Date: 06.06.2018

The Head- Listing Compliance

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Mumbai - 400 051

Stock Code: DCMFINSERV

Sub: Submission of Revised Financial Result of the Company for the Quarter and year ended March 31, 2018

Dear Sir/Madam,

This is in response to your e-mail dated June 1, 2018 regarding discrepancies in Financial Result of the Company for the Quarter and year ended March 31, 2018, we hereby submit revised Audited Financial Results as required by your good office.

Kindly take the above information on your records.

Thanking you,

Yours faithfully,
For DCM Financial Services Limited

(Surender Kumar)
(DIN: 02188166)
Whole Time Director

Add: **D-7/3 Okhla Industrial Area,**
Phase-2 New Delhi-110020

Encl: As stated above

DCM FINANCIAL SERVICES LIMITED
CIN L65921DL1991PLC043087
Regd. Office:- D7/3, Okhla Industrial Area, Phase - 2, New Delhi - 110020.
Tel. 011-26387750, Fax. 91-11-26385996
Email id.: info@dfslonline.com; Website: www.dfslonline.com

Statement of Standalone Audited Financial Results for the Quarter and Year ended March 31, 2018 **Amt. (In Lakhs)**

Particulars	Quarter Ended			Year Ended	
	Quarter ended 31-03-2018	Preceding 3 month ended 31-12-2017	Corresponding 3 month ended 31-03-2017	Year to date figures for the Curent year ended on 31-03-2018	Year to date figures for the previous year period ended on 31-03-2017
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
I. Revenue from Operations	0.00	0.00	0.00	0.00	0.00
II. Other Income	476.24	86.63	246.56	725.16	495.47
III. Total Income (I +II)	**476.24**	**86.63**	**246.56**	**725.16**	**495.47**
IV. Expenses					
Cost of Material Consumed	0.00	0.00	0.00	0.00	0.00
Purchases of Stock-in-trade	0.00	0.00	0.00	0.00	0.00
Changes in inventories of finished goods, Work-in-progress and stock-in-trade	25.32	-12.03	25.32	0.00	0.00
Employee Benefits Expenses	12.70	10.64	6.03	44.99	38.32
Finance Costs	100.62	0.00	142.37	100.62	142.37
Depreciation and amortisation expenses	9.02	7.47	8.16	31.43	30.57
Other Expenses	310.59	25.02	-14.12	403.68	78.97
Total Expenses (IV)	**458.25**	**31.10**	**167.77**	**580.72**	**290.23**
V. Profit/(Loss) before exceptional items and tax (III- IV)	**17.99**	**55.53**	**78.79**	**144.44**	**205.24**
VI. Exceptional items	0.00	0.00	0.00	0.00	0.00
VII. Profit/(Loss) before tax (V-VI)	**17.99**	**55.53**	**78.79**	**144.44**	**205.24**
VIII. Tax Expense	**115.21**	**11.95**	**8.81**	**150.74**	**44.34**
(1) Current tax	3.47	11.95	8.47	39.00	44.00
(2) Deferred tax	110.91	0.00	0.34	110.91	0.34
(3) Previous Year Tax	0.83	0.00	0.00	0.83	0.00
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)	**-97.22**	**43.58**	**69.98**	**-6.30**	**160.91**
X. Profit/(Loss) from discontinued operations	0.00	0.00	0.00	0.00	0.00
XI. Tax expense of discontinued operations	0.00	0.00	0.00	0.00	0.00
XII. Profit/(Loss) from Discontinued operations (after tax) (X-XI)	0.00	0.00	0.00	0.00	0.00
XIII. Profit/(Loss) for the period (IX+XII)	**-97.22**	**43.58**	**69.98**	**-6.30**	**160.91**
XIV. Other Comprehensive Income	**-1.21**	**0.00**	**-4.21**	**-1.21**	**-4.21**
(A) (i) Items that will not be reclassified to profit or loss	-1.05	0.00	-3.25	-1.05	-3.25
(ii) Income tax relating to items that will not be reclassified to profit or loss	-0.16	0.00	-0.96	-0.16	-0.96
(B) (i) Items that will be classified to profit or loss	0.00	0.00	0.00	0.00	0.00
(ii) Income tax relating to items that will be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00
XV. Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the Period)	**-98.44**	**43.58**	**65.77**	**-7.52**	**156.70**
XVI. Earnings per equity share (for continuing operation):					
(1) Basic	-0.44	0.20	0.30	-0.03	0.71
(2) Diluted	-0.44	0.20	0.30	-0.03	0.71
XVII. Earnings per equity share (for discontinued operation):					
(1) Basic	0.00	0.00	0.00	0.00	0.00
(2) Diluted	0.00	0.00	0.00	0.00	0.00
XVIII. Earnings per equity share (for discontinued & continuing operations)					
(1) Basic	0.00	0.00	0.00	0.00	0.00
(2) Diluted	0.00	0.00	0.00	0.00	0.00

Notes:

(1) The above results have been reviewed by Audit Committee and taken on record by the Board of Directors at its Meeting held on 30th, May 2018. The Statutory Auditors have carried out their Audit of the above results.

(2) The above results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IND AS), prescribed under section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

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

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

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

(6) Reconciliation of Net Profit as previously reported under GAAP and IND AS for the period as reported above has been given in Annexure-1

Annexure-I

Particulars	Quarter ended 31.03.2017 (Audited)	Year ended 31.03.2017 (Audited)
Reconciliation of Net Profit as previously reported in GAAP and IND AS		
Net Profit as reported under previous GAAP	**30.58**	**172.32**
Financial Cost recognised on fair value of financial liabilities	-142.37	-142.37
Impact of adjustment in revenue from operations	176.86	126.05
Impact of adjustment in trade receivables		
Provisions written back	2.00	2.00
Impact of measurement of certain receivables at fair value		
Tax Adjustments	-1.29	-1.29
Net profit as per IND AS	**65.77**	**156.70**

For DCM Financial Services Ltd

(Surender Kumar)
Whole Time Director
DIN : 02188166
Add: D7/3 Okhla Industrial Area Phase -II,
New Delhi-110020
Date: 30-05-2018
Place : New Delhi

DCM FINANCIAL SERVICES LIMITED
CIN L65921DL1991PLC043087
Regd. Office:- D7/3, Okhla Industrial Area, Phase - 2, New Delhi - 110020.
Tel. 011-26387750, Fax. 91-11-26385996
Email id.: info@dfslonline.com; Website: www.dfslonline.com

Statement of Consolidated Audited Financial Results for the Quarter and Year ended March 31, 2018 **Amt. (In Lakhs)**

