



**25th ANNUAL REPORT
2015-2016**

DCM FINANCIAL SERVICES LTD.

BOARD OF DIRECTORS

Ms. Richa Kalra	:	Non Executive Chairman
Mr. Surender Kumar	:	Executive Director
Mr. Sehdev Shori	:	Non Executive & Independent Director

AUDITORS

M/s V. Sahai Tripathi & Co

Chartered Accountants

C-593, Basement, Defence Colony New Delhi -110 024

REGISTERED OFFICE

D 7/3 Okhla Industrial Area-II, Mezzanine Floor,
New Delhi 110020.

e-mail : info@dfsionline.com

Website : www.dfsionline.com

REGISTRAR & SHARE TRANSFER AGENT

(Physical & Electronic)

MCS LTD,

F-65, Okhla Industrial Area,

Phase- I, New Delhi 110020

email : helpdeskdelhi@mcsregistrars.com

CONTENTS

Notice	3
Directors' Report.....	9
Auditors' Report.....	41
Balance Sheet	51
Profit & Loss Account	52
Notes to Accounts.....	53
Consolidated Financial Statement.....	82
Proxy Form	119
Attendance Slip.....	121
Route Map.....	122

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th (Twenty Fifth) Annual General Meeting of the Members of the Company will be held on Wednesday the 30th day of November, 2016 at 10:00 A.M. at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110030 to transact the following business:

ORDINARY BUSINESS

- 1. To receive, consider and adopt the Audited Annual Accounts of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors' and Auditors thereon.**

- 2. To ratify the appointment of Auditors**

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof), appointment of M/s V. Sahai Tripathi & Co., Chartered Accountants (Registration number 00262N) as the Statutory Auditors of the Company, be and is hereby ratified to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company, in addition to the service tax and actual out of pocket expenses incurred in connection with the audit of the accounts of the Company to be reimbursed for the financial year ending March 31, 2017."

SPECIAL BUSINESS

- 3. Appointment of Ms. Richa Kalra as an Independent Director**

To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Richa Kalra, who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on 6th October, 2016 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and clause 49 of the listing agreement, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (three) years commencing from 6th October, 2016 to 5th October, 2019."

**By Order of the Board
For DCM Financial Services Limited**

**Sd/-
(Richa Kalra)
Chairperson**

Date: 28th Oct, 2016

Place: New Delhi

NOTES:

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll on his behalf and such proxy need not be a member of the company. A proxy may be sent in the enclosed form and in order to be effective must reach at the registered office of the company duly completed and signed at least 48 hours before the commencement of the AGM.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 2) A copy of Annual Report containing Audited Financial Statements for the financial year ended March 31, 2016 together with the reports of the Board of Directors and Auditors' thereon are enclosed. Members are requested to bring their copy of Annual Report at the AGM.
- 3) Green Initiative: The Ministry of Corporate Affairs (MCA), Government of India, through its circular no. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send documents to the shareholders electronically as part of its green initiatives.

Recognizing the spirit of the said circular, we are sending documents like the Notice of General Meeting, Financial Statements, Directors' Report, Auditors' Report and other Communication etc., to the e-mail address as registered with the Company/ your depositories. We request you to update your e-mail address with your Depositories Participant(s) to ensure that the Annual Report and other documents reach you on preferred e-mail address and the shareholders holding shares in physical mode may inform their e-mail address to the Company.

- 4) The Register of Members and Share Transfer Books of the Company will remain closed from 23rd Nov, 2016 to 29th Nov, 2016, (both days inclusive) as per announcement made by the Company for the purpose of the AGM
- 5) Shareholders/ Proxy holders are requested to produce attached attendance slip duly completed and signed, at the shareholder registration counter of the AGM hall.
- 6) Members are informed that Share Transfer and related activities are being carried out by M/s MCS Share Transfer Agent Ltd (MCS) Registrar and Share Transfer Agents, from the following address: -

M/s MCS Share Transfer Agent Limited

F-65, Okhla Industrial Area, Phase-1

New Delhi 110020

Email: helpdeskdelhi@mcsregistrars.com

All correspondence may kindly be sent to the above address only.

- 7) The Equity shares of the Company can only be traded in electronic mode as per SEBI guidelines. The Company has already entered into agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for the same. Interested members may opt to convert physical shares of the Company in electronic mode after sending request for dematerialization through their Depository Participant.
- 8) Members of the Company who are holding shares in physical form and have multiple accounts in identical name(s) or are holding more than one share certificate in the same name under different ledger folio(s) are requested to apply for consolidation of such folio(s).
- 9) Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital & Debenture) Rules, 2014 has extended nomination facility to individual shareholders holding shares in physical form. Shareholders are requested to avail the **above facility by submitting prescribed Nomination Form SH-13 to MCS RTA. This form is also available on the Company's website WWW.DFSLONLINE.COM**
- 10) Please send all correspondence including requests for transfer/ transmission of shares & change of address etc. to MCS RTA.
- 11) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the date of the meeting, so that the required information may be made available at the meeting.

- 12) Pursuant to the requirements of the Listing Agreement with the Stock Exchange on Corporate Governance the information required to be given in case of appointment or re-appointment of Director, is given in the Corporate Governance Report forming part of this Annual Report.
- 13) Electronic copy of the Notice of AGM of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice is being sent in the permitted mode.
- 14) Members may note that the Notice of the AGM and the Annual Report for the financial year ended on March 31, 2016 will also be available on the Company's website www.dfslonline.com. The physical copies of the aforesaid documents along with all documents referred to in the accompanying Notice and the Explanatory Statement will also be available at the Company's website www.dfslonline.com
- 15) Registered Office in New Delhi for inspection during normal business hours on working days between 11.00 A.M. to 3.00 P.M. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's e-mail id info@dfslonline.com through electronic means:-

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and the revised Clause 35B of the Listing Agreement, the Company is pleased to provide to Members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means i.e. Remote e-voting. The Company has appointed CDSL as the Authorised Agency to provide Remote e-voting facility for casting the votes by the members using an electronic voting system from a place other than venue of AGM ("Remote e-voting").

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 27th Nov,2016 at 9.00 AM and ends on 29th Nov,2016 at 5.00PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd Nov,2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form PAN Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
- In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Dividend Bank Details OR Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN 161104002 for the relevant DCM Financial Services Ltd on which you choose to vote.

- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

Members can opt for only one mode of voting i.e. either by Remote e-voting or physically at the AGM venue through Ballot Paper. In case you are opting for Remote e-voting then do not vote by physical mode at AGM venue and vice-versa. In case members cast their vote both via physical as well as e-voting then voting done through physical mode shall not prevail and voting done by e-voting shall be considered as valid vote.

Mr Amit Kumar , Practicing Company Secretary (Membership No:FCS 5917) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.

The Scrutinizer shall, after the conclusion of voting at the AGM, will first count the votes cast at the meeting and there after unblock the votes cast through Remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, (if any), to the Chairman of the Company or a person authorised by him in writing, who shall counter sign the same and declare the results of the voting forthwith.

The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.dfslonline.com and on the website of CDSL at www.evotingindia.com immediately after the result is declared by the Chairman. The Company shall also simultaneously forward the results to BSE Limited where its shares are listed.

The Securities and Exchange Board of India (SEBI) has mandated submission of PAN by every participant in securities market. Members holding Shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to MCS RTA.

**By Order of the Board
For DCM Financial Services Limited**

**Sd/-
(Richa Kalra)
Chairperson**

Date: 28th Oct, 2016
Place: New Delhi

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**Item No. 3**

Ms Richa Kalra was inducted as an Additional (Independent) Director of the Company by Board on 6th Oct, 2016. Pursuant to the provisions as specified u/s 161(1) of the Companies Act, 2013, Ms Richa Kalra holds office upto the date of the ensuing Annual General Meeting but is eligible for the appointment as an Independent Director.

The Company has received a Notice from a member in writing, along with a requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

Further, Ms Richa Kalra has furnished a declaration to the Company/Board that he meets the criteria of independence as provided under section 149(6) of the Act.

For your information and record, Ms Richa Kalra have vast experience in as Company Secretary and general management. Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director.

Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item no. 3 of the Notice for appointment of Ms Richa Kalra as an Independent Director, not liable to retire by rotation.

The nature of concern or interest, financial or otherwise, if any, in respect of the Appointment of Ms Richa Kalra

- (i) Directors: No other Director is interested
- (ii) Every other Key Managerial Personnel: NIL;
- (iii) Relatives: NIL.

**By Order of the Board
For DCM Financial Services Limited**

**Sd/-
(Richa Kalra)
Chairperson**

Date: 28th Oct, 2016
Place: New Delhi

(Route Map of Venue in given in the end of Annual Report)

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in submitting their 25th (Twenty fifth) Annual Report of the Company together with the Audited Statements of Accounts for the financial year ended March 31, 2016.

FINANCIAL RESULTS

The summarized financial results for the year under review along with previous year's figures are given hereunder:

(Rupees in Lacs)

PARTICULARS	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
INCOME		
Income from Business Operations	-	-
Other operating revenues	-	0.11
Less Excise Duty		-
Net Revenue from Operations	-	0.11
Other Income	393.23	408.40
Total Income	393.23	408.51
EXPENSES		
Total Expenses	130.44	691.02
Profit before Exceptional and Extraordinary items and tax	262.78	(282.51)
Exceptional Items	-	-
Profit before Extraordinary items and tax	262.78	(282.51)
Extraordinary items	-	-
Profit before Tax	262.78	(282.51)
VI. Tax Expenses		
Current year tax	53.60	28.52
Mat Credit Adjustment		(28.52)
Profit After Tax	209.18	(282.51)
Profit/(Loss) for the year	209.18	(282.51)
Earnings per Equity share		
Basic	0.95	(1.28)
Diluted	0.95	(1.28)

The Gross Income comprises of amount(s) received on recovery of delinquent assets through settlement/ compromise/ legal action.

STATE OF COMPANY'S AFFAIRS AND RESULT OF OPERATIONS

At present your company is not having any NBFC business activities in view of restrictions imposed by the Reserve Bank of India.

DIVIDEND

In view of accumulated losses, no dividend has been considered for the year under review.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Company

SHARE CAPITAL

The paid up equity share capital outstanding as on 31st March, 2016 was Rs 2212.51 lacs. During the year under review, the Company has neither issued Shares with Differential Voting rights nor granted Stock Options nor sweat equity.

As on 31st March, 2016 none of the Directors of the Company has held shares of the Company except Mr. Om Prakash Gupta who holds 150 equity shares.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements prepared in accordance with the Companies Act, 2013 and Accounting Standards-21 is attached with the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management's discussion and analysis Report for the year under review, as stipulated under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 is presented in a separate section which forms part of the Annual Report as Annexure A

PUBLIC DEPOSITS

During the year under review, the Company has not invited any fixed Deposits. As on 31st March, 2016, there were 50928 fixed deposits aggregating to Rs 5637.28 remained unpaid as the scheme of repayment to fixed depositors is pending approval before the Hon'ble High Court of Delhi and out of these deposits, Rs 3.51 Cr (3639 depositors) have not submitted fixed deposit receipts and can be considered as unclaimed. However, since while making the repayments in terms of sanction of the scheme by the Hon'ble Court, all deposits will be verified, as recommended by the One Man Committee of Retd, Justice Anil Kumar. The duplicate or invalid deposits once discovered might be reversed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of section 149 of the Companies Act, 2013 Mr. Sehdev Shori was appointed as independent Director at the Annual General Meeting of the Company held on 30th Nov, 2015.

During the year, the non-executive Director of the Company had no pecuniary relationship or transaction with the Company other than reimbursement of expenses

Pursuant to the provisions of section 203 of the Act, key managerial person of the Company is Mr. Surender Kumar, whole time Director.

Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

RELATIONSHIP BETWEEN DIRECTORS INTERSE

None of the Directors are related to each other within the meaning of term "relative" as per Section 2(77) of the Companies Act, 2013

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.-

Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDIT & AUDITORS

The Statutory Auditors of the Company M/s. V. Sahai Tripathi & Co., Chartered Accountants, Delhi (Firm Registration No. 000262N), were appointed as Statutory Auditors by the members for two years. Their appointment would be ratified at the ensuing Annual General Meeting

Auditors' Qualifications/ Observations and Management Comments Thereon

Going Concern Basis -Para i and note 29. In accordance with section 217 (2AA) of the Companies Act, 1956, the financial statements are required to be made on going concern basis. 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. Further in accordance with amended Section 217 (2AA) of the Companies Act, 1956, the financial statements are required to be made on going concern basis.

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.

Para iii and Note 2.2 on non-creation of debenture redemption reserve is self-explanatory and cannot be created due to insufficient profits

Depletion in the value of Assets charged to Banks/Institution and Debentures in Para iv and covered under notes 3.1.d, 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 acknowledgments are not feasible

Para v. In view of litigation with creditors mentioned in the para v, it's not possible to obtain the balance confirmations

Para vi. In view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank accounts since 2006 , assistance of Rs 22.39 lacs has been taken to meet the essential expenses and obligations from Global IT Options Ltd. The Company being sick and as the scheme of arrangement pending before the court does not provide payment of any interest to creditors, the subsidiary company has given this amount without interest and element of interest and its payment will be decided once the scheme is approved and liquidity position improves/

Para vii. Efforts have been made for the appointment of a Whole time Company Secretary and even after giving advertisements in the newspapers for the vacancy , the management was unable to appoint in view of restrictions imposed by the Hon'ble High Court of Delhi on company's bank accounts, no candidate opted to join in view of these restrictions.

Para viii. The necessary compliance in this regard has been made w.e.f 6th Oct, 2016

Para (ix(a)). The Company is contesting claims lodged against it not acknowledged as debts, including claims of Mr. Dhruv Prakash and on account of securitization transaction and underwriting obligations. Rest of the contingent liabilities are being addressed through the Scheme

In case of Payment to Punjab & Sind Bank & IndusInd Bank as mentioned in para viii(ix(b)) & para ix(c)), 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

Para (ix(d)), the Company has filed an application with Hon'ble High Court of Delhi for the release of amount to be deposited in the Punjab & Haryana High Court and the same is pending

Para (ix (e)) There are certain disputes with the tenant and the claim of tenant is contested in the pending arbitration.

As mentioned in the **para viii (ix(f))**, the Company has filed necessary application for the rectification application for the deletion of said demand, however the same is pending

Para viii (ix(g)) Company has preferred an appeal/objections before Hon'ble High Court of Delhi in the MS Shoes East Limited matter against the arbitration order and the same pending adjudication

Para (ix (h)) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act

Para (ix(i)) it is submitted that the scheme of restructuring, pending before the Hon'ble Delhi High Court and repayment issue to SIDBI is being addressed in the scheme of arrangement with creditors

All the other notes are self-explanatory.

SECRETARIAL AUDITORS

The Board of Directors of the Company has appointed M/s Latika Chawla and Associates, Practicing Company Secretaries to conduct secretarial audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is enclosed as Annexure – B and forms an integral part of this Report.

Management Comments on the observations of Secretarial Auditor

- a. In view of defaults in repayments of deposits and debentures in the year 1997-98, the provisions of the Companies Act restricts the Company to appoint a director on the Board of subsidiary Company, in terms of the clause 49(iii) of the listing agreement. However, once the scheme of arrangement pending sanction before the Hon'ble High Court of Delhi is sanctioned, the Company will be able to comply with the said provision.
- b. The Company has appointed a Woman Director w.e.f 6th Oct, 2016.
- c. The Company has taken adequate steps to appoint a Full time Company Secretary commensurate to the requirement. Attempts have been made for the appointment of a Whole time Company Secretary and even after giving advertisements in the newspapers for the vacancy, the management was unable to appoint in view of restrictions imposed by the Hon'ble High Court of Delhi on company's bank accounts, no candidate opted to join in view of these restrictions. However, the Company has duly outsourced all its Secretarial work to the reputed Secretarial Audit Firms.
- d. Other observations are on the basis of the facts and hence self-explanatory.

INTERNAL AUDITORS

M/s SVTG & Co., Chartered Accountants, performs the duties of Internal Auditors of the Company and their report/s are reviewed by Audit Committee from time to time.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under SEBI (LODR) Regulations 2015 with the stock exchanges. However, the company could not comply with Regulation 17, 19 & 24(1)

The Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are enclosed as Annexure – B and forms an integral part of this Report.

DISCLOSURES UNDER COMPANIES ACT, 2013**Meetings of the Board**

Seven meetings of the Board of Directors were held during the year. For further details, please refer Report on Corporate Governance annexed as Annexure – B to this report.

Extracts of Annual Return

In terms of provisions of Section 92 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extracts of Annual Return in Form MGT-9 is enclosed as Annexure – C and forms an integral part of this Report.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

During the year under review, no loan, investment, guarantees and securities has been provided.

Contracts and Arrangements with Related Parties

No contract/ arrangements/ transactions were entered by the Company during the financial year with related parties. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on the materiality of related party transactions. The particulars of contracts and arrangement with related parties under section 188(1) in Form AOC-2 is enclosed as **Annexure-D**.

The Policy on materiality of related party transactions and dealing with related party transactions as provided by the Board may be accessed on the Company's website www.dfslonline.com under Investor Information.

Your Directors draw attention of the members to Note 31 to the financial statement which sets out related party disclosures.

COMPOSITION OF AUDIT COMMITTEE

The Board has constituted an Audit Committee, which comprises of Ms Richa Kalra as the Chairperson and Mr. Sehdev Shri, Mr. Surender Kumar as the members. More details about the Committee are given in the Corporate Governance report appended hereto.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURTS.

The Hon'ble High Court of Delhi, in a winding up filed by the Reserve Bank of India, in the year 2006 has restricted the Company to operate its bank accounts.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

Fraud free and corruption free work culture has been the core of the Company's functioning. In view of the potential risk of fraud and corruption, the Company has put even greater emphasis to address this risk.

To meet the objective, a Whistle Blower Policy has been laid down. The same policy as approved by the board was uploaded on the Company's website www.dfslonline.com

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and under the Securities & Exchange Board of India (Listing Obligations and Disclosure Regulations), Regulations 2015, the Board has carried out an Annual Performance Evaluation of its own performance and all the directors individually

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. There were no complaints received from any employee during the financial year 2015-16 and hence no complaint is outstanding as on 31.03.2016 for redressal

INTERNAL POLICY ON REMUNERATION

The policy for Appointment and Remuneration of Director's, Key Managerial Personnel and Other Employees is attached as Annexure –E and forms an integral part of this report.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosure pursuant to the provisions of Section 197, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; hence no such particulars are annexed.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure – F and forms an integral part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are as follows:-

Conservation of Energy

Your Company being engaged in financing business and does not have any activity relating to conservation of energy.

Research & Development (R&D)

Specific R&D Activities: There is no Research and Development activity in the Company. Benefits derived as a result of above R&D: N.A.

Future Plan of Action: NIL

Expenditure on R & D: NIL

Technology Absorption, Adaptation and Innovation: Efforts in brief made towards Technology absorption etc.: NIL

Benefits derived as a result of above: N.A.

Technology imported, years of Import, Has technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action: N.A.

Foreign exchange earnings and outgo: During the period under review, there was no foreign exchange outflow from your Company and it had no foreign exchange earnings.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

RISK MANAGEMENT POLICY OF THE COMPANY

During the year, your Directors have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, legal, regulatory and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks. The Risk Management Policy was reviewed and approved by the Committee.

CORPORATE SOCIAL RESPONSIBILITY

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

SUBSIDIARIES

M/s Global IT Solutions Limited is the Subsidiary of your Company. The Financial Statements and other documents of the subsidiary company is being attached with the Financial Statements of the Company.

SHARES

a. Buy Back of Securities:

The Company has not bought back any of its securities during the year under review.

b. Sweat Equity:

The Company has not issued any Sweat Equity Shares during the year under review.

c. Bonus Shares:

No Bonus Shares were issued during the year under review.

d. Employees Stock Option Plan:

The Company has not provided any Stock Option Scheme to the employees.

MATERIAL CHANGES

There is no material change effecting the financial position of the Company which has occurred between the end of financial year of the Company and the date of report.

ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**By Order of the Board
For DCM Financial Services Limited**

**Sd/-
(Richa Kalra)
Chairperson**

Date: 28th Oct, 2016
Place: New Delhi

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

Non-Banking Finance Companies (NBFC) sector in India is represented by a mix of a few large companies with Nationwide presence and a few small and medium sized companies with regional focus, primarily engaged in hire purchase financing, investments, corporate loans, IPO funding, venture capital and other non-fund based activities. The Reserve Bank of India (RBI) regulates and supervises these NBFCs.

Opportunities and Threats

The NBFCs are facing stiff competition from Banks and Financial Institutions, due to the ability of Banks & FI's to raise low cost funds which enables them to provide funds at more favorable rates. More stringent capital adequacy norms have been stipulated by RBI for NBFCs also resulted into their inability to give cheaper finance.

Segment-wise or Product-wise Performance

The Company has been primarily engaged in the business of hire purchase, leasing, bill discounting and non-fund based activities. Since the risk and returns in these businesses are similar, therefore, they are grouped as a single segment. This is in accordance with the guiding principle provided in the Accounting Standard on Segment Reporting (AS- 17) issued by The Institute of Chartered Accountants of India.

Future Outlook

The Company is presently engaged in recovery of delinquent loan assets and settlement of old legal cases filed by/ against the Company. Application made to RBI in the year 1997 for registration as NBFC was rejected by RBI in 2004. Company has filed a scheme of settlement with creditors and reorganization of share capital with the Hon'ble High Court of Delhi. Pending sanction of scheme by Hon'ble High Court of Delhi and recovery of loan assets, the possibilities of venturing into newer business areas shall be examined subsequently.

Risks and Concerns

High interest regime in the economy may act as a dampener for the financing business. There is also stiff competition due to entry of large players in the market.

Internal Control Systems and their adequacy

The Internal Control Systems are in place to serve the existing operations of the Company.

Financial Performance

The profit for the year amounts to Rs. 209.18 lacs

Human Resource and Industrial Relations

The Company is having five employees as on the date of this report. Your Directors relation at all levels with employees were cordial.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis section describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations are significant changes in political and economic environment in India, tax laws, RBI regulations, exchange rate fluctuation and related costs.

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 20 1 4

To

The Members

M/s DCM FINANCIAL SERVICES LIMITED

D-7/3, Okhla Industrial Area, Phase-2

New Delhi-1 10020

I have conducted the Secretarial Audit of compliance of applicable statutory provisions and adherence to good corporate practices by M/S DCM FINANCIAL SERVICES LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expresses my opinion thereon.

Based on my verification of the Company's books, papers, minute's book, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has during the audit period covering the Financial Year ended on March 31, 2016 ("Audit Period") complied with the statutory provision listed hereunder and also that the Company has proper Board processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books and papers, minutes' books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2016 according to the provision of:

- I. The Companies Act, 2013 (the Act) and rules made thereunder;
- II. The Securities Contract Regulation Act, 1956 ("SCRA") and rules made thereunder ;
- III. The Depositories Act, 1996 and regulations and by laws made thereunder;
- IV. The following Regulations and guidelines prescribed under the Securities Exchange Board of India Act, 1992 ("SEBI Act")
 - a) The Securities Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulation, 2011 (Not applicable to the company during the Audit period)
 - b) The Securities Exchange- -Board of India (Prohibition of Insider Trading) Regulation, 1992
 - c) The Securities Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2009
 - d) The Securities, Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 2009 (Not applicable to the company during the Audit period)
 - e) The Securities Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 (Not applicable to the company during the Audit period)
 - f) The Securities Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulation, 1993
 - g) The Securities Exchange Board of India (Delisting of Equity Shares) Regulation, 20.09; (Not applicable to the company during the Audit period) and
 - h) The Securities Exchange Board of India (Buyback of Securities) Regulation, 1998 (Not applicable to the company during the Audit period)

I have also examined with the applicable clauses of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable to the company as on date)
- I. The company has also followed the Minimum Wages Act, 1948 as applicable to the company and all of provisions and clauses applied had followed by the company in fair and transparent manner.
- II. The Listing Agreements entered into by the Company with Stock Exchange(s),

As per the listing agreement clause 49(iii) subsidiary companies, At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non- listed Indian subsidiary company, is not appointed by the company.

During the period under review the company has complied the provision of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above except point no III as mentioned above where the company have not appointed one independent director on the Board of Director of subsidiary company till the audit period

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors but no Independent Directors woman director is appointed by the company and the whole time company secretary is not appointed by the company as mandated by the Companies Act 2013 till the audit period

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further in information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there is one RBI and CLB case pending against the company, the noting of the same are given below.

