# 22nd ANNUAL REPORT
# 2012-2013

## DCM FINANCIAL SERVICES LTD.

## BOARD OF DIRECTOR

| | |
|---|---|
| Mr. Arif Beg | Chairman |
| Mr. S. K. Sharma | Executive |
| Mr. O. P. Gupta | Director |

## AUDITORS

M/**s** V. Sahai Tripathi & Co
Chartered Accountants
C-593, Basement,Defence Colony New Delhi - 110 024

## REGISTERED OFFICE

D 7/3 Okhla Industrial Area-II, Mezzanine Floor,
New Delhi 110020.
e-mail : info@dfslonline.com
Website : www.dfslonline.com

## REGISTRAR & SHARE TRANSFER AGENT

(Physical & Electronic)
MCS LTD,
F-65, Okhla Industrial Area,
Phase- I, New Delhi 110020
email : mcsdel@vsnl.com

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## NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Monday, September 30, 2013 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110 030 at 11:30 A.M. for transacting the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2013 and Profit and Loss Account for the year ended on that date, together with the reports of the Auditors and the Board of Directors thereon.

2. To appoint Statutory Auditors in place of M/s. V. Sahai Tripathi & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company and to authorize the Board to fix their remuneration.

3. To consider appointment of Mr. Arif Beg as Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment.

BY THE ORDER OF THE BOARD

Sd/-
(Arif Beg)
Chairman

Place: New Delhi
Dated: August 14, 2013

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER, PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**

2. A brief resume of the Director proposed for appointment/re-appointment as mandated in Clause-49 of the Listing Agreement is annexed with the Notice.

3. The Register of Members and Share Transfer Books of the Company will remain closed from **September 19, 2013 to September 25, 2013 (both days inclusive).**

4. Members/Proxy holders are requested to produce at the entrance the enclosed admission slip duly completed and signed, for admission to the meeting.

5. Corporate members are requested to send a duly certified copy of the board resolution / power of attorney authorizing their representative to attend and vote at the Annual General Meeting.

6. Members are requested to notify any change in their address, immediately to the Company's Share Registrars and Transfer Agents at the address mentioned below:

   MCS LTD.
   F-65, 1st Floor, Okhla Industrial Area,
   Phase – I, New Delhi–110020
   Tel: 41406149-52, Fax: 41709881
   Email: mcsdel@vsnl.com

7. In accordance with SEBI directions, shares of the Company can only be traded in demat mode. Accordingly it is in member's own interest to get their shares dematerialized at the earliest.

8. To implement the Green initiatives launched by the Government by allowing paperless compliances by the Companies, which will benefit the society at large through reduction in paper consumption, contribution towards a Greener Environment and also ensure prompt receipt of communication and avoid loss in postal transit, Company may send documents to Shareholders in electronic form to the e-mail id as noted in the records of their DP or details as furnished by the Depositories viz. National Securities Depository Ltd and Central Depository Services Limited.

   Shareholders who have not yet registered/updated their e-mail id may notify the same to the following:

i. If shares are held in electronic mode, to their Depository Participant (DP),

ii. If shares are held in physical mode, to the Company and / or R&TA

**PURSUANT TO THE PROVISIONS OF CLAUSE 49 IV (G) (i) OF THE LISTING AGREEMENT, A BRIEF RESUME OF DIRECTOR, PROPOSED FOR APPOINMENT/RE-APPOINMENT IS GIVEN BELOW**

**ITEM NO. 3**

| | |
|---|---|
| Name of Director | Mr. Arif Beg |
| Date of Birth | 2nd February,1936 |
| Date of Appointment | 31st October, 2001 |
| Expertise in specific | Mr. Beg has been a Cabinet Minister of Madhya Pradesh, Minster of State of Commerce in Government of India, a member of Madhya Pradesh Legislative Assembly and was elected as Member of Lok Sabha twice. Mr. Beg has held various important positions in political parties and has also been a founder National President of the Blue Cross Crew and Aman Dost Insan Dost apart from leading many delegations. |
| Qualification | Graduate |
| List of Outside Directorship | None |
| Position held in other Companies | None |
| Other Information | INE Director |
| Remark | Retiring by rotation, rotation at the ensuring AGM |
| Share Holding in the Company | Nil |

## DIRECTORS' REPORT

Your Directors present the Twenty Second Annual Report of the Company together with the Audited Accounts for the year ended on March 31, 2013.

### 1 FINANCIAL RESULTS AT A GLANCE

| PARTICULARS | CURRENT YEAR ENDED ON 31.03.2013 (Rs. in lacs) | PREVIOUS YEAR ENDED ON 31.03.2012 (Rs. in lacs) |
|---|---|---|
| Gross Income | 644.80 | 330.47 |
| Profit/(Loss) before depreciation | 339.18 | 223.05 |
| Depreciation | 36.10 | 27.14 |
| Profit/(Loss) before tax | 303.08 | 195.91 |
| Provision for tax | - | - |
| Profit/(Loss) before Extra ordinary items | 303.08 | 195.91 |
| Prior period adjustment | 6.00 | 2.55 |
| Net Profit/(Loss) | 303.08 | 195.91 |
| Profit/(Loss) brought forward from previous year | (8799.23) | (8995.14) |
| Surplus /(Loss) carried to Balance Sheet | (8496.14) | (8799.23) |

Your Directors have pleasure in informing the members that the Company has posted a profit of Rs 303.08 lacs.

The Board of Directors have made conscious efforts for drawing the financial statements on the basis of sound, accepted and conservative accounting principles to ensure true and fair financial statements of the Company.

### 2 COMPANYS' AFFAIRS / OPERATIONS / MATERIAL DEVELOPMENTS

The Statement of Company Affairs, operations, opportunities and threats, performance on the recoveries front and developments in the Scheme of Arrangement filed by the Company before the Hon'ble High Court of Delhi, have been elaborately and explicitly explained and dealt with in the Management Discussion and Analysis Report (which forms part of this report) and accordingly have not been repeated herein to avoid repetition.

The Equity Shares of the Company are presently listed on the seven Stock s including The Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE). The Shares of the Company are compulsorily traded in dematerialized form.

The Directors had recommended the voluntary delisting of shares from other five stock exchanges i.e. Ahmedabad, Madras, Delhi, Calcutta and Jaipur Stock Exchanges and the share holders in the Annual General Meeting held on 30th December 2011 had approved the same. However steps for delisting could not be taken due to circumstances beyond control of the Company.

Due to sustained efforts made by your Company in recovery of dues from its customers and efforts for settlement of liabilities towards secured and unsecured creditors in particular the Fixed Deposit holders, the Reserve Bank of India (RBI) allowed your Company's application for grant of certificate for registration (COR) as NBFC to remain pending till 5th of March 2004, on which date RBI issued orders rejecting the Company's application for grant of Certificate of Registration (COR). Your Company filed an appeal before the Appellate Authority in the Ministry of Finance and vide order dated 21st May 2004, the Appellate Authority directed the Reserve Bank of India to keep its order of rejection of COR in abeyance for a period of six months during which the Company shall file the revised scheme for restructuring before appropriate authority or till the disposal of the Company's review petition by the Hon'ble Delhi High Court. Even though your Company's business plan as of now do not envisage any fresh fund based NBFC business exposure as it envisages exploring other business activities and NBFC activities shall be restricted to non fund bases business, apart from continuation of aggressive recovery from its defaulting customers.

RBI, against the orders of the Appellate Authority filed a Constitutional Writ before the Hon'ble High Court of Delhi at New Delhi and the Hon'ble Court granted stay on the operations of the orders of the Appellant Authority. RBI thereafter filed a Petition for winding up of the Company before the Hon'ble High Court of Delhi at New Delhi. Both the Petitions filed by RBI are pending adjudication and have been clubbed with the Scheme.

**3 DIVIDEND**

In view of the accumulated losses in the past years, the Directors regret their inability to recommend dividend for the period under review.

**4 DIRECTORS**

There was no change in the Directors during the year. In accordance with the provision as contained in Section 256 of the Companies Act 1956, & Article of Association, Mr. Arif Beg, Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment

**5 FIXED DEPOSITS**

During the year 2012-13, your Company has not accepted / renewed any Fixed Deposit. Your Directors wish to report that there are 50928 Fixed Deposits, aggregating Rs. 56.35 Cr were unpaid and out of which Rs 3.51 Cr remained unclaimed by 3639 Depositors, as on 31st March, 2013. The fixed deposit liability of the Company is proposed to be settled in the manner and in accordance with the Scheme of restructuring filed by the Company, which is pending before the Hon'ble Delhi High Court.

**6 SUBSIDIARY COMPANY**

The Accounts of the Subsidiary Company for the year ended on March 31, 2013 is attached herewith. Statement in pursuance of section 212 of the Act, is also annexed.Your Company had not made any loans to its subsidiary for the year ended 31st March 2013**.**

**7 AUDITORS' REPORT**

The Auditors' Report on the Accounts of the Company is attached. The Directors' reply to the Auditors' observations are as under: -

1. *Rent receivable: With reference to Para i of the auditor's report, there are certain disputes with the tenant and the matter is pending arbitration and the Company is hopeful in recovering .*
2. *Provision of interest on certain liabilities covered under Para II and under notes 4.1.f, 4.1.g (i), 4.2.c, 4.2.d, 4.3.2, 4.3.3, 4.4(f) & 4.6 is in accordance with the Scheme of restructuring filed by the Company before the Hon'ble Delhi High Court, which provides for waiver and cancellation of interest and the same is pending before the Hon'ble Court.*
3. *Para iii and Note 2.2 on non creation of debenture redemption reserve is self explanatory and can not be created due to insufficient profits.*
4. *Depletion in the value of Assets charged to Banks/Institution and Debentures in Para V and covered under notes 4.1.d, 4.2.b & 4.3.1 relates to ascertainment of Security against Debentures and Bank Loan, which could not be ascertained since the Company is in litigation with various Lease and Hire Purchase customers and the matters are sub-judice, hence confirmations and acknowledgements are not feasible.*
5. *The default in repayment to depositors as mentioned **Para** vi, in note 4.4(b) and Para 6 in CARO report is comprehensively covered by the Scheme of Arrangement filed before the Hon'ble High Court of Delhi and approved by the creditors at their meetings held under the directions of the Hon'ble Delhi High Court.*
6. *Regarding **Para** vii regarding liability on account of fixed deposit received, the company has prepared a fixed deposit register and verifying the claims of depositors on regular basis and also in process of reconciling difference with books of accounts.*
7. *Maintenance of minimum liquid assets covered under **Para** viii and note 4.4(g). Due to the liquidity crisis and default in payment to fixed depositors, the liquid assets held by the Company had to be used for payment to depositors. Thereafter, the Company has made application to the RBI as well as the Hon'ble Company Law Board for exemption from maintaining minimum liquid assets.*
8. *Provision of Non-Performing Assets as per RBI norms under **Para** ix and note 11.2 & 12.1: Though keeping in line with the philosophy and experiences during the years, that recoveries have been made even from the assets which were classified as Non Performing as per the Prudential Norms of RBI. The total NPA provisions as on date of Balance Sheet*

*aggregates to Rs. 1556.79 lacs. This is to give a more realistic picture of the receivable of the Company and will also put more stress on recovery. Accordingly it is deemed expedient that the provision for non-performing assets may be made at a realistic level. The Director's view is that assessment of ' recovery matters, financial position of the defaulting customers and payment by the Customer in the subsequent years and the present negotiations/ commitment with/ by the custom*

9. *Going Concern Basis –Para x and note 28: In accordance with section 217 (2AA) of the Companies Act, 1956, the financial statements are required to be made on going concern basis. In light of the fresh scheme of restructuring pending before the Hon'ble Delhi High Court, the Company has plans for future business and income generation. Accordingly it is not only prudent but also imperative to draw the financial statement based on such Going Concern basis. The Scheme seeks to restructure relying on debt equity swaps and profits earned by engaging in service oriented, fee based business leading to progressive reduction in the debt of the Company. The Scheme of Arrangement would not only enable the Company to wipe out its debts but will also enable it to reduce carry forward losses to be a profitable entity. Further in accordance with amended Section 217 (2AA) of the Companies Act, 1956, the financial statements are required to be made on going concern basis.*
10. *Balance confirmation & Un-Reconciled Balances – Para xi and note 29(a): As the Company is under litigation for a majority of bills receivable and payables, and the matters are sub-judice, confirmations and acknowledgments are not feasible.*
11. *Para xii on Contingent liabilities: 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.*

*All the other notes are self-explanatory.*

8 **AUDITOR'S**

M/s V. Sahai Tripathi & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting. They have furnished a Certificate to the effect that their re-appointment, if made, will be within the limits specified under section 224(1B) of the Companies Act, 1956.

**9 LISTING AGREEMENT COMPLIANCES**

The Company is presently listed at Stock Exchanges at Ahmedabad, Calcutta, Madras, Delhi, Jaipur, Bombay and the National Stock Exchange. Due to Financial constraints, the Company is in arrears of listing fees to the Stock Exchanges at Ahmedabad, Calcutta, Madras, Delhi and Jaipur and also applied for delisting its shares from these Stock Exchanges because of non-availability of nation wide terminals and there is no suffering to the investors for trading & it will reduce the cost to your company. However, the trading on National Stock Exchange is suspended since October, 2010 due to certain queries raised by the National Stock Exchange and reply to same has been made. The Company is in constant touch with the National Stock Exchange and efforts are being made to revoke the suspension of trading on National Stock Exchange.

**10 CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report and Report on Corporate Governance form an integral part of this report. The Certificate from the Auditors of the Company certifying compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is also annexed to the Report on Corporate Governance. Though the Company is complying with all the requirements of the Listing Agreement except for non-compliance of Clause 49 III of the Listing Agreement i.e. appointment of an independent Director on the Board of Directors of its material Subsidiary Company, which under the current circumstances can not be done, due to the applicability of section 279(1) g of The Companies Act on its directors.

**11 DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is confirmed that for the nine months period ended on March 31st, 2013:

(i) In the preparation of the Annual Accounts, the Company has followed the applicable Accounting Standards and there are no material departure except for non-payment of

interest and discounting charges, which is in line with the new scheme of restructuring u/s 391-394 filed by the Company, which envisages waiver of Interest. It may be worthwhile to note that the said new Scheme has already been approved by the requisite class of Secured and Unsecured Creditors and is pending approval before the Hon'ble High Court of Delhi.

(ii) They have, in the selection of the accounting polices consulted the Statutory and Internal Auditors from time to time and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period aforementioned and of the profit or loss of the Company for that period.

(iii) They have taken, proper and sufficient care, to the best of their knowledge and ability and consulted the Statutory as well Internal Auditors from time to time for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities for the financial year aforementioned.

(iv) The financial statement has been prepared on a going concern basis.

**12 INTERNAL CONTROL SYSTEM**

The Company has adequate internal control procedure proportionate to the nature of its business and size of its operations for the smooth conduct of its businesses Internal Audit is conducted at regular intervals and covers the key area of operations. The performance of the Company is regularly viewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives.

**13 CODE OF CONDUCT**

Pursuant to the requirements of clause 49 of Listing Agreement, the Board Members and Senior Management Personnel, have affirmed compliance with the Code of Conduct for the financial year ended on 31st March, 2013.

**14 PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

The Company is not engaged in manufacturing activities and , therefore, the particulars as required under Section 217(1) (e) of the Companies Act,1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule,1988 regarding Conservation of Energy, Research and Development and Technology Absorption are not applicable

**15 FOREIGN EXCHANGE EARNING AND OUTGO**

There has been no foreign exchange earning and outgo for the period of this report.

**16 PARTICULAR OF EMPLOYEES**

During the year ended March 31st, 2013, there was no employee drawing remuneration in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956.

**17 FORWARD LOOKING STATEMENTS**

Certain statements describing the future outlook, industry structure, developments, projection, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Since the Company's operation are influenced by many external and internal factors beyond the control of the company and its management. Important factors that could make the difference to the Company's operation and future include RBI's stance towards the company, outcome of the restructuring scheme, industry and economic conditions, changes in Govt. regulations, tax laws and other statues.

**18 ACKNOWLEDGEMENTS**

Yours Directors wish to place on records their sincere thanks and deep appreciation for the guidance, support, continued co-operation extended by the Banks specially the Reserve Bank of India, Central Bank of India, Punjab & Sind Bank, IndusInd Bank, Ministry of Corporate Affairs, Creditors, Shareholders, Debenture holders, Fixed Depositors and its Solicitors, Advocates for their continued support and assistance.

The Directors also take this opportunity to acknowledge the dedicated efforts of the employees at all levels.

**For & on behalf of the Board of Directors**

**Place: New Delhi**
**Date: 14.08.2013**

**Chairman**

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management of the Company is pleased to present its Report on Industry scenario including Company's performance during the year 2012-13

### 1 Industry Structure and Development

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

### 2 Opportunities and Threats

The NBFCs are facing stiff competition from banks and financial institutions, due to the ability of Banks & FII's to raise k cost funds which enables them to provide funds at much cheaper rate. More stringent capital adequacy norms have be stipulated by RBI for NBFCs which is making difficult for them to give cheaper finance.