Particulars	Quarter Ended			Year Ended	
	Quarter ended 31-03-2018	Preceding 3 month ended 31-12-2017	Corresponding 3 month ended 31-03-2017	Year to date figures for the Curent year ended on 31-03-2018	Year to date figures for the previous year period ended on 31-03-2017
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
I. Revenue from Operations					
II. Other Income	475.99	86.88	246.79	725.16	495.75
III. Total Income (I +II)	**475.99**	**86.88**	**246.79**	**725.16**	**495.75**
IV. Expenses					
Cost of Material Consumed					
Purchases of Stock-in-trade					
Changes in inventories of finished goods, Work-in-progress and stock-in-trade	25.32	-12.03	25.32		
Employee Benefits Expenses	12.70	10.64	6.03	44.99	38.32
Finance Costs	98.91	-	140.84	98.91	140.85
Depreciation and amortisation expenses	9.48	7.62	8.16	32.04	31.69
Other Expenses	293.71	25.35	-12.30	387.36	79.84
Total Expenses (IV)	**440.11**	**31.58**	**168.06**	**563.30**	**290.70**
V. Profit/(Loss) before exceptional items and tax (III- IV)	**35.87**	**55.30**	**78.73**	**161.86**	**205.05**
VI. Exceptional items	-	-	-	-	-
VII. Profit/(Loss) before tax (V-VI)	**35.87**	**55.30**	**78.73**	**161.86**	**205.05**
VIII. Tax Expense					
(1) Current tax	3.67	11.95	8.47	39.00	44.00
(2) Deferred tax	111.52	-	0.73	111.52	0.73
(3) Previous Year Tax	0.83	-	-	0.83	
IX. Profit/(Loss) for the period from continuing operations (VII-VIII)	**-80.15**	**43.35**	**69.53**	**10.51**	**160.32**
X. Profit/(Loss) from discontinued operations	-	-	-	-	-
XI. Tax expense of discontinued operations	-	-	-	-	-
XII. Profit/(Loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-
XIII. Profit/(Loss) for the period (IX+XII)	**-80.15**	**43.35**	**69.53**	**10.51**	**160.32**
XIV. Other Comprehensive Income	**-1.21**	**0**	**-4.21**	**-1.21**	**-4.21**
(A) (i) Items that will not be reclassified to profit or loss	-1.05	0	-3.25	-1.05	-3.25
(ii) Income tax relating to items that will not be reclassified to profit or loss	-0.16	0	-0.96	-0.16	-0.96
(B) (i) Items that will be classified to profit or loss	-	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-
XV. Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the Period)	**-81.36**	**43.35**	**65.32**	**9.30**	**156.11**
XVI. Earnings per equity share (for continuing operation):					
(1) Basic	-0.37	0.20	0.30	0.04	0.71
(2) Diluted	-0.37	0.20	0.30	0.04	0.71
XVII. Earnings per equity share (for discontinued operation):					
(1) Basic	-	-	-	-	-
(2) Diluted	-	-	-	-	-
XVIII. Earnings per equity share (for discontinued & continuing operations)					
(1) Basic	-	-	-	-	-
(2) Diluted	-	-	-	-	-

Notes:

(1) The above results have been reviewed by Audit Committee and taken on record by the Board of Directors at its Meeting held on 30th, May 2018. The Statutory Auditors have carried out their Audit of the above results.

(2) The above results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IND AS), prescribed under section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

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

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

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

(6) Reconciliation of Net Profit as previously reported under GAAP and IND AS for the period as reported above has been given in Annexure-1

Annexure-I

Particulars	Quarter ended 31.03.2017 (Audited)	Year ended 31.03.2017 (Audited)
Reconciliation of Net Profit as previously reported in GAAP and IND AS		
Net Profit as reported under previous GAAP	**31.56**	**170.12**
Financial Cost recognised on fair value of financial liabilities	-143.90	-140.61
Impact of adjustment in revenue from operations	177.34	126.27
Impact of adjustment in trade receivables		
Provisions written back	2.01	2.01
Impact of measurement of certain receivables at fair value		
Tax Adjustments	-1.68	-1.68
Net profit as per IND AS	**65.32**	**156.11**

For DCM Financial Services Limited

Surender Kumar
(DIN: 02188166)
Whole Time Director
Add: D-7/3 Okhla Industrial Area,
Phase-2 New Delhi-110020

Date: 30.05.2018
Place : New Delhi

DCM FINANCIAL SERVICES LIMITED
CIN L65921DL1991PLC043087
Regd. Office:- D7/3, Okhla Industrial Area, Phase - 2, New Delhi - 110020.
Tel. 011-26387750, Fax. 91-11-26385996
Email id.: info@dfslonline.com; Website: www.dfslonline.com

Standalone Statement of Assets and Liabilities

Particulars	Figures at the end of current reporting period i.e. 31/03/2018	Figures at the end of previous reporting period i.e. 31/03/2017
	(Audited)	(Audited)
ASSETS		
Non current assets		
(a) Property, Plant and Equipment	1253.66	1285.09
(b) Capital Work in Progress	-	-
(c) Investment Property	-	-
(d) Goodwill	-	-
(e) Other Intangible Assets	-	-
(f) Intengible assets under development	-	-
(g) Biological Assets other than bearer plants	-	-
(h) Financials Assets-		
(i) Investments	-	96.90
(ii) Trade Receivables	-	0.00
(iii) Loans	-	
(iv) Deposits for Rented Premises	0.87	0.87
(i) Deferred tax assets (net)	370.43	481.50
(j) Other non-current assets	180.97	194.71
Current Assets		
(a) Inventories		
(b) Financials Assets		
(i) Investments	152.33	49.50
(ii) Trade receivables	0.00	0.00
(iii) Cash and cash equivalents	112.28	41.75
(iv) Bank Balance other than (iii) above	3360.55	4687.71
(v) Loans	0.00	0.00
(vi) Otheres	188.50	306.26
(c) Current tex Assets	0.00	0.00
(d) Other current Assets	0.00	0.00
TOTAL ASSETS	**5619.59**	**7144.29**
EQUITY AND LIABILITES		
Equity-		
(a) Equity Share Capital	2212.51	2212.51
(b) Other Equity	(6438.56)	(6431.05)
Liabliaties		
Non -Current liabilites		
(a) Financials Liablities		
(i) Borrowings	1323.32	10829.02
(ii) Trade Payable	0.00	0.00
(iii) Other Financial liablities (other than specified in item (b) to be specified	0.00	0.00
(b) Provisions	5.27	4.12
(c) Deffered Tax Liabilites (net)	0.00	0.00
(d) Other Non-Current Liablities	150.03	237.22
Current Liablities		
(a) Financials Liablities		
(i) Borrowings	0.00	0.00
(ii) Trade Payables	0.00	0.00
(iii) Other Financial liablities (other than specified in item (c) tobe specified	8322.33	230.37
(b) Other current liabilities	33.20	54.65
(c) provisions	11.49	7.45
(d) Current Tax Liablitries	0.00	0.00
TOTAL EQUITY AND LIABILITES	**5619.59**	**7144.29**

(1) Reconciliation of Net Profit as previously reported under GAAP and IND AS for the period as reported above has been given in Annexure-II

Particular	Year Ended 31.03.2017
Total Equity as per GAAP	**-4773.24**
IND AS Adjustments	547.18
Total Equity as per IND AS	**-4226.06**

For DCM Financial Services Limited

Surender Kumar
(DIN: 02188166)
Whole Time Director
Add: D-7/3 Okhla Industrial Area,
Phase-2 New Delhi-110020

Date: 30.05.2018
Place : New Delhi

DCM FINANCIAL SERVICES LIMITED
CIN L65921DL1991PLC043087
Regd. Office:- D7/3, Okhla Industrial Area, Phase - 2, New Delhi - 110020.
Tel. 011-26387750, Fax. 91-11-26385996
Email id.: info@dfslonline.com; Website: www.dfslonline.com

Consolidated Statement of Assets and Liabilities

Particulars	Figures at the end of current reporting period i.e. 31/03/2018	Figures at the end of previous reporting period i.e. 31/03/2017
	(Audited)	(Audited)
ASSETS		
Non current assets		
(a) Property, Plant and Equipment	1255.96	1288.04
(b) Capital Work in Progress	0.00	0.00
(c) Investment Property	0.00	0.00
(d) Goodwill	0.00	0.00
(e) Other Intangible Assets	0.00	0.00
(f) Intengible assets under development	0.00	0.00
(g) Biological Assets other than bearer plants	0.00	0.00
(h) Financials Assets-		
(i) Investments	0.45	79.36
(ii) Trade Receivables	0.00	0.00
(iii) Loans	0.00	0.00
(iv) Deposits for Rented Premises	0.87	0.87
(i) Deferred tax assets (net)	371.47	483.15
(j) Other non-current assets	181.55	195.29
Current Assets		
(a) Inventories	0.00	0.00
(b) Financials Assets		
(i) Investments	152.33	49.50
(ii) Trade receivables	0.00	0.00
(iii) Cash and cash equivalents	113.59	44.42
(iv) Bank Balance other than (iii) above	3360.55	4687.71
(v) Loans	0.00	0.00
(vi) Otheres (to be specified)	188.50	306.26
(c) Current tex Assets	0.00	0.00
(d) Other current Assets	0.06	0.05
TOTAL ASSETS	**5625.33**	**7134.65**
EQUITY AND LIABILITES		
Equity-		
(a) Equity Share Capital	2212.51	2212.51
(b) Other Equity	-6415.37	-6424.67
Liabliaties		
Non -Current liabilites		
(a) Financials Liablities		
(i) Borrowings	1304.45	10811.86
(ii) Trade Payable	0.00	0.00
(iii) Other Financial liablities (other than specified in item (b) to be specified	0.00	0.00
(b) Provisions	5.27	4.12
(c) Deffered Tax Liabilites (net)	0.00	
(d) Other Non-Current Liablities	150.03	237.22
Current Liablities		
(a) Financials Liablities		
(i) Borrowings	0.00	0.00
(ii) Trade Payables	0.00	0.00
(iii) Other Financial liablities (other than specified in item (c) tobe specified	8323.76	231.52
(b) Other current liabilities	33.20	54.65
(c) provisions	11.49	7.45
(d) Current Tax Liablitries	0.00	0.00
TOTAL EQUITY AND LIABILITES	**5625.33**	**7134.65**

