Accounts.

Lender wise details is as follows for defaults to Banks and Financial Institutions:-

Particulars	Amount	Default Period
IndusInd Bank Limited	Rs. 576.99 Lacs	Default since Financial Year 1997-98. Refer Note-1
Punjab and Sind Bank	Rs. 803.40 Lacs	Default since Financial Year 1997-98. Refer Note-1
SIDBI	Rs. 36.30 Lacs	Default since Financial Year 1997-98. Refer Note-1

Note-1

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 and the same is pending as at 31st March, 2017. The matter of payment to aforesaid Banks and Financial Institutions are covered in the Fresh Scheme and payment shall be released aforesaid Banks and Financial Institutions in accordance with decision regarding Fresh Scheme by Hon'ble Delhi High Court.

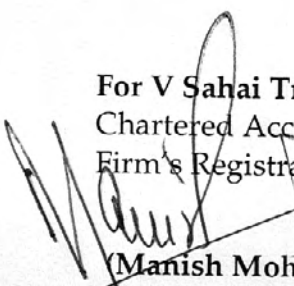
- 9) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, this clause is not applicable on the Company during the year ended 31st March, 2017.
- 10) According to the information and explanations given to us, no fraud on the Company or by the Company by its officers or employees has been noticed or reported during the year ended 31st March, 2017.
- 11) Managerial remuneration amounting to Rs.5.14Lacs to the Key Managerial Personnel defined under Section 2(51) of Companies Act, 2013 has been provided for the period relating to 1-Dec-2015 to 31-March-2017 on the basis of post facto approval received from Central Government on 9th May, 2017. Since the matter pertains to financial year 2016-17 same has been recorded in the period ended 31st March 2017.
- 12) The company is not a Nidhi Company and since this clause does not apply to the Company it is not required to maintain ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.
- 13) According to the information and explanations given to us and the records of the company examined by us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- 14) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence Section 42 of the Companies Act, 2013 is not applicable.
- 15) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provisions of Section 192 of Companies Act, 2013 are 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.

Place : New Delhi
Dated: May 29 ,2017

For V Sahai Tripathi & Co.
Chartered Accountants
Firm's Registration Number: 000262N


(Manish Mohan)
Partner
Membership No. 91607



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 - (Consolidate)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 [See Regulation 33 / 52 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	3,67,47,613	3,67,47,613
	2.	Total Expenditure	1,97,35,467	1,78,47,16,796
	3.	Net Profit/(Loss) (after tax)	1,70,31,607	(1,74,79,69,183)
	4.	Earnings Per Share	0.77	(79.00)
	5.	Total Assets	88,50,89,761	90,51,66,109
	6.	Total Liabilities	88,50,89,761	90,51,66,109
	7.	Net Worth	(67,89,99,300)	(2,68,13,84,712)
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	The accounts and financials of the company have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (b) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis and (c) injection of Rs. 19,50,00,000 as promoters quota which has already been infused by the management group. The same has been explained in Note 27			
i	No provision of Rs. 81,781,466 (Rs. 1,646,529,666 towards accumulated Interest as at 31 st March, 2017)(Previous Year - Rs. 1,564,748,200) which is simple interest calculated @10% per annum towards Interest on Debentures, Fixed Deposits and Inter Corporate Deposits, have been provided in the financial statements on the outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits. Fresh Restructuring Scheme filed before Hon'ble Delhi High Court, does not envisage and seek payment of any interest as the interest has been considered waived off in the proposed scheme. The order of Company Law Board (CLB) which was issued in 1998 in the context of Fixed Deposits stipulated payment of Interest of 10% per annum to Fixed Depositors. The order of Company Law Board (CLB) applies to Fixed Deposits only, however considering the principles of prudence, it is deemed prudent to provide Interest @10% per annum since inception or renewal on outstanding amount of Debentures and Inter Corporate Deposits also. Had interest @10% per annum been provided for in the financial statements on outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits, the Net Profit before tax would have been lowered by Rs. 81,781,466 and Net Profit after tax would have been lowered by Rs. 65,107,166 as at 31 st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities as at 31 st March, 2017 would have been higher by Rs. 1,629,855,366. The tax effect will be consequential. The same has been explained in Note 3.1.f, Note 3.4(g) and Note 3.6.			
iii	For redemption of 'B' series debentures of Rs. 254,170,844 debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 254,170,844 has not been created due to insufficient profits. The same has been explained in Note 2.2.			
iv	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 3.1.d and Note 3.2.b & 3.3.1.			