Due to factors beyond the control of the Company, the earlier Scheme under section 391 to 394 of the Companies Act, 1956, has not been sanctioned by the Hon'ble Delhi High Court; this has adversely affected the plans of the Company including its venturing into new business avenues and opportunities. The Company has filed a fresh Scheme before the Hon'ble Delhi High Court under section 391 to 394 of the Companies Act, 1956, and on approval of the Scheme, not only the Company would become debt free but it will also enable it to commence new business activities, which the Company has been attempting to start since quite some time. The Company is planning to make a niche in the new areas of operation upon sanction of the Company's Scheme of Restructuring. Delay in the sanction of the Scheme is increasing the volume, efforts and cost associated with the litigation process. As already mentioned, that post approval of the Scheme, the Company shall also explore possibilities in field of non-fund based business and other activities.

### 3 Segment-wise or Product-wise Performance

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

### 4 Financials performance with respect to operational performance

The efforts are towards recovery of dues from past and present creditors. There was no income from leasing and hire purchase due to lapse of tenure. The sustained efforts for aggressive recoveries during the current financial year has supported the bottom line of your Company which has posted a profit of Rs 303.08 lacs which includes Prior Period adjustments amounting to Rs. 6.00 lacs after providing for depreciation of Rs. 36.10 lacs.

### 5 Material developments in Human Resources / Industrial Relations Front, including number of people employed

The relations with the employees remained cordial during the year.

The total number of employees in the Company was 9 as on March 31, 2013.

### 6 Cautionary Note

The statements in the Directors' and Management Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company.

## REPORT ON CORPORATE GOVERNANCE

### 1 A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE.

The Company's philosophy on Corporate Governance is to practice transparently in its operations and maintain a professional approach, accountability and equity in its dealing with its employees, shareholders, government, lenders and every individual who comes in contact with the Company.

The Company believes that its vision coupled with its Business Principles and Core Dimensions, would create the culture of High Performance Environment to enhance overall stakeholder value.

The Company believes that fairness in corporate procedures, full disclosures in reporting system, total transparency in corporate culture, fiduciary and trustee relationship and maximization of shareholders value in the long run are the pillars on which the structure of the Corporate Governance rests.

### 2 BOARD OF DIRECTORS

The Board of the Company is comprised of three Directors and is headed by an independent non – executive Director.

During the Financial Year under review, five Board Meetings were held as per detailed given in **ANNEXURE - B.**

### 3 AUDIT COMMITTEE

Brief description of terms of reference of the audit committee:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Pre-audit and post audit discussions with external auditors on nature and scope of audit and areas of concern, if any respectively.

The constitution of the Committee and no. of meeting held is detailed in **ANNEXURE - A & B.** The Company Secretary acts as the Secretary to the Committee.

### 4 REMUNERATION COMMITTEE

The Remuneration committee was constituted on 1st December 2005 as required under section 198, 269, 309 read with Schedule XIII to the Companies Act, 1956 and in accordance with clause 49 of the Listing Agreement and the Committee is entrusted with regard to the remuneration of executive and non- executive directors. The composition of the committee and meeting of the members of the committee is detailed in **ANNEXURE - A & B.**

The aggregate value of salary and perquisites paid for the year ended on 31st March, 2013 in accordance with Central Government's approval to Whole Time Director Shri S.K. Sharma is Rs 3.98 Lacs. No other Director is paid any remuneration and none of the Directors are holding any shares of the company except Mr. Om Prakash Gupta, who is holding 150 Shares.

### 5 INVESTORS GRIEVANCE COMMITTEE

The Shareholders Grievance Committee was constituted on January 30, 2002. The composition of the committee is detailed in **Annexure-A & B**. The Committee oversees redressal of shareholders Grievances/Complaints.

The Company is prompt in attending to complaints/queries from shareholders/investors.

| | |
|---|---|
| Number of Shareholder's complaints received by Company's Registrar & Share Transfer Agent, M/s MCS Ltd. during the year ended March 31st, 2013: | **Nil** |
| Number not solved to the satisfaction of shareholders: | **Nil** |
| Number of Share Transfers pending: | **Nil** |

## 6 GENERAL BODY MEETINGS

The last three Annual General Meetings (AGM) were held as under:

| **Year** | 2009-10 | 2010-11 | 2011-12 |
|---|---|---|---|
| **AGM** | 19th | 20th | 21st |
| **Date & Time** | 31.12.2010<br>9:30 AM | 30.12.2011<br>9:30 AM | 28.09.2012 |
| **Venue** | The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110 030 | The Executive Club, 439,Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110 030 | The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110 030 |
| **Special Resolution Passed** | None | 1. Re-appointment of Whole time director<br>2. Reduction of share capital<br>3. Delisting of shares from five stock exchanges | None |

During the last year, no item warranted the postal ballot as stipulated under the Companies Act, 1956.

## 7 DISCLOSURES

i. There were no materially significant related party transactions that may have potential conflict with the interests of Company at large.

ii. Board Members and Senior Management personnel have confirmed compliance with the Code of Conduct of the Company for the financial year ending on March 31st, 2013.

iii. In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down a new Code of Conduct for Prevention of Insider Trading aligned with the recent amendments. Under this Code, Directors/Officers are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities beyond limits, specified permission of Compliance Officer is required. The Company had taken disclosures from the Promoters as per the code direction and placed before the Board in their subsequent meeting.

iv. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement save and except Clause 49(III) i.e. Subsidiary Company. As the Company is defaulted in year 1997 in repayment of public Deposits, Debentures and Interest thereon and the scheme of Arrangement of Re-organization of share capital with its creditors is pending before the Hon'ble High Court. Therefore the Directors of the Company become disqualified to becoming Director in any other public Company.

v. There have been neither any non-compliance by the Company nor any penalties imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years. However, the trading on National Stock Exchange is suspended since October, 2010 due to certain queries raised by the National Stock Exchange and reply to same has been made. The Company is in constant touch with the National Stock Exchange and progressing towards revocation of suspension of trading on National Stock Exchange.

vi. The Company has paid listing fees to BSE & NSE but has not paid listing fee for the year 2012-13 to Delhi, Jaipur, Ahmadabad, Chennai and Calcutta due to non trading on these Stock Exchanges and efforts are being made for delisting from these Stock Exchanges.

vii. Given the present size of the Company and restricted areas of operation which primarily consists of recoveries and that no fresh business is being conducted, the Board has not constituted any specific whistle blower policy. However, no personnel has been denied access to the audit committee.

viii. The Company has been complying with mandatory requirements and the non-mandatory to the extent relevant for the Company has been adopted.

**8 MEANS OF COMMUNICATION**

| | |
|---|---|
| Quarterly Results: | The results of the Company are published in Newspapers. |
| Newspapers normally published in: | (i) Money Makers, (English) Delhi<br>(ii) Dainik Mahalaxmi Bhagyodaya (Hindi), |
| Any Website, where displayed: | Yes, www.dfslonline.com |
| Presentation made to institutional investors or to the Analysts: | N.A. |
| Whether Management Discussion & Analysis is a part of annual report or not: | Yes |

**9 GENERAL SHAREHOLDER INFORMATION**

**A Forthcoming Annual General Meeting:**

| | | |
|---|---|---|
| | **Date, Time and Venue** | Monday, September 30, 2013 at 11:30 A.M.<br>The Executive Club, 439, Village Shahoorpur,<br>P.O.Fatehpur Beri, New Delhi – 110030. |
| **B** | **Financial Calendar** | April 1st 2012 to March 31st 2013 |
| **C** | **Date of Book Closure** | September 19, 2013 to September 25, 2013<br>(both days inclusive). |
| **D** | **Dividend** | In view of the losses suffered, the Director regrets their Inability to recommend the Dividend for the period under review. |
| **E** | **LISTING ON STOCK EXCHANGES** | Bombay Stock Exchange<br>National Stock Exchange<br>Delhi Stock Exchange<br>Jaipur Stock Exchange<br>Calcutta Stock Exchange<br>Ahmedabad Stock Exchange<br>Madras Stock Exchange |
| **F** | **Stock Code** | 511611 (BSE)<br>DCMFINSERV (NSE) |
| **G** | **ISIN No.** | INE891B01012 |

**H MARKET PRICE DATA**

High/Low during each month in the last financial year as per data received from the Bombay Stock Exchange and performance in comparison to broad based indices such as Sensex.

Paid up value Rs. 10/- per share

| Month | Share Price High (Rs.) | Share Price Low (Rs.) | BSE SENSEX High | BSE SENSEX Low |
|---|---|---|---|---|
| April 2012 | 2.00 | 1.50 | 17,664 | 17,010 |
| May 2012 | 1.85 | 1.38 | 17,432 | 15,809 |
| June 2012 | 1.85 | 1.35 | 17,448 | 15,748 |
| July 2012 | 1.89 | 1.51 | 17,631 | 16,598 |
| August 2012 | 1.89 | 1.40 | 17,972 | 17,026 |
| September 2012 | 1.75 | 1.34 | 18,869 | 17,250 |
| October 2012 | 1.64 | 1.36 | 19,137 | 18,393 |
| November 2012 | 1.64 | 1.40 | 19,372 | 18,255 |
| December 2012 | 1.70 | 1.41 | 19,612 | 19,149 |
| January 2013 | 1.75 | 1.34 | 20,203 | 19,508 |
| February 2013 | 1.65 | 1.28 | 19,966 | 18,793 |
| March 2013 | 1.59 | 1.15 | 19,754 | 18,568 |

**I REGISTRAR AND TRANSFER AGENTS**

**M/s MCS Ltd**.
F-65, Okhla Industrial Area,
Phase –I, New Delhi – 110020
Tel: 41406149, 41406151, 41406152
Fax: 41709881
Email: **mcsdel@vsnl.com**

**J SHARE TRANSFER SYSTEM**

The Company has appointed M/s MCS Ltd, New Delhi as the registrar and Transfer Agents for all share related works i.e. transfer/transmission of shares, duplicate issue of certificate, change of address / mandate etc. The Transfer of shares in physical form and demat are normally processed within 15 days from the receipt, if the documents are complete in all respects.

**K DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2013**

| Shareholding of Nominal Value (Rs.) | No. of Shareholders | % of Total | No. of Shares held | % of Total |
|---|---|---|---|---|
| 1-500 | 19886 | 86.30% | 2995759 | 13.54% |
| 501-1000 | 1632 | 7.08% | 1423755 | 6.44% |
| 1001-2000 | 729 | 3.16% | 1181657 | 5.34% |
| 2001-3000 | 251 | 1.09% | 654066 | 2.96% |
| 3001-4000 | 117 | 0.51% | 433934 | 1.96% |
| 4001-5000 | 138 | 0.60% | 667339 | 3.02% |
| 5001-10000 | 175 | 0.76% | 1266798 | 5.73% |
| 10001-50000 | 101 | 0.44% | 2079314 | 9.39% |
| 50001-100000 | 7 | 0.03% | 462793 | 2.09% |
| 100001 and above | 7 | 0.03% | 10959639 | 49.53% |
| **Total** | **23043** | **100%** | **22125054** | **100%** |

**L SHAREHOLDING PATTERN AS ON MARCH 31, 2013**

| Categories | No. of Shares held | % of holding |
|---|---|---|
| Promoters-Indian | 8739952 | 39.50% |
| Mutual Funds & UTI | 33700 | 0.15% |
| Banks, Financial Institutions and Insurance Companies | 1352700 | 6.11% |
| Foreign Institutional Investors | 0 | 0% |
| Bodies Corporate | 1713376 | 7.74% |
| Individuals | 9684955 | 43.79% |
| NRI / OCB's | 600371 | 2.71% |
| **TOTAL** | **22125054** | **100%** |

**M DEMATERIALIZATION OF THE SHARES AND LIQUIDITY**

Trading in Company's shares is permitted only in dematerialized form with effect from December 23, 1999 as per notifications issued by Securities Exchange Board of India. The Company has entered into agreements with National Securities Depository Ltd. & Central Depository Services (India) Ltd., whereby the investors have the options to dematerialize their shares with either of the depositories. The status of Dematerialization as on March 31st, 2013 is as under:

| Segment | No. of Shareholders | Percentage | No. of Shares | Percentage |
|---|---|---|---|---|
| Physical | 12395 | 53.79% | 3864096 | 17.46% |
| Demat | 10648 | 46.21% | 18260958 | 82.54% |
| **Total** | **23043** | **100%** | **22125054** | **100%** |

**N OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

Company has not issued any GDRs/ADRs/Share warrants or any convertible instruments.

**O Address of Registered Office and for Correspondence**

D-7/3, Okhla Industrial Area-II,
Mezzanine Floor, **New Delhi- 110 020**
e-mail: info@dfslonline.com
www.dfslonline.com

**P BRANCHES**

| | |
|---|---|
| **AHMEDABAD**<br>1 NN Complex<br>Opp. BVD School<br>Shah Alam Tolnaka<br>Manlnagar<br>Ahmedabad-380028 | **INDORE**<br>119, Vaibhav Chamber<br>Usha Ganj<br>Jora Compound<br>Indore-452001 |
| **BARODA**<br>811-Centre Point<br>R.C. Dutt Road<br>Alkapuri<br>Baroda - 390005 | **KANPUR**<br>No. 2, Ist Floor<br>14/123-A, Mall,<br>Gopala Chambers<br>Kanpur - 208001 |
| **BANGLORE**<br>28/A, 7th Cross<br>3rd Main, Divanrapalya<br>Mathlkore Post<br>Banglore | **LUCKNOW**<br>306, Chintel House<br>16, Station Road<br>Lucknow-226019 |

| CHANDIGARH | VARANASI |
|---|---|
| Kothi No. 1307<br>Sector- 19-B<br>Chadigarh-160019 | Room No. 16, 4th Floor<br>Kuber Complex<br>Rathyatra |

## ANNEXURE 'A'

### COMPOSITION OF BOARD OF DIRECTORS AS ON 31.03.2013

| S. No. | Name | Designation | Date of Appointment | Directorship in other Public Limited Companies | Membership/ Chairmanship In Committees of Board of the other Company |
|---|---|---|---|---|---|
| 1. | Sh. Arif Beg (Independent Non Executive Director) | Chairman | 31.10.2001 | - | - |
| 2. | Sh. Om Prakash Gupta (Independent Non Executive Director) | Director | 13.02.1991 | - | - |
| 3. | Sh. S. K. Sharma (Whole Time Director) | Director | 30.12.2003 | - | - |

### PARTICULARS OF DIRECTORS WHOSE TERM HAS ENDED DURING 2012-13

| S.No. | Name | Type | Date of Cessation |
|---|---|---|---|
| 1. | - | - | - |

### COMPOSITION OF COMMITTEES OF THE BOARD OF THE COMPANY AS ON 31.03.2013

| Committees | Chairman | Members |
|---|---|---|
| Audit Committee | Sh. Arif Beg | Sh. O. P. Gupta<br>Sh. S. K. Sharma |
| Shareholder/Investor Grievance Committee | Sh. Arif Beg | Sh. O. P. Gupta<br>Sh. S. K. Sharma |
| Remuneration Committee | Sh. Arif Beg | Sh. O. P. Gupta |

## ANNEXURE 'B'

### DETAILS OF ATTENDANCE OF DIRECTORS (DURING THEIR TENURE) AT BOARD / COMMITTEE MEETINGS / AGM

| S. No. | Name | Board | Audit Meeting Attended / Held | Shareholder/ Committee Meeting Attended / Held | Remuneration Investor Grievance Committee Attended / Held | Last AGM Committee Meeting Attended / Held |
|---|---|---|---|---|---|---|
| 1. | Sh. Arif Beg | 5 | 5 | 5 | - | Yes |
| 2. | Sh. Om Prakash Gupta | 5 | 5 | 5 | - | Yes |
| 3. | Sh. S. K. Sharma | 5 | 5 | 5 | - | Yes |
| | | Date of Meetings | Date of Meetings | Date of Meetings | Date of Meetings | Date of Meeting |
| | | 03.08.2012<br>31.08.2012<br>09.11.2012<br>08.02.2013<br>30.05.2013 | 31.08.2012<br>09.11.2012<br>03.02.2013<br>30.05.2013 | 31.08.2012<br>09.11.2012<br>03.02.2013<br>30.05.2013 | - | 28.09.2013 |

### DETAILS OF ATTENDANCE OF DIRECTORS WHOSE TERM HAS ENDED DURING 2012-13

| | | | | | |
|---|---|---|---|---|---|
| - | - | - | - | - | - |

## CERTIFICATE BY CEO/CFO

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby certified that for the financial year ended on March 31st, 2013:

(a) We have reviewed financial statements and cash flow statement for the year 2012-13 and that to best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;

**(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations except to the extent qualified by the auditors in their audit report and which qualifications have been duly explained elsewhere in this report of Board of Directors.**

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

**(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.**

(d) There were no significant changes in internal control and accounting policies during the year to be disclosed in the notes to the financial statements; and there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

On behalf of the Board of Directors

Place: New Delhi
Date: August 14, 2013

(S. K. Sharma)
Director

## DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a code of conduct for all Directors and Senior Management personnel of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company affirm compliance with the Code of Conduct of the Company for the financial year ended on March 31st, 2013 as envisaged in clause 49 of the listing agreement with stock exchanges.