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(1) Reconciliation of Net Profit as previously reported under GAAP and IND AS for the period as reported above has been given in Annexure-II

Particular	Year Ended 31.03.2017
Total Equity as per GAAP	**-4763.38**
IND AS Adjustments	560.52
Total Equity as per IND AS	**-4202.86**

For DCM Financial Services Limited

Surender Kumar
(DIN: 02188166)
Whole Time Director
Add: D-7/3 Okhla Industrial Area,
Phase-2 New Delhi-110020

Date: 30.05.2018
Place : New Delhi

MUKESH AGGARWAL & CO.
CHARTERED ACCOUNTANTS
102-103, IJS Palace, X-320, Delhi Gate Bazar,
Asaf Ali Road, New Delhi-110002
Tel : 011-4302 8025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **DCM FINANCIAL SERVICES LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **DCM FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, Statement of Profit and Loss including other comprehensive income, Cash Flow Statement, Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred as "the Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The Board of Directors of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements by the Directors of the Company.

Mukesh Aggarwal & Co. Chartered Accountants

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. In conducting 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Ind AS financial statements.

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

Basis for Qualified Opinion

(i) Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholders creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the the scheme towards Interest on Debentures and Fixed Deposits, have been

provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits.

Had interest of Rs. 1,683 Lacs been provided for in the financial statements on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2018 would have been higher by Rs 1,683 Lacs. The same has been explained in Note **15.1 and Note 15.4**

(ii) For redemption of 'B' series debentures of Rs. 2365.54 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2365.54 Lacs has not been created due to insufficient profits. The same has been explained in **Note 15.1.**

(iii) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in **Note 15.1, 15.2 and 15. 3.**

(iv) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, 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-40**

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

(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. However during the year ended March 31st, 2017, the Company was in contravention of the aforesaid provision. As explained to us, the management has made various attempts to appoint a Whole Time Company Secretary, however was unable to appoint Whole Time Company Secretary in the absence of suitable candidate. The Company has made relevant disclosures in the Board of Directors meeting regarding this issue.

However during the year ended March 31st, 2018, the Company has appointed Whole Time Company Secretary with effect from 22nd April, 2017.

Regarding non appointment of Whole Time Company Secretary till 22nd April, 2017, it is non compliance of Section 203 of Companies Act, 2013, which could attract penalties. Presently it is not feasible to determine the financial impact on the financial.

(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. 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. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16.85 Lacs (P.Y RS.16.85 Lacs) till date of appointment of women director (i.e. 5th October, 2016). No provision of Rs 16.85 Lacs has made in the books of accounts. Had provision been provided for in the financial statements, the net profit before tax for the year ended 31st March, 2018 would have been lower by Rs 16.85 Lacs and net profit after tax would have been lowered by Rs. 13.45 Lacs. The cumulative net loss as well as Current/ Non Current Liability/ Provisions as at 31st March, 2018 would have been higher by Rs.16.85 Lacs.

(viii) As per the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax, MAT Credit is an asset to be recognized in the Financial Statement when it is 'Probable 'that the future economic benefits associated with it will flow to the enterprise and asset has a cost or value that

can be measured reliably. In the previous periods, the company has already recorded MAT Credit Entitlement of Rs 28.52 Lacs in the books of accounts. Considering that the matter is Scheme of One Man Committee is still under process and Hon'ble Delhi High Court has held that the revival of Company will be decided later-on depending on the successful Implementation of scheme of One Man Committee, there is no virtual certainty that future economic benefit would flow to company. Considering this, we are of opinion that such MAT Credit Entitlement of Rs 28.52 Lacs needs to be derecognized.

Had MAT Credit of Rs 28.52 Lacs had been reversed in financial statements in year ended March, 2018, the net profit after tax would have been lower by Rs 28.52 Lacs and net profit after tax would have been lowered by Rs. 28.52 Lacs and consequently the net cumulative loss would have been higher by Rs 28.52 Lacs. In addition to, non-current loans and advances would have been lowered by Rs 28.52 Lacs after considering the tax effects.

(ix) Contingent liabilities and Other Commitments

ix(a) Mr. Dhruv Prakash had lodged a claim of recovery of Rs 913,362. against which a decree of Rs 6,96,887 was passed by Additional District Judge, Tis Hazari Court, New Delhi on 2nd August, 2005 along-with 6% simple interest from the date lodging of suit till actual realization. The contingent liability arising out of this suit amounts to Rs 6,96,887 along-with 6% simple interest from the date lodging of suit till actual realization. The same is being contested by Company in Delhi High Court. 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.

ix(b) 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, 2018.

ix(c) There is a demand of Rs. 3,458,902 raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities as on 31st March 2018.

ix(d) 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

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impact comes to Rs. 36,358,448 which has been contested by Company before Hon'ble Delhi High Court.

ix(e) 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/-**

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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

(a) In the case of the Balance Sheet, of the State of Affairs of the Company as at March 31, 2018; and

(b) In the case of Statement of Profit and Loss account, of the loss for the year ended on date March 31, 2018.

(c) In the case of Cash Flow Statement for the year ended on date March 31, 2018.

(d) In the case of Statement of changes in equity for the year ended on date March 31, 2018.

Material Uncertainty Related to Going Concern

We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rs. 751,721 during the year ended March 31, 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs 27,47,43,361. The accumulated loss as on 31st March, 2018 stands to Rs. 84,48,27,519 /- (Previous year Rs. 84,40,75 ,798/-). As on 31st March, 2018, the Company's total liabilities exceeded to its total assets by Rs. 42,26,05,793/- (Previous year Rs. 42,18,54,070/-)

As stated in Note 38, these events or conditions, along with other matters as set forth in Note 38 which are as under :-

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

(b) Adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

(i) We draw attention to Note 28 in the financial statements regarding successful implementation of scheme of One Man Committee on which continuity and revival of the Company is completely dependent which not only includes successful implementation of Schedule of payments described under Phase-I and Phase-II, but also realisability of funds from the disposal of Fixed Assets especially Building which is under dispute with Tenant as well as NBCC.

(ii) We draw attention to Note 34 in the financial statements on the deposit Rs. 195,000,000 with the Hon'ble Delhi High Court. DCM Services Ltd, as a promoter had committed to bring in Rs 195,000,000 as a promoter contribution upon sanction of their restructuring scheme under erstwhile Section 391 of the Indian Companies Act, 1956 which is under implementation by One Man Committee appointed with the direction of Hon'ble Delhi High Court. The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 195,000,000 with the Court and pursuant to the court order DCM Services Limited deposited Rs 50,000,000 on 16.07.2010, Rs 67,000,000 on 18.11.2010, Rs. 39,000,000 on 21.04.2011 &Rs. 39,000,000

on 27.04.2012 aggregating to Rs. 195,000,000 on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. All the funds are with Delhi High Court along-with accrued interest thereon. No financial impact of this has been recorded in the financials of the company till 31st March, 2018 as there is no clarity provided by Hon'ble High Court of Delhi on whether Company would have to issue any shares against such contribution as per SEBI guidelines or such amount would be refundable to DCM Services Limited by company or there would be no liability on the Company to either to pay the said amount or issue any shares in lieu of that. Till Company gets any clarity on this matter, no financial entry has been recorded in the books of accounts.