v	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, balance of ex-employees, margin against L/C, loans from institutions, banks, 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-28
vi	Pursuant to section 149 of Companies Act, 2013 read with rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 every listed company is required to appoint at least one Woman Director. During the year ended March 31 st , 2016, the Company was in contravention of the aforesaid provision as no woman director has been appointed. It is non compliance of Section 149 of Companies Act, 2013. Presently Section 149(1) of the Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for the non compliance which are Rs. 50,000 from 1-April-2015 to 30 th June,2015 and thereafter Rs. 1000 per day for next 01-July-2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs. 5000 per day. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16,85,000 (P.Y RS.10,50,000) till date of appointment of women director (i.e. 5 th October, 2016). Had provision been provided for in the financial statements, the net profit before tax (for the year ended 31 st March, 2017 would have been lower by Rs 635,000 and net profit after tax would have been lowered by Rs. 505,530. The cumulative net loss as well as Current/ Non Current Liability/Provisions as at 31 st March, 2017 would have been higher by Rs.15,55. The tax effect would be consequential.
vii	Pursuant to section 149 of Companies Act, 2013 read with rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 every listed company is required to appoint at least one Woman Director. During the year ended March 31 st , 2016, the Company was in contravention of the aforesaid provision as no woman director has been appointed. It is non compliance of Section 149 of Companies Act, 2013. Presently Section 149(1) of the Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for the non compliance which are Rs. 50,000 from 1-April-2015 to 30 th June,2015 and thereafter Rs. 1000 per day for next 01-July-2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs. 5000 per day. Total estimated penalty/fine comes to Rs. 10,50,000 till 31-Mar-2016. Had provision been provided for in the financial statements, the net loss for the year ended 31 st March,2016 and cumulative net loss as well as Current/ Non Current Liability as at 31 st March,2016 would have been higher by Rs.10,50,000.From 6-October 2016,woman director was appointed by the company and till that the contravention continues
viii	As per the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax, MAT Credit is an asset to be recognized in the Financial Statement when it is 'Probable' that the future economic benefits associated with it will flow to the enterprise and asset has a cost or value that can be measured reliably. In the previous periods, the company has already recorded MAT Credit Entitlement of Rs 2,851,906 in the books of accounts. Considering that the matter is under jurisdiction of Delhi High Court for many years and the company as described in point no (i) of Basis of Qualification and Company is not allowed to carry on its operations except the realization of old debts and permitted payments, there is no virtual certainty that future economic benefit would flow to company. Considering this, we are of opinion that such MAT Credit Entitlement of Rs 2,851,906 needs to be derecognized Had MAT Credit of Rs 2,851,906 had been reversed in financial statements in year ended March, 2017, the net profit after tax would have been lower by Rs 2,851,906 and net profit after tax would have been lowered by Rs. 2,270,435 and consequently the net cumulative loss would have been higher by Rs 2,270,435. In addition to, non-current loans and advances would have been lowed by Rs 2,270,435 after considering the tax effects.
x	Contingent liabilities and Other Commitments (a) Mr. Dhruv Prakash had lodged a claim of Rs 6,500,000 and winding up petition against the company. The contingent liability arising out of this suit amounts to Rs. 6,500,000. There are also other cases filed in consumer, civil & criminal courts and other courts against the company for which the company is contingently liable but for which the amount is not quantifiable. Refer Note No. 22(a)



	<p>(b) As per the Fresh Restructuring Scheme, the total amount payable to PSB remains quantified at Rs. 90,180,463 as on 30th June 2004 (after providing interest @10% p.a., compounded quarterly from 30th September 1999 till 31st March, 2000 on the principal debt as on 30.09.1997). The company has till date paid/ adjusted Rs. 9,840,000 and the balance of Rs. 80,340,463 as on 30th June 2008 is payable as per the Fresh Restructuring Scheme pending before the Hon'ble Delhi High Court. Out of Rs.80,340,463 i.e. Rs.4,42,68,278 shall be payable in 6 equal yearly installments after one year from the date of approval of the scheme or 1st April, 2006 whichever is earlier. The balance of Rs. 3,60,72,185 shall be converted in equity shares at any time within 3 years of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court in accordance with applicable SEBI Guidelines for issuance of preferential allotment of the effective date or 1st April, 2006 whichever is earlier</p> <p>Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, Punjab & Sind Bank had filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 121,752,117 against which the amount payable to them as per books is Rs. 80,340,463. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 98,40,000, the claim suite of Rs 121,752,117 is also reduced to Rs.111,912,117. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs.111,912,117 filed before the Debt Recovery Tribunal could be adjudicated by Debt Recovery Tribunal. No communication has been received from Punjab & Sind Bank or Debt Recovery Tribunal (DRT) regarding any adjudication of claim.</p> <p>The company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 31,571,654 has been made. The company contends that in the event of default in the payment of interest and principal or default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by Punjab & Sind bank shall stand withdrawn and their claim before the Debt Recovery Tribunal of Rs. 111,912,117 (after taking effect of payment of Rs 98,40,000) will become payable upon adjudication by Debt Recovery Tribunal. Refer Note No 3.3.2 and 22(b)</p>
	<p>(c) The amount payable to IndusInd Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 65,149,000 as on 30-June-2004 in accordance with the "Fresh Restructuring Scheme Under Review". Out of which Fixed Deposit of Rs 74,49,324 has been adjusted by IndusInd Bank. The balance amount of Rs. 57,699,676 shall be payable as per Fresh Restructuring Scheme.</p> <p>Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 104,242,457 against which the amount payable to them as per books is Rs. 57,699,676. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 74,49,324, the claim suite is also correspondingly reduced to Rs 96,793,133 from Rs. 104,242,457. The company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 39,093,457 has been made. In the event that the company fails to pay the interest or principal or company default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs 96,793,133 (after taking effect of payment of Rs 74,49,324) would become payable upon adjudication by Debt Recovery Tribunal. Refer Note No3.3.3 and 22(c)</p>
	<p>(d) During the year 1999, the company had received Rs. 10,000,000 from one of its debtors i.e. Pure Drinks New Delhi Ltd. where the winding up petition proceedings was already initiated. Upon receipt of payment, the Company reduced the recoverable amount accordingly. Subsequently, the Hon'ble Punjab and Haryana Court deemed that payment is out of turn/preferential payment made by Pure Drinks New Delhi Ltd where winding up petition proceedings was already initiated and asked the company to deposit back the said amount with Hon'ble Punjab and Haryana Court. The company had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. Therefore the company is liable to deposit the amount mentioned above which is yet to be deposited. And in view of restrictions imposed on operations of Bank A/c's by Hon'ble Delhi High Court, the company has filed an application to release this money for depositing the same with Punjab & Haryana High Court which still pending to be addressed. Refer Note No. 22(d)</p>