1. It is imperative to mention here that the RBI had also filed a petition for winding up of the Company being CP No 296/2004 . The petition for winding up was heard on 6th March, 2006 and the Hon'ble Court directed that the Company not to operate its bank accounts without the permission of the court. It is further pertinent to mention here that the order is still in operation.
2. The Company has also issued privately placed non- convertible debentures in the year 1995-96, and the debentures holders had appointed the Central Bank of India as their Debenture Trustee. Due to serious financial and cash flow constraints being faced by the Company, the orders of the Reserve Bank of India as depressed and adverse market conditions, the Company had to postpone payment and redemption of its debentures.

Further, the Central Bank of India, instead of executing the Supplementary Trust Deed for implementing the revised repayments schedule, filed a recovery suit before the Hon'ble High court of Mumbai at Mumbai being Suit no. 6284 of 1998, which was adjourned sine-die. NIL.

Sd/-
Latika Chawla & Associates
Latika Chawla
ACS no. 30554
COP no. 11096

Date: 30/05/2016
Place: Delhi

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

In Compliance with SEBI(LODR) Regulations, 2015, replacing the earlier provisions as stipulated in clause 49 of the Listing Agreement, the Company submits the report on Corporate Governance followed by the Company.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to ensure the best possible management team with adequate number of professional experienced people. The Company firmly believes that sound practices adopted in the governance of its affairs based on openness, transparency, capability and accountability is sine-que-non for the long term success, building the confidence of its stakeholders, its functioning and conduct of business.

BOARD OF DIRECTORS

(a) Composition and Category of Directors (As on March 2016)

The Board of Directors of the Company comprises of three directors with one Whole time Director and two independent non-executive Directors. Chairman of the Company is a non-executive Director. The board consists of eminent persons with considerable professional experience in business, industry, finance, audit and law. None of the Director is a member of more than ten committees and Chairman of more than five Committees across all the Companies in which they are directors. All the members have made disclosures regarding their directorship and memberships on various committees.

The details of Directors with regard to their directorships and committee positions as on 31-03-2016 are as follows:

Name	Designation	Category	No. of Board meetings attended during the year	Whether attended the last AGM	No. of Directorships in Public Companies*	Committee Positions held	
						Member-ship	Chairman-ship
1. Mr. Om Prakash Gupta	Chairman	Non-Executive Independent Director	7	Yes	Nil	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee
2. Mr. Suren-der Kumar	Whole Time Director	Whole Time Director	7	Yes	Nil	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	-
3. Mr. Rajeshwar Singh Up to 7.8.2015	Director	Non-Executive Independent Director	0	No	Nil	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	-
4. Mr. Seh dev Shori W.e.f 13.8.15	Director	Non-Executive Independent Director	6	Yes	Nil	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	-

- Note:** 1) None of the Directors is representing a Lender or Equity Investor.
2) None of the Directors except Mr. Om Prakash Gupta holding 150 Shares in the Company.

(b) BOARD MEETINGS

During the year ended on March 31, 2016 the Board of Directors met seven (7) times on 29th May, 2015, 13th Aug, 2015, 30th Sept, 2015, 2nd Nov, 2015, 10th Nov, 2015, 10th Feb, 2016 and 29th Feb, 2016. The gap between any two Board meetings did not exceed 120 days.

(c) Disclosure of relationships between directors inter-se;

None of the Directors are related to each other within the meaning of the term 'relative' as per section 2(77) of the Companies Act, 2013.

(d) Number of shares and convertible instruments held by Non-Executive Directors:

As on 31st March, 2016, none of the Directors of the Company held shares or convertible instruments of the Company except Mr. Om Prakash Gupta, Director who held 150 equity shares.

(e) Board Procedure

The Board Meetings of the Company are convened on the direction of the Chairman. Sufficient notice in writing is given to all Directors for the Board Meetings and/or other Committee Meetings. All important matters concerning the working of the Company along with requisite details are placed before the Board.

(f) Information supplied to the Board

The Board has complete access to all information of the Company, Inter-alia, the information as required under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 to the Board as a part of the agenda.

The important decisions taken at the Board / Board Committee meetings are communicated to the concerned Departments/Divisions.

(g) Compliance reports of all applicable laws to the Company

The periodical reports submitted by the Internal Auditors and by the concerned executives of the Company with regard to compliance of all laws applicable to the Company including steps taken by the Company to rectify instances of non-compliances, if any, are being reviewed by the Audit Committee and the Board.

(h) Independent Directors

Independent Directors play an important role in the governance processes of the Board. They bring their expertise and experience in the deliberations of the 'Board. This enriches the decision making process at the Board with different points of view and experiences and prevents conflict of interest.

The appointment of the Independent Directors is carried out in a structured manner. The Nomination & Remuneration Committee identifies potential candidates based on certain laid down criteria and takes into consideration the diversity of the Board.

None of the Independent Directors serve as "Independent Directors" in more than seven listed companies.

The Independent Directors have confirmed that they meet with the criteria of independence laid down under the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(i) Separate Meetings of Independent Directors

As stipulated the Code of Independent Directors under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate Meeting of the Independent Directors of the Company was held on 29th Feb, 2016 to review the performance of Non-Independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committee which is necessary to effectively and reasonably perform and discharge their duties.

(j) Familiarization Programme for Directors

The Independent directors of DCM Financial Services Limited are eminent personalities having wide experience in the field of business, finance, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. Independent Directors are appointed as per the Governance guidelines of the Company, with management expertise and wide range of experience. The Directors appointed by the Board are given induction and orientation with respect to the Company's vision, strategic direction, core values, including ethics, corporate governance practices, financial matters and business operations by having one-to-one meetings. Board members are also requested to access the necessary documents I brochures, Annual Reports and internal policies available at our website www.dfsonline.com to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made by Senior Management, Statutory and Internal Auditors at the Board/Committee meetings on business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to the Directors.

Further the company has familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company nature of the industry in which the Company operates, the business model of the Company etc. The familiarization programme along with details of the same imparted to the Independent directors during the year are available on the website of the Company (weblink :<http://www.dfsonline.com/policy/9.pdf>).

AUDIT COMMITTEE CONSTITUTION

As on March 31, 2016, the Audit Committee comprises of the following Directors:

Name of the Member	Designation	Category
Mr. Om Prakash Gupta	Non-Executive Independent Director	Chairman
Mr. Surender Kumar	Whole Time Director	Member
Mr. Rajeshwar Singh Up to 7.8.2015	Non-Executive Independent Director	Member
Mr. Sehdev Shori w.e.f 13.8.2015	Non-Executive Independent Director	Member

All the members of the Audit Committee have accounting, economic and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Audit Committee assists the Board in its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal & regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors and the performance of Internal Auditors of the Company.

TERMS OF REFERENCE

The Charter of the Committee is as prescribed under Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement viz.:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement forming part of Board's Report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

- b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Reviewing and monitoring the auditor's independence & performance, and effectiveness of audit process.
 8. Approval or any subsequent modification of transactions of the Company with related parties.
 9. Scrutiny of inter-corporate loans and investments.
 10. Valuation of undertakings or assets of the Company, wherever it is necessary.
 11. Evaluation of internal financial controls and risk management systems.
 12. Reviewing, with the management, performance of statutory & internal auditors, adequacy of the internal control systems.
 13. Reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 14. Discussion with internal auditors of any significant findings and follow up thereon.
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern.
 17. Investigating the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 18. To review the functioning of the Whistle Blower mechanism.
 19. Approving the appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 20. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
 21. Carrying out any other function as may be referred to the committee by the Company's Board of Directors and/ or other Committees of Directors of the Company from time to time.
 22. Recommending to the Board, the terms of appointment, re-appointment and, if required, the replacement or removal of the Cost Auditors.

23. The Committee has systems and procedures in place to ensure that the Audit Committee immediately reviews:
- Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses, if any;
 - Appointment, removal and terms of remuneration of the Chief Internal Auditor;
 - The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Clause 49.
 - Details of material individual transactions with related parties, which are not in the normal course of business; and
 - Details of material individual transactions with related parties or others, if any, which are not on arm's length basis, along with management's justification for the same.

The Audit Committee is endowed with the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To invite such of the executives, as it considers appropriate (and particularly the head of the finance) to be present at the meetings of the committee.

MEETING & ATTENDANCE

During the financial year 2015 -16, Audit Committee met four (4) times on May 29, 2015, August 13, 2015, November 10, 2015 and February 10, 2016.

The details of members' attendance at the Audit Committee Meetings are as follows:

Name of the Member	Number of meeting	
	Held	Attended
Mr. Surender Kumar	04	04
Mr. Om Prakash Gupta	04	04
Mr Rajeshwar Singh (upto 7.8.15)	02	0
Mr. Sehdev Shori (w.e.f 13.8.15)	03	03

Surender Kumar is acting as Secretary to the Audit Committee.

Annual General Meeting held on November 30th, 2015 was attended by the Chairman of the Committee Mr. Om Prakash Gupta to answer shareholders query.

NOMINATION & REMUNERATION COMMITTEE CONSTITUTION

During the financial year 2015-16 ended on March 31, 2016, the Nomination and Remuneration Committee has been constituted by inducting Mr. Om Prakash Gupta as Chairman, Mr. Surender Kumar and Mr. Sehdev Shori as members of the Committee

The Nomination and Remuneration Committee comprises of following:

- Mr. Om Prakash Gupta – Independent Director – Chairman
 Mr. Sehdev Shori – Independent Director
 Mr. Surender Kumar – Non Independent Director

TERMS OF REFERENCE

The Charter of the Committee is as prescribed under Section 178 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement viz.:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The remuneration policy is placed on the Company's website www.dfsonline.com.

During the period under review there are no pecuniary relationships or transactions of the Non-Executive Directors viz- a-viz the Company.

MEETING & ATTENDANCE

During the financial year 2015-16, one meeting of Nomination and Remuneration Committee was held on 2nd Nov, 2015 which was attended by all the members of the Committee.

REMUNERATION OF DIRECTORS

During the year under reference, no remuneration has been paid to Director as the Company has applied for the payment of remuneration to the Central Government and its approval is pending

* None of the Directors are related to any other Director.

STAKEHOLDERS' RELATIONSHIP COMMITTEE CONSTITUTION

The Stakeholders' Relationship Committee comprises of the following Directors:

Name of the Member	Designation	Category
Mr. Om Prakash Gupta	Non-Executive Independent Director	Chairman
Mr. Surender Kumar	Whole Time Director	Member
Mr. Rajeshwar Singh Up to 7.8.2015	Non-Executive Independent Director	Member
Mr. Sehdev Shori w.e.f 13.8.2015	Non-Executive Independent Director	Member

TERMS OF REFERENCE

The Committee looks to redress shareholders and investors complaints relating to share transfer, Demat, Remat, non- receipt of declared dividends or Annual Reports etc. The Committee additionally oversees the performance of MCS RTA and recommends measures for overall improvement in the quality and promptness in investors services.

MEETINGS AND ATTENDANCE

During the financial year 2015-16, 4 (Four) meetings of the Stakeholders' Relationship Committee were held on May 29, 2015, August 13, 2015, November 10, 2015 and February 10, 2016.

The details of members' attendance at the Stakeholders' Relationship Committee Meetings are as follows:

Name of the Member	Number of meeting	
	Held	Attended
Mr. Surender Kumar	04	04
Mr. Om Prakash Gupta	04	04
Mr Rajeshwar Singh (upto 7.8.15)	02	0
Mr. Sehdev Shori (w.e.f 13.8.15)	03	03

Mr. Surender Kumar, Whole Time Director of the Company, is the Compliance Officer of the Company as per the requirements of the Listing Agreement

COMPLAINTS RECEIVED/ RESOLVED

During the year under review, 12 complaints were received from investors, which were replied/ resolved to the satisfaction of the investors. No complaint(s) were pending for redressal for the year 2015-16 as on the date of this report.

PENDING SHARE TRANSFER

No request for transfer and/ or dematerialization was pending for redressal as on March 31, 2016.

FUNCTIONAL COMMITTEE

The Board is authorized to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes. Meeting of such committees are held, as and when the need arises. Time schedule for holding such functional committee meetings are finalized in consultation with the Committee members.

PROCEDURE OF COMMITTEE MEETINGS

The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels, to the extent it considers appropriate, to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting.

PROHIBITION OF INSIDER TRADING

With a view to regulate Trading in Securities by the Directors and Designated Employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

SUBSIDIARY COMPANY

Subsidiary Company of the Company is managed by its respective Board having the rights and obligations to manage company in the best interest of their stakeholders. The Company monitors performance of subsidiary Company, inter-alia, by the following means.

- Financial statements are reviewed quarterly by the audit Committee of the Company.
- All minutes of Board Meeting of the unlisted subsidiary Company are placed before the Company's Board regularly.

The Company has one unlisted subsidiary Company i.e. Global IT Options Limited.

Further, Policy for determining material subsidiary has been posted on the web site of the Company <http://dfsionline.com/policy/8.pdf>

GENERAL BODY MEETINGS

Location, date, day and time of Annual General Meetings held during the last three years and special resolution passed there at are given below:

FinancialYear	Venue	Date	Time	No.ofSpecial Resolution passedatAGM
2014-15	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030	30-11-2015	10.00 AM	01 (One)
2013-14	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030	31-12-2014	10:00 AM	01 (One)
2012-13	Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030	30-09-2013	11:30 AM	None

SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT

During the financial year 2015-16, the Company has not passed any Special Resolution through Postal Ballot. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

MEANS OF COMMUNICATION**COMMUNICATION TO SHAREHOLDERS**

The Annual, half yearly & Quarterly results are submitted to the Stock Exchanges in accordance with the listing agreements and same are normally published in the Money Makers (English) & Dainik Mahalaxmi Bhagyodaya (Hindi) newspapers.

In addition to this, the Quarterly/half yearly & yearly results displayed on Company's website viz. www.dfsonline.com in accordance with the requirement of Listing Agreement and SEBI (LODR) Regulations, 2015 for the information of all shareholders.

-NSE Electronic Application Processing System (NEAPS):

The NEAPS is web-based application designed for corporates. All periodical compliance filing like shareholders pattern, corporate governance report etc. are filed electronically on NEAPS

-BSE Corporate Compliance & Listing Centre (the Listing Centre)

BSE's Listing Centre is web-based application designed for corporates. All periodical compliance filing like shareholders pattern, corporate governance report etc. are filed electronically on the Listing Centre.

DISCLOSURES**a. Related Party Transactions**

There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. Suitable disclosures as required by the Accounting Standards (AS18) has been made in form of notes to the financial statements.

b. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to report instances of unethical behavior, fraud or violation of the Ethic Policy of the Company. The Whistle Blower Policy has been circulated to all the employees and directors of the Company and the same is available on the Company's website: www.dfsonline.com

c. Disclosure of Accounting Treatment

In the preparation of financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India

d. Disclosures of Risk Management

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure, which is periodically reviewed by the Board

e. Proceeds from public issue, rights issue, preferential issue and FCCB issue

During the year, the Company has not raised any funds from public issue, rights issue, preferential issue and FCCB issue

f. Management discussion and Analysis

Management discussion and Analysis Report forms part of the Annual Report

g. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

The Company has complied with SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 except the requirement pertaining to composition of Board of Directors with respect to requisite number of Independent Directors, woman Director, Director on the Board of subsidiary & appointment of a Company Secretary. Further, the Company has not been able to comply with the Prudential Norms Direction relating to maintenance of liquid assets and Capital Adequacy Ratio, as required by the Reserve Bank of India's Rules and Regulations. (A petition for the waiver in this regard is pending with Reserve Bank of India)

h Code Of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website www.dfslonline.com.

The Board members and Senior Management personnel of the Company have affirmed their compliance with the code. A declaration to this effect signed by the Manager of the Company is contained hereinafter in this Report.

i) Review of Director's responsibility Statement

The Board in its Report to the members of the Company have confirmed that the Annual Accounts for the year ended March 31, 2016 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records

j) SCORES

The Company has enrolled itself for SEBI Complaints redress system (SCORES). A centralized web based complaints Redressal system which allows online lodging of complaint. The Company uploads and Action Taken Report so that the investor can view status of complaint online.

OTHER REQUIREMENT AS PER SEBI (LODR). REGULATIONS, 2015

- (I) The Board: The Chairman of the Company is the Non- Executive Chairman and no expenses are incurred by the Company for the maintenance of the Chairman's office.

All the Directors including Independent Directors are appointed/re-appointed by the Board from time to time.

- (II) Shareholders' Rights: The quarterly, half-yearly and annual financial results of the Company are published in the newspapers and are also posted on the Company's website [www.dfslonline .com](http://www.dfslonline.com). The complete Annual Report is sent to each and every shareholder of the Company.

- (iii) Audit Qualifications: The Audit Qualifications in the Company's financial statements for the year under reference have been replied in the report to the Members.

- (iv) Reporting of Internal Auditors: The Internal Auditors directly report to the Audit Committee.

GENERAL SHAREHOLDER INFORMATION

(i) Company Registration Details

The Company is registered in the state of Delhi, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is CIN 65921DL1991PLC043087

(ii) Annual General Meeting

Day & Date: Wednesday, the 30th day of November, 2016 Time: 10.00 A.M. Venue: The Executive Club, Vill. & PO Sahroorpur, New Delhi

- (iii) Financial year:** April 1, 2015 to March 31, 2016

(iv) Appointment Re-appointment of Directors

Ms. Richa Kalra was inducted as an additional director of the Company by the Board on 6th Oct, 2016. Pursuant to the provisions as specified u/s 161(1) of the Companies Act, 2013. Ms. Richa Kalra holds office up to the date of the ensuring Annual General Meeting but is eligible for the appointment as an Independent Director.

The Company has received a notice from a member in writing, along with requisite deposit under Section 160 of the Act, proposing her candidature for the office of Director.

Further, Ms. Richa Kalra has furnished a declaration to the Company / Board that she meets the criteria of independence as provided under section 149(6) of the Act.

The brief resume and other details relating to the director proposed to re-appointed, as required to be disclosed under Regulation 36(3) of SEBI(Listing Obligations and Disclosures) Regulations, 2015 are provided hereunder:

Name of Director : Ms. Richa Kalra
 Date of Birth : 22.01.1979
 Date of Appointment : 6th Oct,2016
 Experience in specific Functional Area : Corporate affairs and General Administration
 Qualification : Member Institute of Companies Secretaries of India

Directorship in other Public Limited Companies : Nil

Member / Chairman of the Committee of the Board of the Public Limited Companies on which she is Director : Nil

(v) Financial Calendar 2016-17 (tentative)

Meetings of Board/ Committee thereof to take on record

Financial results for quarter ended June 30, 2016 : By August 14, 2016

Financial results for quarter ended September 30, 2016 : By November 14, 2016

Financial results for quarter ended December 31, 2016 : By February 14, 2017

Financial results for quarter ended March 31, 2017 : By May 15, 2017 If unaudited quarterly results or alternatively by May 30, 2017, in case of audited results for the year.

(vi) Annual General Meeting for the Financial Year ending March, 2017: By September 30, 2017.

(vii) Book Closure

The members register will be closed from November 24, 2016 to November 29, 2016 (both days inclusive) for the purpose of Annual General Meeting.

(viii) Dividend

The Board of Directors have not recommended any dividend for the current year.

(ix) Cut-off Date for e-voting

November 23, 2016 has been fixed as the cut-off date to record entitlement of the shareholder to cast their vote electronically.

(x) Listing:

The Securities of the Company are listed on the following Stock Exchange

StockExchange	StockCode
BSE Limited	511611
NSE Limited	DCMFINSERV
Demat ISIN no. in NSDL & CDSL	INE359A01012

The Company has paid the Annual Listing Fees to BSE & NSE till date.

(xi) Registrar & Share Transfer Agent

In terms of SEBI circular dated December 27, 2002, the share transfer work in both physical as well as electronic modes has been carried on by MCS Share Transfer Agent Ltd., Category I Registrar and Transfer Agents having office at F 65, Okhla Industrial Area-Phase 1, New Delhi-110020

(xii) Share Transfer System

The Company has appointed MCS Share Transfer Agent Ltd. as Share Transfer Agents and all work relating to share transfers is executed by them. The authority relating to share transfer has been delegated to Share Transfer Committee of the Board of Directors for the approval of Transfer, Transmission, Remat, Split & Consolidation of share certificates etc., which periodically meets to approve the requests of the Investors. Share Transfer Committee ensures the approval of share transfer/ transmission/ splitting and consolidation of valid request within a period of 15 days from their receipt.

(xiii) Demat ISIN Number in NSDL & CDSL : INE891B01012**(xiv) Stock Market price for the year 2015-16**

Monthly high and low prices (based on daily closing prices) of Company's Shares at BSE for the financial year ended on March 31, 2016 were as follows:

Month	High	Low
April 2015	0.96	0.73
May 2015	0.82	0.67
Jun 2015	1.02	0.69
July 2015	0.82	0.66
Aug 2015	1.03	0.76
Sep 2015	0.87	0.64
Oct 2015	0.81	0.63
Nov 2015	1.23	0.81
Dec 2015	1.2	0.95
Jan 2016	1.6	1.01
Feb 2016	1.4	0.91
Mar 2016	0.92	0.77

(xv) Performance in comparison to the broad base in indices such as BSE sensx, CRISIL Index etc. The shares of the Company are not considered by the Stock exchanges in their index fluctuations.**(xvi) Distribution of Shareholding as on March 31, 2016**

Range	No. of Shareholders	No. of Shares	% of Total
1-500	19489	2925593	13.22
501-1000	1588	1384651	6.26
1001-2000	732	1184709	5.35
2001-3000	246	639215	2.89
3001-4000	115	423909	1.92
4001-5000	136	654751	2.96
5001-10000	168	1240814	5.61
10001-50000	110	2272192	10.27
50001-100000	5	329547	1.49
100001 and above	8	11069673	50.03
Total	22597	22125054	100.00

(xvii) Shareholding Pattern as on March 31, 2016

CATEGORY	No. of Shareholders	No. of Shares held	% of Shareholding
Promoter and associates	4	8739952	39.50
Financial Institutions and Banks	3	1352700	6.11
Mutual Funds	8	33700	0.15
NRIs	477	575121	2.60
Other Corporate Bodies	234	1397950	6.32
General Public	21871	10025631	45.31
Total	22597	22125054	100.00

(xviii) Dematerialization

As on March 31, 2016 dematerialized shares accounted for 82.73% (82.65% up to March 31, 2015) of the total equity shares.

(xix) Outstanding GDRs/ ADRs/ Warrants etc.

The Company has not issued any GDRs/ ADRs/ Warrants.

(xx) Address for correspondence:

The shareholders may address their communication / grievances / queries / suggestions to :

Company : D-7/3, Okhla Industrial Area-II, Mezzanine Floor,
New Delhi-110020 Email id:- info@dfsionline.com

Registrar and Transfer Agents : MCS Share Transfer Agent Limited
F-65, Okhla Industrial Area-II, New Delhi-110020
Tel.- +91-11-42541953
Fax: +91-11-23552001
Email: helpdeskdelhi@mcsregistrars.com

(xxi) Compliance Certificate

Compliance Certificate for Corporate Governance from practicing Company Secretary of the Company in terms of Schedule V clause E of the SEBI(LODR) Regulations, 2015 is annexed herewith as Annexure G

(xxii) Reconciliation of Share Capital Audit Report

As required by the SEBI, reconciliation of share capital audit is required to be carried out by a qualified chartered accountant or a practicing Company Secretary to reconcile the total admitted capital with CDSL, NSDL and physical. This audit is carried out at the end of each quarter and the report thereon is submitted to Stock Exchanges.