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**, 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 Ind As 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 relating to preparation of the aforesaid Ind AS financial statements have been kept by so far as appears from our examination of those books and reports of the other auditors;

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS financial statements;

d. Except for the impact of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Cash Flow Statement and the Statement of Equity, 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. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the board of directors of the Company, none of the Group Companies is disqualified as at 31st March, 2018 from being appointed as Director in terms of Section 164(2) of the Companies Act, 2013, except disqualification under Section 164(2)(b) on account of non-payment of Public Deposits and debentures by Company. As explained by the Company, the matter presently is sub-juiced as Company had already submitted Fresh Restructuring Scheme with Hon'ble Delhi High Court and One Man Committee appointed by Hon'ble Delhi High Court is already implementing schedule of modified scheme.

g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B".** Our report expresses an modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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 as amended, in our opinion and to the best of our information and according to the explanations given to us :-

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with generally accepted accounting practice – **Refer Note 30** to the financial statement.

   ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

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

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

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All the unpaid matured Public Fixed Deposits of Rs 5,449.92 Lacs Unpaid Matured Debentures of Rs. 2374.04 Lacs which was more than seven year old. Accordingly except the matter stated above, there has been no delay in transferring amounts or *there were no amounts which were required to be transferred* to the Investor Education and Protection Fund by the Company. **Refer Note No 15.1 and 15.4.**

M/s Mukesh Aggarwal & Co
Chartered Accountants
Firm Regd. No. 011393N

Mukesh Aggarwal & Co. NEW DELHI Chartered Accountants

Rishi Mittal
Partner
M. No. 521860

Place: New Delhi
Date: 30th May, 2018

ANNEXURE A 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, 2018

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, 2018.

   (c) The title deeds of all the immovable properties are held in the name of the company.

2) Inventory consists of shares considered as current investments 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.

   Except this, the company is not holding any inventory as on 31st March, 2018.

3) The Company has not granted loans to Companies, Firms, Limited Liability Partnership (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4) The company has not granted any loans, investments, guarantees and securities during the year in terms of provisions of Section 185 and 186 of Companies Act, 2013.

5) The company has not accepted deposits from the public during the year.

   The directives issued by the Reserve Bank of India and the provision of section 73 to 76 or any other relevant provision of the Companies Act 2013 are not applicable on all the unpaid matured public Fixed Deposits of Rs 5,449.92 Lacs. Unpaid Matured Debentures of Rs. 2374.04 Lacs standing as at 31st March, 2018 which were accepted in prior periods in view of filing of

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Fresh Restructuring Scheme filed with Hon'ble Delhi High Court on 25th September, 2004.

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

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

6) 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, 2018.

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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, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the company produced before us, there are disputed demands as mentioned below for the payment of tax under Income tax Act, 1961, which is disputed by the company with various authorities.

Name of the Statuses	Assessment years	Tax Demand in (Rs.)	Forum where dispute is pending	Remarks
Income Tax Act, 1961	2006-2007	Rs. 34.59 Lacs	CIT(A)	Appeal filed before CIT (A) on 27th April 2016. Appeal heard – order from CIT (A) awaited
Income Tax Act, 1961	2003-2004	No Demand	ITAT	Company had issued shares in lieu of Interest paid to P& S Bank and Indusind Bank and claimed as expenses. CIT Appeal allowed the appeal. Case is fixed before ITAT on 14 june 2018 as department gone for appeal

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8) The company had defaulted in the repayment of dues to financial institutions, banks and debenture holders as explained in Note Nos. 15.2 to and Note 15.3 and Note No-18.2 to Note No-18.3 of Notes to Accounts.

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

Particulars	Amount	Default Period
Punjab and Sind Bank	Rs. 241.02 Lacs	Default since Financial Year 1997-98.
SIDBI	Rs. 10.89 Lacs	Default since Financial Year 1997-98.

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.

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

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can be paid to depositors or other creditors. During the year ended 31st March, 2018, Company started paying the amount as per Phase-I.

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

9) 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 31stMarch, 2018.

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, 2018.

11) Managerial remuneration amounting to Rs. 3.85 Lacs to the Key Managerial Personnel defined under Section 2(51) of Companies Act, 2013 has been provided for the period relating to 1-April-2017 to 31-March-2018 on the basis of approval received from Central Government on 1st May, 2017 which contains payment of managerial remuneration of note more than Rs 3.99 Lac per annum for the period from 1-Dec-2015 to 30-Nov-2018.

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.

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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.

M/s Mukesh Aggarwal & Co
Chartered Accountants
Firm Regd. No. 011393N

Mukesh Aggarwal & Co. NEW DELHI Chartered Accountants

Rishi Mittal
Partner
M. No. 521860
Place: New Delhi
Date: 30th May, 2018

ANNEXURE-"B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the Ind As financial statements of the Company as of and for the year ended 31 March, 2018 we have audited the internal financial controls over financial reporting of **DCM FINANCIAL SERVICES LIMITED** ("the Company") as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company are 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") issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures

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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.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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, 2018.

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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.

M/s Mukesh Aggarwal & Co
Chartered Accountants
Firm Regd. No. 011393N

Mukesh Aggarwal & Co. NEW DELHI Chartered Accountants

Rishi Mittal
Partner
M. No. 521860
Place: New Delhi
Date: 30th May, 2018

MUKESH AGGARWAL & CO.
CHARTERED ACCOUNTANTS
102-103, IJS Palace, X-320, Delhi Gate Bazar,
Asaf Ali Road, New Delhi-110002
Tel : 011-4302 8025

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **DCM FINANCIAL SERVICES LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ***DCM Financial Services Limited*** (hereinafter referred to as "the Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements by the Directors of the Company.

Mukesh Aggarwal & Co. NEW DELHI Chartered Accountants

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in paragraph of the Other Key Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

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

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decided. All stakeholders creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits.

Had interest of Rs. 1,683 Lacs been provided for in the financial statements on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2018 would have been higher by Rs 1,683 Lacs. The same has been explained in Note **15.1 and Note 15.4**

(ii) For redemption of 'B' series debentures of Rs. 2365.54 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2365.54 Lacs has not been created due to insufficient profits. The same has been explained in **Note 15.1.**

(iii) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in **Note 15.1, 15.2 and 15. 3.**

(iv) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, 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-40**

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

Interest has not been provided on outstanding balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non compliance of Section 186 of the Companies Act, 2013, which could attract penalties.

(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. However during the year ended March 31st, 2017, the Company was in contravention of the aforesaid provision. As explained to us, the management has made various attempts to appoint a Whole Time Company Secretary, however was unable to appoint Whole Time Company Secretary in the absence of suitable candidate. The Company has made relevant disclosures in the Board of Directors meeting regarding this issue.

However during the year ended March 31st, 2018, the Company has appointed Whole Time Company Secretary with effect from 22nd April, 2017.

Regarding non appointment of Whole Time Company Secretary till 22nd April, 2017, it is non compliance of Section 203 of Companies Act, 2013, which could attract penalties. Presently it is not feasible to determine the financial impact on the financial.

(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. 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. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16.85 Lacs (P.Y RS.16.85 Lacs) till date of appointment of women director (i.e. 5th October, 2016). No provision of Rs 16.85 Lacs has made in the books of accounts. Had provision been provided for in the financial statements, the net profit before tax for the year ended 31st March, 2018 would have been lower by Rs 16.85 Lacs and net profit after tax would have been lowered by Rs. 13.45 Lacs. The cumulative net loss as well as Current/ Non Current Liability/ Provisions as at 31st March, 2018 would have been higher by Rs.16.85 Lacs.