- (e) 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, 2017. Refer Note No. 22(e)
- (f) There is a demand of Rs. 3,458,900 raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities. Refer Note No. 22(f)
- (g) 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. Refer Note No. 22(g)
- (h) 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 Refer Note No. 22(h) :-

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/-

- (i) SIDBI had filed a petition for winding-up on alleged non-payment of Rs. 5,440,000 which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 3,629,941 in the books of account. Provision for Rs. 1,810,059 liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided in the books due to waiver of interest sought under the proposed "Fresh Restructuring Scheme" filed with Hon'ble Delhi High Court. Refer Note No. 22(i)

b. **Type of Audit Qualification** : Qualified Opinion I,ii,iii,iv,v,vi,vii,viii and ix

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

- i Repetitive since June 30th, 1998
- ii Repetitive since Sept,30th 1999
- iii Repetitive since Sept,30th 1999
- iv Repetitive since Sept,30th 1999
- v Repetitive since June 30th, 1998
- vi Repetitive since 31st March,2015
- vii Repetitive since 31st March,2016
- viii This is new point in the financial year 2016-2017
- ix Repetitive since 31st March,2016
- ix.a Repetitive since 30th June 1998
- ix.b Repetitive since March 31st,2002-PSB
- ix.c Repetitive since 30th June,2002-Indusind
- ix.d Repetitive since 30th June,2009-Pure Drinks
- ix.e Repetitive since 31st March,2011-Tenant Claim
- ix.f Repetitive 31st March,2014-ITAX
- ix.g Repetitive since 30th June,2012-MS Shoes
- ix.h Repetitive since 30th June,2010-NBCC
- ix.h Repetitive since 31st March,2016-SIDBI

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

In light of the fresh scheme of restructuring pending before the Hon'ble Delhi High Court, the Company has plans for future business and income generation. Accordingly it is not only prudent but also imperative to draw the financial statement 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.