**By Order of the Board
For DCM Financial Services Limited**

**Sd/-
(Richa Kalra)
Chairperson**

Date: 28th Oct, 2016

Place: New Delhi

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
DCM FINANCIAL SERVICES LIMITED

As on 31st March, 2016

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : L65921DL1991PLC043087
- (ii) Registration Date : 13th February, 1991
- (iii) Name of the Company : DCM FINANCIAL SERVICES LIMITED
- (iii) Category/Sub-Category of the Company : Public Limited Company Limited by shares
- (iv) Address of the Registered Office : D 7/3 Okhla Industrial Area-II,
New Delhi-110020
- (v) Whether listed company : Yes
- (vi) Registrar & Transfer Agents (RTA) : M/s MCS Share Transfer Agent Ltd

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	NA	NA	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Global IT Options Limited (Formerly known as DFS Securities Limited) Reg office: D 7/3 Okhla Ind. Area-II, New Delhi-110020	U67110DL-1995PLC069223	Subsidiary	90	Section 2(87) of the Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoter and Promoter Group									
(1)	Indian									
a.	Individual /HUF	15	0	15	0.00	15	0	15	0.00	0.00
b.	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c.	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d.	Bodies Corporate	8739937	0	8739937	39.50	8739937	0	8739937	39.50	0.00
e.	Banks /Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f.	Any Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A) (1)	8739952	0	8739952	39.50	8739952	0	8739952	39.50	0.00
(2)	Foreign									0
a.	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b.	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c.	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d.	Banks /Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e.	Ally Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoters(A) = (A) (1)+(A)(2)	8739952	0	8739952	39.50	8739952	0	8739952	39.50	0.00
B.	Public Shareholding									
1	Institutions									
a.	Mutual Funds	0	33700	33700	0.15	0	33700	33700	0.15	0.00
b.	Banks / Financial Institutions	0	1352700	1352700	6.11	0	1352700	1352700	6.11	0.00
c.	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d.	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e.	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f.	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g.	Flis	0	0	0	0.00	0	0	0	0.00	0.00
h.	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i.	Others	0	0	0	0.00					0.00
	Sub-total (B)(1)	0	1386400	1386400	6.27	0	1386400	1386400	6.27	0.00
2.	Non-Institutions									
a.	Bodies Corporate	1386446	67817	1454263	6.57	1330133	67817	1397950	6.32	-0.25
b.	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs.1Lakh	5850305	1806844	7657149	34.61	5899621	1800244	7699865	34.80	0.19
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	2205169	100500	2305669	10.42	2225266	100500	2325766	10.51	0.09
c.	Others,	0	0	0	0.00	0		0	0.00	0.00
j)	HUF	0	0	0	0.00	0	0		0.00	0.00
ii)	Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
iii)	Non Resident Indians	110071	470550	581621	2.63	110071	465050	575121	2.60	-0.03
iv)	Trusts	0	0	0	0.00	0		0	0.00	0.00
	Sub-total (B)(2)	9552991	2445711	11998702	54.23	9565091	2433611	11998702	54.23	0.00
	Total Public Shareholding (B)= (B) (1) + (B)(2)	9552991	3832111	13385102	60.50	9565091	3820011	13385102	60.50	0.00
c.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	18292943	3832111	22125054	100.00	18305043	3820011	22125054	100.00	

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares	
1.	DCM Services Limited	6352487	28.7117	NIL	6352487	28.7117	NIL	NIL
2	Intellect Capital Services Ltd	2075000	9.3785	NIL	2075000	9.3785	NIL	NIL
3	Shriram Global Enterprises Ltd	312450	1.4122	NIL	312450	1.4122	NIL	NIL
4	Mr.Vivek Bharat Ram	15	0.0001	NIL	15	0.0001	NIL	NIL
TOTAL		8739952	39.5025	NIL	8739952	39.5025	NIL	NIL

(iii) **(A) Change in Promoters' Shareholding: NIL**(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in share-holding	Reason	Cumulative shareholding during the year	
		No. of Shares at the beginning	% of shares of the company				No. of shares	% of total shares of the Company
1	Punjab & Sind Bank	1319900	5.97		NIL		1319900	5.97
2	Centennial Corp. P. Ltd	600000	2.71		NIL		600000	2.71
3	Amazing Capital Services P Ltd	176602	0.80		NIL		176602	0.80
4	Pradeep Kumar Sharma	123200	0.56		NIL		123200	0.56
5	Vinod Kumar	101111	0.45	31.3.2016	-1077	Transfer	100034	0.45
6	Shri Parasram Holdings P Ltd.	87436	0.40		NIL		88954	0.40
7	Lata Chouhan	75000	0.34		NIL		75000	0.34
8	Savitri Devi	57962	0.26		NIL		57962	0.26
9	LSE Securities Ltd	57675	0.26	31.3.2016	-16310	Transfer	41365	0.19
10	Bhupinder Singh	56165	0.25		NIL		56165	0.25

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Cumulative Shareholding during the year 1st April, 2015 to 31st March, 2016)	
		No. of shares at the beginning (01-04-15)/ end of the year (31-03-2016)	% of total shares of the company			No. of shares	% of total shares of the Company
1.	Mr. Om Prakash Gupta	150	0.00067	-	-	150	0.00067

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. In lacs)

		Secured Loans excluding deposits		Unsecured Loans	Deposits	Total Indebt- edness
Indebtedness at the beginning of the financial year						
i)	Principal Amount	3969.56	-	52.17	5631.36	9653.99
ii)	Interest due but not paid	-	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)		3969.56	-	52.17	5631.36	9653.99
Change in Indebtedness during the financial year						
•	Addition (Principal Amount)	-	-	-	5.92*	-
•	Reduction (Principal Amount)	-	-	-	-	-
•	Addition (Interest Amount)	-	-	-	-	-
•	Reduction (Interest Amount)	-	-	-	-	-
Net Change (Principal Amount)		-	-	-	-	-
Net Change (Interest accrued but not due)		-	-	-	-	-
Indebtedness at the end of the financial year						
i)	Principal Amount	3969.55	-	52.17	5637.28	9658.45
ii)	Interest due but not paid	-	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)		3969.55	-	52.17	5637.28	9658.45

* due to reconciliation

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Remuneration pertaining to the period from 01-April-2015 to 31st March 2016 is Rs.Nil

B. Remuneration to other directors: NIL

C. Remuneration to Key Managerial Personnel other than MD / Manager/WTD: NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					

Annexure-D

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: Nil
 - (b) Nature of contracts/ arrangements/ transactions: Nil
 - (c) Duration of the contracts/ arrangements/ transactions: Nil
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Nil
 - (e) Justification for entering into such contracts or arrangements or transactions: Nil
 - (f) Date(s) of approval by the Board: Nil
 - (g) Amount paid as advances, if any: Nil
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: Nil
 - (b) Nature of contracts/ arrangements/ transactions: Nil
 - (c) Duration of the contracts/ arrangements/ transactions: Nil
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Nil
 - (e) Date(s) of approval by the Board, if any: Nil
 - (f) Amount paid as advances, if any: Nil

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES INTRODUCTION

In accordance with Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee (the Committee) has formulated this Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Other Employees ("the Policy").

The objective of the policy is to ensure that Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

This Policy was recommended by the Committee of the Company and approved by the Board at its meeting held on 11th February, 2015.

CRITERIA FOR BOARD MEMBERSHIP DIRECTORS

The Company shall take into account following points:

- Director must have relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or the other disciplines related to company's business.
- Director should possess the highest personal and professional ethics, integrity and values.
- Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

INDEPENDENT DIRECTOR

Independent Director is a director who has no direct or indirect material relationship with the Company or any of its officers, other than as a director or shareholder of the Company.

Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and rules made thereunder and Clause 49 of the Listing Agreement entered into with the Stock Exchange.

APPOINTMENT AND REMUNERATION DIRECTORS

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the candidate for appointment as Director and recommend to the Board their appointment.

A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.

Independent Directors shall be appointed for their professional expertise in their individual capacity as independent professionals/ Business Executives.

The directors of the Company shall receive sitting fees for attending the meeting of the Board and Audit Committee of the Company.

KEY MANAGERIAL PERSONNEL (KMP) AND OTHER EMPLOYEES

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the candidate for appointment as KMP and recommend to the Board their appointment.

A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.

The remuneration of employees largely consists of basic salary, perquisites and other allowances. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades, qualification & experience/ merits and performance of each employee.

EVALUATION CRITERIA

The Committee shall develop such assessment criteria as it shall deem fit for the purpose of undertaking performance evaluation. The Committee shall undertake an annual performance evaluation based on the relevant assessment criteria developed by it. The assessment criteria for performance evaluation shall be disclosed in accordance with the relevant applicable provisions.

Annexure-F

Details pertaining to Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S.No	Particulars	Details
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Nil (as nil paid during the year)
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Nil (as nil paid during the year)
3	The percentage increase in the median remuneration of employees in the financial year	17 %
4	The number of permanent employees on the rolls of the Company	5 as on 31st March 2016
5	The explanation on the relationship between average increase in remuneration and Company performance	Factors considered for giving increments:
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	i Performance of the Company ii Inflation iii Employee Performance
7	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	A Market Capitalization as on 31.3.2015= Rs 185.85 Lacs as on 31.3.2016= Rs 170.36Lacs B EPS as on 31.3.2015 =(1.28) as on 31.3.2016 =0.95 C PE Ratio as on 31.3.2015 =(0.66) as on 31.3.2016 =0.89 D Closing rate of share at BSE as on 31.3.2015 = Rs 0.84 as on 31.3.2016 = Rs 0.77
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Salary increment KMP = NIL Salary Increment other than KMP =17%
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	N.A (as not paid during the year)
10	The key parameters for any variable component of remuneration availed by the directors	N.A (as not paid during the year)
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	No salary has been paid to Directors during the year.
12	Affirmation that the remuneration is as per the remuneration policy	Affirmed

INFORMATION REGARDING SUBSIDIARY COMPANY

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs in Lacs)

1	Name of the subsidiary	Global IT Options Limited
2	Reporting period for the subsidiary concerned if different from the holding company's reporting period	-
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	-
4	Share capital	100.00
5	Reserves & surplus	(69.94)
6	Total assets	31.05
7	Total Liabilities	0.99
8	Investments	-
9	Turnover	-
10	Profit before taxation	0.53
11	Proposed Dividend	Nil
12	% of shareholding	90
13	Names of subsidiaries which are yet to commence operations	Nil
14	Names of subsidiaries which have been liquidated or sold during the year.	Nil

For and on behalf of the Board

Richa Kalra
Chairperson

Surender Kumar
Director

Date: 28th Oct, 2016

Place: New Delhi

DECLARATION

To the Members of DCM Financial Services Limited

I Surender Kumar, Whole time Director hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with Rules of Code of Conduct for the financial year ended 31st March, 2016 pursuant to the requirement of Clause 49 of the Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

New Delhi
28th Oct,2016

Surender Kumar
Director

CEO/ CFO CERTIFICATION

The Manager and Chief Financial Officer of the Company certified to the Board on financial reporting and internal controls in terms of Clause 49(V) of the Listing Agreement pertaining to CEO and CFO certification for the year ended on March 31, 2016.

To,
The Board of Directors
DCM Financial Services Limited

Dear Sir,

I, Surender Kumar, Whole Time Director, certify to the Board that:

- a. I have reviewed the financial statements and the cash flow statement of DCM Financial Services Limited for the financial year ended March 31, 2016 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violate the Company's Code of Conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify these deficiencies.

I have indicated to the Auditors and the Audit Committee:

- i. significant changes in internal control over financial reporting during the financial year;
- ii. significant changes in accounting policies during the financial year and that the same have been disclosed in the notes to the financial statements; and
- iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: New Delhi
Dated: 30th May,2016

Surender Kumar
Whole Time Director

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of DCM Financial Services Limited

We have examined the compliance of conditions of Corporate Governance by DCM Financial Services Limited ('the Company'), for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (LODR) Regulations, 2015 and in Listing Agreements.

We state that the Company does not have any Company Secretary, as per the clarifications given by the management; it is in the process of searching of right candidate for the Company and will appoint the same as soon as possible.

We state that the Company does not have any women director on its Board, as per the clarifications given by the management; it is in the process of searching of right candidate for the Company and will appoint the same as soon as possible.

We further state that the Company has duly constituted the Nomination and Remuneration committee with its existing directors, wherein the Chairperson is an Independent and non-executive Director of the Company, but it does not fulfill the criteria of composition as required under SEBI (LODR) Regulations, 2015 and in Listing Agreements.

We further state that the Company does not have any director is on the Board of its subsidiary Company, which is required under SEBI (LODR) Regulations, 2015 and in Listing Agreements.

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

For AMIT KUMAR

Company Secretaries

AMIT KUMAR

Proprietor

FCS- 5917

CP- 6184

Place: New Delhi

Date: 28-10-2016

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, 2016, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 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 lacs as promoters quota which has already been infused by the management group. The same has been explained in **Note 29**.
- (ii) No provision of Rs. 86,855 lacs (Rs. 1,564,7.48 lacs towards accumulated Interest as at 31st March, 2016) (Previous Year – Rs. 1,4778.93 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 loss for the year ended 31st March, 2016 and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been overstated by Rs. 868.55 lacs and Rs 15647.48 lacs respectively. 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-30**
- (vi) The subsidiary company namely, Global IT Options Limited has till 31st March, 2016 incurred expenditure of Rs 22.39 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 22.39 lacs by Company to its subsidiary - Global IT Options Limited

Had interest @12% per annum been provided for in the financial statements on outstanding amount of Inter Corporate Deposit with effect from 01-April-2014, Interest expense not provided would have been Rs 2.98 lacs and correspondingly the net profit would have been lower by same amount and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been overstated Rs. 2.98 lacs. It is non compliance of Section 186 of 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 less than one lakh rupees but which may extend to five lakh rupees. During the year ended March 31st, 2016, 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.
- (viii) 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. Total estimated penalty/fine comes to Rs. 10.50 lacs till 31-Mar-2016. Had provision been provided for in the financial statements, the net loss for the year ended 31st March,2016 and cumulative net loss as well as Current/ Non Current Liability as at 31st March,2016 would have been higher by Rs. 10.50 lacs

(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 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 company is contingently liable but for which the amount is not quantifiable. **Refer Note No. 24(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 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 98.40 lacs, the claim suite of Rs 1217.52 lacs is also reduced to Rs.1119.12 lacs. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs. 1119.12 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. 1119.12 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 24(b)**

ix(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. 576.99 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. 576.99 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. 1042.42 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 967.93 lacs (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 24(c)**

- ix.(d) During the year 1999, the 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 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. 24(d)**
- ix.(e) During the year ended 30th June, 2011 the company's tenant had filed a claim of Rs. 100 lacs against the company due to damages suffered by the tenant which is still pending under arbitration proceedings as on 31st March, 2016. **Refer Note No. 24(e)**
- ix.(f) There is a demand of Rs. 141.75 lacs and Rs. 34.59 lacs raised by Income Tax Department for the Assessment Year 2010-11 and 2006-07 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said demand has been filed by the company which is pending before the appropriate authorities. **Refer Note No. 24(f)**
- ix.(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. 24(g)**
- ix.(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. 24(h) :-**

Rs (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
7.	Arbitration cost	5
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 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. 24(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 2016, 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 one of director is 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-joined 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 23** 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 5637.28 lacs, Unpaid Matured Debentures of Rs. 2552.30 lacs and Rs 549.72 lacs which were initially received towards Share Application Money standing as at 31st March, 2016. All these matured Fixed Deposits, Unpaid Matured Debentures and amount received initially towards Share Application Money 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)

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

Place: New Delhi
Date : 30th May, 2016

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, 2016

- 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, 2016.
 - (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 5637.28 lacs, Unpaid Matured Debentures of Rs. 2552.30 lacs standing as at 31st March, 2016 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, 2016.
- 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, 2016 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.

Rs. (in Lacs)

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	CIT(A)	Case to be listed
Income Tax Act, 1961	2009-2010	Rs. 143.22	ITAT	Matter has been heard however the order is yet to be received
Income Tax Act, 1961	2010-2011	Rs. 141.75	CIT (AP-PEALS)14	Under process

- 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, 2016. 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, 2016.
- 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, 2016.
- 11) During the year, no managerial remuneration except prior period dues amounting to Rs.1.22 lacs has been paid to the Key Managerial Personnel defined under section 2(51) of Companies Act, 2013. Due to insufficiency of funds and unavailability of required approvals from relevant authorities, the Company has not paid any managerial remuneration to the Key Managerial Personnel defined under section 2(51) of Companies Act, 2013 pertaining the financial year ended 31st March, 2016.
- 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.

For V Sahai Tripathi & Co.

Chartered Accountants

Firm's Registration Number-000262N

Place: New Delhi

Date : 30th May, 2016

MANISH MOHAN

Partner

M. N. - 091607

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF DCM FINANCIALS SERVICES LIMITED

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

We have audited the internal financial controls over financial reporting of **DCM Financials Services Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

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

For V Sahai Tripathi & Co.
Chartered Accountants

Firm's Registration Number : 000262N

(Manish Mohan)
Partner
Membership No. 91607

Place : New Delhi
Dated : 30th May, 2016

BALANCE SHEET AS AT 31st MARCH, 2016

	Note No.	(Rs.In Lacs)	
		As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	2,212.51	2,212.51
(b) Reserves and Surplus	2	(7,158.08)	(7,367.25)
2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	9,658.45	9,653.09
(b) Other Long Term Liabilities	4	1,537.50	1,537.40
(c) Long-Term Provisions	5	2,084.33	2,097.49
3) Current Liabilities			
(a) Other Current Liabilities	6	208.32	210.42
(b) Short-Term Provisions	7	88.21	28.72
Total		8,631.24	8,372.37
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	1,317.69	1,348.41
(ii) Intangible Assets		-	-
(b) Non-Current Investments	9	103.59	103.59
(c) Long-Term Loans and Advances	10	221.27	236.41
(d) Other Non-Current Assets	11	6,627.34	6,326.99
(2) Current Assets			
(a) Inventories	12	0.81	4.16
(b) Cash & Bank Balances	13	13.50	26.59
(c) Short-Term Loans and Advances	14	7.03	6.21
(d) Other Current Assets	15	340.01	320.00
Total		8,631.24	8,372.37
Notes forming part of the financial statements	1-36		

As per our report of even date attached

For V Sahai Tripathi & Co.
Chartered Accountants
FRN-00262N

For and on behalf of the board of
directors of DCM Financial Services Limited

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN: 00024646

Surender Kumar
Executive Director
DIN: 02188166

Place : New Delhi
Dated : 30th May, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		(Rs.In Lacs)	
	Note No.	For the Year ended 31.03.2016	For the Year ended 31.03.2015
Income :			
Revenue from Operations		-	-
Other operating revenues	16	-	0.11
Less : Excise duty		-	-
Net Revenue from Operations		-	0.11
Other Income	17	393.23	408.41
Total Revenue		393.23	408.51
Expenses:			
Changes in Inventories of Stock of Shares	18	3.34	0.05
Employee Benefit Expenses	19	23.58	24.96
Finance Costs	20	0.36	3.77
Depreciation and Amortization Expense	8	30.72	51.52
Provisions & Write off	21	-	561.77
Other Expenses	22	72.44	48.95
Total Expenses		130.44	691.02
Profit before Exceptional and Extraordinary Items and Tax		262.78	(282.51)
Exceptional Items		-	-
Profit before Extraordinary Items and Tax		262.78	(282.51)
Extra Ordinary Items		-	-
Profit before Tax		262.78	(282.51)
Tax Expense:			
(1) Current tax		53.60	28.52
(2) Deferred Tax		-	-
(3) Tax Adjustment for earlier years		-	-
(4) MAT Credit Adjustment		-	(28.52)
Profit After Tax		209.18	(311.03)
Profit/ (Loss) for the Year		209.18	(282.51)
Earnings Per Equity Share			
(1) Basic		0.95	(1.28)
(2) Diluted		0.95	(1.28)
Notes forming part of the financial statements	1-36		

As per our report of even date attached

For V Sahai Tripathi & Co.
Chartered Accountants
FRN-00262N

For and on behalf of the board of
directors of DCM Financial Services Limited

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN: 00024646

Surender Kumar
Executive Director
DIN: 02188166

Place : New Delhi

Dated : 30th May, 2016

	As at 31.03.2016	As at 31.03.2015
Note 1 SHARE CAPITAL		
Authorised		
6,50,00,000 Equity Shares of Rs.10 each	6,500.00	6,500.00
(Previous Year 6,50,00,000 Equity Shares of Rs.10 each)		
	6,500.00	6,500.00
Issued, Subscribed & Paid up		
2,21,25,054 Equity Shares of Rs.10 each Fully paid up	2,212.51	2,212.51
(Previous Year 2,21,25,054 Equity Shares of Rs.10 each)		
	2,212.51	2,212.51

1.1 Reconciliation of the share outstanding as at the beginning and at the end of the reporting year are same:

	31.03.2016		31.03.2015	
	No.	Rs.	No.	Rs.
Equity Shares				
As at beginning of the year	221.25	2,213	221.25	2,213
Balance As at end of the year	221.25	2,213	221.25	2,213

1.2 Terms/ Rights attached to Shares

Equity Shares

The company has only one class of Equity Shares having a par value of Rs.10 per Share. Each holder of equity is entitled to one vote per share.

1.3 Details of Shareholders holding more than 5% shares of the Company:

	As at 31.03.2015		31.03.2014	
	No.	Percentage	No.	Percentage
Equity Shares				
DCM Services Ltd	63.52	28.71%	63.52	28.71%
Intellect Capital Services Ltd	20.75	9.38%	20.75	9.38%
Punjab & Sind Bank	13.20	5.97%	13.20	5.97%

The above information is furnished on the basis of the shareholder register as at the year end.

Note 2 RESERVES & SURPLUS

	As at 31.03.2016	As at 31.03.2015
(a) Capital Reserve (Refer Note 2.1)		
As per last Balance Sheet	193.87	
Addition during the year	-	193.87
(b) Securities Premium		
As per last Balance Sheet	1,650.86	
Addition during the year	-	1,650.86
(c) Debenture Redemption Reserve (Refer Note 2.2)		
As per last Balance Sheet	8.75	
Addition during the year	-	8.75
(d) Special Reserve (Refer Note 2.3)		
As per last Balance Sheet	156.23	
Addition during the year	-	156.23
(f) Surplus (deficit) in the Statement of Profit & Loss		
Balance as per last financial statements	(9,376.96)	
Profit for the year	209.18	(9,376.96)
Total	(7,158.08)	(7,367.25)

2.1 Capital Reserves

Rs. 193.87 Lacs in the capital reserve account consists of surpluses realized from settlement with the debentures and other liabilities not payable, which in the opinion of the management have been transferred to Capital Reserve since these amounts do not relate to trading activities.

2.2 Debenture Redemption Reserve

Debenture Redemption Reserve for Series "B" has not been created during the year in view of the carry forward losses suffered by the company in the past.

2.3 Special Reserve

In the year 1996-97, the RBI under the clause 45 IC has made it mandatory for NBFC's to create a reserve of at least 20% before declaration of dividend.

The application for licence was rejected by RBI in 2004, however out of abundant precaution this Special Reserve amounting to Rs. 156.24 Lacs has been continuously shown separately.

Note 3 Long Term Borrowings

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Debentures (Refer Note 3.1)	2,552.30	2,552.86
Term Loans from Institution - SIDBI (Refer Note 3.2)	36.30	36.30
Due to Banks (Refer Note 3.3)	1,380.40	1,380.40
Unsecured Loans		
Fixed Deposits from Public (Refer Note 3.4)	5,637.28	5,631.36
Term Loan From SBI HF (Refer Note 3.5)	25.00	25.00
Inter-Corporate Deposits (Refer Note 3.6)	27.17	27.17
Total	9,658.45	9,653.09

3.1 Debentures

	As at 31.03.2016	As at 31.03.2015
"A" Series Debenture	8.50	8.50
"B" Series Debenture		
- 19.5% Regular	1,181.15	1,181.32
- 19.5% Cumulative	1,059.89	1,060.27
- Deep Discount Bonds	302.76	302.76
	2,552.30	2,552.86

- 3.1.a** On passing of proposed Fresh Restructuring Scheme by Hon'ble Delhi High Court, Debentureholders of "A" Series as well as "B" Series would be paid the principal amount. The debentureholders holding principal amount of Rs 5,000 shall be paid complete amount within one year of effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The other categories will be paid 85% of the principal amount over a period of five years in five equated installments of effective date mentioned in the order of Hon'ble Delhi High Court. For balance 15% of Principal amount, the Company would have right to pay either in cash or by way of issuance of equity shares of the Company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The Fresh Restructuring Scheme does not envisages any payment of Interest.

3.1.b Scheme "A" Series

The company had allotted the Debenture 'A' series on 28th February, 1996 and 23rd September 1996 respectively. Subject to Note 3.1 (e) these debentures are secured against mortgage/ hypothecation / charge on assets financed out of the proceeds of these debentures. The outstanding debentures of Rs. 8.50 Lacs were overdue as on March 31, 2016 & these are proposed to be paid as per Fresh Restructuring Scheme submitted to Hon'ble Delhi High Court.

3.1.c Scheme "B" Series

Debenture 'B' Series were allotted on 5th November, 1996 and subject to Note 3.1 (e) are secured against hypothecation / charge on land and premises situated at Mouje Pirangut, Taluka Mulshi, Distt Pune in the State of Maharashtra alongwith all buildings, structures thereon and all plant and machinery, spares, tools, accessories and other movables of the Company, both present and future, whether installed or not. The total amount of debentures

allotted were Rs. 2,818.04 Lacs which matured for redemption on 5th May, 1998. Out of total debentures allotted amounting to Rs. 2,818.04 Lacs, debentures of Rs. 274.24 Lacs have been redeemed till March 31st, 2016, out of which debentureholders amounting to Rs. 0.20 Lacs have not encashed their cheques from the bank (relating to redemption made during Financial Year 2015-16). The remaining debentures as at March 31, 2016 in the "B" series amounting to Rs. 2,543.80 Lacs consist of the following:-

Particulars	Amount (in Rs. Lacs)
19.5% Regular	1,181.15
19.5% Cumulative	1,059.89
Deep Discount Bonds	302.76
Total	2,543.80

During the year ended 31st March, 2016, Rs. 0.76 Lacs has been paid towards "B" Series Debenture holders (both 19.5% Regular and 19.5% Cumulative) on compassionate grounds after getting approval from Hon'ble Delhi High Court. Out of payment made of Rs. 0.76 Lacs, an amount of Rs. 0.20 Lacs was not encashed by the debentureholders till March 31st, 2016.