On behalf of the Board of Directors

Place: New Delhi
Date: August 14, 2013

(Arif Beg)
Chairman

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE-49 OF THE LISTING AGREEMENT**

The Members of
**DCM Financial Services Ltd.**
New Delhi

We have examined the compliance of conditions of corporate governance by ***DCM Financial Services Ltd.*** as on 31st March 2013 as stipulated on Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no grievance of shareholders is pending for a period exceeding one month as on 31st March 2013 against the company as per the records maintained by the Shareholder's / Investor Grievance Committee. In respect to other investors of the company, the company has replied that the redressal of investor grievances related to non-payment of principal and interest thereon, are being addressed through a new scheme of restructuring which has been filed before the Hon'ble Delhi High Court for its approval. Please refer ***Annexure-1*** containing note on said non payment of principle & interest & about filing of petition before Hon'ble Delhi High Court.

We further state that such compliance is neither as assurance as to the future viability of the Company not the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: New Delhi
Dated: August 29, 2013

**(Manish Mohan)**
Partner
Membership No. 091607

## Annexure I

**STATUS OF CERTIFICATE OF REGISTRATION (COR), WINDING UP, WRIT PETITION FILED BY RBI AND THE SCHEME FILED BY THE COMPANY**

In 2004, RBI has rejected the Company's application for grant of COR against which your Company preferred an appeal before the Appellate Authority i.e. Ministry of Finance. The Appellate Authority on May 2004 passed an order in favour of the Company, whereby the rejection order of COR by RBI was directed to be kept in abeyance for the period of 6 months and during which the Company would file Revised Scheme for Restructuring before the appropriate authority or till the disposal of the Company's review petition by the Hon'ble Delhi High Court, New Delhi.

Against the order of the Ministry of finance, RBI had filed a Constitutional Writ before the Hon'ble Delhi High Court which stayed the operation of the orders of the Appellate Authority vide order dated September 15, 2004.

The RBI had also initiated Winding Up proceedings against the Company before the Hon'ble Delhi High Court, New Delhi which vide order dated 4th November 2004 directed the Company not to sell, alienate or dispose off in any manner the assets of the Company. The winding-up petition is presently pending adjudication and has been clubbed along with the re-structuring scheme filed by the Company.

Before the RBI filed petition for winding up of the company, the Company had filed a fresh Scheme of Arrangement for Re-organization of Share Capital of the Company and for Compromise with its Secured and Unsecured Creditors, herein after referred to as the Scheme, before the Hon'ble Delhi High Court, under section 391/394 of the Companies Act, 1956.

Pursuant to the orders of the Hon'ble Court, the Unsecured Creditors, Debenture holders and other Secured creditors i.e. banks and institutions had approved the Scheme in their respective meeting with requisite majority, meetings of which were held under the chairpersons of retired High Court Judges appointed by the Hon'ble Court.

Presently the confirmation petition filed by the company pursuant to section 391(2) of the Companies Act, 1956, is pending adjudication before the Hon'ble Court. The Hon'ble Court while hearing the Winding up Petition filed by RBI, on 6th March 2006 had directed the company not to operate its bank account without the permission of the Hon'ble Court and vide further order dated 5th May 2008, the Hon'ble Court had frozen one of the accounts of the Company. The orders passed by the Hon'ble Court are still in operation though various application have been filed by your company for vacation of the orders passed by the Hon'ble Court.

It is imperative to mention here that your Company in consultation with RBI has proposed improvement in the Scheme, which the RBI has given in-principle consent and the improved Scheme is pending for approval by the Hon'ble Delhi High Court.

# INDEPENDENT AUDITOR'S REPORT

**TO MEMBERS OF DCM FINANCIAL SERVICES LIMITED**

**Report on the 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, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("***the Act").*** This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. W e conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

(i) Recognition of rental income of Rs 91.02 lacs during the financial year ended 31st March, 2013 in view of uncertainty in realization of such income & non provision of doubtful debts against rental receivable of Rs 510.82 lacs pertaining to previous years which have not yet been realized. The net profit for the year & current assets are overstated and cumulative net loss is understated to that extent.

(ii) No provision has been made of Rs 826.38 lacs payable for Interest on debentures, term loans and banks, fixed deposits, and inter corporate deposits. Net profit for the year & current assets are overstated and cumulative net loss is understated to that extent. This is in contravention of the Accounting Standard 1 on Disclosure of Accounting Policies issued by Ministry of Corporate Affairs, Government of India. This has been explained in Note 4.1.f, Note 4.1.g.(i), Note 4.2.c & 4.2.d, Note 4.3.2, Note 4.3.3, Note 4.4(f) and Note 4.6.

(iii) For redemption of debentures of Rs 2,546.66 Lacs, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs 2,546.66 lacs has not been created due to insufficient profits. This has been explained in Note 2.2.

(iv) The financials have been drawn based on the application for acceptance of a fresh scheme of arrangement. The said application is pending before the Hon'ble Delhi High Court for approval & acceptance. This has been explained in Note 24.

(v) The value of assets charged as security in favour of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained. To the extent of shortfall, if any, the liability is unsecured, whereas the same has

been shown as secured. This has been explained in Note 4.1.d and Note 4.2.b & 4.3.1.

(vi) There is a default in repayment of outstanding deposits with interest vide order dated 17.07.98 as the Company Law Board had ordered payment of interest at contracted rates up to the date of maturity and at 10% thereafter. Due to liquidity problems, the company has not fully followed the schedule of repayment ordered by the Company Law Board. However, a fresh Restructuring Scheme of arrangement for re-organization of the share capital of the company and for compromise with its creditors including fixed depositors has been made in which interest dues will be waived. Assuming that the scheme will be approved by the Hon'ble High Court of Delhi, provision of interest payable amounting to Rs. 827.06 lacs has been written back in earlier years. This has been explained in Note 4.4.(b).

(vii) Fixed Deposits and Bills Payable as per records maintained by the Company are Rs. 5645.45 lacs and as per financials books amounting to Rs. 5634.75 lacs. Their is a difference of Rs. 10.69 lacs which is un-reconciled in the Fixed Deposit Register. The reason is either lack of identification of depositors or no claim or confirmation having been received by the company. The provision of such differential amount has not been made. This has been explained in Note 4.4.(d) & Note 4.4.(e).

(viii) Due to liquidity crisis in the past, minimum liquid assets @ 15% of Fixed Deposits as per RBI directives has not been maintained by the company. The company has applied to RBI and Company Law Board for exemption from maintaining minimum liquid assets and payment of penal interest but the disposal of the application is still pending. This has been explained in Note 4.4.(g).

(ix) There is non-provision of NPA's of Rs 274.56 Lacs & Rs 631.43 Lacs respectively towards inter corporate deposits, bills receivable, employee advances and long-term trade receivables as required by Non-Banking Financial Companies Prudential Norms (Reserve Bank). The net profit for the year & current assets are overstated and cumulative net loss is understated to the extent of Rs 905.99 lacs This has been explained in Note 11.2 & Note 12.1.

(x) The accounts of the company have been prepared on a going concern as on an assumption made by the management that (a) The fresh scheme would be approved by the Hon'ble Delhi High Court, (b) The promoters of the company have provided letter of support, (c) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis and (d) injection of Rs. 19.50 crores as promoters quota. This has been explained in Note 28.

(xi) Balance confirmation of 18 Banks which are restricted and cannot be operated without getting prior approval of the Hon'ble Delhi High Court , Bills Receivable and Payable, advances recoverable relating to lease and hire purchase are not available. The financial impact of this is not ascertainable. This has been explained in Note 14.2, 14.3 & 29 (a).

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

(a) Punjab & Sind bank has filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1217.52 lacs against which the amount payable to them, as per books is Rs. 803.40 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 414.12 lacs has been made. Since the Company has not made payment of interest & principal in accordance with the Fresh Restructuring Scheme filed with the Hon'ble High Court, Rs 1217.52 became payable to PSB. No provision for the difference of Rs. 414.12 lacs has been made by the Company.

(b) IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.42 lacs against which the amount payable to them as per books is Rs. 577.00 lacs. The company contends that the dues of the Bank are to be anticipated to be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 465.42 lacs has been made.

(c) During the year ended 30th June, 2009, the Company had received Rs. 100.00 lacs from one of the Debtors and the balance recoverable from the debtors account was reduced by this amount. Subsequently the Hon'ble Punjab and Haryana Court deemed that payment to be an out of turn payment and asked the company to deposit the amount. The Company

had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. The Company is liable to deposit the amount mentioned above which has yet to be deposited.

(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. 51.28 lacs i.e. claim amount along with interest of Rs. 307 lacs for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. The same has been contested by Company before Hon'ble Delhi High Court.

***Qualified Opinion***

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the paragraph on the basis for Qualified Opinion, the 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, 2013;

(b) in the case of statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. except for the matter described in the paragraph on the basis for Qualified Opinion, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. except for the matter described in the paragraph on the basis for Qualified Opinion, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 except under sub clause (B) & clause (g) of sub section (1) of Section 274 of the said Act.

   ***Due to defaults in repayment of Fixed Deposits listed in section 274(1)(g) of the Companies Act, 1956, the company has become a disqualifying company and consequently its Directors are disqualified from being appointed or re-appointed as Directors of any other company.***

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

**(Manish Mohan)**
**Partner**
**Membership No. 91607**

**Place : New Delhi**
**Dated : 30th May, 2013**

## *ANNEXURE TO AUDITORS' REPORT*

**(Referred to in paragraph (1) of our report on other legal and regulatory requirements of Independent Auditor's Report of even date)**

***Annexure referred to in paragraph (1) of the report on other legal and regulatory requirements of Independent Auditor's Report to the members of DCM Financial Services Limited on the financial statements for the year ended March 31, 2013***

1. (a) The company is maintaining records showing full particulars, including quantitative details and situation of fixed assets at the Head Office and branch office.

   (b) The fixed assets (other than the assets given on lease/hire purchase) have been physically verified by the management in a phased manner so that the entire assets lying at the Head Office and branches are covered within a period of three years. There is a programme of verification of such fixed assets which, in our opinion, is reasonable having regard to the size of the company in terms of the number & nature of assets & manpower available. As explained to us by the management, no material discrepancies were noticed on such verification except those explained in Note 9.1 of the financials.

   (c) The company has not disposed off a substantial part of its fixed assets during the year to affect the status of the company as a going concern.

2. (a) According to the information and explanations given to us, physical verification of stock of shares and securities was conducted by the management at periodic intervals.

   (b) In our opinion, the procedures followed by the company for physical verification of stock of shares and securities are reasonable and adequate in relation to the size of the company and the nature of its business.

   (c) The company is maintaining records of stock of shares and securities and there were no discrepancies noticed by them on their physical verification.

3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956: -

   a) To the best of our knowledge and according to the information and explanations given to us, the Company has not taken any unsecured loans from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the financial year ending 31st March, 2013.

   b) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any unsecured loan(s) to any party, firms or Companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the financial year ending 31st March, 2013.

   c) Accordingly, the rest of the sub-clauses are not applicable to the Company during the reporting period ending 31st March, 13.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventories and fixed assets and for the sale /realization of services and there was no continuing failure to correct major weakness in the internal control system.

5. In respect of transactions covered under Section 301 of the Companies Act, 1956 :-

   (a) According to the information and explanations given to us, we are of the opinion that there are no transactions which are required to but have not been entered in the register maintained under section 301 of the Companies Act, 1956.

   b) In our opinion and according to the information and explanations given to us, there were no transactions during the year exceeding the value of rupees five lakhs in respect of any party made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.

6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits during the year. The directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956, to the extent applicable, on deposits accepted in the earlier years and outstanding deposits at the end of the current year have not been complied with particularly relating to the register of depositors which does not agree with the general ledger, general provisions regarding default in repayment of deposits, default in payment of interest and maintenance of liquid assets. A notice has also been issued by the Reserve Bank of India for the company to show cause why penal action should not be taken against the company as prescribed under the RBI Act.

7. In our opinion, the company has an internal audit system, which is commensurate with its size

and nature of its business.

8. Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, in our opinion the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of the above dues which were outstanding as at 31st March, 2013 for a period of more than six months from the date of their becoming payable.

   (b) There is a disputed demand of Rs. 152.12 lakhs and Rs. 141.74 lakhs for the assessment year 2009-10 and 2010-11 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as the brought forward losses under the Income Tax Act has not been allowed by the Department. The rectification application for deletion of the above two demands has been filed by the company which is pending before the appropriate authorities.

10. The company has accumulated losses of more than 50% of its net worth as at 31st March, 2013 but has not incurred cash losses during the preceding financial year as well as during the current year as per the statement of profit & loss. However after considering qualifications referred, to in the Independent Auditor's Report, there is a loss in both the said two financials years.

11. The company has defaulted in the repayment of dues to the debenture holders, financial institutions, and banks as explained in Note No. 4.1 of Notes to Accounts.

12. As explained to us by the management, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, the provisions of clause (xiii) of the Order are not applicable.

14. According to the information and explanations given to us, during the period ended 31st March 2013, the company has not entered into any transactions of dealing or trading in shares, securities, debentures and other investments for which proper records of such transactions are required to be maintained. Shares, securities, debentures and other investments have been held by the company in its name except in cases of bad deliveries where shares held as stock in trade were not in the name of the company. These have been removed from the records during the year.

15. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions during the year.

16. According to the information and explanations given to us, no term loans were obtained by the company during the year.

17. According to the information and explanations given to us, no short term loans/inter-corporate deposits were raised by the company during the year.

18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of the order is not applicable.

19. The company has not issued any debentures during the year.

20. The company has not raised any money by public issue during the year.

21. During the course of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company advised or reported during the year nor have we been informed of such cases by the management.

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

**(Manish Mohan)**
**Partner**
**Membership No. 91607**

**Place : New Delhi**
**Dated : 30th May, 2013**

**BALANCE SHEET AS AT 31st March 2013**

| | | | Note No. | Amount (Rs. In Lacs) As at 31.03.2013 | Amount (Rs. In Lacs) As at 31.03.2012 |
|---|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES** | | | | |
| | **(1)** | **Shareholder's Funds** | | | |
| | | (a) Share Capital | **1** | 2,212.51 | 2,212.51 |
| | | (b) Reserves and Surplus | **2** | (6,486.43) | (6,789.51) |
| | | (c) Share Application Money | **3** | 549.72 | 549.72 |
| | **(2)** | **Non-Current Liabilities** | | | |
| | | (a) Long-Term Borrowings | **4** | 9,658.78 | 9,659.28 |
| | | (b) Other Long Term Liabilities | **5** | 509.38 | 682.32 |
| | | (c) Long-Term Provisions | **6** | 5.01 | 7.13 |
| | **(3)** | **Current Liabilities** | | | |
| | | (a) Other Current Liabilities | **7** | 648.45 | 572.57 |
| | | (b) Short-Term Provisions | **8** | 0.12 | 0.19 |
| | | **Total** | | **7,097.53** | **6,894.20** |
| **II.** | **ASSETS** | | | | |
| | **(1)** | **Non-Current Assets** | | | |
| | | (a) Fixed Assets | | | |
| | | (i) Tangible Assets | **9** | 1,434.97 | 1,474.97 |
| | | (ii) Intangible Assets | | - | - |
| | | (b) Non-Current Investments | **10** | 112.07 | 112.07 |
| | | (c) Long-Term Loans and Advances | **11** | 290.34 | 488.13 |
| | | (d) Other Non-Current Assets | **12** | 4,417.95 | 4,113.25 |
| | **(2)** | **Current Assets** | | | |
| | | (a) Inventories | **13** | 4.20 | 4.04 |
| | | (b) Cash & Bank Balances | **14** | 23.06 | 15.21 |
| | | (c) Short-Term Loans and Advances | **15** | 6.50 | 7.05 |
| | | (d) Other Current Assets | **16** | 808.45 | 679.46 |
| | | **Total** | | **7,097.53** | **6,894.20** |

Notes forming part of the financial statements **1-35**

As per our report of even date attached

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

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2013**

| | Note No. | Amount (Rs. In Lacs) For the year ended 31.03.2013 | Amount (Rs. In Lacs) For the period ended 31.03.2012 |
|---|---|---|---|
| **Income :** | | | |
| Revenue from Operations | | - | - |
| Other operating revenues | **17** | 8.84 | 0.54 |
| Less : Excise duty | | - | - |
| Net Revenue from Operations | | **8.84** | **0.54** |
| Other Income | **18** | 635.96 | 329.93 |
| Total Revenue | | **644.80** | **330.47** |
| **Expenses:** | | | |
| Changes in Inventories of Stock of Shares | **19** | (0.15) | 3.82 |
| Employee Benefit Expenses | **20** | 29.70 | 27.67 |
| Finance Costs | **4.1.a** | 1.80 | - |
| Depreciation and Amortization Expense | **9** | 36.10 | 27.14 |
| Other Expenses | **21** | 274.28 | 75.91 |
| **Total Expenses** | | **341.72** | **134.54** |
| Profit before Exceptional and Extraordinary Items and Tax | | 303.08 | 195.93 |
| Exceptional Items | | - | - |
| **Profit before Extraordinary Items and Tax** | | **303.08** | **195.93** |
| Extra Ordinary Items | | | |
| **Profit before Tax** | | **303.08** | **195.93** |
| Tax Expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred Tax | | - | - |
| (3) Tax Adjustment for earlier years | | - | - |
| **Profit/ (Loss) for the Period** | | **303.08** | **195.93** |
| Earnings Per Equity Share | | | |
| (1) Basic | | 1.37 | 0.89 |
| (2) Diluted | | 1.37 | 0.89 |
| Notes forming part of the financial statements | **1-35** | | |