ii	<i>Provision of interest on certain liabilities covered under Para II and under notes 3.1.f, 3.4(g) 3.6 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.</i>	
iii	<i>Non-creation of debenture redemption reserve cannot be created due to insufficient profits in the past and for the redemption of debentures a scheme of arrangement is pending sanction of Court and will be paid in accordance with sanction.</i>	
iv	<i>Depletion in the value of Assets charged to Banks/Institution and Debentures in Para V and covered under notes 3.1.e,3.2.b& 3.3.1 relates to ascertainment of Security against Debentures and Bank Loan, which could not be ascertained since the Company is in litigation with various Lease and Hire Purchase customers and the matters are sub-judice, hence confirmations and acknowledgements are not feasible.</i>	
v	<i>In view of litigation with creditors as mentioned in the para iv, its not possible to obtain the balance confirmations</i>	
vi	<i>In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts, assistance has been taken to meet the essential expenses from Global IT Options. Company being sick and even the scheme of arrangement pending before the Court does not provide payment of Interest to creditors, the subsidiary company has given this amount without interest and element of interest and payment interest will be decided once the scheme is approved and liquidity position improves,</i>	
vii	<i>Company in view of restrictions imposed on operations of bank accounts was not able to pay salaries and hence could not appoint Company Secretary. However as the Court has sanctioned payment of salaries to staff, efforts were made made to appoint a Company Secretary and w.e.f 22nd May,2017, a Company Secretary has been appointed.</i>	
viii	<i>The management had made efforts to appoint a woman director but as the scheme of arrangement is pending along with many criminal and civil suits against the Company regarding repayment of deposits and debentures, the interested women had informed that they be appointed director once the scheme is approved. However w.e.f 6th Oct,2016 the Board has appointed a Women Director in compliance with the act.</i>	
viii	<i>The Company is earning Interest Income on its Fixed Deposits placed with the Banks and treating this interest earned as business income for income tax purpose as per the order of Hon'ble High Court of India for the A year 2009-10. Also business of the company has been temporarily stopped period and company may earn business profits in case it revives its business as well as Capital Gains on sale of its fixed assets one the restructuring scheme is sanctioned.</i> <i>Since, interest income earned is treated as business income in the case of our company there is virtual certainty that company will earn business profits in future also as well as may earn Income under the head Capital Gains due to sale of its fixed Assets and will be entitled to claim its MAT Credit Entitlement. Due to the reasons mentioned above Management is of the opinion that it can utilize its MAT Credit Entitlement in near future and continue to claim Mat Credit Entitlement in its income tax return and entitled to carry forward the same in books of accounts also.</i>	
ix	<i>(a) The Company is contesting claims lodged against it not acknowledged as debts including claims on account of securitization transaction and underwriting obligations. Rest of the contingent liabilities are being addressed through the Scheme.</i>	
	<i>(b) & (c) In case of Payment to Punjab & Sind Bank & IndusInd Bank, it is submitted that the scheme of restructuring, pending before the Hon'ble Delhi High Court and repayment issue to these banks is being addressed in the scheme of arrangement with creditors . Further, the Hon'ble Court has stayed the suits filed in DRT by PSB & IndusInd Bank</i>	
	<i>(d) To operate the bank accounts of Company permission from Court is required and the Company has filed an application for the release of amount to be deposited in the Punjab & Haryana High Court and the same is pending.</i>	
	<i>(e) 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 .</i>	
	<i>(f) Company has taken necessary steps for the rectification of demand orders and is hopeful to get relief .</i>	
	<i>(g) 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</i>	
	<i>(h) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act.</i>	
	<i>(i) In case of winding up petition filed by SIDBI as mentioned in earlier paras , it is submitted that the scheme of restructuring is pending before the Hon'ble Delhi High Court and repayment issue of SIDBI is being addressed in the scheme of arrangement with creditors .</i>	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:
		Management's estimation on the impact of audit qualification:



	<i>Vii For the non-appointment of a Company Secretary, the management has considered an impact of Rs 1.00 lac and the same has been shown in the adjusted Figures above.</i>
	<i>Viii For the non-appointment of a woman director, the management has considered an impact of Rs 1.00 lac and the same has been shown in the adjusted Figures above.</i>
	(ii) If management is unable to estimate the impact, reasons for the same:
	<i>i As explained earlier the accounts have been prepared on the basis of going concern basis on account of pending scheme and hence the management is unable to estimate the impact</i>
	<i>iv Due to charge on assets, the banks, debentures and Banks have been shown as secured and there is no financial impact.</i>
	<i>v As mentioned in the qualification that it's not feasible to determine the impact .However in this case necessary NPAs have already been created in accordance with RBI guidelines and no further financial impact can be estimated.</i>
	(iii) Auditors' Comments on (i) or (ii) above:
	Qualification (i) <i>The parameters considered for going concern is essential to categorize the Company has going concern. The financials has been prepared keeping in view the said parameters and audit has been conducted keeping in mind the parameters considered to treat the Company has going concern. No further impact is required on this point.</i>
	Qualification (ii) <i>The qualification on Interest on Fixed Deposits, Debentures and ICD is already explained and quantified as above. The same is read as per audit report .</i>
	Qualification (iii) <i>The qualification regarding non creation of Debenture Redemption Reserve is already explained and quantified as above. The same is read as per audit report .</i>
	Qualification (iv) <i>(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. Other than this there is no impact</i>
	Qualification (v) <i>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.This qualification is already explained and quantified as above. The same is read as it is.</i>
	Qualification (vi) <i>The qualification regarding not having Whole Time Company Secretary is already explained and quantified as above. The same is read as per audit report.</i>
	Qualification (vii) <i>The qualification regarding not having woman Director is already explained and quantified as above. The same is read as per audit report.</i>
	Qualification (viii) <i>Considering all factors including the pendency of Fresh Restructuring Scheme and restrictions imposed on the Company by Hon'ble High Court of Delhi, we are of the opinion that there is no virtual certainty as on 31st March, 2017, accordingly MAT Credit Entitlement created in previous periods need to be reversed and same has been explained in qualification.</i>
	Qualification (ix) <i>The qualification regarding Contingent Liabilities is already explained and quantified as above. The same is read as per audit report.</i>