(viii) As per the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax, MAT Credit is an asset to be recognized in the

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Financial Statement when it is 'Probable 'that the future economic benefits associated with it will flow to the enterprise and asset has a cost or value that can be measured reliably. In the previous periods, the company has already recorded MAT Credit Entitlement of Rs 28.52 Lacs in the books of accounts. Considering that the matter is Scheme of One Man Committee is still under process and Hon'ble Delhi High Court has held that the revival of Company will be decided later-on depending on the successful Implementation of scheme of One Man Committee, there is no virtual certainty that future economic benefit would flow to company. Considering this, we are of opinion that such MAT Credit Entitlement of Rs 28.52 Lacs needs to be derecognized.

Had MAT Credit of Rs 28.52 Lacs had been reversed in financial statements in year ended March, 2018, the net profit after tax would have been lower by Rs 28.52 Lacs and net profit after tax would have been lowered by Rs. 28.52 Lacs and consequently the net cumulative loss would have been higher by Rs 28.52 Lacs. In addition to, non-current loans and advances would have been lowered by Rs 28.52 Lacs after considering the tax effects.

(ix) Contingent liabilities and Other Commitments

ix(a) Mr. Dhruv Prakash had lodged a claim of recovery of Rs 913,362. against which a decree of Rs 6,96,887 was passed by Additional District Judge, Tis Hazari Court, New Delhi on 2nd August, 2005 along-with 6% simple interest from the date lodging of suit till actual realization. The contingent liability arising out of this suit amounts to Rs 6,96,887 along-with 6% simple interest from the date lodging of suit till actual realization. The same is being contested by Company in Delhi High Court. 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.

ix(b) 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, 2018.

ix(c) There is a demand of Rs. 3,458,902 raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities as on 31st March 2018.

ix(d) 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

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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.

ix(e) 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/-**

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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

(a) In the case of the Balance Sheet, of the Consolidated State of Affairs of the Company as at March 31, 2018;

(b) In the case of Consolidated Statement of Profit and Loss account including consolidated other comprehensive income, of the loss for the year ended on date March 31, 2018.

(c) In the case of Consolidated Cash Flow Statement for the year ended on date March 31, 2018 and

(d) In the case of Consolidated Statement of changes in equity for the year ended on date March 31, 2018.

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Material Uncertainty Related to Going Concern

We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rs. 751,721 during the year ended March 31, 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs 27,47,43,361. The accumulated loss as on 31st March, 2018 stands to Rs. 84,48,27,519 /- (Previous year Rs. 84,40,75 ,798/-). As on 31st March, 2018, the Company's total liabilities exceeded to its total assets by Rs. 42,26,05,793/- (Previous year Rs. 42,18,54,070/-)

As stated in Note 38, these events or conditions, along with other matters as set forth in Note 38 which are as under :-

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

(b) Adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

(i) We draw attention to Note 28 in the financial statements regarding successful implementation of scheme of One Man Committee on which continuity and revival of the Company is completely dependent which not only includes successful implementation of Schedule of payments described under Phase-I and Phase-II, but also realisability of funds from the disposal of Fixed Assets especially Building which is under dispute with Tenant as well as NBCC.

(ii) We draw attention to Note 34 in the financial statements on the deposit Rs. 195,000,000 with the Hon'ble Delhi High Court. DCM Services Ltd, as a promoter had committed to bring in Rs 195,000,000 as a promoter contribution upon sanction of their restructuring scheme under erstwhile Section 391 of the Indian Companies

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Act, 1956 which is under implementation by One Man Committee appointed with the direction of Hon'ble Delhi High Court. The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 195,000,000 with the Court and pursuant to the court order DCM Services Limited deposited Rs 50,000,000 on 16.07.2010, Rs 67,000,000 on 18.11.2010, Rs. 39,000,000 on 21.04.2011 &Rs. 39,000,000 on 27.04.2012 aggregating to Rs. 195,000,000 on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. All the funds are with Delhi High Court along-with accrued interest thereon. No financial impact of this has been recorded in the financials of the company till 31st March, 2018 as there is no clarity provided by Hon'ble High Court of Delhi on whether Company would have to issue any shares against such contribution as per SEBI guidelines or such amount would be refundable to DCM Services Limited by company or there would be no liability on the Company to either to pay the said amount or issue any shares in lieu of that. Till Company gets any clarity on this matter, no financial entry has been recorded in the books of accounts

(iii) We did not audit the financial statements of subsidiary Company, whose financial statements reflect total assets of Rs 24.62 Lacs as at 31 March 2018, total loss of Rs 1.18 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind As financial statements also include the Group share of net loss of Rs 1.06 Lac of the year ended 31 March 2018, as considered in consolidated Ind AS financial statement. The financial statement of Subsidiary Company has been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors. The comparative financial information for the year ended 31 March 2017 and the transition date opening balance sheet as at 1st April 2016 in respect of subsidiary Company included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us. Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors.

Report on Other Legal and Regulatory Requirements

(1) As required by section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiary incorporated in India, referred to in other Matters paragraph above , we report, to the extent applicable, 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 Ind As 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 relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by so far as appears from our examination of those books and reports of the other auditors;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

d. Except for the impact of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of Equity, 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. On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the board of directors of the Company and reports of the statutory auditors of its subsidiary company, none of the Group Companies is disqualified as at 31st March, 2018 from being appointed as Director in terms of Section 164(2) of the Companies Act, 2013, except disqualification under Section 164(2)(b) on account of non-payment of Public Deposits and debentures by Company. As explained by the Company, the matter presently is sub-juiced as Company had already submitted Fresh Restructuring Scheme with Hon'ble Delhi High Court and One Man Committee appointed by Hon'ble Delhi High Court is already implementing schedule of modified scheme.

g. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** which is based on the auditor's reports of the Company and Subsidiary Company incorporated in India. Our report expresses an modified opinion on the adequacy and operating effectiveness of the Company, and Subsidiary Company's internal financial controls over financial reporting.

h. The qualified remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion

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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 as amended, in our opinion and to the best of our information and according to the explanations given to us :-

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with generally accepted accounting practice – **Refer Note 22** to the consolidated Ind AS financial statement.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts

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

Justice Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. One Man Committee observed that that it already has sufficient funds, ready cash, to repay about 70% of the deposits to all the depositors having deposits of more than Rs 5,000 including secured creditors in the first stage. Under Phase -1, 70% of the principal amount be paid to the creditors having deposits of more than 5,000 and full amount be paid to those who have deposits of Rs. or less than Rs.5,000 in the first instance to fixed depositors, Debenture-holders and banks. In the second phase, which should also commence with phase 1 simultaneously, properties and shares and all the assets be liquidated by selling and the realized amount is recommended to be utilized for the repayment of balance 30% of

principal amount and the maturity interest component only on the fixed deposits and debentures. Other creditors such as banks, financial institutions, ICD Holders shall also be paid 30% of the Principal Amount except to SBI Home Finance Limited and Pressman Leasing which will be issued equity shares in Second Phase. Depending upon the availability of surplus amount from disposal of assets with the Company, the Hon'ble High Court of Delhi may decide whether some additional amount of interest can be paid to depositors or other creditors. During the year ended 31st March, 2018, Company started paying the amount as per Phase-I. The matter regarding payment to fixed depositors, debenture-holders and other sums are already covered under Phase-I and Phase-II schedule of payment decided by One Man Committee duly appointed by Hon'ble Delhi High Court.

All the unpaid matured Public Fixed Deposits of Rs 5,449.92 Lacs Unpaid Matured Debentures of Rs. 2374.04 Lacs which was more than seven year old. Accordingly except the matter stated above, there has been no delay in transferring amounts or *there were no amounts which were required to be transferred* to the Investor Education and Protection Fund by the Company. Refer Note No. 29.

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

M/s Mukesh Aggarwal & Co
Chartered Accountants
Firm Regd. No. 011393N

Rishi Mittal
Partner
M. No. 521860

Place: New Delhi
Date: 30th May, 2018

ANNEXURE-"A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2018 we have audited the internal financial controls over financial reporting of **DCM FINANCIAL SERVICES LIMITED** (hereinafter referred as "the Company") and its subsidiary, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company and its subsidiary company are 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 internal financial controls over financial reporting of the Company and its subsidiary company, 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") issued by ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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We believe that the audit evidence we have obtained and audit evidence obtained by other auditors of the subsidiary company, in terms of their report referred to in other key matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on company's internal financial controls system over financial reporting of the the Company's and subsidiary Company.