As per our report of even date attached

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

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

| | | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| **Note 1** | **SHARE CAPITAL** | | |
| | **Authorised** | | |
| | 6,50,00,000 Equity Shares of Rs.10 each | 6500.00 | 6500.00 |
| | (Previous Year 6,50,00,000 Equity Shares of Rs.10 each) | | |
| | | **6500.00** | **6500.00** |
| | **Issued, Subscribed & Paid up** | 2212.51 | 2212.51 |
| | 2,21,25,054 Equity Shares of Rs.10 each Fully paid up | | |
| | (Previous Year 2,21,25,054 Equity Shares of Rs.10 each) | | |
| | | **2212.51** | **2212.51** |

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

| | 31.03.2013 No. | 31.03.2013 Rs. In lacs | 31.03.2012 No. | 31.03.2012 Rs. In lacs |
|---|---|---|---|---|
| **Equity Shares** | | | | |
| As at beginning of the year | 22,125,054 | 2,212.51 | 22,125,054 | 2,212.51 |
| Balance As at end of the year | **22,125,054** | **2,212.51** | **22,125,054** | **2,212.51** |

**1.2 Terms/ Rights attached to Shares**

**Equity Shares**

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

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

| | 31.03.2013 No. | 31.03.2013 Percentage | 31.03.2012 No. | 31.03.2012 Percentage |
|---|---|---|---|---|
| **Equity Shares** | | | | |
| DCM Services Ltd | 6,352,487 | 28.71% | 6,352,487 | 28.71% |
| Intellect Capital Services Ltd | 2,075,000 | 9.38% | 2,075,000 | 9.38% |
| Punjab & Sind Bank | 1,319,900 | 5.97% | 1,319,900 | 5.97% |

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

**Note 2 RESERVES & SURPLUS**

| | | | 31.03.2013 | 31.03.2012 |
|---|---|---|---|---|
| (a) | **Capital Reserve (Refer Note 2.1)** | | | |
| | As per last Balance Sheet | 193.87 | | |
| | Addition during the year | - | 193.87 | 193.87 |
| (b) | **Securities Premium** | | | |
| | As per last Balance Sheet | 1650.86 | | |
| | Addition during the year | - | 1,650.86 | 1,650.86 |
| (c) | **Debenture Redemption Reserve (Refer Note 2.2)** | | | |
| | As per last Balance Sheet | 8.75 | | |
| | Addition during the year | - | 8.75 | 8.75 |
| (d) | **Special Reserve (Refer Note 2.3)** | | | |
| | As per last Balance Sheet | 156.23 | | |
| | Addition during the year | - | 156.23 | 156.23 |
| (f) | **Surplus (deficit) in the Statement of Profit & Loss** | | | |
| | Balance as per last financial statements | (8,799.22) | | |
| | Profit for the year | 303.08 | (8,496.14) | (8,799.22) |
| | **Total** | | **(6,486.43)** | **(6,789.51)** |

**2.1 Capital Reserves**

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

**2.2 Debenture Redemption Reserve**

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

**2.3 Special Reserve**

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

| **Note 3** | **Share Application Money** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | Share Application Money (Refer Note 3.1) | 549.72 | 549.72 |
| | **Total** | **549.72** | **549.72** |

**3.1** As per consent letters received, expenditure incurred/repayment made by the company amounting to Rs. 549.72 lacs funded by the group companies till June.2007, have been credited to the Share Application Account. Company has passed special resolution to allot such shares. However the same is subject to sanction of **Revised Restructuring Scheme** by the Hon'ble Delhi High Court.

| **Note 4** | **Long Term Borrowings** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | **Secured Loans** | | |
| | Debentures (Refer Note 4.1) | 2,555.16 | 2,555.66 |
| | Term Loans from Institution - SIDBI (Refer Note 4.2) | 36.30 | 36.30 |
| | Due to Banks (Refer Note 4.3) | 1,380.40 | 1,380.40 |
| | **Unsecured Loans** | | |
| | Fixed Deposits from Public (Refer Note 4.4) | 5,634.75 | 5,634.75 |
| | Term Loan From SBI HF (Refer Note 4.5) | 25.00 | 25.00 |
| | Inter-Corporate Deposits (Refer Note 4.6) | 27.17 | 27.17 |
| | **Total** | **9,658.78** | **9,659.28** |

| **4.1** | **Debentures** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | "A" Series Debenture | 8.50 | 8.50 |
| | "B" Series Debenture | | |
| | - 19.5% Regular | 1,184.20 | 1,184.70 |
| | - 19.5% Cumulative | 1,059.70 | 1,059.70 |
| | - Deep Discount Bonds | 302.76 | 302.76 |
| | | **2,555.16** | **2,555.66** |

**4.1.a** During the year Rs. 0.425 lacs has been paid towards "B" Series debenture holder (19.5% Regular) on compassionate grounds after getting approval from Hon'ble Delhi High Court. Rupees 0.075 lacs has also been paid to "B" Series debenture holder (19.5% Regular) alongwith the interest of Rs. 1.80 lacs with on the order of Consumer Disputes Redressal Forum-II , Government of Delhi. The payment Rupees 0.075 Lacs alongwith the interest of Rs. 1.80 lacs has not yet been intimated / informed to Hon'ble Delhi High Court. This is payment of principal and interest of Rs. 1.875 lacs is in contravention of scheme of restructuring pending with Hon'ble Delhi High Court. The Hon'ble Delhi High Court has put a stay on payments without its permission.

**4.1.b Scheme ''A'' Series**

The company had allotted the Debenture 'A' series on 28th February, 1996 and 23rd September 1996 subject to **Note 4.1 (d)** these debentures are secured against mortgage / hypothecation / charge on assets financed out of the proceeds of these debentures. The outstanding debentures of Rs.8.50 lacs were overdue as on March 31,2013.

**4.1.c Scheme ''B'' Series**

Debenture 'B' Series were allotted on 5th November, 1996. and subject to **Note 4.1 (d)** are secured against hypothecation / charge on land and premises situated at Mouje Pirangut, Taluka Mulshi, Distt Pune in the State of Maharashtra alongwith all buildings, structures thereon and all plant and machinery, spares, tools, accessories and other movables of the Company, both present and future, whether installed or not. The total amount of debentures alloted were Rs 2818.04 lacs and matured for redemption on 5th May 1998. Out of total debentures alloted amounting to Rs 2818.04 lacs, debentures of Rs 271.38 lacs have been redeemed upto March 31,2013. The remaning debentures as at March 31, 2013 in the ''B'' series amounting to Rs 2546.66 lacs consist of the following:-

| **Particulars** | **Amount/Lacs,** |
|---|---|
| 19.5% Regular | 1,184.20 |
| 19.5% Cumulative | 1,059.70 |
| Deep Discount Bonds | 302.76 |
| **Total** | **2,546.66** |

The company proposes to vary the terms of debentures through the scheme of arrangement for reorganation of share capital of the company and for compromise with its secured and unsecured creditors.

**4.1.d** The value of assets charged in favour of debentures has been depleted over a period of time but the depletion has not been ascertained. To the extent of shortfall, if any, the liability is unsecured.

**4.1.e** A supplementary trust deed for giving effect to the proposed repayment plans as provided in Clause 44 of the Trust deed has not been prepared by the trustees so far.

**4.1.f** Provision of interest on debentures up to 31st March, 2013 calculated @ 10% p.a. of simple interest as per renewal offer letter of 1998 on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series amounting to approximately Rs. 3802.04 lacs has not been provided since a **Fresh Restructuring Scheme** that is subject to the approval of the Hon'ble High Court of Delhi has been submitted which does not envisage payment of any interest. To the extent of the non-provision of interest calculated as per renewal offer letter of 1998, and considering the current year interest of Rs. 255.52 lacs , the current period profits are overstated to the extent of Rs. 255.52 lacs. and cumulative net losses are understated to the extent of Rs. 3802.04 lacs. The difference between the original contracted interest @ 19.5% and as per offer letter @ 10% has also not been ascertained and provided for pending approval of the fresh scheme. To the extent of interest of Rs. 3802.04 lacs not provided cumulative net loss is understated.

**4.1.g.(i)** The Central Bank of India, Mumbai, Trustees for the Non-Convertible Debentures B-Series have filed a suit for recovery of Rs. 4,423.86 lacs on 14th October, 1999 before the Hon'ble Mumbai High Court. As against the claim of Rs. 4,423.86 lacs by The Central Bank of India, Mumbai, Trustees for The Non-Convertible Debentures "B" Series, Rs. 2546.66 lacs on account of principal and interest is reflected in the books as on date. In view of the **Fresh Restructuring Scheme** seeking waiver of interest payable to debenture holders, no provision has been made for the difference between the claim made by the Central Bank of India and the liability as per the books and to this extent the **cumulative net losses of Rs. 1,877.20 lacs is understated.**

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

**4.1.g.(iii)** The suits filed by the Central Bank of India before the Hon'ble Mumbai High Court has been stayed by Hon'ble High Court of Delhi vide order dated 14 September 2005 on application made by the company and there is no change in the status as at 31st March, 2013.

| **4.2** | **Term Loans from Institution- SIDBI *** | **Amount/Lacs. outstanding** |
|---|---|---|
| | Small Industries Development Bank of India | 36.30 |
| | | 36.30 |

**4.2.a** (i) Hypothecation / charge on assets financed out of the said loan.

(ii) The aforesaid amount outstanding Rs. 36.30 lacs is overdue for payment.

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

**4.2.c** The amount due has been quantified at Rs. 45.38 lacs as per the "**Old Scheme Under Review**". However, under the **Fresh Restructuring Scheme** the interest payable amounting to Rs. 9.08 lacs is sought to be waived and has already been written back in the earlier year. The principal amount due as on 30th June, 2004 amounting to Rs. 36.30 lacs is proposed to be repaid in 3 equal installments of Rs. 12.10 lacs from the 2nd year of the effective date. However no such payment has been made.

**4.2.d** SIDBI has filed a petition for winding up on alleged non-payment of Rs. 54.40 lacs which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court on which stay has been granted by the Hon'ble Delhi High Court. Provision for such liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided for due to waiver of interest sought under the "F**resh Scheme**".

**4.3 Due to Banks *** **(Rs. in Lacs)**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Punjab & Sind Bank (Refer Note 4.3.2) | 803.40 | 803.40 |
| Indusind Bank( Refer Note 4.3.3) | 577.00 | 577.00 |
| | **1,380.40** | **1,380.40** |

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

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

**4.3.2** **PUNJAB & SIND BANK (PSB):** As per the **Fresh Restructuring Scheme,** the total amount payable to PSB remains quantified at Rs. 901.80 lacs as on 30th June 2004. (after providing interest @10% p.a., compounded quarterly from 30th September 1999 till 31st March, 2000 on the principal debt as on 30.09.1997). Out of this 60% of Rs.901.80 lacs i.e. Rs.541.08 lacs. shall be payable in 6 equal yearly installments after one year from the date of approval of the scheme or 1st April,2006 whichever is earlier. The balance 40% shall be discharged by issuing equity shares at any time within 3 years of the effective date or 1st April, 2006 which ever is earlier. The company has till date paid/ adjusted Rs. 98.40 lacs and the balance of Rs. 803.40 lacs as on 30th June 2008 is payable as per the **Fresh Restructuring Scheme** pending before the Hon'ble Delhi High Court. Pursuant to an earlier agreement with the bank, from April 1, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 395.97 lakhs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001. In the event of default in the payment of interest and principal, the concessions made by PSB shall stand withdrawn and their claim settled before the Debt Recovery Tribunal of Rs. 1217.52 lacs will become payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2012 is also not provided since a Fresh Restructuring Scheme, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest. Considering the default in payment , the claim of Rs 1217.52 lacs filed before the Debt Recovery Tribunal and to the extent of interest, overdue interest, default charges not provided for net profit for the year is overstated and cumulative net loss is understated to that extent.

**4.3.3** **Indusind Bank:** The amount payable to Indusind Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 916.64 lakhs in accordance with the "**Old Scheme Under Review**". The company has till date paid/adjusted Rs. 339.64 lakhs and the balance of Rs.577.00 lacs as on 30th June 2008 is also payable as per the **Fresh Restructuring Scheme**. Pursuant to an earlier agreement with the bank, from April 1, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 300.20 lacs, which has already been paid by way of allotment of equity shares of Rs. 10/-

each at a premium of Rs. 20/- on 31st March 2001. In the event that the company fails to pay the interest or principal, the concessions made by Indusind Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs. 1042.42 lacs would be payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2012 is also not provided since a **Fresh Restructuring Scheme**, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest. In considering the default in payment the claim of Rs 1042.42 lacs filed before the Debt Recovery Tribunal and to the extent of interest, overdue interest, default charges not provided, net profit for the year is overstated and cumulative net loss is understated to that extent.

**4.4 FIXED DEPOSITS ACCEPTED**

**(a)** During the year, Rs. NIL (Previous year 3.25 Lacs) has been paid to Fixed Deposit holder on compassionate ground after getting approval from Hon'ble Delhi High court.

**(b)** In respect of repayment of outstanding deposits with interest vide order dated 17.07.98, the Company Law Board had ordered payment of interest at contracted rates up to the date of maturity and at 10% thereafter. Due to liquidity problems, the company has not fully followed the schedule of repayment ordered by the Company Law Board. However, a **Fresh Restructuring Scheme** of arrangement for re-organization of the share capital of the company and for compromise with its creditors including fixed depositors has been made in which interest dues will be waived and accordingly provision of interest payable amounting to Rs. 827.06 lacs has been written back in earlier years.

**(c)** The Company has also moved an application before the Hon'ble Company Law Board, New Delhi on 22nd July 2004 under Regulation 44 of the Company Law Regulations 1991 proposing a fresh repayment schedule to fixed depositors of the Company before the **Fresh Restructuring Scheme** was filed before the Hon'ble Delhi High Court.

**(d)** Fixed deposits and bills payable as per information retained on the computer is Rs.5645.45 lacs whereas fixed deposits, which also includes bills payable, as per books, amounts to Rs.5634.75 lacs and the difference of Rs. 10.69 lacs, is un-reconciled. The company, in accordance with a subsequently confirmed order of the Hon'ble Company Law Board dated July 17, 1998 had given an option to the creditors of overdue bills rediscounted to convert their dues into fixed deposits on due dates retrospectively. Bills rediscounted, including those converted into fixed deposits, have been reflected under fixed deposits.

**(e)** Liability on account of Fixed Deposits received contain certain deposits which appear prima-facie to be suspect due to either lack of identification of depositors or no claim or confirmation having been received by the company. Payment of those deposits that are under a suspicious category will be made under the proposed **Fresh Restructuring Scheme** of arrangement only after the evidence of receipt of money is established.

**(f)** Provision for interest on fixed deposits up to March 31, 2013 calculated at simple interest @ 10% p.a. in accordance with the order of The Hon'ble Company Law Board amounting to approx. Rs.9287.99 lacs (including Rs. 8723.45 lacs for the earlier years) has not been made in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble Delhi High Court wherein the company does not envisage payment of any interest. To the extent of non-provision of interest @10% as per the previous CLB order, the current year profits are overstated to the extent of approximately Rs. 564.54 lacs and cumulative net losses are understated to the extent of approximately Rs. 9287.99 lacs. The difference between the contracted rate of interest and rate of interest @ 10% has also not been ascertained and provided for.

**(g)** Due to a liquidity crises in the past the minimum liquid assets @15% of fixed deposits as per RBI directives has not been maintained by the company. The company has applied to the Reserve Bank of India and the Company Law Board for exemption from maintaining minimum liquid assets and payment of penal interest but the disposal of the application is still pending.

**4.5 SBI Home Finance Ltd.(SBIHF): -**

The company has already paid Rs. 2.90 crores under the **Old Scheme** and proposes to allot shares worth Rs. 25 lakhs for the balance as per the **Fresh Restructuring Scheme** in the first year from the effective date (Effective date means the date of filling of the certified copy of the order sanctioning the scheme of the Honorable High Court of Delhi at New Delhi with the Registrar of Companies of Delhi & Haryana). SBIHF has removed a charge on its assets and therefore the loan is now categorized as unsecured loan.