III.	Signatories:
	<ul style="list-style-type: none">• CEO/Managing Director Surender Kumar
	<ul style="list-style-type: none">• CFO
	<ul style="list-style-type: none">• Audit Committee Chairman Surender Kumar
	<ul style="list-style-type: none">• Statutory Auditor
	Place: New Delhi Date: 29th May, 2017

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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 31,2017 [See Regulation 33 / 52 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	3,67,42,754	3,67,42,754
	2.	Total Expenditure	1,95,11,014	1,80,24,50,112
	3.	Net Profit/(Loss)	1,72,31,740	(1,76,57,07,358)
	4.	Earnings Per Share	0.78	(79.81)
	5.	Total Assets	88,62,48,011	90,63,24,359
	6.	Total Liabilities	88,62,48,011	90,63,24,359
	7.	Net Worth	(66,26,72,261)	(2,70,00,47,448)
	8.	Any other financial item(s) (as felt appropriate by the management)		
ii.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	<p>The accounts and financials of the company have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (b) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis and (c) injection of Rs. 19,50,00,000 as promoters quota which has already been infused by the management group. The same has been explained in Note 27</p>			



ii	<p>No provision of Rs. 81,781,466 (Rs. 1,646,529,666 towards accumulated Interest as at 31st March, 2017)(Previous Year – Rs. 1,564,748,200) which is simple interest calculated @10% per annum towards Interest on Debentures, Fixed Deposits and Inter Corporate Deposits, have been provided in the financial statements on the outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits. Fresh Restructuring Scheme filed before Hon'ble Delhi High Court, does not envisage and seek payment of any interest as the interest has been considered waived off in the proposed scheme. The order of Company Law Board (CLB) which was issued in 1998 in the context of Fixed Deposits stipulated payment of Interest of 10% per annum to Fixed Depositors. The order of Company Law Board (CLB) applies to Fixed Deposits only, however considering the principles of prudence, it is deemed prudent to provide Interest @10% per annum since inception or renewal on outstanding amount of Debentures and Inter Corporate Deposits also.</p> <p>Had interest @10% per annum been provided for in the financial statements on outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits, the Net Profit before tax would have been lowered by Rs 81,781,466 and Net Profit after tax would have been lowered by Rs 65,107,166 as at 31st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2017 would have been higher by Rs 1,629,855,366 after considering the tax effects. The tax effect will be consequential. The same has been explained in Note 3.1.f, Note 3.4(g) and Note 3.6.</p>
iii	<p>For redemption of 'B' series debentures of Rs.254,170,844 debenture redemption reserve is required to be created. Debenture redemption reserve of Rs.254,170,844 has not been created due to insufficient profits. The same has been explained in Note 2.2.</p>
iv	<p>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 3.1.d and Note 3.2.b & 3.3.1.</p>
v	<p>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, balance of ex-employees, margin against L/C, loans from institutions, banks, 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-28</p>



vi	<p>The subsidiary company namely, Global IT Options Limited has till 31st March, 2017 incurred expenditure of Rs 22,84,425 for & on behalf of its Holding Company (i.e. DCM Financial Services Limited). 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 not been provided on outstanding balance of Rs 22,84,425 by Company to its subsidiary - Global IT Options Limited Had interest @12% per annum which comes to Rs. 274,131 been provided for in the financial statements on outstanding amount of Inter Corporate Deposit with effect from 01-April-2014, the net profit before tax would have been lowered by Rs. 274,131 and net profit after tax would have been lowered by Rs. 218,329 towards Interest expense for the year ended 31st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities/ Provisions as at 31st March 2017 would have been higher by Rs. 516,637 on account of cumulative interest with effect from 01-June-2014. The tax effect will be consequential. It is non-compliance of Section 186 of the Companies Act, 2013, which could attract penalties.</p>
vii	<p>Pursuant to sub-section 5 of section 203 Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 every listed company is required to appoint a Whole Time Company Secretary, non compliance of which the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees. During the year ended March 31st, 2017, the Company was in contravention of the aforesaid provision. As explained to us, the management has made various attempts to appoint a Whole Time Company Secretary, however was unable to appoint Whole Time Company Secretary in the absence of suitable candidate. The Company has made relevant disclosures in the Board of Directors meeting regarding this issue. It is non compliance of Section 203 of Companies Act, 2013, which could attract penalties.</p>
viii	<p>Pursuant to section 149 of Companies Act, 2013 read with rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 every listed company is required to appoint at least one Woman Director. During the year ended March 31st, 2016, the Company was in contravention of the aforesaid provision as no woman director has been appointed. It is non compliance of Section 149 of Companies Act, 2013. Presently Section 149(1) of the Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for the non compliance which are Rs. 50,000 from 1-April-2015 to 30th June,2015 and thereafter Rs. 1000 per day for next 01-July-2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs. 5000 per day. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16,85,000 (P.Y RS.10,50,000) till date of appointment of women director (i.e. 5th October, 2016). Had provision been provided for in the financial statements, the net profit before tax for the year ended 31st March, 2017 would have been lower by Rs 635,000 and net profit after tax would have been lowered by Rs. 505,530. The cumulative net loss as well as Current/ Non Current Liability/Provisions as at 31st March, 2017 would have been higher by Rs.15,55,530 after considering the tax effects. The tax effect would be consequential.</p>