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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, 2018.

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

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standalone financial statement of the company and the disclaimer does not affect our opinion on the standalone financial statements of the company.

Other Matters

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

M/s Mukesh Aggarwal & Co
Chartered Accountants
Firm Regd. No. 011393N

Mukesh Aggarwal & Co. NEW DELHI Chartered Accountants

Rishi Mittal
Partner
M. No. 521860

Place: New Delhi
Date: 30th May, 2018

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 31,2018 [*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	72,516,125	72,516,125
	2.	Total Expenditure	73,267,846	267,980,369
	3.	Net Profit/(Loss)	(751,721)	(195,464,244)
	4.	Earnings Per Share	(0.03)	(8.83)
	5.	Total Assets	561,958,542	584,886,796
	6.	Total Liabilities	561,958,542	584,886,796
	7.	Net Worth	(607,953,979)	(802,666,502)
	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	Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholders creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits. Had interest of Rs. 1,683 Lacs been provided for in the financial statements on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current/Non-Current Liabilities as at 31st March, 2018 would have been higher by Rs 1,683 Lacs.			
ii	For redemption of 'B' series debentures of Rs. 2365.54 Lacs debenture redemption reserve is required to be created. Debenture redemption reserve of Rs. 2365.54 Lacs has not been created due to insufficient profits.			
iii	The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured.			

iv	Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, 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.
v	The subsidiary company namely, Global IT Options Limited has till 31st March, 2018 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited). It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has not been provided on outstanding balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non compliance of Section 186 of the Companies Act, 2013, which could attract penalties but the amount could not be quantified.
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. However during the year ended March 31st, 2017, the Company was in contravention of the aforesaid provision. As explained to us, the management has made various attempts to appoint a Whole Time Company Secretary, however was unable to appoint Whole Time Company Secretary in the absence of suitable candidate. The Company has made relevant disclosures in the Board of Directors meeting regarding this issue. However during the year ended March 31st, 2018, the Company has appointed Whole Time Company Secretary with effect from 22nd April, 2017. Regarding non appointment of Whole Time Company Secretary till 22nd April, 2017, it is non compliance of Section 203 of Companies Act, 2013, which could attract penalties. Presently it is not feasible to determine the financial impact on the financial.
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. 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. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16.85 Lacs (P.Y RS.16.85 Lacs) till date of appointment of women director (i.e. 5th October, 2016). No provision of Rs 16.85 Lacs has made in the books of accounts. Had provision been provided for in the financial statements, the net profit before tax for the year ended 31st March, 2018 would have been lower by Rs 16.85 Lacs and net profit after tax would have been lowered by Rs. 13.45 Lacs. The cumulative net loss as well as Current/ Non Current Liability/ Provisions as at 31st March, 2018 would have been higher by Rs.16.85 Lacs.
viii	As per the Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax, MAT Credit is an asset to be recognized in the Financial Statement when it is 'Probable 'that the future economic benefits associated with it will flow to the enterprise and asset has a cost or value that can be measured reliably. In the previous periods, the company has already recorded MAT Credit Entitlement of Rs 28.52 Lacs in the books of accounts. Considering that the matter is Scheme of One Man Committee is still under process and Hon'ble Delhi High Court has held that the revival of Company will be decided later-on depending on the successful Implementation of scheme of One Man Committee, there is no virtual certainty that future economic benefit would flow to company. Considering this, we are of opinion that such MAT Credit Entitlement of Rs 28.52 Lacs needs to be derecognized. Had MAT Credit of Rs 28.52 Lacs had been reversed in financial statements in year ended March, 2018, the net profit after tax would have been lower by Rs 28.52 Lacs and net profit after tax would have been lowered by Rs. 28.52 Lacs and consequently the net cumulative loss would have been higher by Rs 28.52 Lacs. In addition to, non-current loans and advances would have been lowered by Rs 28.52 Lacs after considering the tax effects.

ix	**Contingent liabilities and Other Commitments** ix (a) Mr. Dhruv Prakash had lodged a claim of recovery of Rs 9,13,362. against which a decree of Rs 6,96,887 was passed by Additional District Judge, Tis Hazari Court, New Delhi on 2nd August, 2005 along-with 6% simple interest from the date lodging of suit till actual realization. The contingent liability arising out of this suit amounts to Rs 6,96,887 along-with 6% simple interest from the date lodging of suit till actual realization. The same is being contested by Company in Delhi High Court. 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
	ix (b) 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, 2018.
	ix (c) There is a demand of Rs. 3,458,902 raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities as on 31st March 2018.
	ix (d) 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
	ix (e) 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/-

	Material Uncertainty Related to Going Concern We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rs. 751,721 during the year ended March 31, 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs 27,47,43,361. The accumulated loss as on 31st March, 2018 stands to Rs. 84,48,27,519 /-(Previous year Rs. 84,40,75 ,798/-). As on 31st March, 2018, the Company's total liabilities exceeded to its total assets by Rs. 42,26,05,793/- (Previous year Rs. 42,18,54,070/-) These events or conditions, along with other matters are as under :- (a) The Company is not carrying on any business as to comply with the directives of the Reserve Bank of India, the company ceased to accept deposits from September 1997 and the company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The Company contends that the Scheme of One Man Committee shall be implemented in full and other aspect of fresh restructuring scheme such issuance of equity to SBI Home Finance Limited and Pressman Leasing, would be approved/decided upon by the Hon'ble Delhi High Court and accordingly the decision on revival of Company would be taken by Hon'ble Delhi High Court and (b) Adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.
	b. Type of Audit Qualification : Qualified Opinion i,ii,iii,iv,v,vi,vii,viii and ix
	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing
	I Repetitive since Sept 30th, 1999 ii Repetitive since Sept,30th 1999 iii Repetitive since Sept,30th 1999 iv Repetitive since June,30th 1998 vi Repetitive since 3st March,2015 vi Repetitive since 31st March,2016 vii Repetitive since 31st March,2016 viii Since 31st March, 2017 ix a Repetitive since 30th June 1998 ix.b Repetitive since 31st March,2011-Tenant Claim ix.c Repetitive 31st March,2014-ITAX ix.d Repetitive since 30th June,2012-MS Shoes ix.e Repetitive since 30th June,2010-NBCC
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
i	*Provision of interest on certain liabilities covered under Para (i) is in accordance with the Scheme of restructuring filed by the Company before the Hon'ble Delhi High Court, which provides for waiver and cancellation of interest and the same is pending before the Hon'ble Court. Further, the quantum of interest, if any will be decided by the High Court of Delhi upon completion of phase II payments and sale of assets.*
ii	*Non-creation of debenture redemption reserve cannot be created due to insufficient profits in the past and for the redemption of debentures , Company has commenced repayments as per directions of the Hon'ble High Court of Delhi vide order dated 10th Aug, 2017*
iii	*Depletion in the value of Assets charged to Banks/Institution and Debentures in Para (iii) 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.*
iv	*In view of litigation with creditors as mentioned in the para (iv), its not possible to obtain the balance confirmations*
v	*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 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.*