**4.6 Inter-Corporate Deposits**

The value of inter corporate deposits is Rs 27.17 Lacs. Provision for interest on inter corporate deposits up to 31st March, 2013 amounting to approximately Rs. 100.91 lacs which includes approximately Rs.94.59 lacs for the earlier years, has not been made in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble High Court of Delhi wherein the company does not envisage payment of any interest. The current year interest is Rs 6.32 lacs .To the extent of non-provision of interest, the current year's profits are overstated to the extent of approximately Rs. 6.32 lacs and cumulative net losses are understated to the extent of approximately Rs 100.91 lacs.

| Note 5 | Other Long Term Liabilities | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Security Deposits | 6.25 | 6.25 |
| | Unreconciled Sub Ledger Balances (Refer Note 5.1) | - | 166.57 |
| | Employees Advances (Refer Note 5.2) | 1.41 | 7.77 |
| | Others Payable | 501.72 | 501.72 |
| | **Total** | **509.38** | **682.32** |

**5.1 Unreconciled Sub Ledger Balances**

Unreconciled Sub Ledger credit balance of Rs. 166.57 lacs has been written back during the financial year ended 2013 since the parties in aforesaid account were not identifiable and the same had been outstanding and were unreconciled for more than ten years. Besides, the same had also became time barred and till the date of writing it back, the company did not receive any intimation in respect of aforesaid ledger balances.

**5.2 Employees Advances**

Employee Advances of Rs.6.37 lacs has been written back by the management during the financial year ended 2013 as the same were time barred and were outstanding for last ten years.

| Note 6 | Long Term provisions | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | **Provision for Employee Benefits:** | | |
| | - Provision for Gratuity | 3.49 | 4.87 |
| | - Provision for Leave Encashment | 1.51 | 2.27 |
| | **Total** | **5.01** | **7.13** |

| Note 7 | Other Current Liabilities | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Other Liabilities (Refer Note 7.1) | 648.45 | 572.57 |
| | **TOTAL** | **648.45** | **572.57** |

**7.1 Other Liabilities Includes :**

| | | 31.03.2013 | 31.03.2012 |
|---|---|---|---|
| | Advances from Associate Co. (DCM Services Ltd.) | 477.44 | 434.77 |
| | Rent payable | 6.01 | 5.91 |
| | Statutory dues Payable (Refer Note 7.1.1) | 46.82 | 44.67 |
| | Employees Advances | 4.27 | 0.85 |
| | Other Liabilities | 113.90 | 86.37 |
| | | **648.45** | **572.57** |

| 7.1.1 | Statutory dues Payable Includes | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Tax Deducted at source | 2.42 | 1.07 |
| | ESI Payable | 0.03 | 0.06 |
| | Provident Fund Payable | 0.16 | 0.24 |
| | Service Tax Payable | 44.21 | 43.30 |
| | Delhi Labour Fund Payable | 0.00 | 0.00 |
| | | **46.82** | **44.67** |

| Note 8 | Short-Term Provisions | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | **Provision for Employee Benefits:** | 0.08 | 0.13 |
| | - Provision for Gratuity | 0.04 | 0.06 |
| | - Provision for Leave Encashment | **0.12** | **0.19** |

**Note 9 FIXED ASSETS**

| | Particulars | Gross Block | | | | Depreciation / Adjustment | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As On 01.04.2012 | Additions | Deletions / Adjustment | As at 31.03.2013 | As On 01.04.2012 | For the year | Transfer / Adjustment | As on 31.3.2013 | As On 31.03.2013 | As On 01.04.2012 |
| **A** | **TANGIBLE ASSETS** | | | | | | | | | | |
| (a) | **Own Assets** | | | | | | | | | | |
| **1** | Land | 3.06 | - | - | 3.06 | - | - | - | - | 3.06 | 3.06 |
| **2** | Plant & Machinery | 83.26 | - | 41.29 | 41.97 | 82.45 | 0.12 | 41.29 | 41.28 | 0.70 | 0.81 |
| **3** | Buildings | 1,855.17 | - | - | 1,855.17 | 433.09 | 30.24 | - | 463.33 | 1,391.84 | 1,422.08 |
| **4** | Vehicles | 9.92 | - | 9.05 | 0.87 | 9.55 | - | 8.68 | 0.87 | - | 0.37 |
| **5** | Furniture & Fixtures | 60.24 | - | 0.94 | 59.30 | 31.42 | 3.47 | 0.70 | 34.20 | 25.10 | 28.82 |
| **6** | Office Equipment & Appliances | 53.31 | - | 19.04 | 34.26 | 33.48 | 2.27 | 15.75 | 20.00 | 14.27 | 19.83 |
| | **Total (a)** | **2,064.97** | **-** | **70.33** | **1,994.64** | **589.99** | **36.10** | **66.42** | **559.67** | **1,434.97** | **1,474.97** |
| (b) | **Leased Assets** | | | | | | | | | | |
| **1** | Plant & Machinery | 1,158.17 | - | - | 1,158.17 | 1,158.17 | - | - | 1,158.17 | - | - |
| **2** | Vehicles | 409.91 | - | - | 409.91 | 409.91 | - | - | 409.91 | - | - |
| **3** | Office Equipment & Appliances | 126.18 | - | - | 126.18 | 126.18 | - | - | 126.18 | - | |
| | **Total (b)** | 1,694.26 | - | - | 1,694.26 | 1,694.26 | - | | 1,694.26 | - | - |
| | **Total (a+b)** | **3,759.23** | **-** | **70.33** | **3,688.90** | **2,284.26** | **36.10** | **66.42** | **2,253.93** | **1,434.97** | **1,474.97** |
| **B** | **INTANGIBLE ASSETS** | | | | | | | | | | |
| (c) | **Own Assets** | | | | | | | | | | |
| **1** | Computer Software | 1.14 | - | 1.14 | - | 1.14 | - | 1.14 | - | - | - |
| | **Total (c)** | **1.14** | | **1.14** | **-** | **1.14** | **-** | **1.14** | **-** | **-** | **-** |
| | **Grand Total (a +b +c)** | **3,760.37** | **-** | **71.46** | **3,688.90** | **2,285.39** | **36.10** | **67.56** | **2,253.93** | **1,434.97** | **1,474.97** |
| | Previous year | 3,759.95 | 0.42 | - | 3,760.37 | 2,258.26 | 27.14 | - | 2,285.40 | 1,474.97 | |

9.1 During the course , physical verification of Fixed Assets (own) conducted by the management and few assets of Rs. 71.46 lacs (Gross) which were not physically or verifiable available with the company since long or obsoloete or defective or not in working condition to use and having NIL or Negligible WDV , have been retired from the schedule of fixed assets in compliance of Accounting Standard-10 Fixed Assets ( Accounting Standard Rules,2006).

**Note 10 NON CURRENT INVESTMENTS**

**10.1 LONG TERM INVESTMENTS - AT COST**

| Particular | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|
| **Trade Investments** | | |
| - Investment in Equity Shares | **90.00** | **90.00** |
| Less : Provision for diminution in the value of Investments | **63.51** | **63.51** |
| **Total (A)** | **26.49** | **26.49** |
| **Non Trade Investments** | | |
| - Investment in Equity Shares | 207.61 | 207.61 |
| Less : Provision for diminution in the value of Investments | 122.03 | 122.03 |
| **Total (B)** | **85.58** | **85.58** |
| **Grand Total (A+B)** | **112.07** | **112.07** |

## 10.2 Details of Investments

| Particulars | Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Value of Investment (Amount Rs. In lacs) | Provision for diminution (Amount Rs In Lacs) | Value of Investment (Amount Rs. In Lacs) | Provision for diminution (Amount Rs. Lacs) | Basis of Valuation |
|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 31 March 2013 | As at 31 March 2012 | | | As at 31 March 2013 | | As at 31 March 2012 | | |
| **Investments in Equity Shares** | | | | | | | | | | |
| **Trade Investments** | | | | | | | | | | |
| Global IT Options Ltd | Subsidiary | 900,000 | 900,000 | UnQuoted | Fully Paid | 90.00 | 63.51 | 90.00 | 63.51 | At Cost less prov. Diminution in the value of investments |
| **TOTAL** | | **900,000** | **900,000** | | | **90.00** | **63.51** | **90.00** | **63.51** | |
| **Non -Trade Investments** | | | | | | | | | | |
| Punj Llyod Ltd. | Others | 200,000 | 200,000 | Quoted | Fully Paid | 45.48 | - | 45.48 | - | At Cost |
| Profin Money Market Ltd | Others | 25,000 | 25,000 | UnQuoted | Fully Paid | 2.50 | 2.50 | 2.50 | 2.50 | At Cost less prov. Diminution in the value of investments |
| RFB Latex Ltd | Others | 220,000 | 220,000 | UnQuoted | Fully Paid | 40.10 | - | 40.10 | - | At Cost |
| World Tex Ltd | Others | 437,500 | 437,500 | UnQuoted | Fully Paid | 119.53 | 119.53 | 119.53 | 119.53 | At Cost less prov. Diminution in the value of investments |
| Cepham Milk Specialities Ltd. | Others | 30,000 | 30,000 | UnQuoted | Fully Paid | 0.00 | - | 0.00 | - | At Cost |
| Cebon India Ltd. | Others | 30,000 | 30,000 | UnQuoted | Fully Paid | 0.00 | - | 0.00 | - | At Cost |
| Rajesthan Antibiotics Ltd. | Others | 30,000 | 30,000 | UnQuoted | Fully Paid | 0.00 | - | 0.00 | - | At Cost |
| | | **972,500** | **972,500** | | | **207.61** | **122.03** | **207.61** | **122.03** | |

Rs. in Lakhs

| S No. | Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|---|
| 1 | **Aggregate amount of Market value of Quoted investments** | 110.00 | 151.00 |
| 2 | **Aggregate amount of UnQuoted investments** | 252.13 | 252.13 |
| 3 | **Aggregate provision for dimunition in value of investments** | 185.54 | 185.54 |

| Note 11 | Long Term Loans & Advances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | **Security Deposits** | | |
| | Unsecured Considered Good | 15.78 | 17.91 |
| | **Other Loans & advances** | | |
| | Considered Doubtful (Refer Note 11.1) | 274.56 | 470.22 |
| | Less :- Provision for Non Performing Assets (Refer Note 11.2) | - | - |
| | | **290.34** | **488.13** |

**11.1 Other Loans & advances**

| | 31.03.2013 | 31.03.2012 |
|---|---|---|
| Inter Corporate Deposit | 79.58 | 79.58 |
| Bills Receivable | 109.51 | 109.51 |
| Employees Advances (Refer Note 11.3) | 17.69 | 48.39 |
| Share Division Customer Account (Refer Note 11.4) | - | 164.96 |
| Others | 67.78 | 67.78 |
| **TOTAL** | **274.56** | **470.22** |

**11.2 Provision for Non Performing Assets**

As per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provision for non-performing assets as per these Directions on, inter-corporate deposits, bills receivable, employees advances , others long term & advances required to be provided amounted to approx. Rs. 274.56 lacs. The provision for NPA till 31st March 2013 is Rs. Nil. To the extent of said provision of NPA Rs. 274.56 lacs(approx) the cumulative net loss reflected is understated & assets are overstated.

**11.3 Employees Advances**

Employee Advances of Rs.30.70 lacs has been written off by the management during the financial year ended 2013 as the same were time barred and were outstanding for last ten years.

**11.4 Share Division Customer Account**

Share Division Customer Account of Rs.164.96 lacs being unrecoverable and outstanding for the last ten years has been written off during the financial year ended 2013 since the parties in aforesaid account were not identifiable and the same had been outstanding and were unreconciled for more than ten years. Besides, the same had also became time barred and till the date of writing it off, the company did not receive any intimation in respect of aforesaid ledger balances.

| Note 12 | Other Non Current Assets | | As at 31.03.2013 | | As at 31.03.2012 |
|---|---|---|---|---|---|
| | **Long Term Trade Receivable *** | | | | |
| | Considred Doubtful | 2188.22 | | 2209.95 | |
| | Less : Provision for Non Performing Assets (Refer Note 12.1) | 1556.79 | 631.43 | 1556.79 | 653.16 |
| | **Others** | | | | |
| | Secured, Considered Good | | | | |
| | Fixed Deposits with Banks | | | | |
| | -Maturity more than 12 months | | 3,651.39 | | 3,371.24 |
| | Advance Tax & TDS | | 135.14 | | 88.85 |
| | **TOTAL** | | **4,417.95** | | **4,113.25** |

* Net of Rs. 6,01,93,479 received from the customers as a security deposits.

**12.1 Provision for Non Performing Assets**

As per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provision for non-performing assets as per these Directions on trade receivables required to be provided amounted to approx. Rs. 2188.22 lacs (Net of Security received of Rs 601.93 lacs). However, provision of NPA of Rs.1556.79 lacs has been made. To the extent of non-provision of NPA of Rs. 631.43 lacs, the cumulative net loss reflected is understated & assets are overstated.

| Note 13 Inventory | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Securities held as Stock in Trade (Refer Note 13.1) | 4.20 | 4.04 |
| | 4.20 | 4.04 |

**13.1 Inventory Valuation Method:-**

(a) During the year there were no transactions relating to sale/purchase of stocks/ investment in shares. During the period ended 31st March, 2013, those shares which were held as bad deliveries have been removed from the schedule of stock in trade. The same will be shown when such shares/stock which are termed as bad deliveries are actually transferred in the name of company.

(b) The inventory of Securities is valued at Market value & Cost which ever is lower.

(c) For the untraded shares, value has been taken as Re.1/= per Company.

(d) For partly paid-up shares, Re.1 for untraded company has been taken.

(e) Bonus shares for which original shares not available is valued at Re.Zero per shares

| Note 14 Cash and Bank Balances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| (a) Cash in Hand | 3.52 | 1.00 |
| (b) Current Accounts | | |
| - Bank Balances (Refer Note 14.1) | 17.48 | 11.43 |
| **Other Bank Balances** | | |
| (a) Restricted Bank Balances (Refer Note 14.1, 14.2 & 14.3) | 2.06 | 2.79 |
| | **23.06** | **15.21** |

| 14.1 Bank Balances Including Restricted Balances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Canara Bank | 4.11 | 4.11 |
| IDBI Bank Limited | 3.21 | 2.20 |
| Axis Bank | 6.31 | 5.76 |
| Other Bank | 5.91 | 2.15 |
| **Total** | **19.54** | **14.22** |

**14.2** Bank Balance of Rs. 2.06 lacs appearing in the books of accounts pertaining to 18 Banks were yet to be confirmed by the Banks as at 31st March, 2013. The same are anticipated to be confirmed by the said banks.

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

| Note 15 Short-Term Loans and Advances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Others** | | |
| Unsecured, considered good | | |
| - Service Tax (input) recoverable | 1.48 | 0.17 |
| - Employee Advance | 4.05 | 5.93 |
| - Others | 0.96 | 0.96 |
| | **6.50** | **7.05** |

| Note 16 Other Current Assets | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| - Rent Receivable | 510.82 | 418.29 |
| - Interest Receviable | 297.63 | 261.17 |
| **TOTAL** | **808.45** | **679.46** |

| Note 17 Other Operating Revenue | For the year ended 31.03.2013 | For the period of nine months ended 31.03.2012 |
|---|---|---|
| Income on Settlement with Debtors | 8.84 | 0.54 |
| **TOTAL** | **8.84** | **0.54** |

**Note 18 Other Income**

| | For the year ended | For the period of nine months ended |
|---|---|---|
| | **31.03.2013** | **31.03.2012** |
| Interest on Fixed Deposits | 371.28 | 261.57 |
| Dividend Income | 0.38 | 0.10 |
| Rent Income | 91.02 | 68.26 |
| Employee balances written back (Refer Note 5.2) | 6.36 | - |
| Unreconciled Balances Written Back (Refer Note 5.1) | 166.57 | - |
| Miscellaneous Income | - | 0.00 |
| Prior Period Income (Interest Income) | 0.35 | - |
| **TOTAL** | **635.96** | **329.93** |

**Note 19 Changes in Inventory of Securities held as Stock in Trade**

| | For the year ended | For the period of nine months ended |
|---|---|---|
| | **31.03.2013** | **31.03.2012** |
| Closing Stock | 4.20 | 4.04 |
| Less : Purchases/Transfer | - | - |
| Opening Stock | 4.04 | 7.86 |
| Changes | **(0.15)** | **3.82** |

**Note 20 Employee Benefit Expenses**

| | For the year ended | For the period of nine months ended |
|---|---|---|
| | **31.03.2013** | **31.03.2012** |
| Salaries, Wages, Bonus and other employees' benefit | 27.05 | 25.55 |
| Contribution to Provident and Other funds (Refer Note 20.1) | 2.22 | 1.38 |
| Workmen and Staff Welfare Expenses | 0.43 | 0.74 |
| **TOTAL** | **29.70** | **27.67** |
| **20.1 Contribution to Provident and Other funds** | | |
| Employee State Insurance (ESI) | 0.30 | 0.40 |
| Provident Fund | 0.91 | 1.20 |
| Gratuity Fund Contribution | 1.01 | (0.22) |
| **TOTAL** | **2.22** | **1.38** |

**Note 21 Other Expenses**

| | For the year ended | For the period of nine months ended |
|---|---|---|
| | **31.03.2013** | **31.03.2012** |
| Travelling & Conveyance | 5.13 | 4.11 |
| Repairs - Building | 7.59 | 22.29 |
| - Others | 0.13 | 0.22 |
| Electricity & Water | 0.89 | 1.42 |
| Legal & Consultancy Charges | 25.70 | 14.86 |
| Fees to Auditors for - Statutory Audit | 2.18 | 1.93 |
| -Tax Audit | 0.91 | 0.83 |
| -Certification work | 0.06 | 0.11 |
| -Others | 0.28 | - |
| Rent | 6.15 | 13.86 |
| Telephone Expenses | 0.86 | 0.79 |
| Advertisement & Publicity | 1.12 | 0.74 |
| Share Division balances written off (Refer Note 11.4) | 164.96 | - |

| | | |
|---|---|---|
| Employee balances written off (Refer Note 11.3) | 30.70 | - |
| Balances not longer written off | 3.38 | - |
| Share Transfer Expenses | 1.85 | 0.88 |
| AGM Expenses | 7.74 | 7.63 |
| Internal Audit Fees | 0.20 | 0.20 |
| Lisiting Fees | 2.18 | 1.50 |
| Fixed Assets Written off (Refer Note 9.1) | 3.91 | - |
| Rates and Taxes | 1.96 | 1.48 |
| Prior Period Expenses (Refer Note 21.1) | 6.00 | 2.55 |
| Other Expenses | 0.41 | 0.53 |
| **TOTAL** | **274.28** | **75.91** |

**21.1** Prior period includes Consultancy and Retainership charges and in previous year it includes property tax and repairs of building

**22 SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The Financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & prescribed in the Companies (Accounting Standards) Rules, 2006. These accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted by the company. The management evaluates the effect of accounting standards issued on a going basis and ensures that they are adopted as mandated by the ICAI.