These outstanding debentures are proposed to be paid as per Fresh Restructuring Scheme submitted to Hon'ble Delhi High Court.

- 3.1.d** The value of assets charged in favour of debentures has been depleted over a period of time but the depletion has not been ascertained. To the extent of shortfall, if any, the liability is unsecured.
- 3.1.e** A supplementary trust deed for giving effect to the proposed repayment plans as provided in Clause 44 of the Trust deed has not been prepared by the trustees so far.
- 3.1.f** Provision of interest on debentures up to 31st March, 2016 from the date of renewal offer letter of 1998 is calculated @ 10% p.a. of simple interest on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series amounting to approximately Rs. 4,568.65 Lacs has not been provided since a Fresh Restructuring Scheme that is subject to the approval of the Hon'ble High Court of Delhi has been submitted which does not envisage payment of any interest. The rate of 10% per annum issued for Debentureholders is based on the order of Company Law Board (CLB) which was pronounced for Fixed Depositors. Though Fresh Scheme does not envisage payment of any interest, it has been considered prudent to provide Interest of 10% per annum on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series since date of renewal offer letter in 1998 by following principles of prudence. To the extent of the non-provision of interest calculated as per renewal offer letter of 1998, and considering the current year interest of Rs. 255.89 Lacs, the current period profits are overstated to the extent of Rs. 255.89 Lacs and cumulative net losses are understated to the extent of Rs. 255.89 Lacs. The difference between the original contracted interest @ 19.5% and as per offer letter @ 10% has also not been ascertained and provided for pending approval of the fresh scheme. To the extent of interest of Rs. 4,568.65 Lacs not provided cumulative net loss is understated.
- 3.1.g.(i)** The Central Bank of India, Bombay, Trustees for the Non-Convertible Debentures B-Series have filed a suit for recovery of Rs. 4,423.86 Lacs on 14th October, 1999 before the Hon'ble Bombay High Court. It includes interest of Rs. 1,553.61 Lacs and Rs. 2,867.96 Lacs towards principal. No provision has been made in the books of accounts for such interest.

The Hon'ble Bombay High Court vide its interim order dated 24th December, 1999 has passed an order that all receipts from hypothecated assets shall be deposited with the trustees in a separate bank account except for amounts utilized as per orders of The Reserve Bank of India and the Company Law Board.

The suits filed by the Central Bank of India before the Hon'ble Bombay High Court has been stayed by Hon'ble High Court of Delhi vide order dated 14 September 2005 on application made by the company and there is no change in the status as at 31st March, 2016.

		(Rs. in lacs)
3.2	Term Loans from Institution- SIDBI*	outstanding
	Small Industries Development Bank of India	36.30
		<u>36.30</u>

- 3.2.a** (i) Hypothecation / charge on assets financed out of the said loan.
(ii) The aforesaid amount outstanding Rs. 36.30 Lacs is already overdue for payment.
- 3.2.b** The value of the assets charged in favour of institutions have depleted over a period of time and the depletion has not been ascertained. To the extent of the shortfall, if any, the liability is unsecured.
- 3.2.c** The principal amount due as on 30th June, 2004 amounting to Rs. 36.30 Lacs is proposed to be repaid in 3 equal installments of Rs. 12.09 Lacs from the 2nd year of the effective date mentioned in the order of Hon'ble Delhi High Court. No such payment has been made for the time being.

SIDBI has 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. Provision for such liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided for due to waiver of interest sought under the "Fresh Restructuring Scheme". Consequently no provision of Rs. 18.10 Lacs towards overdue int & other charges has been made by the company in the books of accounts.

3.3	Due to Banks*	(Rs. in lacs)	
		As at 31.03.2016	As at 31.03.2015
	Punjab & Sind Bank (Refer Note 3.3.1 & Note 3.3.2)	803.00	803.00
	Indusind Bank (Refer Note 3.3.1 & Note 3.3.3)	577.00	577.00
		<u>1,380.00</u>	<u>1,380.00</u>

*Amount due to banks are secured against the assets financed out of the said facilities and hypothecated to the bank.

- 3.3.1** The value of the assets charged in favour of aforesaid banks have depleted over a period of time and the depletion has not been ascertained. To the extent of the shortfall, if any, the liability is unsecured.

- 3.3.2 PUNJAB & SIND BANK (PSB):** 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 which ever is earlier. Pursuant to an earlier agreement with the bank, from April 1st, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 395.97 Lacs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001 in advance. The same has been adjusted while arriving at balance of Rs. 901.80 Lacs as on 30th June 2004. In the event of default in the payment of interest and principal, the concessions made by PSB shall stand withdrawn and the claim filed before the Debt Recovery Tribunal amounting to Rs. 1,217.52 Lacs would be payable. Interest payable from 01.04.2005 to 31.03.2016 is also not provided since a Fresh Restructuring Scheme, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest.

Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs. 1,217.52 Lacs filed before the Debt Recovery Tribunal and to the extent

of interest, overdue interest, default charges not provided for, the net profit for the year is overstated and cumulative net loss is understated to that extent.

In the event scheme is not approved by Delhi High Court, the concessions made by **PUNJAB & SIND BANK** will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs 1,217.52 Lacs would be payable as per the adjudication of Debt Recovery Tribunal along with interest, overdue interest, default charges not provided for would be payable. The net profit for the year is overstated and cumulative net loss is understated to that extent.

- 3.3.3 IndusInd Bank:** 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. 576.99 Lacs shall be payable as per Fresh Restructuring Scheme. Out Rs. 576.99 Lacs, Rs. 283.83 Lacs shall be payable in six equal yearly installments of Rs 56.76 Lacs from the 2nd year of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The balance of Rs. 293.17 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. Pursuant to an earlier agreement with the bank, from April 1, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 3,002.00 Lacs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001 in advance. The same has been adjusted while arriving at balance of Rs. 651.49 Lacs as on 30th June 2004. The Fresh Restructuring Scheme does not envisage any payment of interest from 1st-April-2000. Interest payable from 01.04.2005 to 31.03.2016 is also not provided since a Fresh Restructuring Scheme, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest.

In the event scheme is not approved by Delhi High Court, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs. 1,042.42 Lacs would be payable as per the adjudication of Debt Recovery Tribunal along with interest, overdue interest, default charges not provided for would be payable. The net profit for the year is overstated and cumulative net loss is understated to that extent.

3.4 FIXED DEPOSITS ACCEPTED

- (a) During the year ended March 31st, 2016, Rs. 4.49 Lacs has been paid to Fixed Deposit holders on compassionate ground after getting approval from Hon'ble Delhi High Court, and Rs. 0.65 Lacs has been paid (Rs. 0.29 Lacs towards principal and Rs. 0.36 Lacs towards interest) as per the order of Consumer Forum, Kolkata. However, Rs. 0.70 Lacs has not been encashed by Fixed Deposit holders.
- (b) On passing of proposed Fresh Restructuring Scheme by Hon'ble Delhi High Court, Fixed Depositors would be paid the principal amount. The Fixed Depositors holding principal amount of Rs. 0.05 Lacs shall be paid complete amount within one year of effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The other categories will be paid 85% of the principal amount over a period of five years in five equated installments of effective date mentioned in the order of Hon'ble Delhi High Court. For residual balance, 15% of Principal amount, the Company would have right to pay either in cash or by way of issuance of equity shares of the Company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The Fresh Restructuring Scheme does not envisages any payment of Interest.
- (c) In respect of repayment of outstanding deposits with interest vide order dated 17.07.98, the Company Law Board had ordered payment of interest at contracted rates up to the date of maturity and at 10% thereafter. Due to liquidity problems, the company has not fully followed the schedule of repayment ordered by the Company Law Board. However, a **Fresh Restructuring Scheme** of arrangement for re-organization of the share capital of the company and for compromise with its creditors including fixed depositors filed with Hon'ble Delhi High Court in 2004 does not envisage payment of interest accordingly provision of interest payable amounting to Rs. 827.06 Lacs recorded earlier has been written back in earlier years.

- (d) The Company has also 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 of the Company in view of the Fresh Restructuring Scheme was filed before the Hon'ble Delhi High Court.
- (e) Balance of fixed deposits as on fixed deposits and bills payable as per information retained on the computer and as per books of accounts stood un-reconciled by Rs. 10.69 Lacs. During the year ended March 31st, 2016, the same has been reconciled by the company and accordingly the liability has increased by Rs. 10.69 Lacs.

Statement on Reconciliation of FDs Accepted:

Particulars	Amount
Balance as on 1st April 2015	5631.36
Add: Addition Due to Reconciliation made during the year	10.69
Less: Redemption made during the year	(4.78)
Balance as on 31st March 2016	5,637.28

- (f) Liability on account of Fixed Deposits received contain certain deposits which appear prima-facie to be suspect due to either lack of identification of depositors or no claim or confirmation having been received by the company. Payment of those deposits that are under a suspicious category will be made under the proposed **Fresh Restructuring Scheme** of arrangement only after the evidence of receipt of money is established.
- (g) Provision for interest on fixed deposits up to March 31, 2016 calculated at simple interest @ 10% p.a. in accordance with the order of The Hon'ble Company Law Board amounting to approx. Rs. 11,027.21 Lacs (including Rs. 10,417.26 Lacs for the earlier years) has not been made, in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble Delhi High Court wherein the company does not envisage payment of any interest. To the extent of non-provision of interest @10% as per the previous CLB order, the current year profits are overstated to the extent of approximately Rs. 6,099.50 Lacs and cumulative net losses are understated to the extent of approximately Rs. 11,027.21 Lacs. The difference between the contracted rate of interest and rate of interest @ 10% has also not been ascertained and provided for.

3.5 SBI Home Finance Ltd.(SBIHF):-

The company has already paid Rs. 290.00 Lacs under the **Old Scheme** and proposes to allot shares worth Rs. 25.00 Lacs for the balance as per the **Fresh Restructuring Scheme** in the first year from the effective date (Effective date means the date of filing of the certified copy of the order sanctioning the scheme of the Hon'ble High Court of Delhi at New Delhi with the Registrar of Companies of Delhi & Haryana). SBIHF has removed a charge on its assets and therefore the loan is now categorized as unsecured loan.

3.6 Inter-Corporate Deposits

The value of inter corporate deposits is Rs 27.17 Lacs. Considering the the order of The Hon'ble Company Law Board for Fixed Deposits which states to charge interest @10% p.a. which should also be considered for Inter Corporate Deposits on prudence basis. Considering the interest rate of 10% p.a. the total interest liability comes to be approximately Rs. 51.62 Lacs which includes approximately Rs. 48.90 Lacs for the earlier years, has not been made in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble High Court of Delhi wherein the company does not envisage payment of any interest.

To the extent of non-provision of interest, the current year's profits are overstated to the extent of approximately Rs. 2.72 Lacs and cumulative net losses are understated to the extent of approximately Rs. 51.62 Lacs.

		As at 31.03.2016	As at 31.03.2015
Note 4	Other Long Term Liabilities		
	Security Deposits	6.25	6.25
	Employees Advances	1.39	1.41
	Other Payables	477.21	477.09
	Payable to Related Parties (Refer Note 4(i),(ii))	1,052.65	1,052.65
	Total	1,537.50	1,537.40

Note 4 (i) Rs 549.72 Lacs were funded by Group Companies to meet the various types of expenditure. Depending upon availability of funds post implementation of fresh restructuring scheme, the same would be paid either by payment via release of liquid funds or allotment of equity shares.

Note 4(ii) Amount payable to Related parties include payables to:

1. DCM International Ltd	Rs. 281.57 Lacs
2. DCM Services Ltd	Rs. 739.24 Lacs
3. DCM Anubhavi Market Pvt Ltd	Rs 31.84 Lacs

		As at 31.03.2016	As at 31.03.2015
Note 5	Long Term provisions		
	Provision for NPA and advances (Refer to note 5.1)		
	- Provision for NPA	2,060.56	2,060.56
	- Provision for doubtful advances (Refer to note 5.2)	21.47	28.08
	Provision for Employee Benefits::		
	- Provision for Gratuity	1.99	5.60
	- Provision for Leave Encashment	0.31	3.25
	Total	2,084.33	2,097.49

Note 5.1 As per the guidelines of Non-Banking Financial Companies Prudential Norms Directions, 1998 issued and prescribed by Reserve bank of India, assets and receivables are required to be classified as NPA. It represents provision for non-performing assets. The aforesaid provisions for non-performing asset of Rs. 2,060.56 Lacs as at 31-March-2016 consist of rent receivable, Inter corporate deposits, Bills receivables and other long term trade receivables. **Please also refer Note No. 15.1,10, 10.2, 11 and 20.**

Note 5.2 During the year ended 31st March, 2016 the Employee advances amounting to Rs. 6.61 Lacs has been written off.

		As at 31.03.2016	As at 31.03.2015
Note 6	Other Current Liabilities		
	Other Liabilities (Refer Note 6.1)	208.32	210.42
	TOTAL	208.32	210.42

		As at 31.03.2016	As at 31.03.2015
6.1	Other Liabilities Includes:		
	Rent payable	6.72	7.07
	Statutory Dues Payable (Refer Note 6.1.(i))	45.87	44.62
	Employees Advances	7.61	6.19
	Other Liabilities	148.11	152.54
	TOTAL	208.32	210.42

		As at 31.03.2016	As at 31.03.2015
6.1.(i)	Statutory Dues Payable Includes		
	Tax Deducted at source	1.62	0.76
	ESI Payable	0.03	0.02
	Provident Fund Payable	0.18	0.54
	Service Tax Payable	43.30	43.30
	Vadodara Municipal Tax Payable	0.74	-
	Delhi Labour Fund Payable	0.00	0.00
	TOTAL	45.87	44.62

		As at 31.03.2016	As at 31.03.2015
Note 7	Provision for Employee Benefits:		
	- Provision for Gratuity	4.19	0.13
	- Provision for Leave Encashment	0.62	0.07
	Provision for Income Tax	83.40	28.52
	TOTAL	88.21	28.72

Note 8. FIXED ASSETS

Particulars		Gross Block			Depreciation / Adjustment			Net Block	
		As On 01.04.2015	Additions	Deletions / Adjustment	As at 31.03.2016	As On 01.04.2015	For the year	As on 31.3.2016	As On 31.03.2016
TANGIBLE ASSETS									
(a)	Own Assets								
1	Land	3.06	-	-	3.06	-	-	-	3.06
2	Plant & Machinery	41.97	-	-	41.97	41.46	0.07	41.54	0.44
3	Buildings	1,855.17	-	-	1,855.17	522.20	28.62	551.83	1,332.97
4	Vehicles	0.87	-	-	0.87	0.87	-	0.87	-
5	Furniture & Fixtures	57.21	-	-	57.21	47.46	1.83	49.29	9.75
6	Office Equipment & Appliances	32.66	-	-	32.66	30.54	0.19	30.73	2.12
	Total (a)	1,990.94	-	-	1,990.94	642.53	30.72	674.25	1,317.69
									1,348.41
(b)	Leased Assets								
1	Plant & Machinery	1,158.17	-	-	1,158.17	1,158.17	-	1,158.17	-
2	Vehicles	409.91	-	-	409.91	409.91	-	409.91	-
3	Office Equipment & Appliances	126.18	-	-	126.18	126.18	-	126	-
	Total (b)	1,694.26	-	-	1,694.26	1,694.26	-	1,694.26	-
	Total (a+b)	3,685.21	-	-	3,685.21	2,336.79	30.72	2,368.51	1,317.69
									1,348.41
INTANGIBLE ASSETS									
(c)	Own Assets								
1	Computer Software	-	-	-	-	-	-	-	-
	Total (c)	-	-	-	-	-	-	-	-
	Grand Total (a + b + c)	3,685.21	-	-	3,685.21	2,336.79	30.72	2,368.51	1,317.69
	Previous year	3,689.12	-	3.92	3,685.21	2,289.19	51.51	2,336.79	1,348.41
									1,399.94

Note 9 NON CURRENT INVESTMENTS**9.1 LONG TERM INVESTMENTS - AT COST**

Particular	As at 31 March 2016	As at 31 March 2015
Trade Investments		
- Investment in Equity Shares	90.00	90.00
Less: Provision for diminution in the value of Investments	72.00	72.00
Total (A)	18.00	18.00
Non Trade Investments		
- Investment in Equity Shares	207.61	207.61
Less: Provision for diminution in the value of Investments	122.03	122.03
Total (B)	85.58	85.58
Grand Total (A+B)	103.58	103.58

9.2 DETAILS OF INVESTMENTS

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Value of Investment (Amount in Rs.)		Provision for diminution (Amount in Rs.)	Basis of Valuation
		As at 31 March 2016	As at 31 March 2015			As at 31 March 2016	As at 31 March 2015		
Investments in Equity Shares									
Trade Investments									
Global IT Options Ltd	Subsidiary	900,000	900,000	UnQuoted	Fully Paid	90.00	90.00	72.00	At Cost less prov. Diminution in the value of investments
TOTAL		900,000	900,000			90.00	90.00	72.00	
Non -Trade Investments									
Punj Llyod Ltd.	Others	200,000	200,000	Quoted	Fully Paid	45.48	45.48	-	At Cost
Profin Money Market Ltd	Others	25,000	25,000	UnQuoted	Fully Paid	2.50	2.50	2.50	At Cost less prov. Diminution in the value of investments
RFB Latex Ltd	Others	220,000	220,000	UnQuoted	Fully Paid	40.10	40.10	-	At Cost
World Tex Ltd	Others	437,500	437,500	UnQuoted	Fully Paid	119.53	119.53	119.53	At Cost less prov. Diminution in the value of investments
Cepharm Milk Specialities Ltd.	Others	30,000	30,000	UnQuoted	Fully Paid	0.00	0.00	-	At Cost
Cebon India Ltd.	Others	30,000	30,000	UnQuoted	Fully Paid	0.00	0.00	-	At Cost
Rajasthan Antibiotics Ltd.	Others	30,000	30,000	UnQuoted	Fully Paid	0.00	0.00	-	At Cost
		972,500.00	972,500.00			207.61	207.61	122.03	

Amount (Rs. in Lakhs)

S No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Aggregate amount of Market value of Quoted Investments	44.90	56.80
2	Aggregate amount of UnQuoted Investments	252.13	252.13
3	Aggregate provision for diminution in value of investments	194.03	194.03

Note 10	Long Term Loans & Advances	As at	As at
		31.03.2016	31.03.2015
	Security Deposits		
	Unsecured Considered Good	12.90	13.85
	Other Loans & advances		
	Considered Good (Refer Note 10.1)	0.12	7.72
	Considered Doubtful (Refer Note 10.2)	208.25	214.83
	TOTAL	221.27	236.41
10.1	Other Loans & Advances	As at	As at
		31.03.2016	31.03.2015
	Unsecured - Considered Good		
	Employees Advances	-	7.60
	Others	0.12	0.12
		0.12	7.72
10.2	Unsecured - Considered Doubtful		
	Inter Corporate Deposit*	79.58	79.58
	Bills Receivable*	107.17	107.17
	Employees Advances* (Refer Note 10.3)	11.10	17.69
	Others*	10.39	10.39
	TOTAL	208.25	214.83
* Provision of Rs. 208.25 Lacs towards Non Performing Assets have been made on Inter Corporate Deposits and Bills Receivables. Please also refer Note no 5.1 and 21.			
10.3	Employees Advances		
	Being doubtful of recovery, provision was made in earlier years against the employees advances upto 100% amounting to Rs. 17.69 Lacs. During the year ended March 31st, 2016 the Employee advances amounting to Rs. 6.61 Lacs has been fully written off.		
Note 11	Other Non Current Assets	As at	As at
		31.03.2016	31.03.2015
	Long Term Trade Receivable		
	Considered Doubtful**	1,873.81	1,873.81
	Others		
	Secured, Considered Good		
	Fixed Deposits with Banks (Refer Note 11.1)	4,445.13	4,206.93
	Advance Tax & TDS Recoverable (Net of Provision of Tax)	279.88	217.73
	MAT Credit Entitlement	28.52	28.52
	TOTAL	6,627.34	6,326.99

* Net of Rs. 601.93 Lacs received from the customers as a security deposits.

** The provision of Rs. 1,873.81 Lacs towards Non Performing Assets has been made on Inter Corporate Deposits and Bills Receivables issued by Reserve Bank of India, during the year ended 31st March, 2014. Please also refer **Note No. 5.1 and 21.**

Year wise break up of Advance tax & TDS recoverable is as follows:

Year	Amount (In Rs. lacs)
1998-1999	0.15
1999-2000	20.37
2005-2006	0.32
2006-2007	9.89

2007-2008	12.74
2009-2010	0.20
2010-11	3.96
2011-12	41.23
2012-13	46.29
2013-14	43.19
2014-15	39.40
2015-16	62.15
TOTAL	279.88

Note 11.1 Fixed Deposits with banks include Fixed Deposits having maturity less than 12 months from the Balance Sheet date.

However, on such Fixed Deposits there are restrictions imposed by Hon'ble Delhi High Court till the disposal of Fresh Restructuring Scheme pending, to utilise such Funds and since such Fixed Deposits would be renewed the same has been categorised in Other Non-Current Assets.

Note 12	Inventory	As at 31.03.2016	As at 31.03.2015
	Securities held as Stock in Trade (Refer Note 12.1)	0.81	4.16
		0.81	4.16

12.1 Inventory Valuation Method:-

- During the year there were no transactions relating to sale/purchase of stocks/ investment in shares. During the period ended 31st March, 2016, those shares which were held as bad deliveries have been removed from the schedule of stock in trade. The same will be shown when such shares/stock which are termed as bad deliveries are actually transferred in the name of company.
- The inventory of Securities is valued at Market value & Cost which ever is lower. Cost has been determined on weighted average method.
- For the untraded shares, value has been taken as Re.1/= per Company.
- For partly paid-up shares, Re.1 for untraded company has been taken.
- Bonus shares for which original shares not available is valued at Re. Zero per share

Note 13	Cash and Bank Balances	As at 31.03.2016	As at 31.03.2015
	Cash and Cash Equivalents		
	(a) Cash in Hand	0.03	0.17
	Other Bank Balances		
	(a) Restricted Bank Balances	13.57	27.78
	(Refer Note 13.1, 13.2 & 13.3)		
	Less : Provision for bank written off (Refer Note 13.2)	0.11	1.36
		13.49	26.59

13.1	Restricted Bank Balances Includes (Refer Note 13.2 & 13.3)	As at 31.03.2016	As at 31.03.2015
	Canara Bank	3.62	4.09
	IDBI Bank Limited	2.39	9.32
	Axis Bank	4.78	9.05
	Other Bank	2.78	5.32
	Total	13.57	27.78

13.2 Bank Balances amounting to Rs. 1.39 Lacs have been written off during the year ended March 31st, 2016, out of which Rs. 1.25 Lacs has been written off against provisions created in earlier years and Rs. 0.15 Lacs has been written off and transferred to Statement of Profit and Loss. Such accounts were inoperative and no confirmation were available.

13.3 These are restricted bank balance and cannot be operated without getting prior approval of Hon'ble Delhi High Court.

Note 14 Short-Term Loans and Advances		As at 31.03.2016	As at 31.03.2015
Others			
Unsecured, considered good			
- Employee Advance		6.39	5.36
- Others		0.64	0.85
TOTAL		7.03	6.21
Note 15 Other Current Assets		As at 31.03.2016	As at 31.03.2015
- Rent Receivable		561.77	561.77
Less: Provision for Doubtful receivables		(561.77)	(561.77)
		-	-
- Interest Receivable		340.01	319.57
- Other		-	0.43
TOTAL		340.01	320.00
Note 16 Other Operating Revenue		For the Year ended 31.03.2016	For the Year ended 31.03.2015
Income on Settlement with Debtors		-	0.11
TOTAL		-	0.11
Note 17 Other Income		For the Year ended 31.03.2016	For the Year ended 31.03.2015
Interest on Fixed Deposits		392.94	393.87
Dividend Income		0.24	0.08
Balances Written Back		-	14.45
Miscellaneous Income		0.05	-
TOTAL		393.23	408.41
Note 18 Changes in Inventory of Securities held as Stock in Trade		For the Year ended 31.03.2016	For the Year ended 31.03.2015
Closing Stock		0.81	4.16
Less : Purchases/Transfer		-	-
Opening Stock		4.16	4.20
Changes		3.34	0.05

Note 19	Employee Benefit Expenses	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Salaries, Wages, Bonus and other employees' benefit	21.00	22.12
	Contribution to Provident and Other funds (Refer Note 19.1)	2.41	2.70
	Workmen and Staff Welfare Expenses	0.16	0.14
	Final Payment to Employee	-	-
	TOTAL	23.58	24.96
19.1	Contribution to Provident and Other funds	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Employee state Insurance (ESI)	0.21	0.18
	Provident Fund	1.03	1.06
	Gratuity Fund Contribution	0.46	0.77
	Leave Encashment Contribution	0.71	0.69
	TOTAL	2.41	2.70
Note 20	Finance Costs	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Interest Paid on FD	0.36	3.77
	TOTAL	0.36	3.77
Note 21	Provisions & Write off	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Provision for Doubtful Advance / Receivables **	-	561.77
	TOTAL	-	561.77

**During the year ended 31-March-2015, provision for doubtful receivables of Rs. 561.77 towards overdue rent receivable has been provided for.