vi	*Company in view of restrictions imposed on operations of bank accounts was not able to pay salaries and hence could not appoint Company Secretary. However as the Court has sanctioned payment of salaries to staff, efforts were made made to appoint a Company Secretary and w.e.f. 22nd April, 2017, a Company Secretary has been appointed.*
vii	*The management had made efforts to appoint a woman director but as the scheme of arrangement is pending along with many criminal and civil suits against the Company regarding repayment of deposits and debentures, the interested women had informed that they be appointed director once the scheme is approved. However w.e.f 6th Oct, 2016 the Board has appointed a Women Director in compliance with the act.*
viii	*In view of scheme of arrangement is pending before the Hon'ble High Court of Delhi, the impact of Mat credit will be decided 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) 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.
	(c) Company has taken necessary steps for the rectification of demand orders and is hopeful to get relief.
	(d) 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
	(e) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act.
	Material Uncertainty Related to Going Concern: *In light of fresh scheme of arrangement is pending before the Hon'ble High Court of Delhi and a part of the same is being implemented through the One Man Committee, the Company has plans for future business and income generation. Accordingly, it is not only prudent but also imperative to draw the financial statements based on such Going Concern basis.* The Scheme seeks to restructure relying on debt equity swaps and profits earned by engaging in service oriented, fee based business leading to progressive reduction in the debt of the Company. The Scheme of Arrangement would not only enable the Company to wipe out its debts but will also enable it to reduce carry forward losses to be a profitable entity
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification:
i	*For the Non Provision of Interest, the management has considered the figure given by auditors and the impact of Rs. 1683 Lakhs and the same has been shown in the adjusted Figures above.*
ii	*For creation of Debenture Redemption Reserve, the management has considered the figure given by auditors and the impact of Rs. 2365.54 Lakhs. However, there will be no impact of the same in current year profits.*
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 the figure given by auditors and an impact of Rs 16.85 lac and the same has been shown in the adjusted Figures above.*
viii	*For reversal of MAT Credit, the management has considered the figure given by auditors and an impact of Rs 28.52 Lacs and the same has been shown in adjusted Figures above.*
ix	*(a)For the claim lodged, the management has considered an impact of Rs 6,96,887 and the same has been shown in the adjusted Figures above.*
	(b) For the claim of tenant, the management has considered an impact of Rs 10,000,000 and the same has been shown in the adjusted Figures above.
	(c) For the Income Tax Demand, the management has considered an impact of Rs 34,58,902 and the same has been shown in the adjusted Figures above.
	(d) For the claim of M/S Shoes, the management has considered an impact of Rs 36,358,448 and the same has been shown in the adjusted Figures above.
	(e) For the claim of NBCC, the management has considered an impact of Rs 28,829,634 and the same has been shown in the adjusted Figures above.
	(ii) If management is unable to estimate the impact, reasons for the same:
iii	*Due to charge on assets, the banks, debentures and Banks have been shown as secured and there is no financial impact.*

iv	*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.*
v	*As mentioned in the qualification that its not feasible to determine the impact.*
	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
	(iii) Auditors' Comments on (i) or (ii) above:
	Qualification (i) *The qualification on Interest on Fixed Deposits and Debentures is already explained and quantifies as above. The same is read as per audit report.*
	Qualification (ii) *The qualification regarding non creation of Debenture Redemption Reserve is already explained and quantified as above. There is no impact of the same in current year profits. The same is read as per audit report.*
	Qualification (iii) *The value of assets charged as security in favor of banks, debenture holders & financial institutions have depleted over a period of time. This qualification has bearing on disclosure of liabilities as SECURED Vs Unsecured. The depletion has not yet been ascertained y the Company. It needs to ascertained for appropriate disclosure as per Schedule III of Companies Act 2013. Accordingly, to the extent shortfall, if any, the liability is unsecured, the same has been shown as secured which is incorrect disclosure. Other than this there is no impact.*
	Qualification (iv) *Balance confirmations are essential component of auditing. Third Party confirmations confirms the management point of view and balances considered by it for financial statements. If third party does not agree with the balance then it is necessary to prepare reconciliation and examine whether any claim of income or charge skipped to be recorded. In the absence of such confirmations it was not feasible for us to determine any financial impact which could be there. The balances considered by it are the initial balances in 1998 and adjusted thereafter if any payment has been made . The qualifications has been determined by considering the claims lodged initially by such parties. Fresh Restructuring scheme submitted in the year 2004 with Hon'ble Delhi High Court and no attempt has been made by the management to get the confirmation of balances of bills receivable and payable, advances, receivables and payables relating to lease and hire purchase, lease security deposit, confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C loans from institutions, banks and other receivables and payable. Accordingly it is not feasible for us ascertain whether any claim or income or charge has been skipped to be recorded which could have financial impact. This qualification is already explained above.*
	Qualification (v) *The qualification regarding no interest on ICD taken from subsidiary company in non compliance with the Companies Act is already explained. However, it could not be quantified. The same is read as per audit report.*
	Qualification (vi) *The qualification regarding not having Whole Time Company Secretary is already explained and quantified as above. The same is read as per audit report*
	Qualification (vii) *The qualification regarding not having Woman Director is already explained and quantified as above. The same is read as per audit report*
	Qualification (viii) *Considering all the factors, we are of opinion that there is no probability that future economic benefits will flow, accordingly MAT Credit Entitlement created in previous periods needs to be reversed and same has been explained in the qualification.*
	Qualification (ix) *The qualification regarding Contingent Liability is already explained and quantified as above. The same is read as per audit report.*

III.	**Signatories:**	
	• **CEO/Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	
	• **Statutory Auditor**	
	Place: New Delhi	
	Date: 30th May,2018	

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, 2018 [*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	72,541,369	72,541,369
	2.	Total Expenditure	71,611,758	266,324,261
	3.	Net Profit/(Loss)	929,611	(193,782,892)
	4.	Earnings Per Share	0.04	(8.76)
	5.	Total Assets	562,533,269	585,461,523
	6.	Total Liabilities	562,533,269	585,461,523
	7.	Net Worth	(605,634,878)	(800,347,381)
	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	Justice Anil Kumar as one man committee was appointed vide order dated:- 3rd September, 2015 by the Hon'ble High Court of Delhi to scrutinize the list of depositors and other claimants and to take steps enumerated hereinafter with the view to resolve at-least some of the disputes. The one man committee submitted its report on to Hon'ble High Court of Delhi on 22nd April, 2016. Taking cognizance of the report, Hon'ble High Court of Delhi on 10th August, 2017 accepted the recommendation of one man committee enumerated in the report. Under Scheme of One Man Committee, Interest of Rs 235 Lacs are payable to Debenture Holders and Rs 1,448 Lacs are payable to Fixed Depositors under Phase-2 of Schedule of Payments laid down by One Man Committee. Presently the said committee has waived any further payment of Interest to Fixed Depositors, Debenture-holders and other lenders, however on complete liquidation of properties and investments, if any surplus remains after payment to all stakeholder creditors, then further payment of Interest would be decided. All stakeholders creditors which are covered under scheme has given its consent to the scheme. No provision of Rs. 1,683 Lacs as laid down under the scheme towards Interest on Debentures and Fixed Deposits, have been provided in the financial statements on the outstanding amount of Debentures and Fixed Deposits. Had interest of Rs. 1,683 Lacs been provided for in the financial statements on outstanding amount of Debentures and Fixed Deposits, the Net Profit before tax would have been lowered by Rs. 1,683 Lacs and Net Profit after tax would have been lowered by Rs 1,340 Lacs as at 31st March, 2018. The cumulative net loss as well as Current/Non-Current Liabilities as at 31st March, 2018 would have been higher by Rs 1,683 Lacs.			
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v	The subsidiary company namely, Global IT Options Limited has till 31st March, 2018 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited). It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has not been provided on outstanding balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited with effect from 1-June-2014. It is a non compliance of Section 186 of the Companies Act, 2013, which could attract penalties but the amount could not be quantified.
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	ix (b) 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, 2018.
	ix (c) There is a demand of Rs. 3,458,902 raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities as on 31st March 2018.
	ix (d) 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
	ix (e) 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/-