ix	<p>As per the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax, MAT Credit is an asset to be recognized in the Financial Statement when it is 'Probable' that the future economic benefits associated with it will flow to the enterprise and asset has a cost or value that can be measured reliably. In the previous periods, the company has already recorded MAT Credit Entitlement of Rs 2,851,906 in the books of accounts. Considering that the matter is under jurisdiction of Delhi High Court for many years and the company as described in point no (i) of Basis of Qualification and Company is not allowed to carry on its operations except the realization of old debts and permitted payments, there is no virtual certainty that future economic benefit would flow to company. Considering this, we are of opinion that such MAT Credit Entitlement of Rs 2,851,906 needs to be derecognized.</p> <p>Had MAT Credit of Rs 2,851,906 had been reversed in financial statements in year ended March, 2017, the net profit after tax would have been lower by Rs 2,851,906 and net profit after tax would have been lowered by Rs. 2,270,435 and consequently the net cumulative loss would have been higher by Rs 2,270,435. In addition to, non-current loans and advances would have been lowered by Rs 2,270,435 after considering the tax effects.</p>
x	<p>Contingent liabilities and Other Commitments</p> <p>(a) Mr. Dhruv Prakash had lodged a claim of Rs 6,500,000 and winding up petition against the company. The contingent liability arising out of this suit amounts to Rs. 6,500,000. There are also other cases filed in consumer, civil & criminal courts and other courts against the company for which the company is contingently liable but for which the amount is not quantifiable. Refer Note No. 22(a)</p>



(b) As per the Fresh Restructuring Scheme, the total amount payable to PSB remains quantified at Rs. 90,180,463 as on 30th June 2004 (after providing interest @10% p.a., compounded quarterly from 30th September 1999 till 31st March, 2000 on the principal debt as on 30.09.1997). The company has till date paid/ adjusted Rs. 9,840,000 and the balance of Rs. 80,340,463 as on 30th June 2008 is payable as per the Fresh Restructuring Scheme pending before the Hon'ble Delhi High Court. Out of Rs.80,340,463 i.e. Rs.4,42,68,278 shall be payable in 6 equal yearly installments after one year from the date of approval of the scheme or 1st April, 2006 whichever is earlier. The balance of Rs 3,60,72,185 shall be converted in equity shares at any time within 3 years of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court in accordance with applicable SEBI Guidelines for issuance of preferential allotment of the effective date or 1st April, 2006 whichever is earlier

Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, Punjab & Sind Bank had filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 121,752,117 against which the amount payable to them as per books is Rs. 80,340,463. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 98,40,000, the claim suite of Rs 121,752,117 is also reduced to Rs.111,912,117. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs.111,912,117 filed before the Debt Recovery Tribunal could be adjudicated by Debt Recovery Tribunal. No communication has been received from Punjab & Sind Bank or Debt Recovery Tribunal (DRT) regarding any adjudication of claim.

The company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 31,571,654 has been made. The company contends that in the event of default in the payment of interest and principal or default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by Punjab & Sind bank shall stand withdrawn and their claim before the Debt Recovery Tribunal of Rs. 111,912,117 (after taking effect of payment of Rs 98,40,000) will become payable upon adjudication by Debt Recovery Tribunal. **Refer Note No 3.3.2 and 22(b)**



(c) The amount payable to IndusInd Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 65,149,000 as on 30-June-2004 in accordance with the "Fresh Restructuring Scheme Under Review". Out of which Fixed Deposit of Rs 74,49,324 has been adjusted by IndusInd Bank. The balance amount of Rs. 57,699,676 shall be payable as per Fresh Restructuring Scheme.

Prior to filing of Fresh Restructuring Scheme by company before Hon'ble Delhi High Court, IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 104,242,457 against which the amount payable to them as per books is Rs. 57,699,676. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 74,49,324, the claim suite is also correspondingly reduced to Rs 96,793,133 from Rs. 104,242,457. The company contends that the dues of the Bank will be settled as per the Fresh Restructuring Scheme and consequently no provision for the difference of Rs. 39,093,457 has been made. In the event that the company fails to pay the interest or principal or company default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs 96,793,133 (after taking effect of payment of Rs 74,49,324) would become payable upon adjudication by Debt Recovery Tribunal. Refer Note No3.3.3 and 22(c)