As required & mandated by relevant guidelines prescribed under the Companies Act, 1956, the company has prepared its financials as per the revised Schedule VI. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has considered a period of twelve months for the purpose of classification of assets and liabilities as current and non-current.

**B. Revenue Recognition**

(a) Revenue is being recognized in accordance with the Accounting Standard – 9 Revenue Recognition on accrual basis issued by the Institute of Chartered Accountants of India.

(b) Dividend on shares is accounted for as and when received.

(c) In respect of other heads of income, the company follows the accrual basis of accounting.

(d) Interest revenue is recognozied on time proportion basis taken into account the amount outstanding and the rate applicable

(e) Overdue Interest on debtors has been accounted for at the time of settlement with debtors in accordance with the principle of virtual certainty.

**C. Investments**

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

**D. Fixed Assets**

(a) Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes (excluding tax and duties recoverable) and other incidental expenses related to their acquisition.

(b) The company's own assets and the assets given out on lease are valued at cost. In respect of vehicles on lease, cost excludes insurance and road tax, which is recovered from the customer.

**E. Inventory**

Securities held as stock in trade are valued at lower of estimated cost or market value.

**F. Earnings Per Share**

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

**G. Depreciation**

Depreciation is computed at the following rates: -

(a) On its own fixed assets on a pro-rata basis on the straight line method at rates specified in Schedule XIV to the Companies Act, 1956.

(b) For assets given out on financial lease at rates specified in Schedule XIV to the Companies Act, 1956 or the amounts to be written off evenly over the period of lease, whichever is higher. The amount to be written off is determined after deducting the security deposit received from the cost of the asset.

(c) On assets given out on operating lease, on a pro-rata basis, on the straight-line method at rates specified in Schedule XIV to the Companies Act, 1956.

(d) On assets purchased for less than equal to Rs. 5,000, the company charges depreciation @100% on a pro-rata basis.

(e) In respect of additions made during the year, depreciation is computed from the beginning of the month of acquisition and in respect of assets sold/discarded during the year the depreciation is charged up to the end of the month in which sale/discard takes place.

**H. Repossessed Stock**

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

**I. Retirement and Other Employee Benefits**

(a) **Short Term Employee Benefits**

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

(b) **Post-Employment Benefits**

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

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

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

(c) **Long Term Employee Benefits**

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

**J. Provisions and Contingencies**

Provisions are recognized when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Liabilities are disclosed after an evaluation of the

facts and legal aspects of the matters involved. Contingent assets are neither recognized, nor disclosed. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

**K. Use of Estimates**

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

**23. CONTINGENT LIABILITIES & OTHER COMMITMENTS**

(a) Claims lodged and contingent liability arising out of suits and winding up petitions filed against the company not acknowledged as debts amounts to Rs. 868.18 lacs. There are also other cases filed in consumer and other courts against the company for which the company is contingently liable but for which the amount has not been ascertained.

(b) Punjab & Sind bank has filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1217.52 lacs against which the amount payable to them, as per books is Rs. 803.40 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 414.12 lacs has been made. Since the company has not made payment of interest & principal in accordance with the Fresh Restructuring Scheme filed with the Hon'ble High Court, Rs 1217.52 became payable to PSB. No provision for the difference of Rs. 414.12 lacs has been made by the company.

(c) IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042. 42 lacs against which the amount payable to them as per books is Rs. 577.00 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 465.42 lacs has been made.

(d) During the year ended 30th June, 2009, the **c**ompany had received Rs. 100.00 lacs from one of its debtors and reduced the same amount from his recoverable balance. Subsequently the Hon'ble Punjab and Haryana Court deemed that payment to be an out of turn payment and asked the company to deposit the amount. The company had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. Therefore the company is liable to deposit the amount mentioned above which has yet to be deposited.

(e) During the year ended 30th June, 2011 the company's tenant has filed a claim of Rs 100.00 lacs against the company due to damages suffered by the tenant which is pending under arbitration proceedings.

(f) There is a disputed a demand of Rs. 152.12 lakhs and Rs. 141.74 lakhs for the Assessment Year 2009-10 and 2010-11 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as the brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said two demands has been filed by the company which is pending before the appropriate authorities.

(g) There is an award passed by the arbitrator against the company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 51.28 lacs i.e. claim amount along with interest of Rs. 307 lacs for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. The same has been contested by Company before Hon'ble Delhi High Court.

**24 RESTRUCTURING SCHEME**

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

The company has also moved an application before the Hon'ble Company Law Board, New Delhi on 22nd July 2004 under Regulation 44 of the Company Law Regulations 1991 proposing a fresh repayment schedule to fixed depositors of the Company. The same repayment schedule has been included in the fresh restructuring scheme filed before the Hon'ble High Court of Delhi at New Delhi on 24th September 2004.

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

The company has filed a fresh Scheme of Arrangement for the reorganization of the share capital of the company and for compromise with the secured and unsecured creditors of the company, hereinafter referred to as the "fresh scheme" before the Hon'ble Delhi High Court at New Delhi on 24th September 2004.

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

The promoter company has undertaken, subject to sanction of the scheme by the Hon'ble Delhi High Court, to contribute to Rs. 19.50 crores of which Rs.15.60 crores were deposited with the Registrar of the Hon'ble Delhi High Court Registrar, as per court order by the promoter group, and the balance amount of Rs 3.90 crores has been deposited on 27th April, 2012.

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

i. Sanction of the scheme by the Hon'ble High Court of Delhi under Sections 391 and 394 of the Act and other applicable provisions of the Act, Rules and Regulations, as the case may be;

ii. Filing of certified copies of the order of the Hon'ble High Court of Delhi with the Registrar of Companies (Delhi and Haryana).

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

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

The fresh scheme is pending before the Hon'ble Delhi High Court as at 31st March, 2013 & there is no change in the status at the time of adoption of the financials for the period ended 31st March, 2013 by the Board of Directors.

**25. Deposit of Rs 19.50 Crore by DCM Services Limited**

DCM Services Ltd as a promoter has committed to bring in Rs 19.50 Cr as a promoter contribution upon sanction of their restructuring scheme u/s 391 of the Indian Companies Act, which is presently pending for sanction before the Hon'able Delhi High Court.

The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 19.50 crores with the Court and pursuant to the court order, They have deposited (Rs 5.00 crores on 16.07.2010, Rs 6.70 crores on 18.11.2010, Rs. 3.90 crores on 21.04.2011 & Rs. 3.90 on 27.04.2012 aggregating to Rs. 19.50 crores on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. No financial impact of this has been recorded in the financials of the company for the period ended 31st March, 2013.

**26. INCOME TAX**

**(a) Deferred Tax Assets**

Currently the main source of income of the company constitutes only interest on fixed deposits and rental income. However, against rental income auditors have qualified our independent auditor's report on the basis of non-provisioning of doubtful debts of rent receivable. Moreover income tax demand for previous years was raised by income tax department against disallowance of brought forward losses and the same is still under dispute. After considering the above mentioned facts and in view of absence of virtual certainty of sufficient taxable income in future no provision for deferred tax has been made.

**(b) Tax Provision**

The company has not made/retained any provision for income tax during the year since the company has substantial accumulated/ brought forward losses from earlier years.

**27. EMPLOYEE BENEFITS**

(a) **Defined Contribution Plans:**

The Company has recognized the contribution/liability in the profit & loss account for the financial year 2012-13.

(b) **Defined Benefit Plans & Other Long Term Benefits:**

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans and Other Long Term Benefits:

**(Rs. in lacs)**

| PARTICULARS | Gratuity (Non Funded Plan) | Leave Encashment (Non Funded Plan) |
|---|---|---|
| **Amount recognized in Balance Sheet** | | |
| Present value of funded obligations | - | - |
| Fair value of plan assets | - | - |
| Present value of unfunded obligations | 3.58 | 1.55 |
| Unrecognized past service cost | - | - |
| **Net Liability/(Assets)** | 3.58 | 1.55 |
| **Amount in Balance Sheet** | | |
| Liability | 3.58 | 1.55 |
| Assets | - | - |
| **Net Liability/(Assets)** | **3.58** | **1.55** |
| **Expenses recognized in the Profit & Loss Account** | | |
| Opening defined benefit obligation less benefits paid | - | - |
| Current service cost | 0.26 | 0.14 |
| Interest on defined benefit obligation | 0.41 | 0.19 |
| Expected return on plan assets- | - | |
| Net actuarial losses/(gain) recognized in the year | 0.34 | 0.34 |
| Past service cost | - | - |
| Losses/(gains) on "Curtailments and Settlements" | - | - |
| **Total, included in "Employee Benefit Expense"** | **1.01** | **0.67** |
| Actual return on plan assets | - | - |
| Reconciliation of benefit obligations and plan assets for the period | - | - |
| **Change in defined benefit obligation** | - | - |
| **Opening defined benefit obligation** | **4.99** | **2.32** |
| Current service cost | 0.26 | 0.15 |
| Interest cost | 0.41 | 0.19 |

| | | |
|---|---|---|
| Actuarial losses/(gains) | 0.34 | 0.34 |
| Liabilities extinguished on curtailments | - | - |
| Liabilities extinguished on settlements | - | - |
| Liabilities assumed on acquisition | - | - |
| Exchange difference on foreign plans | - | - |
| Benefits paid | (2.42) | (1.45) |
| **Closing defined benefit obligation** | **3.58** | **1.55** |
| **Change in fair value of assets** | - | - |
| **Opening fair value of plan assets** | - | - |
| Expected return on plan assets- | - | |
| Actuarial gain/(Losses) | - | - |
| Assets distributed on settlements | - | - |
| Contributions by employer | - | - |
| Assets acquired due to acquisition | - | - |
| Exchange difference on foreign plans | - | - |
| Benefits paid | - | - |
| **Closing fair value of plan assets** | - | - |
| **Assets information** | | |
| **Category of assets** | | |
| Government of India Securities | - | - |
| Corporate Bonds | - | - |
| Special Deposit Scheme | - | - |
| Equity shares of listed companies | - | - |
| Property - | - | |
| Insurer Managed Funds | - | - |
| Others | - | - |
| **Grand Total** | - | - |
| **Summary of the actuarial assumptions** | | |
| Discount rate | 8.25% | 8.25% |
| Expected rate of return on assets | N.A. | N.A. |
| Future salary increase | 6% | 6% |

**Notes**:

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors;

(b) The liability towards gratuity & the earned leave for the period ended 31st March, 2013, based on actuarial valuation amounting to Rs 1.01 lacs. & Rs. 0.67 lacs have been recognized in the profit & loss account.

**28. GOING CONCERN BASIS**

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

(a) the fresh scheme would be approved by the Hon'ble Delhi High Court,

(b) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis,

(c) the promoters of the Company have provided letter of support, and

(d) injection of Rs. 19.50 crores as promoters quota.

**29. BALANCE CONFIRMATION**

(a) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease

security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C, loans from institutions, banks, and other receivables and payables have not been received from the parties/persons concerned. In the absence of balance confirmation the closing balances as per books of accounts have been incorporated in the final accounts and have been shown, unless otherwise stated by the management about its recoverability in the financials including considering the NPA Provisions, are good for recovery/payment. Time barred debts under the Limitations Act have not been separately ascertained and written off or provided for. In the absence of such confirmation & corresponding reconciliation, the financial impact cannot be ascertained.

**30. Payment to Directors**

The company has obtained the approval for payment of managerial remuneration from Ministry of Corporate Affairs, Government of India for the amount not exceeding Rs. 3.99 lacs per annum for the period of three years starting from 01-12-2011 to 30-11-2014.

**31. Related Party disclosure**

As required by Accounting Standard – ***AS 18 "Related Party Disclosure***" issued by The Institute of Chartered Accountants of India are as follows:

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

| | | |
|---|---|---|
| A. Associate Companies | - | DCM Services Limited |
| B. Subsidiary Companies | - | Global IT Options Ltd. |
| C. Key Management - Personnel | - | Arif Beg, Chairman |
| | - | O. P. Gupta, Director |
| | - | S. K. Sharma, Executive Director |

**Details of Transactions are as follows:**

(Rs. in lacs)

| | Year ended 31.03.2013 | Period ended 31.03.2012 |
|---|---|---|
| A. Remuneration to key management personnel | | |
| - Executive Directors | 3.98 | 2.87 |
| B. Advances Received | | |
| - Associates Company | 42.67 | 48.15 |
| C. Services received | | |
| - Subsidiary Company | 0.25 | 0.25 |
| D. Outstanding Balances | | |
| - Associate Company (Cr. Balance) | 477.44 | 434.77 |
| - Subsidiary Company (Cr. Balance) | 0.16 | 0.16 |

32. **Earnings Per Share (EPS)**

| | Year ended March 31, 2013 | Period ended March 31, 2012 |
|---|---|---|
| a) Profit/(Loss) after taxation as per profit and Loss Account | 3,03,07,554 | 1,95,92,578 |
| b) Basic number of Equity shares | 2,21,25,054 | 2,21,25,054 |
| c) Nominal value of Equity Shares (Rs.) | 10 | 10 |
| Basic/ Diluted Earnings per share (Rs.)(a/b) | 1.37 | 0.89 |

33. The company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The company had made an appeal to the Appellate Authority which directed the RBI to keep its order of rejection of CoR in abeyance for a period of six months during which the Company shall file a revised scheme for restructuring. RBI has preferred an appeal before the Hon'ble Delhi High Court against the order of the appellate authority, which is still pending.

**34.** The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2013.

**35.** **Previous Years Figures**

Figures for the previous year have been regrouped and recast wherever necessary. However, due to the difference in the length of the previous period which consist of nine months & and the current year which consist of 12 months, the figure of the current year in the statement of profit & loss are not comparable with figures of previous period.