	Material Uncertainty Related to Going Concern We draw attention to Note 38 in the financial statements, which indicates that the Company incurred a net loss of Rs. 751,721 during the year ended March 31, 2018 and, as of that date, the Company's current liabilities exceeded its total assets by Rs 27,47,43,361. The accumulated loss as on 31st March, 2018 stands to Rs. 84,48,27,519 /-(Previous year Rs. 84,40,75 ,798/-). As on 31st March, 2018, the Company's total liabilities exceeded to its total assets by Rs. 42,26,05,793/- (Previous year Rs. 42,18,54,070/-) These events or conditions, along with other matters are as under :- (a) The Company is not carrying on any business as to comply with the directives of the Reserve Bank of India, the company ceased to accept deposits from September 1997 and the company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The Company contends that the Scheme of One Man Committee shall be implemented in full and other aspect of fresh restructuring scheme such issuance of equity to SBI Home Finance Limited and Pressman Leasing, would be approved/decided upon by the Hon'ble Delhi High Court and accordingly the decision on revival of Company would be taken by Hon'ble Delhi High Court.and (b) Adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.
	b. **Type of Audit Qualification :** Qualified Opinion i,ii,iii,iv,v,vi,vii,viii and ix
	c. **Frequency of qualification:** Whether appeared first time / repetitive / since how long continuing
	I Repetitive since Sept 30th, 1999 ii Repetitive since Sept,30th 1999 iii Repetitive since Sept,30th 1999 iv Repetitive since June,30th 1998 vi Repetitive since 3st March,2015 vi Repetitive since 31st March,2016 vii Repetitive since 31st March,2016 viii Since 31st March, 2017 ix a Repetitive since 30th June 1998 ix.b Repetitive since 31st March,2011-Tenant Claim ix.c Repetitive 31st March,2014-ITAX ix.d Repetitive since 30th June,2012-MS Shoes ix.e Repetitive since 30th June,2010-NBCC
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
i	*Provision of interest on certain liabilities covered under Para (i) is in accordance with the Scheme of restructuring filed by the Company before the Hon'ble Delhi High Court, which provides for waiver and cancellation of interest and the same is pending before the Hon'ble Court. Further, the quantum of interest, if any will be decided by the High Court of Delhi upon completion of phase II payments and sale of assets.*
ii	*Non-creation of debenture redemption reserve cannot be created due to insufficient profits in the past and for the redemption of debentures , Company has commenced repayments as per directions of the Hon'ble High Court of Delhi vide order dated 10th Aug, 2017*
iii	*Depletion in the value of Assets charged to Banks/Institution and Debentures in Para (iii) 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.*
iv	*In view of litigation with creditors as mentioned in the para (iv), its not possible to obtain the balance confirmations*
v	*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 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.*

vi	*Company in view of restrictions imposed on operations of bank accounts was not able to pay salaries and hence could not appoint Company Secretary. However as the Court has sanctioned payment of salaries to staff, efforts were made made to appoint a Company Secretary and w.e.f. 22nd April, 2017, a Company Secretary has been appointed.*
vii	*The management had made efforts to appoint a woman director but as the scheme of arrangement is pending along with many criminal and civil suits against the Company regarding repayment of deposits and debentures, the interested women had informed that they be appointed director once the scheme is approved. However w.e.f 6th Oct, 2016 the Board has appointed a Women Director in compliance with the act.*
viii	*In view of scheme of arrangement is pending before the Hon'ble High Court of Delhi, the impact of Mat credit will be decided 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) 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.
	(c) Company has taken necessary steps for the rectification of demand orders and is hopeful to get relief.
	(d) 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
	(e) Company is contesting the claim of NBCC, which is pending arbitration under the Indian Arbitration Act.
	Material Uncertainty Related to Going Concern: *In light of fresh scheme of arrangement is pending before the Hon'ble High Court of Delhi and a part of the same is being implemented through the One Man Committee, the Company has plans for future business and income generation. Accordingly, it is not only prudent but also imperative to draw the financial statements based on such Going Concern basis.* The Scheme seeks to restructure relying on debt equity swaps and profits earned by engaging in service oriented, fee based business leading to progressive reduction in the debt of the Company. The Scheme of Arrangement would not only enable the Company to wipe out its debts but will also enable it to reduce carry forward losses to be a profitable entity
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification:
i	*For the Non Provision of Interest, the management has considered the figure given by auditors and the impact of Rs. 1683 Lakhs and the same has been shown in the adjusted Figures above.*
ii	*For creation of Debenture Redemption Reserve, the management has considered the figure given by auditors and the impact of Rs. 2365.54 Lakhs. However, there will be no impact of the same in current year profits.*
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 the figure given by auditors and an impact of Rs 16.85 lac and the same has been shown in the adjusted Figures above.*
viii	*For reversal of MAT Credit, the management has considered the figure given by auditors and an impact of Rs 28.52 Lacs and the same has been shown in adjusted Figures above.*
ix	*(a)For the claim lodged, the management has considered an impact of Rs 6,96,887 and the same has been shown in the adjusted Figures above.*
	(b) For the claim of tenant, the management has considered an impact of Rs 10,000,000 and the same has been shown in the adjusted Figures above.
	(c) For the Income Tax Demand, the management has considered an impact of Rs 34,58,902 and the same has been shown in the adjusted Figures above.
	(d) For the claim of M/S Shoes, the management has considered an impact of Rs 36,358,448 and the same has been shown in the adjusted Figures above.
	(e) For the claim of NBCC, the management has considered an impact of Rs 28,829,634 and the same has been shown in the adjusted Figures above.
	(ii) If management is unable to estimate the impact, reasons for the same:
iii	*Due to charge on assets, the banks, debentures and Banks have been shown as secured and there is no financial impact.*

iv	*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.*
v	*As mentioned in the qualification that its not feasible to determine the impact.*
	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
	(iii) Auditors' Comments on (i) or (ii) above:
	Qualification (i) *The qualification on Interest on Fixed Deposits and Debentures is already explained and quantifies as above. The same is read as per audit report.*
	Qualification (ii) *The qualification regarding non creation of Debenture Redemption Reserve is already explained and quantified as above. There is no impact of the same in current year profits. The same is read as per audit report.*
	Qualification (iii) *The value of assets charged as security in favor of banks, debenture holders & financial institutions have depleted over a period of time. This qualification has bearing on disclosure of liabilities as SECURED Vs Unsecured. The depletion has not yet been ascertained y the Company. It needs to ascertained for appropriate disclosure as per Schedule III of Companies Act 2013. Accordingly, to the extent shortfall, if any, the liability is unsecured, the same has been shown as secured which is incorrect disclosure. Other than this there is no impact*
	Qualification (iv) *Balance confirmations are essential component of auditing. Third Party confirmations confirms the management point of view and balances considered by it for financial statements. If third party does not agree with the balance then it is necessary to prepare reconciliation and examine whether any claim of income or charge skipped to be recorded. In the absence of such confirmations it was not feasible for us to determine any financial impact which could be there. The balances considered by it are the initial balances in 1998 and adjusted thereafter if any payment has been made . The qualifications has been determined by considering the claims lodged initially by such parties. Fresh Restructuring scheme submitted in the year 2004 with Hon'ble Delhi High Court and no attempt has been made by the management to get the confirmation of balances of bills receivable and payable, advances, receivables and payables relating to lease and hire purchase, lease security deposit, confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C loans from institutions, banks and other receivables and payable. Accordingly it is not feasible for us ascertain whether any claim or income or charge has been skipped to be recorded which could have financial impact. This qualification is already explained above.*
	Qualification (v) *The qualification regarding no interest on ICD taken from subsidiary company in non compliance with the Companies Act is already explained. However, it could not be quantified. The same is read as per audit report.*
	Qualification (vi) *The qualification regarding not having Whole Time Company Secretary is already explained and quantified as above. The same is read as per audit report*
	Qualification (vii) *The qualification regarding not having Woman Director is already explained and quantified as above. The same is read as per audit report*
	Qualification (viii) *Considering all the factors, we are of opinion that there is no probability that future economic benefits will flow, accordingly MAT Credit Entitlement created in previous periods needs to be reversed and same has been explained in the qualification.*
	Qualification (ix) *The qualification regarding Contingent Liability is already explained and quantified as above. The same is read as per audit report.*

III.	**Signatories:**	
	• **CEO/Managing Director**	
	• **CFO**	
	• **Audit Committee Chairman**	
	• **Statutory Auditor**	
	Place: New Delhi	
	Date: 30th May,2018	