(d) During the year 1999, the company had received Rs. 10,000,000 from one of its debtors i.e. Pure Drinks New Delhi Ltd. where the winding up petition proceedings was already initiated. Upon receipt of payment, the Company reduced the recoverable amount accordingly. Subsequently, the Hon'ble Punjab and Haryana Court deemed that payment is out of turn/preferential payment made by Pure Drinks New Delhi Ltd where winding up petition proceedings was already initiated and asked the company to deposit back the said amount with Hon'ble Punjab and Haryana Court. The company had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. Therefore the company is liable to deposit the amount mentioned above which is yet to be deposited. And in view of restrictions imposed on operations of Bank A/c's by Hon'ble Delhi High Court, the company has filed an application to release this money for depositing the same with Punjab & Haryana High Court which still pending to be addressed. Refer Note No. 22(d)



- (e) 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, 2017. Refer Note No. 22(e)
- (f) There is a demand of Rs. 3,458,900 raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities. Refer Note No. 22(f)
- (g) 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. Refer Note No. 22(g)
- (h) 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 Refer Note No. 22(h) :-

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/-

- (i) SIDBI had filed a petition for winding-up on alleged non-payment of Rs. 5,440,000 which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 3,629,941 in the books of account. Provision for Rs. 1,810,059 liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided in the books due to waiver of interest sought under the proposed "Fresh Restructuring Scheme" filed with Hon'ble Delhi High Court. Refer Note No. 22(i)

ix.(i) SIDBI had filed a petition for winding-up on alleged non-payment of Rs. 5,440,000 which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 3,629,941 in the books of account. Provision for Rs. 1,810,059 liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided in the books due to waiver of interest sought under the proposed "Fresh Restructuring Scheme" filed with Hon'ble Delhi High Court. Refer Note No. 22(i)



	b. Type of Audit Qualification : Qualified Opinion I,ii,iii,iv,v,vi,vii,viii and ix
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long
	<p>I Repetitive since June 30th, 1998</p> <p>ii Repetitive since Sept,30th 1999</p> <p>iii Repetitive since Sept,30th 1999</p> <p>iv Repetitive since Sept,30th 1999</p> <p>v Repetitive since June 30th, 1998</p> <p>vi Repetitive since 31st March,2015</p> <p>vii Repetitive since 31st March,2016</p> <p>viii Repetitive since 31st March,2016</p> <p>ix</p> <p>x a Repetitive since 30th June 1998</p> <p>x.b Repetitive since March 31st,2002-PSB</p> <p>x.c Repetitive since 30th June,2002-Indusind</p> <p>x.d Repetitive since 30th June,2009-Pure Drinks</p> <p>x.e Repetitive since 31st March,2011-Tenant Claim</p> <p>x.f Repetitive 31st March,2014-ITAX</p> <p>x.g Repetitive since 30th June,2012-MS Shoes</p> <p>x.h Repetitive since 30th June,2010-NBCC</p> <p>ix.h Repetitive since 31st March,2016-SIDBI</p>
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's
	<i>In light of the fresh scheme of restructuring pending before the Hon'ble Delhi High Court, the Company has plans for future business and income generation. Accordingly it is not only prudent but also imperative to draw the financial statement 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.</i>
ii	<i>Provision of interest on certain liabilities covered under Para II and under notes 3.1.f, 3.4(g) 3.6 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.</i>
iii	<i>Non-creation of debenture redemption reserve cannot be created due to insufficient profits in the past and for the redemption of debentures a scheme of arrangement is pending sanction of Court and will be paid in accordance with sanction.</i>



iv	Depletion in the value of Assets charged to Banks/Institution and Debentures in Para V and covered under notes 3.1.e,3.2.b& 3.3.1 relates to ascertainment of Security against Debentures and Bank Loan, which could not be ascertained since the Company is in litigation with various Lease and Hire Purchase customers and the matters are sub-judice, hence confirmations and acknowledgements are not feasible.
v	In view of litigation with creditors as mentioned in the para iv, its not possible to obtain the balance confirmations
vi	In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts, assistance has been taken to meet the essential expenses from Global IT Options. Company being sick and even the scheme of arrangement pending before the Court does not provide payment of Interest to creditors, the subsidiary company has given this amount without interest and element of interest and payment interest will be decided once the scheme is approved and liquidity position improves,
vii	Company in view of restrictions imposed on operations of bank accounts was not able to pay salaries and hence could not appoint Company Secretary. However as the Court has sanctioned payment of salaries to staff, efforts were made made to appoint a Company Secretary and w.e.f 22 nd May,2017, a Company Secretary has been appointed.
viii	The management had made efforts to appoint a woman director but as the scheme of arrangement is pending along with many criminal and civil suits against the Company regarding repayment of deposits and debentures, the interested women had informed that they be appointed director once the scheme is approved. However w.e.f 6 th Oct,2016 the Board has appointed a Women Director in compliance with the act.
ix	<p>The Company is earning Interest Income on its Fixed Deposits placed with the Banks and treating this interest earned as business income for income tax purpose as per the order of Hon'ble High Court of India for the A year 2009-10. Also business of the company has been temporarily stopped period and company may earn business profits in case it revives its business as well as Capital Gains on sale of its fixed assets one the restructuring scheme is sanctioned.</p> <p>Since, interest income earned is treated as business income in the case of our company there is virtual certainty that company will earn business profits in future also as well as may earn Income under the head Capital Gains due to sale of its fixed Assets and will be entitled to claim its MAT Credit Entitlement. Due to the reasons mentioned above Management is of the opinion that it can utilize its MAT Credit Entitlement in near future and continue to claim Mat Credit Entitlement in its income tax return and entitled to carry forward the same in books of accounts also.</p>
x	(a) The Company is contesting claims lodged against it not acknowledged as debts including claims on account of securitization transaction and underwriting obligations. Rest of the contingent liabilities are being addressed through the Scheme.
	(b) & (c) In case of Payment to Punjab & Sind Bank & IndusInd Bank, it is submitted that the scheme of restructuring, pending before the Hon'ble Delhi High Court and repayment issue to these banks is being addressed in the scheme of arrangement with creditors . Further, the Hon'ble Court has stayed the suits filed in DRT by PSB & IndusInd Bank
	(d) To operate the bank accounts of Company permission from Court is required and the Company has filed an application for the release of amount to be deposited in the Punjab & Haryana High Court and the same is pending.