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As per our report of even date attached

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

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013

| | | Amount (Rs. In Lacs) For the year ended 31.03.2013 | Amount (Rs. In Lacs) For the year ended 31.03.2012 |
|---|---|---|---|
| **A.** | **Cash Flow of Operating Activities** | | |
| | Net Profit (Loss) for the Year | 303.08 | 195.93 |
| | Add: Adjustments for | | |
| | Depreciation | 36.10 | 27.14 |
| | Loss on sale of Fixed Assets / FA written off | 3.91 | - |
| | Income from Creditors Written Back | (172.93) | |
| | Debit Balances Written off | 195.66 | |
| | Interest paid | 1.80 | - |
| | Prior Period Adjustment | (0.35) | (2.55) |
| | | 64.18 | 24.59 |
| | Operating Profit (Loss) before Working Capital changes | 367.25 | 220.52 |
| | Adjustments for : | | |
| | Decrease (Increase) in Trade & other receivables | (91.97) | (58.00) |
| | (Decrease) in Provision for Payment of Gratuity & Leave Encashment | (2.19) | (0.74) |
| | Decrease(Increase) in Inventories | (0.15) | 3.82 |
| | Increase (Decrease) in Trade Payables | 75.88 | 57.94 |
| | | (18.43) | 3.02 |
| | Cash generated from operations | 348.82 | 223.53 |
| | Interest paid | 1.80 | - |
| | Cash In Flow (Out Flow) before extraordinary items | 347.02 | 223.53 |
| | Prior Period Adjustment | 0.35 | 2.55 |
| | **Net Cash In Flow(Out Flow) from Operations** | 347.37 | 226.08 |
| **B.** | **Cash Flow from Investing Activities** | | |
| | Fixed Assets purchased | - | (0.42) |
| | Decrease (Increase) in Long Term Loans & Advances | | 0.32 |
| | Sub-total | - | (0.10) |
| | Sale of Fixed Assets | - | - |
| | Decrese in Investments | - | |
| | Interest and Dividend income have been taken as inflow from operations since the company is in the business of financial services. | | |
| | Subtotal | - | - |
| | **Net Cash In flow(Out Flow) in investing activity** | - | (0.10) |
| **C.** | **Cash In Flow (Out Flow) from Financing Activities** | | |
| | Proceeds from issue of share capital including share premium | - | |
| | Proceeds from Security Deposits. | 2.14 | |
| | Proceeds from other Non Current Assets | (24.55) | |
| | Proceeds (Re-paid) - Long Term borrowing | (0.50) | (4.85) |
| | - Short Term borrowing | | |
| | **Net cash available(Paid) from financing activities** | (22.91) | (4.85) |
| | **Net Increase in Cash and Cash Equivalents(A+B+C)** | 324.46 | 221.14 |
| | Cash & cash equivalents as at March 31, 2012 | 3,647.62 | 3,426.46 |
| | Cash & cash equivalents as at March 31, 2013 | 3,972.08 | 3,647.62 |
| | Net Increase / ( Decrease ) in cash & cash equivalents | 324.46 | 221.16 |

As per our report of even date attached

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

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

**Schedule to the Balance sheet of a Non-Banking Financial Company**
(As required in terms of paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2007

| | **Particulars**<br>**Liabilities side** | **(Rs. In lakhs)** | |
|---|---|---|---|
| | | Amount Outstanding | Amount Overdue |
| 1) | Loan and advances availed by the non- banking financial company inclusive of interest accured thereon but not paid: | | |
| | a) Debentures : Secured# | 2,555.16 | 2,555.16 |
| | : Unsecured | | |
| | ( other than falling within the meaning of public deposits*) | | |
| | b) Deffered Credits | - | - |
| | c) Term Loans | 1,441.70 | 1,441.70 |
| | d) Inter-corporate loans and borrowing# | 27.17 | 27.17 |
| | f) public Deposits*# | 5,634.74 | 5,634.74 |
| | g) Other Loans (Specify nature) | - | - |
| | * Please see Note 1 below | | |
| | # Refer point no.4.1-to 4.6 of Notes to accounts | | |
| 2) | Break-up of (1) (f) above (outstanding public deposits Inclusive of interest accure thereon but not paid): | | |
| | (a) In the form of Unsecured debentures | | |
| | (b) In the form of partly secured debentures i.e debentures where there is a shorfall in the value of security | | |
| | (c) Other public deposits | 5,634.74 | 5,634.74 |
| | * Please see Note 1 below | | |
| | **Assets side :** | Amount outstanding | |
| 3) | **Break-up of Loans and Advances including bills receivables (other than those included in (4) below :-** | | |
| | (a) Secured | | |
| | (b) Unsecured | 1240.43 | |
| 4) | **Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities** | | |
| | (I) Lease assets including lease rentals under sundry debtors:- | | |
| | (a) Financial lease | 500.35 | |
| | (b) Operating lease | - | |
| | (II) Stock on hire including hire charges under sundry debtors;- | | |
| | (a) Assets on hire | 1687.87 | |
| | (b) Reprossessed Assets | | |
| | (III) Other loans counting towards AFC activities | - | |
| | (a) Loan where assests have been repossessed | - | |
| | (b) Loan other than (a) above | 0 | |
| 5) | **Break-up of Investment:-** | | |
| | Current Investments : | | |
| | 1. Quoted: | | |
| | (i) Shares : (a) Equity | - | |
| | (b) Preference | - | |
| | (ii) Debentures and Bounds | - | |
| | (iii) Units of mutual funds | - | |
| | (iv) Government Securities | - | |
| | (v) Other (please specify) | - | |
| | 2. Unquoted: | | |
| | (i) Shares : (a) Equity | - | |
| | (b) Preference | - | |
| | (ii) Debentures and Bonds | - | |
| | (iii) Units of mutual funds | - | |
| | (iv) Government Securities | - | |
| | (v) Other (Please Specify) | - | |

| | | | |
|---|---|---|---|
| | **Long term Investments:** | | |
| | **1. Quoted:** | | |
| | (i) Shares : (a) Equity | 45.48 | |
| | (b) Preference | - | |
| | (ii) Debentures and Bounds | - | |
| | (iii) Units of mutual funds | - | |
| | (iv) Government Securities | - | |
| | (v) Other (please specify) | - | |
| 2. | Unquoted: | | |
| | (i) Shares : (a) Equity | 66.59 | |
| | (b) Preference | - | |
| | (ii) Debentures and Bonds | - | |
| | (iii) Units of mutual funds | - | |
| | (iv) Government Securities | - | |
| | (v) Other (Please Specify) | - | |

6) **Borrower group-wise classification of assets financed as in (3) and (4) above**
Please see Note below

| Category | Amount net of provisions | | |
|---|---|---|---|
| | **Secured** | **Unsecured** | **Total** |
| 1. Related Parties** | | | |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | - | - |
| (c) Other related parties | - | - | - |
| 2. Other than related Parties | - | 2,462.78 | 2,462.78 |
| Total | | 2,462.78 | 2,462.78 |

7) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**
Please see Note 3 below

| Category | Market Value/Break up or fair value or NAV | Book Value (Net of Provisions) |
|---|---|---|
| 1. Related Parties** | | |
| (a) Subsidiaries | 26.49 | 26.49 |
| (b) Companies in the same group | | |
| (c) Other related parties | | |
| 2. Other than related parties | 150.10 | 85.58 |
| **Total** | 176.59 | 112.07 |
| ** As per Accounting Standard of ICAI (Please see Note 3) | | |

| 8) **Other information** | **Amount** |
|---|---|
| **Particulars** | |
| (i) Gross Non-Performing Assets | 0 |
| (a) Related Parties | |
| (b) Other than related parties (Refer point no. 11.2 and 12.1 of Notes to Account) | 2462.78 |
| (ii) Net Non-Performing Assets | |
| (a) Related Parties | |
| (b) Other than related parties (Refer point no. 11.2 and 12.1 of Notes to Account) | 905.99 |
| (iii) Assets acquired in satisfaction of debt | - |

**Notes:-**

1) As defined in paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of public Deposits (Reserve Bank) Directions, 1998.

2) Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also asstes acquired in satisfaction of Debt.
However, market value in respect of quoted investment s and break up/fair value /NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.

**STATEMENT PERSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

| | | |
|---|---|---|
| **1.** | NAME OF THE SUBSIDIARY | GLOBAL IT OPTIONS LTD |
| **2.** | FINANCIAL YEAR OF THE SUBSIDIARY | 31st March 2013 |
| **3.** | HOLDING COMPANY'S INTEREST | Holding of 9,00,000 equity shares of Rs 10/- each out of the total issued and subscribed equity. |
| **4.** | Net aggregate amount of subsidiary's profit (loss) so far as they concern members of the holding company had not detail with the holding company's account. | |
| | **(i)** For subsidiary financial year ended 31.03.2013 | NIL |
| | **(ii)** For subsidiary's previous financial year's since It becomes subsidiary. | NIL |
| **5.** | Net aggregate amount of the subsidiary's profit /loss so far as they concern members of the holding company and debit with in holding company's account. | |
| | **(i)** For subsidiary's financial year ended 31.03.2013 | 1.01 lacs |
| | **(ii)** For subsidiary's previous financial year's since it becomes subsidiary | (59.83) lacs |

## DIRECTOR'S REPORT

Your Directors present the Seventeenth Annual Report together with the audited accounts of the Company for the ended on March 31st, 2013

### FINANCIAL RESULTS/DIVIDEND

The accounts for the year ended 31st March 2013 show a profit of Rs. 1.01 lacs. Accordingly in view of the accumulated losses suffered, the Directors regret their inability to recommend dividend for the period under review.

### OPERATIONS

During the period under review, your Company's operations remained very dormant. However some development work has been done, The Company plans to explore further opportunities particularly in the area of Training in near future.

### DIRECTORS

Mr. S.N. Sharma retires by rotation and being eligible offers himself for re-appointment.

### STATUTORY AUDITORS

The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments. M/s. V. Sahai Tripathi & Co., Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting. They have furnished Certificate to the effect that their re-appointment, if made will be within the limits specified in Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) That in the preparation of the said financial statements, the Company has followed the applicable Accounting Standards, referred to in section 211(3C) of the Companies Act, 1956.

(ii) That the Company has followed the said Accounting Standards and has been applying them consistently and has made judgments and estimates that are reasonable, prudent and are in the interest of the Company's business, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the losses of the Company for that period.

(iii) That the Directors have taken proper and sufficient care, for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) That the Directors have prepared the financial statements on a going concern basis.

### FIXED DEPOSITS

The Company has not invited any fixed deposits from the public during the year under review.

### PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company is not engaged in any manufacturing activity, hence furnishing of details pertaining to conservation of energy and technology absorption are not applicable.

**FOREIGN EXCHANGE EARNING AND OUTGO**

The Company has not any foreign exchange earning and outgo during the period.

**PARTICULARS OF EMPLOYEES**

Since none of the employees, whether employed for full year or any part thereof, was drawing remuneration in excess of limit prescribed under section 217 (2A) of the Companies Act, 1956, no details are required to be furnished.

**ACKNOWLEDGEMENT**

The Directors acknowledge the active co-operation and help received from the Banks and place on record their deep appreciation for the contributions made by the employees at all levels to the operations of the Company.

**For and on behalf of the Board**

**Sd/-**
**(S. N. Sharma)**
**Director**

**Place: New Delhi**
**Dated: August 14, 2013**

## INDEPENDENT AUDITOR'S REPORT

**TO MEMBERS OF GLOBAL IT OPTIONS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Global IT Options Limited ("***the Company"***), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("***the Act").*** This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. W e conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2013;

(b) in the case of statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
   e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**(Manish Mohan)**
**Partner**
**Membership No. 91607**

**Place : New Delhi**
**Dated : 30th May, 2013**

***ANNEXURE TO AUDITORS' REPORT***

**(Referred to in paragraph (1) of our report on other legal and regulatory requirements of Independent Auditor's Report of even date)**

***Annexure referred to in paragraph (1) of the report on other legal and regulatory requirements of Independent Auditor's Report to the members of Global IT Options Limited on the financial statements for the year ended March 31, 2013***

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) We have been informed by the management that physical verification of assets has been carried out during the year and no material discrepancies were noticed on such verification.

   (c) There was no disposal of fixed assets during the year.

2. In respect of Inventories:

   (a) During the financial year ending 31st March 2013, there were no Inventories maintained by the Company. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order, 2003 ('the Order') in respect of Inventories is not applicable during the reporting year ending 31st March 2013.

   (b) The clause regarding physical verification of Inventory is not applicable on the Company during the reporting year ended 31st March 2013.

3. In respect of loans, secured or unsecured, granted or taken by the company to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956: -

   (a) To the best of our knowledge and according to the information and explanations given to us, the Company has not taken any unsecured loan from the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the financial year ending 31st March 2013.

   (b) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any unsecured loan(s) to any party, firms or Companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the financial year ending 31st March 2013.

   (c) Accordingly, the rest of the sub-clauses are not applicable to the Company during the reporting period ending 31st March 2013.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets, purchase of Inventory & sale of services. The activities of the Company do not involve sale of goods. Further, on the basis of our examination of the books and the records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed about any continuing failure on the part of the management to correct major weaknesses in the aforesaid internal control procedures.

5. (a) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions that require to be entered in the register maintained under Section 301 of the Act.

   (b) In our opinion and according to the information and explanations given to us, there were no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act aggregating during the year to Rs.5,00,000/- or more in respect of any party.

6. The company has not accepted any deposits from the public.

7. The company has an internal control system which is commensurate with the size and nature of its business. However, considering the quantum of share capital, reserves & surplus, turnover and transactions of the company, management has decided not to appoint internal auditor.

8. Maintenance of cost records has not been prescribed by the Central Govt. under clause (d) of sub section (1) of section 209 of the Act.

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and any other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there was no undisputed amounts payable in respect of the above dues which were outstanding as at 31st March 2013 for a period of more than six months from the date of becoming payable.

   (b) There are no disputed dues that have not been deposited on account of matters pending before appropriate authorities including income tax, and other statutory dues.

10. The company has accumulated losses at the end of the financial year amount Rs. 66.48 lacs and in our opinion the Company has not incurred any cash losses during the financial year covered by our audit and also in the preceeding financial year.

11. The company has not taken any loans from financial institutions, banks or debenture holders.

12. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

14. In our opinion and explanation given to us, the Company is not a dealer or trader in securities, shares, debentures and other securities. Accordingly Clause 4(XIV) of the order has not applicable. However, the Company has invested surplus funds in marketable securities and other long term investments that have been held by company on its own name.

15. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions during the year.

16. According to the information and explanations given to us, no term loans obtained by the company during the year.

17. According to the information and explanations given to us, no short-term loans/inter-corporate deposits were raised by the company during the year.

18. The company has not made any preferential allotment of equity shares during the year.

19. The company has not issued any debentures during the year.

20. The company has not raised any money by public issue during the year.

21. During the course of our examination of the books and records of the Company and according to the information & explanations given to us, we have neither come across any instance of material fraud on or by the Company, advised nor reported during the year nor have we been informed of such cases by the management.

**For V. Sahai Tripathi & Co.**
**Chartered Accountants**
**FRN : 000262N**

**Place : New Delhi**
**Dated : 30th May, 2013**

**(Manish Mohan)**
**Partner**
**Membership No. 91607**

**BALANCE SHEET AS AT 31st March 2013**

| | | Note No. | Amount (Rs. In Lacs) As at 31.03.2013 | Amount (Rs. In Lacs) As at 31.03.2012 |
|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES** | | | |
| **(1)** | **Shareholder's Funds** | | | |
| (a) | Share Capital | **1** | 100.00 | 100.00 |
| (b) | Reserves and Surplus | **2** | (66.48) | (67.49) |
| **(2)** | **Current Liabilities** | | | |
| (a) | Other Current Liabilities | **3** | 0.19 | 0.64 |
| (b) | Short-Term Provisions | **4** | - | - |
| | **Total** | | **33.71** | **33.15** |
| **II.** | **ASSETS** | | | |
| **(1)** | **Non-Current Assets** | | | |
| (a) | Fixed Assets | | | |
| | (i) Tangible Assets | **5** | 2.32 | 2.15 |
| (b) | Non-Current Investments | **6** | 1.59 | 1.59 |
| (c) | Long-Term Loans and Advances | **7** | 0.06 | 0.06 |
| (d) | Other Non-Current Assets | **8** | 27.61 | 16.99 |
| **(2)** | **Current Assets** | | | |
| (a) | Cash & Bank Balances | **9** | 0.94 | 11.83 |
| (b) | Short-Term Loans and Advances | **10** | 0.16 | 0.16 |
| (c) | Other Current Assets | **11** | 1.05 | 0.38 |
| | **Total** | | **33.71** | **33.15** |
| Notes forming part of the financial statements | | **1-21** | | |

As per our report of even date attached

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

For and on behalf of the board of directors of
GLOBAL IT OPTIONS LIMITED

**S.N. Sharma**
Director

**Vikram Dogra**
Director

**Devi Prasad Semwal**
Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2013**

| | Note No. | Amount (Rs. In Lacs) For the year ended 31.03.2013 | Amount (Rs. In Lacs) For the period ended 31.03.2012 |
|---|---|---|---|
| **Income :** | | | |
| Revenue from Operations | | - | - |
| Less : Excise duty | | - | - |
| Net Revenue from Operations | | **-** | **-** |
| Other Income | **12** | 2.59 | 4.88 |
| Total Revenue | | **2.59** | **4.88** |
| **Expenses:** | | | |
| Depreciation and Amortization Expense | **5** | 0.13 | 0.07 |
| Other Expenses | **13** | 1.45 | 5.00 |
| **Total Expenses** | | **1.58** | **5.07** |
| Profit before Exceptional and Extraordinary | | | |
| Items and Tax | | 1.01 | (0.19) |
| Exceptional Items | | - | - |
| **Profit before Extraordinary Items and Tax** | | **1.01** | **(0.19)** |
| Extra Ordinary Items | | - | - |
| **Profit before Tax** | | **1.01** | **(0.19)** |
| Tax Expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred Tax | | - | - |
| (3) Tax Adjustment for earlier years | | - | 0.12 |
| **Profit/ (Loss) for the Period** | | **1.01** | **(0.31** |
| Earnings Per Equity Share | | | |
| (1) Basic | | 0.10 | (0.03) |
| (2) Diluted | | 0.10 | (0.03) |
| Notes forming part of the financial statements | **1-21** | | |

As per our report of even date attached

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

For and on behalf of the board of directors of
GLOBAL IT OPTIONS LIMITED

**S.N. Sharma**
Director

**Vikram Dogra**
Director

**Devi Prasad Semwal**
Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

| | | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| **Note 1** | **SHARE CAPITAL** | | |
| | **Authorised** | | |
| | 3,500,000 equity shares of Rs. 10/- each | 350.00 | 350.00 |
| | (Previous Year 35,00,000 Equity Shares of Rs.10 each) | | |
| | | **350.00** | **350.00** |
| **Issued, Subscribed & Paid up** | | 100.00 | 100.00 |
| 10,00,020 equity shares of Rs. 10/- each fully paid up | | | |
| *(Previous Year 10,00,020 Equity Shares of Rs.10 each) | | | |
| ( Refer Note 1.1, 1.2, 1.3 and 1.4) | | | |
| | | **100.00** | **100.00** |