During the year ended March 31st, 2016 the company has written off the balance of debtors standing in the books of accounts against the provision made in the earlier years.

Note 22 Other Expenses

	For the Year ended 31.03.2016	For the Year ended 31.03.2015
Travelling & Conveyance	1.04	1.42
Repairs - Building	0.28	5.69
- Others	0.10	0.05
Electricity & Water	0.78	0.44
Legal & Consultancy Charges	37.11	14.34
Fees to Auditors for --Statutory Audit	2.81	2.47
- Tax Audit	0.92	0.90
- Others	0.11	-
Rent	4.67	5.19
Telephone Expenses	1.01	0.88
Advertisement & Publicity	1.13	1.08
Share Transfer Expenses	1.34	1.67
AGM Expenses	8.21	8.04
Internal Audit Fees	0.23	0.22
Listing Fees	5.10	3.52
Rates and Taxes	3.14	2.40
Prior Period Expenses (Refer Note 22.1)	1.98	0.17
Penalty for A.Year 2008-09	1.28	-
Bank Balance/ Receivables written off	0.60	-
Other Expenses	0.59	0.48
TOTAL	72.44	48.95

22.1 Prior period includes:

Particulars	Amount
Rent	0.06
Consultancy Expenses	1.13
Conveyance	0.00
TOTAL	1.19

AGM expenses includes E-voting charges, AGM venue rent, scrutnizer expenses, annual report printing eapenses, annual report diapatch expenses and other miscellaneous expenses.

23 SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). These Accounting policies have been consistently applied, except where a newly issued Accounting Standard is initially adopted by the company

As required & mandated by relevant guidelines prescribed under Companies Act, 2013, Company has prepared its financials as per Schedule III. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has considered a period of twelve months for the purposes of classification of assets and liabilities as current and non-current

B. Revenue Recognition

- (a) Revenue is being recognized on accrual basis in accordance with the Accounting Standard-9 on 'Revenue Recognition' as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, if there are any uncertainties in realization, income is not accounted for.
- (b) Dividend on shares is accounted for as when right to receive arise.
- (c) In respect of other heads of income, the company follows the accrual basis of accounting.

C. Investments

Investments are classified into current and non current investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as non current investments. A provision for diminution in value is made to recognize a decline other than temporary in the value of long term investments.

D. Fixed Assets

- (a) Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes (excluding tax and duties recoverable) and other incidental expenses related to their acquisition.
- (b) The company's own assets and the assets given out on lease are valued at cost. In respect of vehicles on lease, cost excludes insurance and road tax, which is recovered from the customer.

E. Inventory

Securities held as stock in trade are valued at lower of estimated cost or market value. Cost has been determined by Weighted Average Cost Method.

F. Earnings Per Share

The basic and diluted earnings per share (EPS) are computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. However, it does not include potential equity shares which are contingent on the decision of the judiciary.

G. Depreciation

Depreciation is computed at the following rates: -

- (a) On its own fixed assets on a pro-rata basis on the straight line method at rates and in the manner specified in Schedule II to the Companies Act, 2013.
- (b) On assets given out on operating lease, on a pro-rata basis, on the straight-line method at rates and in the manner specified in Schedule II to the Companies Act, 2013.

- (c.) In the case of purchase/sale of asset, depreciation is computed on pro rata basis from the date of such addition or as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.
- (d) The life of fixed assets are considered in accordance with the Schedule-II of the Companies Act-2013

H. Repossessed Stock

Assets on hire purchase and lease, which have been repossessed, are recorded at the end of the year on the basis of the value estimated by the company but a financial entry adjusting the account of the customer is passed only when the asset is disposed off.

I. Retirement and Other Employee Benefits

(a) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits

(i) **Defined Contribution Plans:** The State governed provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

(ii) **Defined Benefit Plans:** Gratuity liability is covered under the defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity years approximating to the terms of related obligations

Actuarial gains and losses are recognized immediately in the profit & loss account.

(c) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated leave or encashment of leave accrued up to the specified period are recognized in the manner similar to the case of Gratuity.

J. Provisions and Contingencies

Provisions are recognized when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved. Contingent assets are neither recognized, nor disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

K. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, provision for estimated liabilities and the useful lives of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision in the accounting estimate is recognized prospectively in the current and future periods.

24. CONTINGENT LIABILITIES & OTHER COMMITMENTS

- (a) Mr. Dhruv Prakash had lodged a claim of Rs 65 lacs and winding up petition against the 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 company is contingently liable but for which the amount is not quantifiable.
- (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 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 98.40 lacs, the claim suite of Rs 1217.52 lacs is also reduced to Rs.1119.12 lacs. 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 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. 1119.12 lacs (after taking effect of payment of Rs 98.40 lacs) will become payable upon adjudication by Debt Recovery Tribunal.

- (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. 576.99 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. 576.99 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. 1042.42 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 967.93 lacs (after taking effect of payment of Rs 74.49 lacs) would become payable upon adjudication by Debt Recovery Tribunal.

- (d) During the year 1999, the 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 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 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.

- (e) During the year ended 30th June, 2011 the 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, 2016.
- (f) There is a demand of Rs. 141.75 lacs and Rs. 34.59 lacs raised by Income Tax Department for the Assessment Year 2010-11 and 2006-07 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said demand has been filed by the company which is pending before the appropriate authorities.
- (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.
- (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:

(Rs. 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
7.	Arbitration cost	5
TOTAL		288.30

- (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 "Fresh Restructuring Scheme".

25. RESTRUCTURING SCHEME

The management for a structured debt repayment had prepared two schemes of arrangement for reorganization of share capital of the company and for compromise with its secured and unsecured creditors. Both the schemes of arrangement envisage a viable, just & equitable settlement with its secured and unsecured creditors while simultaneously increasing the risk and stake of the promoters and their shareholding through fresh infusion of funds by the promoter company.

The company has also 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 of the Company. The same repayment schedule

has been included in the "Fresh Restructuring Scheme" filed before the Hon'ble High Court of Delhi at New Delhi on 24th September 2004.

The implementation of the schemes is subject to the fulfillment of all the conditions of section 391 to section 394 of the Companies Act, 1956 and approval/orders of the Hon'ble Delhi High Court. The Hon'ble Delhi High Court did not approve the company's first scheme filed in May 2000, though approved by the secured and unsecured creditors in their respective meetings convened pursuant to the orders of the Hon'ble Court, yet the Hon'ble Court did not accord sanction to the scheme on technical grounds. An application for review had been filed before the Hon'ble Delhi High Court on 30th May 2003, which is yet to be listed for hearing and which is hereinafter, wherever applicable, referred to as the "old scheme under review". The company intends not to pursue the review application filed for the old scheme under review before the Hon'ble Delhi High Court and it is proposed to be withdrawn at an appropriate stage of the proceedings for the sanction of the "Fresh Restructuring Scheme".

The company has 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 at New Delhi on 24th September 2004.

Pursuant to the orders of the Hon'ble Delhi High Court, the unsecured creditors and debenture holders in their meeting convened under the Chairpersonship of court appointed Chairpersons (retired Judges of Hon'ble Delhi High Court) on 1st April 2005 and 2nd April, 2005 have approved the scheme without any modifications with the requisite majority. The meeting of the other secured creditors (banks/ institutions) was held on 17th September 2005 and has also approved the scheme by the requisite majority after considering some modifications proposed by the Punjab & Sind Bank.

The promoter company has undertaken, subject to sanction of the scheme by the Hon'ble Delhi High Court, to contribute to Rs. 1950 lacs of which Rs. 1560 lacs were deposited with the Registrar of the Hon'ble Delhi High Court Registrar, as per court order by the promoter group, and the balance amount of Rs 390 lacs has been deposited on 27th April, 2012.

The fresh restructuring scheme is conditional upon the following approvals and shall be deemed to be effective on obtaining the last of the approvals and the occurrence of the last of the following events: -

- i. Sanction of the scheme by the Hon'ble High Court of Delhi under Sections 391 and 394 of the Companies Act, 1956 and other applicable provisions of the Act, Rules and Regulations, as the case may be;
- ii. Filing of certified copies of the order of the Hon'ble High Court of Delhi with the Registrar of Companies (Delhi and Haryana).

The restructured debts of the company for each category of debt is on the basis of outstanding as envisaged in the fresh restructuring scheme filed in the year 2004 excluding interest not provided for and all liquidated damages/penal charges and interest on unpaid interest. The "Fresh Scheme of Arrangement" is drawn on the basis of acceptance of waiver of payment of past and future interest, penal charges, liquidated damages, and any other charges, costs and claims etc. except as provided and for values contained therein which is subject to the approval of the Hon'ble Delhi High Court.

The accounts of the company have been drawn on the assumption that the "fresh restructuring scheme" will be accepted and implemented. If it is not accepted and cannot be implemented for any reason the total liability before the proposed restructuring scheme including those for which no provision has been made and has been quantified under appropriate heads, shall become payable.

The fresh restructuring scheme is pending before the Hon'ble Delhi High Court as at 31st March, 2016 & there is no change in the status at the time of signing of the financials for the period ended 31st March, 2016 by the Board of Directors.

26 Deposit of Rs 1950 lacs by DCM Services Limited

DCM Services Ltd as a promoter has committed to bring in Rs 1950 lacs as a promoter contribution upon sanction of their restructuring scheme u/s 391 of the Indian Companies Act, 1956 which is presently pending for sanction before the Hon'ble Delhi High Court.

The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs 1950 lacs with the Court and pursuant to the court order, They have deposited Rs 500 lacs on 16.07.2010, Rs 670 lacs on 18.11.2010, Rs. 390 lacs on 21.04.2011 & Rs. 390 lacs on 27.04.2012 aggregating to Rs. 1950 lacs on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. No financial impact of this has been recorded in the financials of the company for the period ended 31st March, 2015.

27. INCOME TAX

(a) Deferred Tax Assets

In accordance with Accounting Standard-22 as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, deferred tax assets on accumulated depreciation and losses have not been accounted for since as per certain operational restrictions imposed, the company is unable to conduct any new business and therefore it is uncertain whether there will be sufficient future taxable income against which such deferred tax assets can be realized. Accordingly in view of absence of virtual certainty of sufficient taxable income in future no provision for deferred tax has been made.

(b) Tax Provision

The company has made provision for Minimum Alternative Tax (MAT) during the year ended 31st March, 2016.

28. EMPLOYEE BENEFITS

(a) Defined Contribution Plans:

The Company has recognized the contribution/liability in the profit & loss account for the financial year 2015-16.

(Rs.in Lacs)

PARTICULARS	Gratuity (Non Funded Plan)	Leave Encashment (Non Funded Plan)
Amount recognized in Balance Sheet		
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	6.18	0.93
Unrecognized past service cost	-	-
Net Liability/(Assets)	6.18	0.93
Amount in Balance Sheet		
Liability	6.18	0.93
Assets	-	-
Net Liability/(Assets)	6.18	0.93
Expenses recognized in the Profit & Loss Account		
Opening defined benefit obligation less benefits paid	-	-
Current service cost	0.36	0.06
Interest on defined benefit obligation	0.44	0.26
Expected return on plan assets	-	-
Net actuarial losses/(gain) recognized in the year	(0.35)	0.39
Past service cost	-	-
Losses/(gains) on "Curtailments and Settlements"	-	-
Total, included in "Employee Benefit Expense"	0.46	0.71
Actual return on plan assets	-	-
Reconciliation of benefit obligations and plan assets for the period	-	-
Change in defined benefit obligation	-	-
Opening defined benefit obligation	5.72	3.32

Current service cost	0.36	0.06
Interest cost	0.44	0.26
Actuarial losses/(gains)	(0.35)	0.39
Liabilities extinguished on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	(3.09)
Closing defined benefit obligation	(6.18)	(0.93)
Change in fair value of assets	-	-
Opening fair value of plan assets	-	-
Expected return on plan assets	-	-
Actuarial gain/(Losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired due to acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	-
Closing fair value of plan assets	-	-
Assets information		
Category of assets		
Government of India Securities	-	-
Corporate Bonds	-	-
Special Deposit Scheme	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurer Managed Funds	-	-
Others	-	-
Grand Total	-	-
Summary of the actuarial assumptions		
Discount rate	7.73%	7.73%
Expected rate of return on assets	N.A.	N.A.
Future salary increase	6.00%	6.00%

Notes:

- The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors;
- The liability towards gratuity & the earned leave for the period ended 31st March, 2016, based on actuarial valuation amounting to Rs 0.46 lacs & Rs 0.71 lacs have been recognized in the profit & loss account.

29. GOING CONCERN BASIS

To comply with the directives of the Reserve Bank of India the company ceased to accept deposits from September 1997. Despite cessation of business, substantial accumulated losses, provision for full NPA's and interest payable, rejection of the "old scheme under review" and winding up petition filed by the Reserve Bank of India and various creditors of the company, the accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that

- the fresh restructuring scheme would be approved by the Hon'ble Delhi High Court,
- adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis,
- injection of Rs. 1950 lacs as promoters quota infused by the management group

30. BALANCE CONFIRMATION

- (a) 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.

31. Related Party disclosure

As required by Accounting Standard – AS 18 “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014 are as follows:

List of related parties with whom transactions have taken place during the year:

I	Control Exist - Subsidiary Company	(i)	Global IT Option Limited
II	Significant Influence Exist	(i) (ii) (iii)	DCM Services limited DCM International Limited DCM Anubhavi Marketing Private Limited
III	Key Management Personnel	(i) (ii) (iii)	Mr. Om Prakash Gupta - Chairman Mr. Surender Kumar Sharma – Executive Director Mr. Sehdev Shori- Additional Director

Details of Transactions are as follows:**(Rs.in Lacs)**

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
A.	Remuneration to key management personnel - Executive Director	-	2.66
B.	Advances Received - DCM Services Limited - Global IT Options Ltd	- 2.17	5.76 16.32
C.	Services received - Subsidiary Company	0.25	0.25

Outstanding Balances:**(Rs. in Lacs)**

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
(i)	DCM Services limited	739.24	739.24
(ii)	DCM International Limited	281.57	281.57
(iii)	DCM Anubhavi Marketing Private Limited (Cr. Balance)	31.84	31.84
	- Subsidiary Company (Cr. Balance)	22.40	20.47

32. Earnings Per Share (EPS)**(Rs. in Lacs)**

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
a)	Profit/(Loss) after taxation as per profit and Loss Account	209.18	(282.51)
b)	Basic number of Equity shares	221.25	221.25
c)	Nominal value of Equity Shares (Rs.)	10	10
d)	Basic/ Diluted Earnings per share	0.95	(1.28)

33. The company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The company had made an appeal to the Appellate Authority, Ministry of Finance which directed the RBI to keep its order of rejection of CoR in abeyance for a period of six months and directed the company to file Fresh Restructuring Scheme before Hon'ble Delhi High Court. RBI has preferred an appeal before the Hon'ble Delhi High Court against the order of the appellate authority, which is still pending.
34. The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2016.
35. As the Company's business activity falls within a single primary business segment "Financing Operations viz., inter corporate deposits and investments", the disclosure requirements of Accounting Standard (AS 17) "Segment Reporting" as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 are not required to be furnished.

36. PREVIOUS YEARS FIGURES

Previous year figures have been re-grouped/reclassified, wherever necessary. The figures of current reporting period as well as previous period consist of 12 months ended on 31 March, 2016.

As per our report of even date attached.

For V Sahai Tripathi & Co.
Chartered Accountants
Firm Registration No.00262N

(Manish Mohan)
Partner
M.No. 091607

(Om Prakash Gupta)
Director
DIN: 00024646

(Surender Kumar)
Executive Director
DIN: 02188166

Place: New Delhi
Dated: 30th May, 2016

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2016

(Rs. In Lacs)

	For the Year ended 31.03.2016	For the Year ended 31.03.2015
A. Cash Flow of Operating Activities		
Net Profit (Loss) for the Year	262.78	(282.51)
Add: Adjustments for		
Depreciation	30.72	51.52
Income from Creditors Written Back	-	(13.74)
Interest paid	0.36	3.77
Interest Received	(425.79)	(393.87)
Dividend Received	(0.24)	(0.08)
Provision for Diminution of Investment	-	-
Provision & Written Off	-	561.77
	-	-
Sub Total	(394.95)	209.36
Operating Profit (Loss) before Working Capital changes	(132.16)	(73.15)
Adjustments for :		
Decrease/(Increase) in Other Noncurrent Assets	(238.19)	(255.54)
Decrease/(Increase) in Short Term Loan and Advances	(0.82)	1.88
Decrease/(Increase) in Other current Assets	(20.01)	(26.84)
Decrease/(Increase) in Inventories	3.34	0.05
Decrease/(Increase) in Long Term Loan and Advances	7.54	2.17
(Decrease)/Increase in Short Term Provision	4.61	0.01
(Decrease)/Increase in LONG Term provisions	(5.56)	(6.27)
(Decrease)/Increase in LONG Term borrowings	6.75	(7.92)
Increase/(Decrease) in Other Current Liability	(2.10)	18.59
Sub Total	(244.44)	(273.88)
Cash generated from operations	(376.61)	(347.03)
Less: Income Tax (Including TDS)	62.15	39.40
Cash In Flow (Out Flow) before extraordinary items	(438.76)	(386.43)
	-	-
Net Cash In Flow(Out Flow) from Operations	(438.76)	(386.43)
B. Cash Flow from Investing Activities		
Interest Received	425.79	393.87
Dividend Received	0.24	0.08
Net Cash In flow(Out Flow) in investing activity	426.03	393.95
C. Cash In Flow (Out Flow) from Financing Activities		
Interest Paid	(0.36)	(3.77)
Net cash available(Paid) from financing activities	(0.36)	(3.77)
Net Increase in Cash and Cash Equivalents(A+B+C)	(13.10)	3.75
Cash & cash equivalents as at March 31, 2015	26.59	22.84
Cash & cash equivalents as at March 31, 2016	13.49	26.59
Net Increase / (Decrease) in cash & cash equivalents	(13.10)	3.75

As per our report of even date attached

For V Sahai Tripathi & Co.Chartered Accountants
FRN-00262N**Manish Mohan**
Partner
M. No. 091607**Place : New Delhi**
Dated : 30th May, 2016**Om Prakash Gupta**
Director
DIN: 00024646For and on behalf of the board of
directors of DCM Financial Services Limited**Surender Kumar**
Executive Director
DIN: 02188166

Schedule to the Balance Sheet of a non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs.in Lacs)

	Particulars	As on 31st March 2016	
		Amount Outstanding	Amount Overdue
	Liabilities side :		
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	2552.30	2552.30
	: Unsecured		
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	-	-
	(c) Term Loans	1441.70	1441.70
	(d) Inter-corporate loans and borrowing	27.17	27.17
	(e) Commercial Paper	-	-
	(f) Public Deposits*	5637.28	5637.28
	(g) Other Loans (specify nature)	-	-
	* Please see Note 1 below		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	5637.28	5637.28
	* Please see Note 1 below		
	Assets side :		
		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	-	-
	(b) Unsecured	848.19	848.19
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	425.36	425.36
	(b) Operating lease		
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	1448.45	1448.45
	(b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above	-	-
(5)	Break-up of Investments :		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-

	(ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) Long Term investments : 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	- - - - - - - - - - - - - - -	- - - - - - - - - - - - - - -	
(6)	Borrower group-wise classification of assets financed as in (3) and (4) above : Please see Note 2 below			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties 2. Other than related parties Total	- - - - 1,873.81 1,873.81	- - - - 1,873.81 1,873.81	- - - - 1,873.81 1,873.81
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below			
	Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties 2. Other than related parties Total **As per Accounting Standard of ICAI (please see Note 3)	18 85.58 103.58		18 85.58 103.58
(8)	Other information		Amount	
	Particulars			
(i)	Gross Non-Performing Assets (a) Related parties (b) Other than related parties		2,082.03	
(ii)	Net Non-Performing Assets (a) Related parties (b) Other than related parties		2,082.03	
(iii)	Assets acquired in satisfaction of debt			

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

STATEMENT PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUSIDIARY COMPANY

- | | |
|--|--|
| 1. NAME OF THE SUBSIDIARY | GLOBAL IT OPTIONS LTD |
| 2. FINANCIAL YEAR OF THE SUBSIDIARY | 31st March 2016 |
| 3. HOLDING COMPANY'S INTEREST | Holding of 9,00,000 equity shares of Rs 10/- each out of the total issued and subscribed equity. |
| 4. Net aggregate amount of subsidiary's profit (loss) so far as they concern members of the holding company had not detail with the holding company's account. | |
| (i) For subsidiary financial year ended 31.03.2016 | NIL |
| (ii) For subsidiary's previous financial year's since It becomes subsidiary. | NIL |
| 5. Net aggregate amount of the subsidiary's profit / loss so far as they concern members of the holding company and debit with in holding company's account. | |
| (i) For subsidiary's financial year ended | 0.459 lacs |
| (ii) For subsidiary's previous financial year's since it becomes subsidiary | (62.96) lacs |

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 subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2016, 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 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 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 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 company to start operating on a profitable basis and (c) injection of Rs. 1950 lacs as promoters quota which has already been infused by the management group. The same has been explained in **Note 29**.

- (ii) No provision of Rs. 86,855 lacs (Rs. 1,564,7.48 lacs towards accumulated Interest as at 31st March, 2016) (Previous Year – Rs. 1,4778.93 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 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 consolidated financial statements on outstanding amount of Debentures, Fixed Deposits and Inter Corporate Deposits, the net loss for the year ended 31st March, 2016 and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been overstated by Rs. 868.55 lacs and Rs 15647.48 lacs respectively. 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 and the amount referred as payable in the financials can differ. Please refer **Note No-30**
- (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, 2016, 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 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. Total estimated penalty/fine comes to Rs. 10.50 lacs till 31-Mar-2016. Had provision been provided for in the consolidated financial statements, the net loss for the year ended 31st March,2016 and cumulative net loss as well as Current/ Non Current Liability as at 31st March,2016 would have been higher by Rs. 10.50 lacs

(viii) Contingent liabilities and Other Commitments

ix(a) Mr. Dhruv Prakash had lodged a claim of Rs 65 lacs and winding up petition against the 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 company is contingently liable but for which the amount is not quantifiable. **Refer Note No. 24(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 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 98.40 lacs, the claim suite of Rs 1217.52 lacs is also reduced to Rs.1119.12 lacs. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs. 1119.12 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 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. 315.72 lacs 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 98.40 lacs) will become payable upon adjudication by Debt Recovery Tribunal. **Refer Note No 3.3.2 and 24(b)**

ix(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. 576.99 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. 576.99 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. 1042.42 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 967.93 lacs (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 24(c)**

ix.(d) During the year 1999, the 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 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 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. 24(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 still pending under arbitration proceedings as on 31st March, 2016. **Refer Note No. 24(e)**
- ix.(f) There is a demand of Rs. 141.75 lacs and Rs. 34.59 lacs raised by Income Tax Department for the Assessment Year 2010-11 and 2006-07 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said demand has been filed by the holding company which is pending before the appropriate authorities. **Refer Note No. 24(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. 51.28 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 Holding Company before Hon'ble Delhi High Court. **Refer Note No. 24(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. 24(h)** :-

Rs (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
7.	Arbitration cost	5
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 proposed "Fresh Restructuring Scheme" filed with Hon'ble Delhi High Court. **Refer Note No. 24(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 2016, 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 one of director is 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 Group, 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 consolidated financial statement disclosed the impact of pending litigations on the consolidated financial position of the Group in consolidated financial statements – **Refer Note 23** 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 for 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 5637.28 lacs, Unpaid Matured Debentures of Rs. 2552.30 lacs and Rs 549.72 lacs which were initially received towards Share Application Money standing as at 31st March, 2016. All these matured Fixed Deposits, Unpaid Matured Debentures and amount received initially towards Share Application Money 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 Holding Company Refer Note No. 3.1,3.4 and 4(i)

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

Place: New Delhi
Date : 30th May, 2016

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 consolidated financial statements for the year ended March 31, 2016

- 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, 2016.
 - (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 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 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 5637.28 lacs, Unpaid Matured Debentures of Rs. 2552.30 lacs standing as at 31st March, 2016 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, 2016.
- 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, 2016 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.