	<i>(e) 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 .</i>
	<i>(f) Company has taken necessary steps for the rectification of demand orders and is hopeful to get relief .</i>
	<i>(g) 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</i>
	<i>(h) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act.</i>
	<i>(i) In case of winding up petition filed by SIDBI as mentioned in earlier paras , it is submitted that the scheme of restructuring is pending before the Hon'ble Delhi High Court and repayment issue of SIDBI is being addressed in the scheme of arrangement with creditors .</i>
	Management's estimation on the impact of audit qualification:
	<i>vii For the non-appointment of a Company Secretary, the management has considered an impact of Rs 1.00 lac and the same has been shown in the adjusted Figures above.</i>
	<i>viii For the non-appointment of a woman director, the management has considered an impact of Rs 1.00 lac and the same has been shown in the adjusted Figures above.</i>
	(ii) If management is unable to estimate the impact, reasons for the same:
	<i>i As explained earlier the accounts have been prepared on the basis of going concern basis on account of pending scheme and hence the management is unable to estimate the impact</i>
	<i>iv Due to charge on assets, the banks, debentures and Banks have been shown as secured and there is no financial impact.</i>
	<i>v As mentioned in the qualification that it's not feasible to determine the impact .However in this case necessary NPAs have already been created in accordance with RBI guidelines and no further financial impact can be estimated.</i>
	(iii) Auditors' Comments
	Qualification (i) <i>The parameters considered for going concern is essential to categorize the Company has going concern. The financials has been prepared keeping in view the said parameters and audit has been conducted keeping in mind the parameters considered to treat the Company has going concern. No further impact is required on this point.</i>
	Qualification (ii) <i>The qualification on Interest on Fixed Deposits, Debentures and ICD is already explained and quantified as above. The same is read as per audit report .</i>
	Qualification (iii) <i>The qualification regarding non creation of Debenture Redemption Reserve is already explained and quantified as above. The same is read as per audit report.</i>



	<p><i>Qualification (iv)</i> (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. Other than this there is no impact</p>
	<p><i>Qualification (v)</i> Balance confirmations are essential component of auditing. Third Party confirmations confirm 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 qualification 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. This qualification is already explained and quantified as above. The same is read as it is.</p>
	<p><i>Qualification (vi)</i> The qualification regarding no interest on ICD taken from subsidiary company in non compliance with the companies act is already explained and quantified as above. The same is read as per audit report.</p>
	<p><i>Qualification (vii)</i> The qualification regarding not having Whole Time Company Secretary is already explained and quantified as above. The same is read as per audit report.</p>
	<p><i>Qualification (viii)</i> The qualification regarding not having woman Director is already explained and quantified as above. The same is read as per audit report Company has going concern. No further impact is</p>
	<p><i>Qualification (ix)</i> Considering all factors including the pendency of Fresh Restructuring Scheme and restrictions imposed on the Company by Hon'ble High Court of Delhi, we are of the opinion that there is no virtual certainty as on 31st March, 2017, accordingly MAT Credit Entitlement created in previous periods need to be reversed and same has been explained in qualification.</p>
	<p><i>Qualification (x)</i> The qualification regarding Contingent Liabilities is already explained and quantified as above. The same is read as per audit report.</p>



iii.

Signatories:

- CEO/Managing Director

Surender Kumar

- CFO

- Audit Committee Chairman

Surender Kumar

- Statutory Auditor

Place: New Delhi

Date: 29th May, 2017



Handwritten signature and initials.