Rs. (in Lacs)

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	CIT(A)	Case to be listed
Income Tax Act, 1961	2009-2010	Rs. 143.22	ITAT	Matter has been heard however the order is yet to be received
Income Tax Act, 1961	2010-2011	Rs. 141.75	CIT (AP-PEALS)14	Under process

- 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 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, 2016. 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 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, 2016.
- 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, 2016.
- 11) During the year, no managerial remuneration except prior period dues amounting to Rs.1.22 lacs has been paid to the Key Managerial Personnel defined under section 2(51) of Companies Act, 2013. Due to insufficiency of funds and unavailability of required approvals from relevant authorities, the Group has not paid any managerial remuneration to the Key Managerial Personnel defined under section 2(51) of Companies Act, 2013 pertaining the financial year ended 31st March, 2016.
- 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 its subsidiary company.

For V Sahai Tripathi & Co.

Chartered Accountants

Firm's Registration Number-000262N

Place: New Delhi

Date : 30th May, 2016

MANISH MOHAN

Partner

M. N. - 091607

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DCM FINANCIALS SERVICES LIMITED

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

We have audited the internal financial controls over financial reporting of DCM Financials Services Limited ("the Holding Company") and its subsidiary company (the Holding Company and its subsidiaries together referred to as "the Group") as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Disclaimer of Opinion

According to the information and explanation given to us, the group has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the group had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

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

For V Sahai Tripathi & Co.
Chartered Accountants

Firm's Registration Number-000262N

Place: New Delhi
Date : 30th May, 2016

MANISH MOHAN
Partner
M. N. - 09160

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2016

		(Rs.In Lacs)	
	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	2,212.51	2,212.51
(b) Reserves and Surplus	2	(7,149.01)	(7,358.66)
(c) Minority Interest		3.01	2.95
2) Non-Current Liabilities			
(a) Long-Term Borrowings	3	9,658.45	9,653.09
(b) Other Long Term Liabilities	4	1,537.50	1,537.40
(c) Long-Term Provisions	5	2,084.33	2,097.49
3) Current Liabilities			
(a) Other Current Liabilities	6	186.66	190.41
(b) Short-Term Provisions	7	88.21	28.71
Total		8,621.66	8,363.90
II. ASSETS			
1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	1,320.67	1,353.23
(ii) Intangible Assets		-	-
(b) Non-Current Investments	9	85.72	87.17
(c) Long-Term Loans and Advances	10	221.26	236.47
(d) Other Non-Current Assets	11	6,626.92	6,327.63
(2) Current Assets			
(a) Inventories	12	0.81	4.16
(b) Cash & Bank Balances	13	18.38	28.93
(c) Short-Term Loans and Advances	14	7.04	6.21
(d) Other Current Assets	15	340.86	320.11
Total		8,621.66	8,363.91
Notes forming part of the financial statements	1-36		

As per our report of even date attached

For V Sahai Tripathi & Co.
Chartered Accountants
FRN-00262N

For and on behalf of the board of
directors of DCM Financial Services Limited

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN: 00024646

Surender Kumar Sharma
Executive Director
DIN: 02188166

Place : New Delhi
Dated : 30th May, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		(Rs.In Lacs)	
	Note No.	For the Year ended 31.03.2016	For the Year ended 31.03.2015
Income :			
Revenue from Operations		-	-
Other Operating Revenues	16	-	0.11
Less : Excise duty		-	-
Net Revenue from Operations		-	0.11
Other Income	17	395.76	409.45
Total Revenue		395.76	409.55
Expenses:			
Changes in Inventories of Stock of Shares	18	3.34	0.05
Employee Benefit Expenses	19	23.58	24.96
Finance Costs	20	0.36	3.77
Depreciation and Amortization Expense	9	31.55	52.43
Provisions & Write off	21	-	561.77
Other Expenses	22	73.62	51.14
Total Expenses		132.45	694.62
Profit before Exceptional and Extraordinary Items and Tax		263.31	(285.07)
Exceptional Items		-	-
Profit before Extraordinary Items and Tax		263.31	(285.07)
Extra Ordinary Items			
Profit before Tax		(286.73)	(589.62)
Tax Expense:			
(1) Current tax		53.60	28.52
(2) Deferred Tax		-	-
(3) Tax Adjustment for earlier years		-	-
(4) MAT Credit Adjustment		-	(28.52)
Profit After Tax		209.72	(285.07)
Minority Interest		0.05	(0.42)
Profit/ (Loss) for the Year		209.66	(284.65)
Earnings Per Equity Share			
(1) Basic		0.95	(1.29)
(2) Diluted		0.95	(1.29)
Notes forming part of the financial statements	1-36		

As per our report of even date attached

For V Sahai Tripathi & Co.
Chartered Accountants
FRN-00262N

For and on behalf of the board of
directors of DCM Financial Services Limited

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN: 00024646

Surender Kumar Sharma
Executive Director
DIN: 02188166

Place : New Delhi
Dated : 30th May, 2016

	As at 31.03.2016	As at 31.03.2015
Note 1 SHARE CAPITAL		
Authorised		
6,50,00,000 Equity Shares of Rs.10 each	6,500.00	6,500.00
(Previous Year 6,50,00,000 Equity Shares of Rs.10 each)		
	6,500.00	6,500.00
Issued, Subscribed & Paid up		
2,21,25,054 Equity Shares of Rs.10 each Fully paid up	2,212.51	2,212.51
(Previous Year 2,21,25,054 Equity Shares of Rs.10 each)		
	2,212.51	2,212.51

1.1 Reconciliation of the share outstanding as at the beginning and at the end of the reporting year are same:

	As at 31.03.2016		As at 31.03.2015	
	No.	Rs.	No.	Rs.
Equity Shares				
As at beginning of the year	221.25	2,212.51	221.25	2,212.51
Balance As at end of the year	221.25	2,212.51	221.25	2,212.51

1.2 Terms/ Rights attached to Shares

Equity Shares

The company has only one class of Equity Shares having a par value of Rs. 10 per Share. Each holder of equity is entitled to one vote per share.

1.3 Details of Shareholders holding more than 5% shares of the Company:

	As at 31.03.2016		31.03.2015	
	No.	Percentage	No.	Percentage
Equity Shares				
DCM Services Ltd	63.52	28.71%	63.52	28.71%
Intellect Capital Services Ltd	20.75	9.38%	20.75	9.38%
Punjab & Sind Bank	13.20	5.97%	13.20	5.97%

The above information is furnished on the basis of the shareholder register as at the year end.

Note 2 RESERVES & SURPLUS

	As at 31.03.2016	As at 31.03.2015
(a) Capital Reserve (Refer Note 2.1)		
As per last Balance Sheet	193.87	
Addition during the year	-	193.87
(b) Securities Premium		
As per last Balance Sheet	1,650.86	
Addition during the year	-	1,650.86
(c) Debenture Redemption Reserve (Refer Note 2.2)		
As per last Balance Sheet	8.75	
Addition during the year	-	8.75
(d) Special Reserve (Refer Note 2.3)		
As per last Balance Sheet	156.23	
Addition during the year	-	156.23
(f) Surplus (deficit) in the Statement of Profit & Loss		
Balance as per last financial statements	(9,368.39)	
Profit for the year	209.66	
		(9,158.73)
	209.66	(9,368.39)
Total		(7,149.01)

2.1 Capital Reserves

Rs. 193.87 lacs in the capital reserve account consists of surpluses realized from settlement with the debentures and other liabilities not payable, which in the opinion of the management have been transferred to Capital Reserve since these amounts do not relate to trading activities.

2.2 Debenture Redemption Reserve

Debenture Redemption Reserve for Series "B" has not been created during the year in view of the carry forward losses suffered by the company in the past.

2.3 Special Reserve

In the year 1996-97, the RBI under the clause 45 IC has made it mandatory for NBFC's to create a reserve of at least 20% before declaration of dividend.

Note 3 Long Term Borrowings

	As at 31.03.2016	As at 31.03.2015
Secured Loans		
Debentures (Refer Note 3.1)	2,552.30	2,552.86
Term Loans from Institution - SIDBI (Refer Note 3.2)	36.30	36.30
Due to Banks (Refer Note 3.3)	1,380.40	1,380.40
Unsecured Loans		
Fixed Deposits from Public (Refer Note 3.4)	5,637.28	5,631.36
Term Loan From SBI HF (Refer Note 3.5)	25.00	25.00
Inter-Corporate Deposits (Refer Note 3.6)	27.17	27.17
Total	9,658.45	9,653.09

4.1 Debentures

	As at 31.03.2016	As at 31.03.2015
"A" Series Debenture	8.50	8.50
"B" Series Debenture		
- 19.5% Regular	1,181.15	1,181.32
- 19.5% Cumulative	1,059.89	1,060.27
- Deep Discount Bonds	302.76	302.76
	2,552.30	2,552.86

- 3.1.a** On passing of proposed Fresh Restructuring Scheme by Hon'ble Delhi High Court, Debentureholders of "A" Series as well as "B" Series would be paid the principal amount. The debentureholders holding principal amount of Rs 5,000 shall be paid complete amount within one year of effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The other categories will be paid 85% of the principal amount over a period of five years in five equated installments of effective date mentioned in the order of Hon'ble Delhi High Court. For balance 15% of Principal amount, the Company would have right to pay either in cash or by way of issuance of equity shares of the Company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The Fresh Restructuring Scheme does not envisages any payment of Interest.

3.1.b Scheme "A" Series

The company had allotted the Debenture 'A' series on 28th February, 1996 and 23rd September 1996 respectively. Subject to Note 3.1 (e) these debentures are secured against mortgage / hypothecation / charge on assets financed out of the proceeds of these debentures. The outstanding debentures of Rs. 8.50 Lacs were overdue as on March 31st, 2016 & these are proposed to pay as per Fresh Restructuring Scheme submitted to Hon'ble Delhi High Court.

3.1.c Scheme "B" Series

Debenture 'B' Series were allotted on 5th November, 1996. and subject to Note 3.1 (e) are secured against hypothecation / charge on land and premises situated at Mouje Pirangut, Taluka Mulshi, Distt Pune in the State of Maharashtra alongwith all buildings, structures thereon and all plant and machinery, spares, tools, accessories and other movables of the Company, both present and future, whether installed or not. The total amount of debentures allotted were Rs 2,818.04 Lacs and matured for redemption on 5th May 1998. Out of total debentures allotted amounting to Rs 2,818.04 Lacs, debentures of Rs 274.25 Lacs have been redeemed upto March 31, 2015. The remaining debentures as at March 31, 2015 in the "B" series amounting to Rs 2,543.80 Lacs consist of the following:-

Particulars	Amount (Rs.)
19.5% Regular	1,181.15
19.5% Cumulative	1,059.89
Deep Discount Bonds	302.76
Total	2,543.80

These outstanding debentures are proposed to pay as per Fresh Restructuring Scheme submitted to Hon'ble Delhi High Court.

- 3.1.d The value of assets charged in favour of debentures has been depleted over a period of time but the depletion has not been ascertained. To the extent of shortfall, if any, the liability is unsecured.
- 3.1.e A supplementary trust deed for giving effect to the proposed repayment plans as provided in Clause 44 of the Trust deed has not been prepared by the trustees so far.
- 3.1.f Provision of interest on debentures up to 31st March, 2015 calculated @ 10% p.a. of simple interest as per renewal offer letter of 1998 on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series amounting to approximately Rs. 4,312.77 Lacs has not been provided since a Fresh Restructuring Scheme that is subject to the approval of the Hon'ble High Court of Delhi has been submitted which does not envisage payment of any interest. To the extent of the non-provision of interest calculated as per renewal offer letter of 1998, and considering the current year interest of Rs. 255.23 Lacs, the current period profits are overstated to the extent of Rs. 255.23 Lacs and cumulative net losses are understated to the extent of Rs. 4,312.77 Lacs. The difference between the original contracted interest @ 19.5% and as per offer letter @ 10% has also not been ascertained and provided for pending approval of the fresh scheme. To the extent of interest of Rs. 4,312.77 Lacs not provided cumulative net loss is understated.
- 3.1.g.(i) The Central Bank of India, Mumbai, Trustees for the Non-Convertible Debentures B-Series have filed a suit for recovery of Rs. 4,423.86 Lacs on 13th October, 1999 before the Hon'ble Mumbai High Court. As against the claim of Rs. 4,423.86 Lacs by The Central Bank of India, Mumbai, Trustees for The Non-Convertible Debentures "B" Series, Rs. 2,546.55 Lacs on account of principal and interest is reflected in the books as on date. In view of the Fresh Restructuring Scheme seeking waiver of interest payable to debenture holders, no provision has been made for the difference between the claim made by the Central Bank of India and the liability as per the books and to this extent the cumulative net losses of Rs. 1,877.31 Lacs is understated.
- 3.1.g.(ii) The Hon'ble Mumbai High Court vide its interim order dated 24th December, 1999 has passed an order that all receipts from hypothecated assets shall be deposited with the trustees in a separate bank account except for amounts utilized as per orders of The Reserve Bank of India and the Company Law Board.
- 3.1.g.(iii) The suits filed by the Central Bank of India before the Hon'ble Mumbai High Court has been stayed by Hon'ble High Court of Delhi vide order dated 13 September 2005 on application made by the company and there is no change in the status as at 31st March, 2016.

		(Rs. in lacs)
3.2	Term Loans from Institution- SIDBI *	outstanding
	Small Industries Development Bank of India	36.30
		<u>36.30</u>
3.2.a	(i) Hypothecation / charge on assets financed out of the said loan.	
	(ii) The aforesaid amount outstanding Rs. 36.30 Lacs is overdue for payment.	
3.2.b	The value of the assets charged in favour of institutions have depleted over a period of time and the depletion has not been ascertained. To the extent of the shortfall, if any, the liability is unsecured.	
3.2.c	The amount due has been quantified at Rs. 45.38 Lacs as per the "Old Scheme Under Review". However, under the Fresh Restructuring Scheme the interest payable amounting to Rs. 9.08 Lacs is sought to be waived and has already been written back in the earlier year. The principal amount due as on 30th June, 2004 amounting to Rs. 36.30 Lacs is	

proposed to be repaid in 3 equal installments of Rs. 12.09 Lacs from the 2nd year of the effective date mentioned in the order of Hon'ble Delhi High Court. No such payment has been made for the time being.

- 3.2.d SIDBI has 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 on which stay has been granted by the Hon'ble Delhi High Court. Provision for such liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided for due to waiver of interest sought under the "Fresh Restructuring Scheme".

3.3 Due to Banks*

	As at 31.03.2016	As at 31.03.2015
Punjab & Sind Bank (Refer Note 3.3.1 & Note 3.3.2)	803.40	0.01
Indusind Bank (Refer Note 3.3.1 & Note 3.3.3)	577.00	0.01
	1,380.40	0.01

*Amount due to banks are secured against the assets financed out of the said facilities and hypothecated to the bank.

- 3.3.1 The value of the assets charged in favour of banks have depleted over a period of time and the depletion has not been ascertained. To the extent of the shortfall, if any, the liability is unsecured.

- 3.3.2 **PUNJAB & SIND BANK (PSB):** 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 which ever is earlier. Pursuant to an earlier agreement with the bank, from April 1st, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 395.97 lacs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001 in advance. The same has been adjusted while arriving at balance of Rs. 901.80 lacs as on 30th June 2004. In the event of default in the payment of interest and principal, the concessions made by PSB shall stand withdrawn and the claim filed before the Debt Recovery Tribunal amounting to Rs. 1217.52 lacs would be payable. Interest payable from 01.04.2005 to 31.03.2016 is also not provided since a **Fresh Restructuring Scheme**, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest.

Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs. 1217.52 lacs filed before the Debt Recovery Tribunal and to the extent of interest, overdue interest, default charges not provided for, the net profit for the year is overstated and cumulative net loss is understated to that extent.

In the event scheme is not approved by Delhi High Court, the concessions made by **PUNJAB & SIND BANK** will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs. 1217.52 lacs would be payable as per the adjudication of Debt Recovery Tribunal along with interest, overdue interest, default charges not provided for would be payable. The net profit for the year is overstated and cumulative net loss is understated to that extent.

- 3.3.3 **IndusInd Bank:** The amount payable to Indusind Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 651.39 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. 576.99 Lacs shall be payable as per Fresh Restructuring Scheme. Out Rs. 576.99 Lacs, Rs. 283.83 Lacs shall be payable in six equal yearly installments of Rs. 56.76 Lacs from the 2nd year of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The balance of Rs. 293.17 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 Guidekines for issuance of preferential allotment. Pursuant to an earlier agreement with the bank, from April 1, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 300.20 Lacs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001 in advance. The same has been adjusted while arriving at balance of Rs. 651.39 Lacs as on 30th June 2004. The Fresh Restructuring Scheme does not envisage any payment of interest from 1st-April-2000. Interest payable from 01.04.2005 to 31.03.2015 is also not provided since a Fresh Restructuring Scheme, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest.

In the event that the company fails to pay the interest or principal, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs. 1,042.42 Lacs would be payable with immediate effect. In case company default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the claim of Rs 1,042.42 Lacs filed before the Debt Recovery Tribunal and to the extent of interest, overdue interest, default charges not provided for would be payable. The net profit for the year is overstated and cumulative net loss is understated to that extent.

3.4 FIXED DEPOSITS ACCEPTED

- (a) During the year 31st March, 2016, Rs. 4.49 Lacs has been paid to Fixed Deposit holder on compassionate ground after getting approval from Hon'ble Delhi High Court. Besides, Interest of Rs. 0.36 Lacs has been paid on the fixed deposits amounted Rs. 0.29 Lacs as per the order of Consumer Forum, Kolkata. During the year ended 31st March, 2016, Rs. 0.70 Lacs has not been encashed by Fixed Deposit holders.
- (b) On passing of proposed Fresh Restructuring Scheme by Hon'ble Delhi High Court without, Fixed Depositors would be paid the principal amount. The Fixed Depositors holding principal amount of Rs 0.05 Lacs shall be paid complete amount within one year of effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The other categories will be paid 85% of the principal amount over a period of five years in five equated installments of effective date mentioned in the order of Hon'ble Delhi High Court. For balance 15% of Principal amount, the Company would have right to pay either in cash or by way of issuance of equity shares of the Company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the effective date of approval of Fresh Restructuring Scheme by Hon'ble Delhi High Court. The Fresh Restructuring Scheme does not envisage any payment of Interest.
- (c) In respect of repayment of outstanding deposits with interest vide order dated 17.07.98, the Company Law Board had ordered payment of interest at contracted rates up to the date of maturity and at 10% thereafter. Due to liquidity problems, the company has not fully followed the schedule of repayment ordered by the Company Law Board. However, a **Fresh Restructuring Scheme** of arrangement for re-organization of the share capital of the company and for compromise with its creditors including fixed depositors has been made in which interest dues will be waived and accordingly provision of interest payable amounting to Rs. 827.06 Lacs has been written back in earlier years.
- (d) The Company has also 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 of the Company before the **Fresh Restructuring Scheme** was filed before the Hon'ble Delhi High Court.
- (e) Balance of fixed deposits as on fixed deposits and bills payable as per information retained on the computer and as per books of accounts stood un-reconciled by Rs. 10.69

lacs. During the year ended March 31st, 2016, the same has been reconciled by the company and accordingly the liability has increased by Rs. 10.69 lacs.

Statement on Reconciliation of FDs Accepted:

Particulars	Amount
Balance as on 1st April 2015	9653.09
Add: Addition Due to Reconciliation made during the year	10.69
Less: Redemption made during the year	(5)
Balance as on 31st March 2016	9,659.00

- (f) Liability on account of Fixed Deposits received contain certain deposits which appear prima-facie to be suspect due to either lack of identification of depositors or no claim or confirmation having been received by the company. Payment of those deposits that are under a suspicious category will be made under the proposed **Fresh Restructuring Scheme** of arrangement only after the evidence of receipt of money is established.
- (g) Provision for interest on fixed deposits up to March 31, 2016 calculated at simple interest @ 10% p.a. in accordance with the order of The Hon'ble Company Law Board amounting to approx. Rs. 11027.21 lacs (including Rs. 10417.26 lacs for the earlier years) has not been made, in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble Delhi High Court wherein the company does not envisage payment of any interest. To the extent of non-provision of interest @10% as per the previous CLB order, the current year profits are overstated to the extent of approximately Rs. 609.95 lacs and cumulative net losses are understated to the extent of approximately Rs. 11027.21 lacs. The difference between the contracted rate of interest and rate of interest @ 10% has also not been ascertained and provided for.

3.5 SBI Home Finance Ltd.(SBIHF): -

The company has already paid Rs. 290.00 Lacs under the **Old Scheme** and proposes to allot shares worth Rs. 25.00 Lacs for the balance as per the **Fresh Restructuring Scheme** in the first year from the effective date (Effective date means the date of filing of the certified copy of the order sanctioning the scheme of the Honorable High Court of Delhi at New Delhi with the Registrar of Companies of Delhi & Haryana). SBIHF has removed a charge on its assets and therefore the loan is now categorized as unsecured loan.

3.6 Inter-Corporate Deposits

The value of inter corporate deposits is Rs 27.17 Lacs. Provision for interest @10% considering the the order of The Hon'ble Company Law Board for Fixed Deposits which may also be considered for applying Interest rate on inter corporate deposits up to 31st March, 2015 on prudence basis amounting to approximately Rs. 113.54 Lacs which includes approximately Rs. 107.22 Lacs for the earlier years, has not been made in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble High Court of Delhi wherein the company does not envisage payment of any interest. Considering the above, the current year interest is Rs. 6.32 Lacs. To the extent of non-provision of interest, the current year's profits are overstated to the extent of approximately Rs. 6.32 Lacs and cumulative net losses are understated to the extent of approximately Rs 113.54 Lacs.

To the extent of non-provision of interest, the current year's profits are overstated to the extent of approximately Rs. 2.71 lacs and cumulative net losses are understated to the extent of approximately Rs. 51.62 lacs.

Note 4	Other Long Term Liabilities	As at	As at
		31.03.2016	31.03.2015
	Security Deposits	6.25	6.25
	Employees Advances	1.39	1.41
	Others Payable	477.21	477.09
	Payable to Related Parties (Refer Note 4(i), (ii))	1,052.65	1,052.65
	Total	1,537.50	1,537.40

Note 4 (i) Rs 549.72 Lacs were funded by Group Companies till June, 2007 to meet the various types of expenditure. The same had been shown or credited to the Share Application Account in the financial statements of the Company. Presently equity shares cannot be issued against the said amount as per SEBI Guidelines. Depending upon availability of funds post implementation of fresh restructuring scheme, the same would be paid either by payment via release of liquid funds or allotment of equity shares..

Note 4 (ii) Amount payable to Related parties include payables to:

1. DCM International Ltd	Rs 281.57
2. DCM Services Ltd	Rs 739.24
3. DCM Anubhavi Market Pvt Ltd	Rs 31.84

	As at 31.03.2016	As at 31.03.2015
Note 5 Long Term provisions		
Provision for NPA and advances		
- Provision for NPA	2,060.56	2,060.56
- Provision for doubtful advances	21.47	28.08
Provision for Employee Benefits::		
- Provision for Gratuity	1.99	5.60
- Provision for Leave Encashment	0.31	3.25
Total	2,084.33	2,097.49

Note 5.1 As per the guidelines of Non-Banking Financial Companies Prudential Norms Directions, 1998 issued and prescribed by Reserve bank of India, assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provisions for non-performing asset of Rs 2,622.33 Lacs as at 31-March-2015 consist of rent receivable, Inter corporate deposits, Bills receivables and other long term trade receivables. **Please also refer Note No. 15.1, 10, 10.2, 11.**

Note 5.2 During the year ended 31st March, 2016 the Employee advances amounting to Rs. 6.62 Lacs has been fully written off.

	As at 31.03.2016	As at 31.03.2015
Note 6 Other Current Liabilities		
Other Liabilities (Refer Note 6.1)	186.66	190.42
TOTAL	186.66	190.42

	As at 31.03.2016	As at 31.03.2015
6.1 Other Liabilities Includes:		
Rent payable	6.72	7.07
Statutory Dues Payable (Refer Note 6.1.1)	45.87	44.62
Employees Advances	7.61	6.19
Other Liabilities (Refer Note 6.1.2)	126.46	132.54
TOTAL	186.66	190.42

	As at 31.03.2016	As at 31.03.2015
6.1.1 Statutory Dues Payable Includes		
Tax Deducted at source	1.62	0.76
ESI Payable	0.03	0.02
Provident Fund Payable	0.18	0.54
Service Tax Payable	43.30	43.30
Vadodara Municipal Tax Payable	0.74	-
Delhi Labour Fund Payable	0.00	0.00
TOTAL	45.87	44.62

Note 7	Short-Term Provisions	As at	As at
		31.03.2016	31.03.2015
	Provision for Employee Benefits:		
	- Provision for Gratuity	4.19	0.13
	- Provision for Leave Encashment	0.62	0.07
	Provision for Income Tax	83.40	28.52
	TOTAL	88.21	28.72

Note 8. FIXED ASSETS

Particulars		Gross Block		Depreciation / Adjustment		Net Block					
		As On 01.04.2015	Additions	Deletions / Adjustment	As at 31.03.2016	As On 01.04.2015	For the year	Transfer / Adjustment	As on 31.3.2016	As On 31.03.2016	As on 31.3.2015
A	TANGIBLE ASSETS										
	(a)										
	Own Assets										
	1 Land	3.06	-	-	3.06	-	-	-	-	3.06	3.06
	2 Plant & Machinery	41.97	-	-	41.97	41.46	0.07	-	41.54	0.44	0.51
	3 Buildings	1,855.17	-	-	1,855.17	522.20	28.62	-	551.83	1,303.34	1,332.97
	4 Vehicles	6.24	-	-	6.24	1.81	0.65	-	2.46	3.78	4.43
5 Furniture & Fixtures	57.21	-	-	57.21	47.46	1.83	-	49.29	7.92	9.75	
6 Office Equipment & Appliances	33.01	-	-	33.01	30.64	0.27	-	30.90	2.10	2.37	
7 Computers	0.42	-	-	-	0.42	0.28	0.10	-	0.38	0.04	0.14
	Total (a)	1,997.07	-	-	1,997.07	643.84	31.55	-	676.39	1,320.68	1,353.23
(b)	Leased Assets										
	1 Plant & Machinery	1,158.17	-	-	1,158.17	1,158.17	-	-	1,158.17	-	-
	2 Vehicles	409.91	-	-	409.91	409.91	-	-	409.91	-	-
	3 Office Equipment & Appliances	126.18	-	-	126.18	126.18	-	-	126.18	-	-
	Total (b)	1,694.26	-	-	1,694.26	1,694.26	-	-	1,694.26	-	-
	Total (a+b)	3,691.33	-	-	3,691.33	2,338.10	31.55	-	2,370.65	1,320.68	1,353.23
B	INTANGIBLE ASSETS										
(c)	Own Assets										
	1 Computer Software	-	-	-	-	-	-	-	-	-	-
	Total (c)	-	-	-	-	-	-	-	-	-	-
	Grand Total (a +b +c)	3,691.33	-	-	3,691.33	2,342.10	31.55	-	2,370.65	1,320.67	1,353.23
	Previous year	3,714.45	0.05	23.17	3,691.33	2,311.19	52.43	21.53	2,342.09	1,353.24	1,407.25

Note 9 NON CURRENT INVESTMENTS**9.1 LONG TERM INVESTMENTS - AT COST**

Particular	As at 31 March 2016	As at 31 March 2015
Trade Investments		
- Investment in Equity Shares	207.7762	209.20
Less: Provision for diminution in the value of Investments	122.0341	122.03
Total	85.7	87.17

9.2 DETAILS OF INVESTMENTS

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. if Shares/ Unit	Quoted / Unquoted	Partly Paid / Fully paid	Value of Investment (Amount in Rs.)	Provision for diminution (Amount in Rs.)	Value of Investment (Amount in Rs.)	Provision for diminution (Amount in Rs.)	Basis of Valuation
		As at 31 March 2016	As at 31 March 2015		As at 31 March 2016	As at 31 March 2015			
Investments in Equity Shares									
Non -Trade Investments									
Punj Lloyd Ltd. *	Others	200,000	200,000	Fully Paid	45.48	-	45.48	-	At Cost
Profin Money Market Ltd	Others	25,000	25,000	Fully Paid	2.50	2.50	2.50	2.50	At Cost less prov. Diminution in the value of investments
RFB Latex Ltd	Others	220,000	220,000	Fully Paid	40.10	-	40.10	-	At Cost
World Tex Ltd	Others	437,500	437,500	Fully Paid	119.53	119.53	119.53	119.53	At Cost less prov. Diminution in the value of investments
Cepham Milk Specialities Ltd.	Others	30,000	30,000	Fully Paid	0.00	-	0.00	-	At Cost
Cebon India Ltd.	Others	30,000	30,000	Fully Paid	0.00	-	0.00	-	At Cost
Hindalco Industries Limited	Others	82	82	Fully Paid	0.08	-	0.08	-	At Cost less prov. Diminution in the value of investments
Digiam Limited	Others	58	58	Fully Paid	0.01	0.00	0.01	0.00	
Federal Bank Limited	Others	300	600	Fully Paid	0.08	-	1.50	-	At Cost
Religare Technova Ltd.*	Others	20	20	Fully Paid	0.00	-	0.00	-	At Cost
Religare Technologies Ltd.	Others	5	5	Fully Paid	0.00	-	0.00	-	At Cost
Rajasthan Antibiotics Ltd.	Others	30,000	30,000	Fully Paid	0.00	-	0.00	-	At Cost
		972,965.00	973,265.00		207.78	122.03	209.20	122.03	

(Rs. in lacs)

S No.	Particulars	As at 31 March 2016	As at 31 March 2015
1	Aggregate amount of Market value of Quoted investments *	45.11	59.79
2	Aggregate amount of UnQuoted investments	162.13	162.13
3	Aggregate provision for diminution in value of investments	122.03	122.03

Note 10	Long Term Loans & Advances	As at	As at
		31.03.2016	31.03.2015
	Security Deposits		
	- Unsecured Considered Good	12.90	13.91
	Other Loans & advances		
	Considred Good (Refer Note 10.1)	0.12	7.72
	Considred Doubtful (Refer Note 10.2)	208.24	214.83
	TOTAL	221.26	236.47
10.1	Other Loans & Advances	As at	As at
		31.03.2016	31.03.2015
	Unsecured - Considered Good		
	Employees Advances	-	7.60
	Others	0.12	0.12
		0.12	7.72
10.2	Inter Corporate Deposit *	79.58	79.58
	Bills Receivable **	107.17	107.17
	Employees Advances (Refer Note 10.3)	11.10	17.69
	Others	10.39	10.39
	TOTAL	208.24	214.83
* & ** Provision of Rs. 213.83 Lacs towards Non Performing Assets have been made on Inter Corporate Deposits and Bills Receivables as per Prudential Norms Direction, 1998 issued & prescribed by Reserve Bank of India. Please also refer Note no 5.1.			
10.3	Employees Advances		
	Being doubtful of recovery, provision was made in earlier years against the employees advances upto 100% amounted to Rs. 17.69 Lacs. During the year ended 31st March, 2016 the Employee advances amounting to Rs. 6.61 Lacs has been fully written off.		
Note 11	Other Non Current Assets	As at	As at
		31.03.2016	31.03.2015
	Long Term Trade Receivable		
	Considered Doubtful**	1,873.81	1,873.81
	Others		
	Secured, Considered Good		
	Fixed Deposits with Banks -(Maturity more than 12 months)	4,445.10	4,206.93
	Advance Tax & TDS	280.01	218.27
	MAT Credit Entitlement	28.01	28.52
	TOTAL	6,626.92	6,327.53

* Net of Rs. 601.93 Lacs received from the customers as a security deposits.

** The provision of Rs. 183.81 Lacs towards Non Performing Assets has been made on Inter Corporate Deposits and Bills Receivables as per Non Banking Prudential Norms Direction 1998, issued by Reserve Bank of India, during the year ended 31st March, 2013. Please also refer Note No. 5.1 and 21.

Note 11.1 Fixed Deposits with banks include Fixed Deposits having maturity less than 12 months from the Balance Sheet date.

However, on such Fixed Deposits there are restrictions imposed by Hon'ble Delhi High Court till the disposal of Fresh Restructuring Scheme pending, to utilise such Funds and since such Fixed Deposits would be renewed the same has been categorised in Other Non-Current Assets.

Note 12	Inventory	As at	As at
		31.03.2016	31.03.2015
	Securities held as Stock in Trade (Refer Note 12.1)	0.81	4.16
		<u>0.81</u>	<u>4.16</u>

12.1 Inventory Valuation Method:-

- (a) During the year there were no transactions relating to sale/purchase of stocks/ investment in shares. During the period ended 31st March, 2016, those shares which were held as bad deliveries have been removed from the schedule of stock in trade. The same will be shown when such shares/stock which are termed as bad deliveries are actually transferred in the name of company.
- (b) The inventory of Securities is valued at Market value & Cost which ever is lower. Cost has been determined on weighted average method.
- (c) For the untraded shares, value has been taken as Re.1/- per Company.
- (d) For partly paid-up shares, Re.1 for untraded company has been taken.
- (e) Bonus shares for which original shares not available is valued at Re. 0 per share

Note 13	Cash and Bank Balances	As at	As at
		31.03.2016	31.03.2015
	Cash and Cash Equivalents		
	(a) Cash in Hand	0.88	0.21
	(b) Current Accounts		
	- Bank Balances	3.04	0.28
	(c) Other Bank Balances		
	(i) Restricted Bank Balances	14.57	27.01
	(Refer Note 13.1, 13.2 & 13.3)		
	(ii) Fixed Deposits with bank (Refer Note 13.4)	-	2.00
	Less : Provision for bank written off (Refer Note-13.2)	0.11	1.49
		<u>18.38</u>	<u>28.02</u>

13.1	Restricted Bank Balances Includes (Refer Note 13.3 & 13.4)	As at	As at
		31.03.2016	31.03.2015
	Canara Bank	3.62	4.09
	IDBI Bank Limited	2.39	9.32
	Axis Bank	4.78	9.05
	Other Bank	3.78	6.32
	Total	<u>14.57</u>	<u>28.78</u>

13.2 Bank Balance of Rs. 1.36 Lacs appearing in the books of accounts pertaining to 10 Banks were yet to be confirmed by the Banks as at 31st March, 2015. Appropriate provision made for such bank balances. During the Year provision for bank has been reversed by Rs. 0.70 Lacs against those banks for which balance confirmation have been received.

13.3 These are restricted bank balance and cannot be operated with out getting prior approval of Hon'ble Delhi High Court.

13.4 Fixed Deposits with banks include Fixed Deposits having maturity less than 12 months from the Balance Sheet date.

Note 14	Short-Term Loans and Advances	As at	As at
		31.03.2016	31.03.2015
	Others		
	Unsecured, considered good		
	- Employee Advance	6.39	5.36
	- Others	0.64	0.85
		7.04	6.21
Note 15	Other Current Assets	As at	As at
		31.03.2016	31.03.2015
	- Rent Receivable	561.77	561.77
	Less: Provision for Doubtful receivables	(561.77)	(561.77)
	- Interest Receivable	340.81	319.62
	- Other	0.05	1.50
	TOTAL	340.86	321.12
Note 16	Other Operating Revenue	For the	For the
		Year ended	Year ended
		31.03.2016	31.03.2015
	Income on Settlement with Debtors	-	0.11
	TOTAL	-	0.11
Note 17	Other Income	For the	For the
		Year ended	Year ended
		31.03.2016	31.03.2015
	Interest on Fixed Deposits	393.00	394.57
	Dividend Income	0.31	0.14
	Rent Income	-	-
	Balances Written Back (Refer Note 4 & 12.2)	-	14.45
	Miscellaneous Income	0.07	0.27
	Other Income	-	-
	Profit on sale of Investment	2.39	
	Provision for Doubtful Debts written back	-	
	TOTAL	395.76	409.45
Note 18	Changes in Inventory of Securities held as Stock in Trade	For the	For the
		Year ended	Year ended
		31.03.2016	31.03.2015
	Closing Stock	0.81	4.16
	Less : Purchases/Transfer	-	-
	Opening Stock	4.16	4.20
	Changes	3.34	0.05

Note 19	Employee Benefit Expenses	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Salaries,Wages,Bonus and other employees'benefit	21.00	22.12
	Contribution to Provident and Other funds (Refer Note 19.1)	2.41	2.70
	Workmen and Staff Welfare Expenses	0.16	0.14
	Final Payment to Employee	-	-
	TOTAL	23.58	24.96
19.1	Contribution to Provident and Other funds	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Employee state Insurance (ESI)	0.21	0.18
	Provident Fund	1.03	1.06
	Gratuity Fund Contribution	0.46	0.77
	Leave Encashment Contribution	0.71	0.69
	TOTAL	2.41	2.70
Note 20	Finance Costs	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Interest Paid on FD	0.36	3.77
	TOTAL	0.36	3.77
Note 21	Provisions & Write off	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Bad Debts & Write off *	-	-
	Provision for Doubtful Advance**	-	561.77
	TOTAL	-	561.77

*During the year ended 31-March-2015, provision for doubtful receivables of Rs 561.77 Lacs towards overdue rent receivable has been provided for.

**During the year ended March 31st, 2016 the company has written off the balance of debtors standing in the books of accounts against the provision made in the earlier years.

Note 22	Other Expenses	For the	For the
		Year ended 31.03.2016	Year ended 31.03.2015
	Travelling & Conveyance	1.33	2.31
	Repairs - Building	0.28	5.69
	- Others	0.17	0.31
	Electricity & Water	0.78	0.44
	Legal & Consultancy Charges	37.46	15.40
	Fees to Auditors for --Statutory Audit	3.09	2.75
	--Tax Audit	0.92	0.90
	-- Other	0.11	-
	Rent	4.67	5.19
	Telephone Expenses	1.01	0.88
	Advertisement & Publicity	1.13	1.08
	Share Transfer Expenses	1.34	1.67
	AGM Expenses	7.96	7.79
	Internal Audit Fees	0.23	0.22
	Lisiting Fees	5.10	3.52
	Rates and Taxes	3.14	2.40
	Prior Period Expenses	1.98	0.17
	Penalty for A.Year 2008-09	1.28	-
	Provision for Diminuation in Investment	-	-
	Bank Balance/ Receivables written off	0.60	-
	Other Expenses	0.91	0.93
	Insurance Charges	0.13	-
	Bad Debts Written off	-	-
	TOTAL	73.62	51.14

23. SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). These Accounting policies have been consistently applied, except where a newly issued Accounting Standard is initially adopted by the company

As required & mandated by relevant guidelines prescribed under Companies Act, 2013, Company has prepared its financials as per Schedule III. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has considered a period of twelve months for the purposes of classification of assets and liabilities as current and non-current

B. Revenue Recognition

- (a) Revenue is being recognized on accrual basis in accordance with the Accounting Standard-9 on 'Revenue Recognition' as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, if there are any uncertainties in realization, income is not accounted for.
- (b) Dividend on shares is accounted for as when right to receive arise.
- (c) In respect of other heads of income, the company follows the accrual basis of accounting.
- (d) Overdue Interest on debtors has been accounted for at the time of settlement with debtors in accordance with the principle of virtual certainty.

C. Investments

Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. A provision for diminution in value is made to recognize a decline other than temporary in the value of long term investments.

D. Fixed Assets

- (a) Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes (excluding tax and duties recoverable) and other incidental expenses related to their acquisition.
- (b) The company's own assets and the assets given out on lease are valued at cost. In respect of vehicles on lease, cost excludes insurance and road tax, which is recovered from the customer.

E. Inventory

Securities held as stock in trade are valued at lower of estimated cost or market value. Cost has been determined by Weighted Average Cost Method.

F. Earnings Per Share

The basic and diluted earnings per share (EPS) are computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. However, it does not include potential equity shares which are contingent on the decision of the judiciary.

G. Depreciation

Depreciation is computed at the following rates: -

- (a) On its own fixed assets on a pro-rata basis on the straight line method at rates and in the manner specified in Schedule II to the Companies Act, 2013.
- (b) On assets given out on operating lease, on a pro-rata basis, on the straight-line method at rates and in the manner specified in Schedule II to the Companies Act, 2013.

- (c.) In the case of purchase/sale of asset, depreciation is computed on pro rata basis from the date of such addition or as the case may be, up to the date on which such asset has been sold, discarded, demolished or destroyed.
- (d) The life of fixed assets are considered in accordance with the Schedule-II of the Companies Act-2013

H. Repossessed Stock

Assets on hire purchase and lease, which have been repossessed, are recorded at the end of the year on the basis of the value estimated by the company but a financial entry adjusting the account of the customer is passed only when the asset is disposed off.

I. Retirement and Other Employee Benefits

(a) Short Term Employee Benefits

All employee benefits falling due within twelve months of rendering service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits

- (i) Defined Contribution Plans: The State governed provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.
- (ii) Defined Benefit Plans: Gratuity liability is covered under the defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity years approximating to the terms of related obligations

Actuarial gains and losses are recognized immediately in the profit & loss account.

(c) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated leave or encashment of leave accrued up to the specified period are recognized in the manner similar to the case of Gratuity.

J. Provisions and Contingencies

Provisions are recognized when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved. Contingent assets are neither recognized, nor disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

K. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, provision for estimated liabilities and the useful lives of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision in the accounting estimate is recognized prospectively in the current and future periods.

24. CONTINGENT LIABILITIES & OTHER COMMITMENTS

- (a) Mr. Dhruv Prakash had lodged a claim of Rs 65 lacs and winding up petition against the 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 company is contingently liable but for which the amount is not quantifiable.
- (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. 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 98.40 lacs the claim suite of Rs. 1217.52 lacs is also reduced to Rs.1119.12 lacs. Since fresh restructuring scheme was not approved and made effective by 1st April 2006, the claim of Rs.1119.12 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. 1119.12 lacs (after taking effect of payment of Rs 98.40 lacs) will become payable upon adjudication by Debt Recovery Tribunal.

- (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. 576.99 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. 1042.43 lacs against which the amount payable to them as per books is Rs. 576.99 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. 1042.43 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 967.93 lacs (after taking effect of payment of Rs 74.49 lacs) would become payable upon adjudication by Debt Recovery Tribunal..

- (d) During the year 1999, the 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 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.

- (e) During the year ended 30th June, 2011 the company's tenant had filed a claim of Rs. 100 lacs against the company due to damages suffered by the tenant which is still pending under arbitration proceedings as on 31st March, 2016.
- (f) There is a demand of Rs. 141.75 lacs and Rs. 34.59 lacs raised by Income Tax Department for the Assessment Year 2010-11 and 2006-07 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said demand has been filed by the company which is pending before the appropriate authorities.
- (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.
- (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:

(Rs. 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	7.82/-
5.	Augmentation of Electric sub station	1.33/-
6.	Loss of profit	20.00/-
7.	Arbitration cost	5.00/-
TOTAL		288.30 /-

- (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..

25. RESTRUCTURING SCHEME

The management for a structured debt repayment had prepared two schemes of arrangement for reorganization of share capital of the company and for compromise with its secured and unsecured creditors. Both the schemes of arrangement envisage a viable, just & equitable settlement with its secured and unsecured creditors while simultaneously increasing the risk and stake of the promoters and their shareholding through fresh infusion of funds by the promoter company.

The company has also 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 of the Company. The same repayment schedule has been included in the **"Fresh Restructuring Scheme"** filed before the Hon'ble High Court of Delhi at New Delhi on 24th September 2004.

The implementation of the schemes is subject to the fulfillment of all the conditions of section 391 to section 394 of the Companies Act, 1956 and approval/orders of the Hon'ble Delhi High Court. The Hon'ble Delhi High Court did not approve the company's first scheme filed in May 2000, though approved by the secured and unsecured creditors in their respective meetings convened pursuant to the orders of the Hon'ble Court, yet the Hon'ble Court did not accord sanction to the scheme on technical grounds. An application for review had been filed before the Hon'ble Delhi High Court on 30th May 2003, which is yet to be listed for hearing and which is hereinafter, wherever applicable, referred to as the **"old scheme under review"**. The company intends not to pursue the review application filed for the old scheme under review before the Hon'ble Delhi High Court and it is proposed to be withdrawn at an appropriate stage of the proceedings for the sanction of the **"Fresh Restructuring Scheme"**.

The company has 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 at New Delhi on 24th September 2004.

Pursuant to the orders of the Hon'ble Delhi High Court, the unsecured creditors and debenture holders in their meeting convened under the Chairpersonship of court appointed Chairpersons (retired Judges of Hon'ble Delhi High Court) on 1st April 2005 and 2nd April, 2005 have approved the scheme without any modifications with the requisite majority. The meeting of the other secured creditors (banks/ institutions) was held on 17th September 2005 and has also approved the scheme by the requisite majority after considering some modifications proposed by the Punjab & Sind Bank.

The promoter company has undertaken, subject to sanction of the scheme by the Hon'ble Delhi High Court, to contribute to Rs. 1950 lacs of which Rs. 1560 lacs were deposited with the Registrar of the Hon'ble Delhi High Court Registrar, as per court order by the promoter group, and the balance amount of Rs 390 lacs has been deposited on 27th April, 2012.

The fresh restructuring scheme is conditional upon the following approvals and shall be deemed to be effective on obtaining the last of the approvals and the occurrence of the last of the following events: -

- i. Sanction of the scheme by the Hon'ble High Court of Delhi under Sections 391 and 394 of the Companies Act, 1956 and other applicable provisions of the Act, Rules and Regulations, as the case may be;
- ii. Filing of certified copies of the order of the Hon'ble High Court of Delhi with the Registrar of Companies (Delhi and Haryana).

The restructured debts of the company for each category of debt is on the basis of outstanding as envisaged in the fresh restructuring scheme filed in the year 2004 excluding interest not provided for and all liquidated damages/penal charges and interest on unpaid interest. The **"Fresh Scheme of Arrangement"** is drawn on the basis of acceptance of waiver of payment of past and future interest, penal charges, liquidated damages, and any other charges, costs and claims etc. except as provided and for values contained therein which is subject to the approval of the Hon'ble Delhi High Court.

The accounts of the company have been drawn on the assumption that the **"fresh restructuring scheme"** will be accepted and implemented. If it is not accepted and cannot be implemented for any reason the total liability before the proposed restructuring scheme including those for which no provision has been made and has been quantified under appropriate heads, shall become payable.

The fresh restructuring scheme is pending before the Hon'ble Delhi High Court as at 31st March, 2016 & there is no change in the status at the time of signing of the financials for the period ended 31st March, 2016 by the Board of Directors.

26 Deposit of Rs 1950 lacs by DCM Services Limited

DCM Services Ltd as a promoter has committed to bring in Rs 1950 lacs as a promoter contribution upon sanction of their restructuring scheme u/s 391 of the Indian Companies Act, 1956 which is presently pending for sanction before the Hon'ble Delhi High Court.

The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 1950 lacs with the Court and pursuant to the court order, They have deposited Rs 500 lacs on 16.07.2010, Rs 670 lacs on 18.11.2010, Rs. 390 lacs on 21.04.2011 & Rs. 390 lacs on 27.04.2012 aggregating to Rs. 1950 lacson behalf of the promoters with the Registrar, Hon'ble Delhi High Court. No financial impact of this has been recorded in the financials of the company for the period ended 31st March, 2016.

27. INCOME TAX

(a) Deferred Tax Assets

In accordance with Accounting Standard-22 as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, deferred tax assets on accumulated depreciation and losses have not been accounted for since as per certain operational restrictions imposed, the company is unable to conduct any new business and therefore it is uncertain whether there will be sufficient future taxable income against which such deferred tax assets can be realized. Accordingly in view of absence of virtual certainty of sufficient taxable income in future no provision for deferred tax has been made.

(b) Tax Provision

The company has made provision for Minimum Alternative Tax (MAT) during the year ended 31st March, 2016.

28. EMPLOYEE BENEFITS

(a) Defined Contribution Plans:

The Company has recognized the contribution/liability in the profit & loss account for the financial year 2015-16.

(Rs.in Lacs)

PARTICULARS	Gratuity (Non Funded Plan)	Leave Encashment (Non Funded Plan)
Amount recognized in Balance Sheet		
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	6.18	0.93
Unrecognized past service cost	-	-
Net Liability/(Assets)	6.18	0.93
Amount in Balance Sheet		
Liability	6.18	0.93
Assets	-	-
Net Liability/(Assets)	6.18	0.93
Expenses recognized in the Profit & Loss Account		
Opening defined benefit obligation less benefits paid	-	-
Current service cost	0.36	0.06
Interest on defined benefit obligation	0.44	0.26
Expected return on plan assets	-	-
Net actuarial losses/(gain) recognized in the year	(0.35)	0.39
Past service cost	-	-
Losses/(gains) on "Curtailments and Settlements"	-	-
Total, included in "Employee Benefit Expense"	0.46	0.71
Actual return on plan assets	-	-
Reconciliation of benefit obligations and plan assets for the period	-	-
Change in defined benefit obligation	-	-
Opening defined benefit obligation	5.72	3.32

Current service cost	0.36	0.06
Interest cost	0.44	0.26
Actuarial losses/(gains)	(0.35)	0.39
Liabilities extinguished on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	(3.09)
Closing defined benefit obligation	(6.18)	(0.93)
Change in fair value of assets	-	-
Opening fair value of plan assets	-	-
Expected return on plan assets	-	-
Actuarial gain/(Losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired due to acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	-
Closing fair value of plan assets	-	-
Assets information		
Category of assets		
Government of India Securities	-	-
Corporate Bonds	-	-
Special Deposit Scheme	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurer Managed Funds	-	-
Others	-	-
Grand Total	-	-
Summary of the actuarial assumptions		
Discount rate	7.73%	7.73%
Expected rate of return on assets	N.A.	N.A.
Future salary increase	6.00%	6.00%

Notes:

- The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors;
- The liability towards gratuity & the earned leave for the period ended 31st March, 2016, based on actuarial valuation amounting to Rs 0.46 lacs & Rs 0.71 lacs have been recognized in the profit & loss account.

29. GOING CONCERN BASIS

To comply with the directives of the Reserve Bank of India the company ceased to accept deposits from September 1997. Despite cessation of business, substantial accumulated losses, provision for full NPA's and interest payable, rejection of the "old scheme under review" and winding up petition filed by the Reserve Bank of India and various creditors of the company, the accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that

- the fresh restructuring scheme would be approved by the Hon'ble Delhi High Court,
- adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis,
- injection of Rs. 1950 lacs as promoters quota infused by the management group

30. BALANCE CONFIRMATION

- (a) 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.

31. Related Party disclosure

As required by Accounting Standard – AS 18 “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014 are as follows:

List of related parties with whom transactions have taken place during the year:

I	Control Exist - Subsidiary Company	(i)	Global IT Option Limited
II	Significant Influence Exist	(i)	DCM Services limited
		(ii)	DCM International Limited
		(iii)	DCM Anubhavi Marketing Private Limited
III	Key Management Personnel	(i)	Mr. Om Prakash Gupta - Chairman
		(ii)	Mr. Surender Kumar Sharma – Executive Director
		(iii)	Mr. Sehdev Shori- Additional Director

Details of Transactions are as follows:

(Rs.in Lacs)

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
A.	Remuneration to key management personnel - Executive Director	-	2.66
B.	Advances Received - DCM Services Limited	-	5.76

Outstanding Balances:

(Rs. in Lacs)

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
(i)	DCM Services limited	739.24	739.24
(ii)	DCM International Limited	281.57	281.57
(iii)	DCM Anubhavi Marketing Private Limited	31.84	31.84
	(Cr. Balance)		

32. Earnings Per Share (EPS)**(Rs. in Lacs)**

Particulars		Year ended 31.03.2016	Year ended 31.03.2015
a)	Profit/(Loss) after taxation as per profit and Loss Account	209.72	(285.07)
b)	Basic number of Equity shares	221.25	221.25
c)	Nominal value of Equity Shares (Rs.)	10	10
d)	Basic/ Diluted Earnings per share	0.95	(1.29)

33. The company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The company had made an appeal to the Appellate Authority, Ministry of Finance which directed the RBI to keep its order of rejection of CoR in abeyance for a period of six months and directed the company to file Fresh Restructuring Scheme before Hon'ble Delhi High Court. RBI has preferred an appeal before the Hon'ble Delhi High Court against the order of the appellate authority, which is still pending.
34. The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2016.
35. As the Company's business activity falls within a single primary business segment "Financing Operations viz., inter corporate deposits and investments", the disclosure requirements of Accounting Standard (AS 17) "Segment Reporting" as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 are not required to be furnished.

36. PREVIOUS YEARS FIGURES

Previous year figures have been re-grouped/reclassified, wherever necessary. The figures of current reporting period as well as previous period consist of 12 months ended on 31 March, 2016.

As per our report of even date attached.

For V Sahai Tripathi & Co.
Chartered Accountants
Firm Registration No.00262N

(Manish Mohan)
Partner
M.No. 091607

(Om Prakash Gupta)
Director
DIN: 00024646

(Surender Kumar)
Executive Director
DIN: 02188166

Place: New Delhi
Dated: 30th May, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2016**(Rs. In Lacs)**

	For the Year ended 31.03.2016	For the Year ended 31.03.2015
A. Cash Flow of Operating Activities		
Net Profit (Loss) for the Year	263.31	(286.71)
Add: Adjustments for		
Depreciation	31.55	52.43
Loss on sale of Fixed Assets / FA written off	-	1.64
Income from Creditors Written Back	-	(13.74)
Profit on sale of Fixed Assets	(2.39)	-
Dividend Received	(0.31)	(0.14)
Interest received	(425.85)	(394.57)
Interest paid	0.36	3.77
Provision & Written Off	-	561.77
	-	-
Sub Total	(396.63)	211.15
Operating Profit (Loss) before Working Capital changes	(133.33)	(75.55)
Adjustments for :		
Decrease/(Increase) in Other Non current Assets	(238.19)	(255.54)
Decrease/(Increase) in Short Term Loan and Advances	(2.75)	(14.44)
Decrease/(Increase) in Other current Assets	(17.95)	(15.58)
Decrease/(Increase) in Inventories	3.34	0.05
Decrease/(Increase) in Long Term Loan and Advances	7.60	2.26
(Decrease)/Increase in Short Term Provision	4.61	0.01
(Decrease)/Increase in LONG Term provisions	(5.56)	(6.27)
(Decrease)/Increase in LONG Term borrowings	6.75	(7.92)
Increase/(Decrease) in Other Current Liability	(1.59)	18.89
Sub Total	(243.73)	(278.54)
Cash generated from operations	(377.06)	(354.10)
Less: Income Tax (Including TDS)	62.09	39.08
Cash In Flow (Out Flow) before extraordinary items	(439.14)	(393.18)
	-	-
Net Cash In Flow(Out Flow) from Operations	(439.14)	(393.18)
B. Cash Flow from Investing Activities		
Fixed Assets purchased	-	(0.05)
Interest Received	425.85	394.57
Dividend Received	0.31	0.14
Sale of Investment	3.81	-
Net Cash In flow(Out Flow) in investing activity	429.97	394.67
C. Cash In Flow (Out Flow) from Financing Activities		
Interest Paid	(0.36)	(3.77)
Net cash available(Paid) from financing activities	(0.36)	(3.77)
Net Increase in Cash and Cash Equivalents(A+B+C)	(9.54)	(2.29)
Cash & cash equivalents as at March 31, 2015	26.92	29.21
Cash & cash equivalents as at March 31, 2016	17.38	26.92
Net Increase / (Decrease) in cash & cash equivalents	(9.54)	(2.29)

As per our report of even date attached

For V Sahai Tripathi & Co.
Chartered Accountants
FRN-00262N

For and on behalf of the board of
directors of DCM Financial Services Limited

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN: 00024646

Surender Kumar Sharma
Executive Director
DIN: 02188166

Place : New Delhi
Dated : 30th May, 2016



PROXY FORM (MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of Companies (Management and Administration) Rules, 2014]

CIN : L65921DL1991PLC043087

Name of the Company : DCM Financial Services Limited

Registered & Corporate Office : DCM Financial Services Limited Regd Office: D 7/3, Okhla

Industrial Area- II, New Delhi 110020, TEL : 011 26387750, Fax: 91- 11-26385996

email ID : info@dfsionline.com, Website : www.dfsionline.com

Name of the Member:

Registered Address :

Email ID :

Regd. Folio No./Client ID:

DP ID :

I/We, being a member/members of shares of the above named Company, hereby appoint

1.	Name:	
	Address:	
	E-mail Address:	or failing him:
2.	Name:	
	Address:	
	E-mail Address:	or failing him:
3.	Name:	
	Address:	
	E-mail Address:	or failing him:

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Wednesday, November 30, 2016 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030 at 10:00 A.M and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO.	ORDINARY BUSINESS
1.	To receive, consider and adopt the Audited Annual Accounts of the Company for the financial year ended March 31, 2016 the Reports of the Directors' and Auditors thereon.
2.	Ratification of appointment of M/s V. Sahai Tripathi & Co., Chartered Accountants (Registration number 00262N) as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion Annual General Meeting to be held for the financial year 2016-17.
SPECIAL BUSINESS	
3.	Appointment of Ms. Richa Kalra as an Independent Director

Signed thisday of2016

Signature of Shareholder

Signature of Proxy Holder(s)

Affix
Revenue
Stamp
Re.1/-

Notes:

This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

**ATTENDANCE SLIP**

FOR 25th Annual General Meeting to be held on Wednesday, the 30th day of November, 2016 at 10:00 A.M. at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030

Please fill attendance slip and hand it over at the entrance of the meeting venue:

Name	
Address	
DP ID*	
Client ID*	
Folio No.	
No. of Shares held	

[*Applicable for investors holding shares in Electronic form/Applicable for shareholders holding shares in electronic form.]

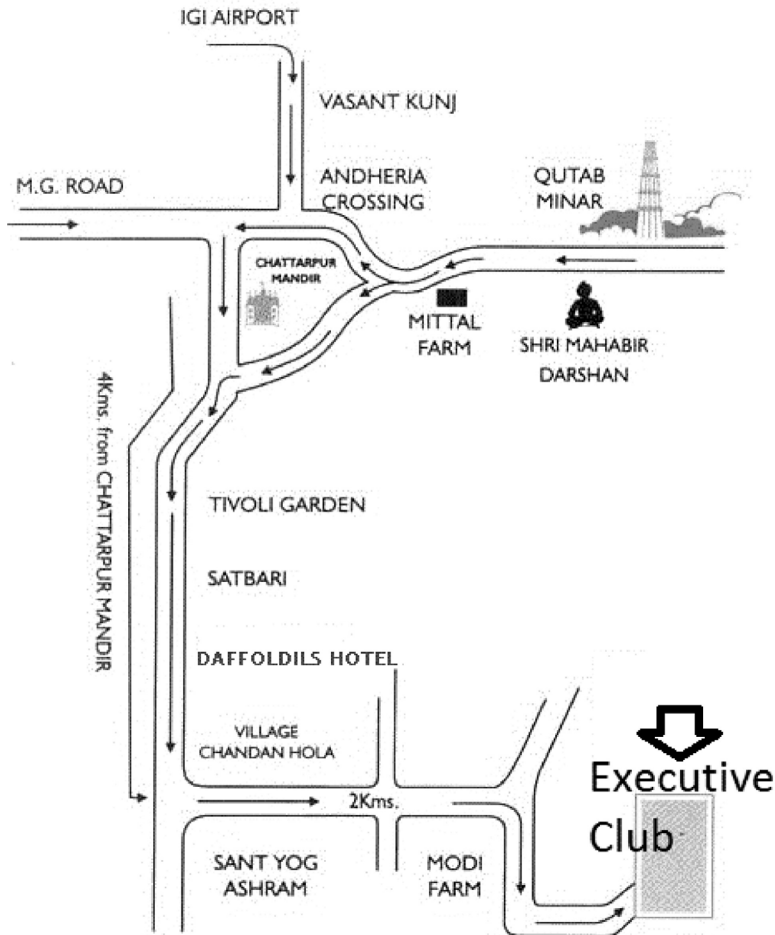
I certify that I am a registered shareholder/proxy for the registered shareholder of the Company and hereby record my presence at the Annual General Meeting of the Company on Wednesday the 30th day of November, 2016 at 10:00 A.M. at Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi 110030.

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Note: Please fill this attendance slip and hand it over.

ROUTE MAP FROM QUTAB MINAR



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DCM FINANCIAL SERVICES LIMITED

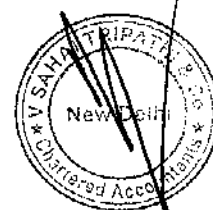
ANNEXURE I

**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, 2016 (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	3,93,22,922	3,93,22,922
	2.	Total Expenditure	1,84,04,424	1,71,57,86,020
	3.	Net Profit/(Loss)	2,09,18,498	(1,67,64,63,098)
	4.	Earnings Per Share	0.95	(76)
	5.	Total Assets	86,31,24,747	88,60,53,001
	6.	Total Liabilities	86,31,24,747	88,60,53,001
	7.	Net Worth	(67,99,04,405)	(2,63,17,21,690)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
i	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 29			
ii	No provision of Rs. 86,855,188 (Rs. 1,564,748,200 towards accumulated Interest as at 31st March, 2016) (Previous Year - Rs. 1,477,893,012) 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 loss for the year ended 31st March, 2016 and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been overstated by Rs. 86,855,188 and Rs 1,564,748,200 respectively. 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. 254,435,689, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 254,435,689 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-30
vi	The subsidiary company namely, Global IT Options Limited has till 31st March, 2016 incurred expenditure of Rs 22,39,525 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 22,39,525 by Company to its subsidiary - Global IT Options Limited Had interest @12% per annum been provided for in the financial statements on outstanding amount of Inter Corporate Deposit with effect from 01-April-2014, Interest expense not provided would have been Rs.298,397.90 and correspondingly the net profit would have been lower by same amount and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been overstated Rs.298,397.90. It is non compliance of Section 186 of 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 less than one lakh rupees but which may extend to five lakh rupees. During the year ended March 31st, 2016, 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.
viii	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 Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for non compliance which are Rs 50,000 from 1-April-2015 to 30th June, 2015 and thereafter Rs 1,000 per day for next 01-July, 2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs 5,000 per day. Total estimated penalty/fine comes to Rs 10.50 Lacs till 31-Mar-2016. Had provision been provided for in the financial statements, the net loss for the year ended 31st March, 2016 and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been higher by Rs. 10.50 Lacs.
	(ix) Contingent liabilities and Other Commitments (ix(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. 24(a) (ix(b)) As per the Fresh Restructuring Scheme, the total amount payable to Punjab & Sind Bank (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 24(b)

ix.(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 24(c)

ix.(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. 24(d)

ix.(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, 2016. Refer Note No. 24(e)

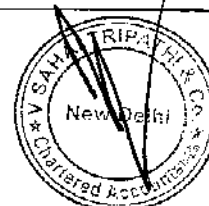
ix.(f) There is a demand of Rs. 14,174,860 and Rs. 3,458,900 raised by Income Tax Department for the Assessment Year 2010-11 and 2006-07 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said demand has been filed by the company which is pending before the appropriate authorities. Refer Note No. 24(f)

ix.(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. 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. 24(i)

ix.(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 :-

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/-

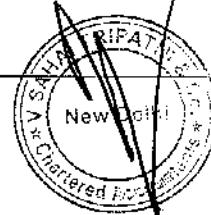
Refer Note No. 24(h)



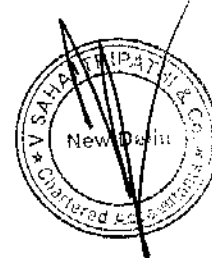
	ix.(i) SIDBI had filed a petition for winding-up on alleged non-payment of Rs. 5,440,000 which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 3,629,941 in the books of account. Provision for Rs. 1,810,059 liability 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. 24(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 First time 31st March,2016 viii First time 31st March,2016 ix.a Repetitive since 30th June 1998 ix.b Repetitive since March 31st,2002-PSB xi.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 First time 31st March,2016-SIDBI
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
i	<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	<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. Since the Court vide its recent order has sanctioned payment of salaries to staff, efforts are being made to appoint a Company Secretary at the earliest</i>



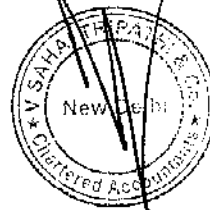
viii	The management had made efforts to appoint a woman director but as the scheme of arrangement is pending along with many criminal and civil suits against the Company regarding repayment of deposits and debentures, the interested women had informed that they be appointed director once the scheme is approved.
ix	(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 DKT 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.
	(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
	(f) Company has taken necessary steps for the rectification of demand orders and is hopeful to get relief.
	(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
	(h) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act.
	(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.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification:
	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.
	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.
	(ii) If management is unable to estimate the impact, reasons for the same:
	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
	ii Due to charge on assets, the banks, debentures and Banks have been shown as secured and there is no financial impact.
	iii 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.
	iv 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.

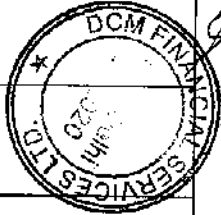


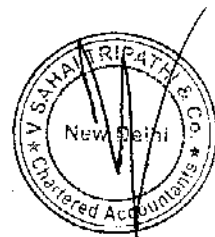
	(iii) Auditors' Comments on (i) or (ii) above:
	(i)
	Vi - As explained to us by the management, Company was trying to hire the Company Secretary, however could not find suitable candidate. Pursuant to sub-section 5 of section 203 Companies Act, 2013 read with Rule 8 of the Companies (Appointment and 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. Considering the efforts made, the management contends that it can justify a lenient view and has considered Rs 1 Lac as penalty amount. We agree with lenient penalty amount considered for non compliance in adjusted Figures in Annexure A.
	Vii The second proviso to section 149 (1) of the act makes it mandatory that every listed company shall appoint at least one woman director within one year from the commencement of the second proviso to Section 149(1) of the Act. Every other public company having paid up share capital of Rs. 100 crores or more or turnover of Rs. 300 crore or more as on the last date of latest audited financial statements, shall also appoint at least one woman director within 1 year from the commencement of second proviso to Section 149(1) of the Act. The requirement to have woman director is applicable on the company and there is non-compliance. Presently Section 149(1) of Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for non compliance which are Rs 50,000 from 1-April-2015 to 30th June, 2015 and thereafter Rs 1,000 per day for next 01-July, 2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs 5,000 per day. Total estimated penalty/fine comes to Rs 10,50,000 till 31-Mar-2016. Management has considered Rs 10 Lac as penalty amount. We agree with penalty amount considered for non compliance in adjusted Figures in Annexure A.
	(ii)
	(i) The parameters considered for going concern are 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. We have already highlighted the financial impact as relevant places. No further impact is required on this point.
	(iv) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been 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 of shortfall, if any, the liability is unsecured, the same has been shown as secured which incorrect disclosure. Other then this there is no impact.
	(v) 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 or 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 have been there. The balances considered by it are the initial balances claimed 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 2014 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.



- (vi) 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 22,39,525 by Company to its subsidiary - Global IT Options Limited. There is a non compliance of Section 186 of Companies Act, 2013. The management has considered the estimated Interest @12% per annum of Rs.298,397.90 in the Adjusted Figures submitted to you. Presently no provision has been considered for interest, fine/penalty which could be charged by Ministry of Corporate Affairs for non compliance of Companies Act, 2013 as management contends that being the Fresh Restructuring Scheme is pending before Hon'ble Delhi High Court, it would not be viable to pay any interest to its subsidiary in view of restrictions imposed by the Hon'ble High Court of Delhi on the operations of bank account and considering that 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.



III.	Signatories:		
	• CEO/Managing Director		 
	Surender Kumar - W.D.		
	• CFO		
	• Audit Committee Chairman		
	• Statutory Auditor		
Place: New Delhi			
Date: 30th May, 2016			



DCM FINANCIAL SERVICES LIMITED

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31-2016 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2015]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	3,95,76,361	3,95,76,361
	2.	Total Expenditure	1,86,04,845	1,71,56,88,043
	3.	Net Profit/(Loss)	2,09,71,516	(1,67,61,11,682)
	4.	Earnings Per Share	0.95	(76)
	5.	Total Assets	86,21,90,540	88,51,18,794
	6.	Total Liabilities	86,21,90,540	88,51,18,794
	7.	Net Worth	(67,89,99,300)	(2,63,05,18,187)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
i	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 29			
ii	No provision of Rs. 86,855,188 (Rs. 1,564,748,200 towards accumulated interest as at 31st March, 2016) (Previous Year - Rs. 1,477,893,012) 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 loss for the year ended 31st March, 2016 and cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2016 would have been overstated by Rs. 86,855,188 and Rs 1,564,748,200 respectively. 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. 254,435,689, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 254,435,689 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.			



(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. 24(d)

ix.(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, 2016. Refer Note No. 24(e)

(f) There is a demand of Rs. 14,174,860 and Rs. 3,458,900 raised by Income Tax Department for the Assessment Year 2010-11 and 2006-07 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said demand has been filed by the company which is pending before the appropriate authorities. Refer Note No. 24(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. 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. 24(i)

(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 :-

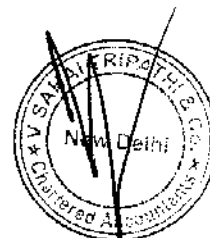
S. No.	Description	Amount
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3.	Claim of ground rent	2,167,190/-
4.	Allied charges	782,210/-
5.	Augmentation of Electric sub-station	132,880/-
6.	Loss of profit	2,000,000/-
7.	Arbitration cost	500,000/-
	TOTAL	28,829,634/-

Refer Note No. 24(h)

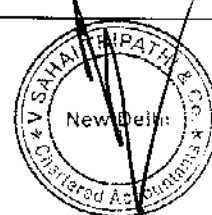
ix.(i) SIDBI had filed a petition for winding-up on alleged non-payment of Rs. 5,440,000 which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 3,629,941 in the books of account. Provision for Rs. 1,810,059 liability 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. 24(i)

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

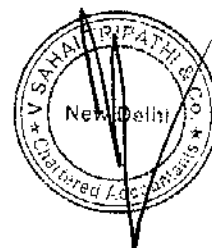
c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing



	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 First time 31st March, 2016 vii First time 31st March, 2016 viii a Repetitive since 30th June 1998 viii.b Repetitive since March 31st, 2002-PSB viii.c Repetitive since 30th June, 2002-IndusInd viii.d Repetitive since 30th June, 2009-Pure Drinks viii.e Repetitive since 31st March, 2011-Tenant Claim viii.f Repetitive 31st March, 2014-ITAX viii.g Repetitive since 30th June, 2012-MS Shoes viii.h Repetitive since 30th June, 2010-NBCC viii.h First time 31st March, 2016-SIDBI
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
i	<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	<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, it is not possible to obtain the balance confirmations</i>
vi	<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. Since the Court vide its recent order has sanctioned payment of salaries to staff, efforts are being made to appoint a Company Secretary at the earliest</i>
vii	<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.</i>
viii	<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>



	(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.
	(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
	(f) Company has taken necessary steps for the rectification of demand orders and is hopeful to get relief.
	(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
	(h) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act.
	(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.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification:
	Vi 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.
	Vii 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.
	(ii) If management is unable to estimate the impact, reasons for the same:
	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
	iv Due to charge on assets, the banks, debentures and Banks have been shown as secured and there is no financial impact.
	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.
	(iii) Auditors' Comments on (i) or (ii) above:
	(i) Vi - As explained to us by the management, Company was trying to hire the Company Secretary, however could not find suitable candidate. 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. Considering the efforts made, the management contends that it can justify a lenient view and has considered Rs 1 Lac as penalty amount. We agree with lenient penalty amount considered for non compliance in adjusted Figures in Annexure A.



Vii The second proviso to section 149 (1) of the act makes it mandatory that every listed company shall appoint at least one woman director within one year from the commencement of the second proviso to Section 149(1) of the Act. Every other public company having paid up share capital of Rs. 100 crores or more or turnover of Rs. 300 crore or more as on the last date of latest audited financial statements, shall also appoint at least one woman director within 1 year from the commencement of second proviso to Section 149(1) of the Act. The requirement to have woman director is applicable on the company and there is non-compliance. Presently Section 149(1) of Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for non compliance which are Rs 50,000 from 1-April-2015 to 30th June, 2015 and thereafter Rs 1,000 per day for next 01-July, 2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs 5,000 per day. Total estimated penalty/fine comes to Rs 10,50,000 till 31-Mar-2016. Management has considered Rs 10 Lac as penalty amount. We agree with penalty amount considered for non compliance in adjusted Figures in Annexure A.

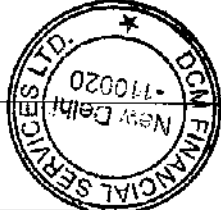
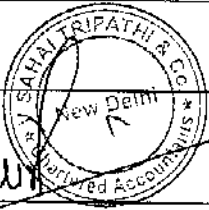
(ii)

(i) *The parameters considered for going concern are 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. We have already highlighted the financial impact as relevant places. No further impact is required on this point.*

(iv) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been 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 of shortfall, if any, the liability is unsecured, the same has been shown as secured which incorrect disclosure. Other then this there is no impact.

(v) 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 or 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 have been there. The balances considered by it are the initial balances claimed 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 2014 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 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.



III.	Signatories:		 
	• CEO/Managing Director		
	<i>Sunder Kumar. - w/o.</i>		
	• CFO		
	• Audit Committee Chairman		
	• Statutory Auditor		
Place: New Delhi			
Date: 30th May, 2016			