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

| | 31.03.2013 | | 31.03.2012 | |
|---|---|---|---|---|
| | **No.** | **Rs. In lacs** | **No.** | **Rs. In lacs** |
| **Equity Shares** | | | | |
| As at beginning of the year | 1,000,020 | 100.00 | 1,000,020 | 100.00 |
| Balance As at end of the year | **1,000,020** | **100.00** | **1,000,020** | **100.00** |

**1.2 Terms/ Rights attached to Shares**

**Equity Shares**

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

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

| | 31.03.2013 | | 31.03.2012 | |
|---|---|---|---|---|
| | **No.** | **%** | **No.** | **%** |
| **Equity Shares** | | | | |
| DCM Financial Services Limited | 900,000 | 90.00% | 900,000 | 90.00% |

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

**1.4 Detail of Equity Shares held by its holding company are as below;**

| **Particulars** | **Nature of Relationship** | **As at 31, March 2013** | **As at 31, March 2012** |
|---|---|---|---|
| DCM Financial Services Limited | Holding Company | 900,000 | 900,000 |

**Note 2 RESERVES & SURPLUS**

| | | 31.03.2013 | 31.03.2012 |
|---|---|---|---|
| **(a)** | **Surplus (deficit) in the Statement of Profit & Loss** | | |
| | Balance as per last financial statements | (67.49) | (67.18) |
| | Profit for the year | 1.01 | (0.31) |
| | | (66.48) | (67.49) |
| | **Total** | **(66.48)** | **(67.49)** |

**Note 3 Other Current Liabilities**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Other Liabilities (Refer Note 3.1) | 0.19 | 0.64 |
| **TOTAL** | **0.19** | **0.64** |

**3.1 Other Liabilities Includes :**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Audit Fee Payable | 0.09 | 0.61 |
| Other Liabilities | 0.10 | 0.03 |
| | **0.19** | **0.64** |

**Note 4 Short-Term Provisions**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Provision for Taxation | - | - |
| (Net of TDS of Rs. 62,966 of Previous years) | | |
| | **-** | **-** |

**Note 5 FIXED ASSETS**

| | Particulars | Gross Block | | | | Depreciation / Adjustment | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As On 01.04.2012 | Additions | Deletions / Adjustment | As at 31.03.2013 | As On 01.04.2012 | For the year | Transfer / Adjustment | As on 31.3.2013 | As On 31.03.2013 | As On 01.04.2012 |
| **A** | **TANGIBLE ASSETS** | | | | | | | | | | |
| (a) | **Own Assets** | | | | | | | | | | |
| **1** | Office Equipment & Appliances | 2.75 | 0.30 | - | 3.05 | 1.36 | 0.13 | - | 1.49 | 1.56 | 1.39 |
| **2** | Computers | 14.62 | - | - | 14.62 | 13.97 | - | - | 13.97 | 0.65 | 0.65 |
| **3** | Vehicles | 2.14 | - | - | 2.14 | 2.03 | | - | 2.03 | 0.11 | 0.11 |
| | **Total (a)** | **19.51** | **0.30** | **-** | **19.81** | **17.36** | **0.13** | **-** | **17.49** | **2.32** | **2.15** |
| | Previous year | 19.25 | 0.27 | | 19.51 | 17.29 | 0.07 | - | 17.36 | 2.15 | |

**Note 6 NON CURRENT INVESTMENTS**

**6.1 LONG TERM INVESTMENTS - AT COST**

| Particular | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|
| **Non Trade Investments** | | |
| - Investment in Equity Shares | 1.59 | 1.59 |
| (Refer Note 6.2 and 6.3) | | |
| Less : Provision for diminution in the value of Investments | 0.00 | 0.00 |
| **Total (B)** | **1.59** | **1.59** |

### 6.2 Details of Investments

| Particulars | Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Value of Investment (Amount Rs. In lacs) | Provision for diminution (Amount Rs In Lacs) | Value of Investment (Amount Rs. In Lacs) | Provision for diminution (Amount Rs. Lacs) | Basis of Valuation |
|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 31 March 2013 | As at 31 March 2012 | | | As at 31 March 2013 | | As at 31 March 2012 | | |
| **Non -Trade Investments** | | | | | | | | | | |
| Hindalco Industries Limited | Others | 82 | 82 | Quoted | Fully Paid | 0.08 | - | 0.08 | - | At Cost |
| Digjam Limited | Others | 58 | 58 | Quoted | Fully Paid | 0.01 | 0.00 | 0.01 | 0.00 | At Cost less provision Diminution in the value of investments |
| Federal Bank Limited | Others | 600 | 600 | Quoted | Fully Paid | 1.50 | - | 1.50 | - | At Cost |
| Relig Tech. Ltd. | Others | 25 | 25 | Quoted | Fully Paid | - | - | - | - | At Cost |
| Religare Technova Ltd. | Others | 20 | 20 | Quoted | Fully Paid | 0.00 | - | 0.00 | - | At Cost |
| Religare Technologies Ltd. | Others | 5 | 5 | Quoted | Fully Paid | 0.00 | - | 0.00 | - | At Cost |
| | | **790** | **790** | | | **1.59** | **0.00** | **1.59** | **0.00** | |

### 6.3 Details of agreegate market value of quoted investments

| Investments | Share rates as on 31.03.2013 | No. of Shares | Current Year | Previous Year |
|---|---|---|---|---|
| Hindalco Industries Limited | 129.45 | 82 | 10,615 | 14,842 |
| Digjam Limited | 7.16 | 58 | 415 | 658 |
| Federal Bank Limited | 426.00 | 600 | 255,600 | 271,080 |
| Religare Tech. Ltd. | 26.25 | 25 | 656 | 1,783 |
| Religare Technova Ltd. | 26.25 | 20 | 525 | - |
| Religare Technologies Ltd. | 5.41 | 5 | 27 | - |
| **Total** | | | **267,838** | **288,363** |
| **Total ( Amount in Lakhs)** | | | **2.68** | **2.88** |

**Note 7 Long Term Loans & Advances**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Security Deposits** | | |
| - Unsecured Considred Good | 0.06 | 0.06 |
| **TOTAL** | **0.06** | **0.06** |

**Note 8 Other Non Current Assets**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Long Term Trade Receivable** | | |
| - Considred Doubtful | 10.07 | 10.07 |
| Less : Provision for Doubtful Debts | (10.07) | (10.07) |
| | - | - |
| -Secured, Considered Good | | |
| Fixed Deposits with Banks -Maturity more than 12 months | 26.57 | 16.18 |
| Advance Tax & TDS | 1.04 | 0.81 |
| (Net of Income tax Provisions of Previous years Rs 2,54,812) | | |
| **TOTAL** | **27.61** | **16.99** |

**Note 9 Cash and Bank Balances**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Balance with Banks (Refer Note 9.1) | 0.83 | 11.75 |
| Cash on Hand | 0.11 | 0.08 |
| | **0.94** | **11.83** |

**9.1 Balance with Banks Includes**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Canara Bank | 0.12 | 0.12 |
| Axis Bank | 0.71 | 11.62 |
| **Total** | **0.83** | **11.75** |

**Note 10 Short-Term Loans and Advances**

| | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Related Party** | | |
| - DCM Financial Services Limited (Holding Company) | 0.16 | 0.16 |
| | **0.16** | **0.16** |

**Note 11 Other current Assets**

| | | |
|---|---|---|
| - Interest Receivable | 1.05 | 0.38 |
| | **1.05** | **0.38** |

**Note 12 Other Income**

| | For the year ended 31 March 2013 | For the period of nine months ended 31 March 2012 |
|---|---|---|
| Interest on Fixed Deposits | 2.29 | 1.74 |
| Dividend Income | 0.05 | 0.05 |
| Miscellaneous Income | 0.25 | 0.25 |
| Provisions written back | - | 0.16 |
| Sundary Balances Written Back | - | 2.69 |
| | **2.59** | **4.88** |

| Note 13 | Other Expenses | For the year ended 31 March 2013 | For the period of nine months ended 31 March 2012 |
|---|---|---|---|
| | Travelling & Conveyance | 0.21 | 0.15 |
| | Legal & Consultancy Charges | 0.88 | 0.10 |
| | Fees to Auditors for - Statutory Audit | 0.09 | 0.09 |
| | Provision for Dimintioning in investment value | - | 0.00 |
| | Sundry Balances Written off | - | 4.55 |
| | Repairs & Maintainence | 0.18 | - |
| | Other Expenses | 0.09 | 0.12 |
| | **Total** | **1.45** | **5.00** |

**Note 14:** **SIGNIFICANT ACCOUNTING POLICIES:**

**a) Accounting Convention:-**

The Financial statements have been prepared in accordance with Indian generally Accepted Principles ("GAAP") under the historical cost convention on accrual basis and are in accordance with the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & prescribed in the Companies (Accounting Standards) Rules, 2006. These Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standards issued on a going basis and ensures that they are adopted as mandated by the ICAI.

As required & mandated by relevant guidelines prescribed under the Companies Act, 1956, the company has prepared its financials as per the revised Schedule VI. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has considered a period of twelve months for the purposes of classification of assets and liabilities as current and non-current.

**b) Use of Estimates:-**

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

**c) Investments**:-

Long term investments are valued at cost, after providing for any diminution in value, if such diminution is of permanent nature. Shares, debentures, units and securities which the management intends to hold on a long term basis are classified as 'Long Term Investment.' A provision for decline in value of Investments is made only when the extent of loss is determinable and diminution in value, in the opinion of the Directors, is permanent.

Current investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification.

**d) Revenue recognition:-**

i. Dividend income is recognized if the right to receive the payment is established by the Balance Sheet date.

ii. Interest income has been recognized on accrual basis and proportionate.

iii. Revenue is being recognized in accordance with the Accounting Standard – 9

iv. Revenue Recognition on accrual basis issued by the Institute of Chartered Accountants of India

e) **Fixed assets:-**

i. Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes (excluding of recoverable tax and duties) and other incidental expenses related to their acquisition.

ii. The company's own assets and the assets given out on lease are valued at cost. In respect of vehicles on lease, cost excludes insurance and road tax, which is recovered from the customer.

**f) Depreciation:-**

i. Depreciation has been provided on the straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

ii. On assets purchased for less then Rs. 5000 the company charges @ 100% depreciation on a pro-rata basis.

**g) Employees Benefits:-**

**i. Short Term Employee Benefits**

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

**ii. Post-Employment Benefits**

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

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

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

**iii. Long Term Employee Benefits**

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

**h) Taxation:-**

The current charge for Income Tax is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax act, 1961. Minimum Alternative Tax ("MAT") paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an Asset if there is virtual certainity that company will pay normal tax. MAT Credit entitlement can be carried forward and utilized for a period of 10 years or as amended from time to time, from the year in which the same is availed. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

Deferred tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between taxable profits and accounting profits. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on

deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Deferred tax Assets on timing difference are recognized only if there is a reasonable certainly that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognized only to the extent that there is virtual certainly that sufficient future taxable income will be available against which such deferred tax can be realized. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

**i) Provisions and Contingencies**:-

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate Asset, only when such reimbursement is virtually certain. Contingent Liabilities are disclosed after an evaluation of the facts and legal aspects of the matters involved. Contingent Assets are neither recognized, nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet.

**j) Earning Per Share:-**

The basic and diluted earnings per share (EPS) are computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

15. In the opinion of the management, Loans and Advances have a value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance sheet.

16. The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2013.

17. There are no employees in the company in the year ending 31st March,2013. No Employee Benefits Schemes such as Gratuity, Provident Fund & other staff welfare schemes are applicable on the Company during the reporting period. Accordingly no provision has been made during the reporting period as mandated by "Accounting Standard-15 on Employees Benefits", issued by Institute of Chartered Accountants of India.

18. In accordance with the Accounting Standards 22 issued by Institute of Chartered Accountants of India, Deferred tax assets on accumulated depreciation and losses has not been accounted for since it is uncertain whether there will be sufficient future taxable income against which such deferred tax assets can be realized.

**19. Earnings per Share (EPS) :**

| | | Year Ended 31.03.2013 | Period ended 31.03.2012 |
|---|---|---|---|
| (i) | Net Profit/ (Loss) for the year attributable to Equity Shares (In Rs.) | 1,00,999 | (30,879) |
| (ii) | Number of Shares at the beginning of the year | 1000020 | 1000020 |
| | Number of Shares at the close of the period | 1000020 | 1000020 |
| | Weighted average number of shares outstanding during the year | 1000020 | 1000020 |
| (iii) | Nominal value of each equity shares | 10 | 10 |
| (iv) | Earning per share - Basic (Rs.) | 0.10 | (0.03) |

20. **Related party transaction:-**

| | i) **List of Related Parties:** | |
|---|---|---|
| 1 | Key Managerial Persons | S.N Sharma<br>Vikram Dogra<br>Devi Prasad Semwal |
| 2 | Holding Company | DCM Financial Services Ltd. |

**ii). Transactions with related parties during the period in the ordinary course of business:**

| Particulars | Key Managerial Persons | | Holding Company | | Total | |
|---|---|---|---|---|---|---|
| | For the year ended 31.03.13 | For the period ended 31.03.12 | For the year ended 31.03.13 | For the period ended 31.03.12 | For the year ended 31.03.13 | For the period ended 31.03.12 |
| Other Income | - | - | 25,000 | 25,000 | 25,000 | 25,000 |

**iii) Outstanding Balances with Related parties are as follows :**

| Particulars | Key Managerial Persons | | Holding Company | | Total | |
|---|---|---|---|---|---|---|
| | As on 31.03.13 | As on 31.03.12 | As on 31.03.13 | As on 31.03.12 | As on 31.03.13 | As on 31.03.12 |
| Unsecured Loan | - | - | 15,759 | 15,759 | 15,759 | 15,759 |

21. **Comparative Figures:-**

Figures for the previous year have been regrouped and recast wherever necessary. However, due to the difference in the length of the previous period which was for nine months and the current year which is for 12 months the figure in the statement of profit & loss are not comparable.

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

**S.N. Sharma**
Director

**Vikram Dogra**
Director

**Devi Prasad Semwal**
Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013**

| | | Amount (Rs. In Lacs) For the Period ended 31.03.2013 | Amount (Rs. In Lacs) For the Period ended 31.03.2012 |
|---|---|---|---|
| **A.** | **Cash Flow of Operating Activities** | | |
| | Net Profit (Loss) for the Year | 1.01 | (0.31) |
| | Add: Adjustments for | | |
| | Depreciation | 0.13 | 0.07 |
| | Profit on sale of Fixed Assets | - | - |
| | Reversal of Provision for Gratuity and Leave Encashment | - | - |
| | Interest paid | - | - |
| | Prior Period Adjustment | - | - |
| | Provision for Income Tax | - | 0.12 |
| | | 0.13 | 0.19 |
| | Operating Profit (Loss) before Working Capital changes | 1.14 | (0.12) |
| | Adjustments for : | | |
| | Decrease (Increase) in Trade & other receivables | | 4.55 |
| | Change in Provision for Gratuity & Leave Encashment | | |
| | Decrease in Inventories | | |
| | Increase (Decrease) in Trade Payables | (0.45) | (3.31) |
| | | (0.45) | 1.24 |
| | Cash generated from operations | 0.69 | 1.12 |
| | Interest paid | | |
| | Income Tax Paid | (0.23) | (2.85) |
| | Cash In Flow (Out Flow) before extraordinary items | 0.47 | (1.73) |
| | Prior Period Adjustment | | - |
| | **Net Cash In Flow(Out Flow) from Operations** | 0.47 | (1.73) |
| **B.** | **Cash Flow from Investing Activities** | | |
| | Fixed Assets purchased | (0.30) | (0.27) |
| | Decrease (Increase) in Long Term Loans & Advances | | |
| | Sub-total | (0.30) | (0.27) |
| | Sale of Fixed Assets | - | - |
| | Decrese in Investments | - | - |
| | Interest and Dividend income have been taken as inflow from operations since the company is in the business of financial services. | | |
| | Subtotal | | - |
| | **Net Cash In flow(Out Flow) in investing activity** | (0.30) | (0.27) |
| **C.** | **Cash In Flow (Out Flow) from Financing Activities** | | |
| | Proceeds from issue of share capital including share premium | - | - |
| | Share Application Money received | - | - |
| | Capital Reserve | - | - |
| | Proceeds (Re-paid) - Long Term borrowing | - | - |
| | - Short Term borrowing | | |
| | **Net cash available(Paid) from financing activities** | - | - |
| | **Net Increase in Cash and Cash Equivalents(A+B+C)** | 0.17 | (1.99) |
| | Cash & cash equivalents as at March 31,2012 | 28.38 | 30.37 |
| | Cash & cash equivalents as at March 31, 2013 | 28.55 | 28.38 |
| | Net Increase / ( Decrease ) in cash & cash equivalents | 0.17 | (1.99) |

As per our report of even date attached

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

For and on behalf of the board of directors of
GLOBAL IT OPTIONS LIMITED

**S.N. Sharma** Director
**Vikram Dogra** Director
**Devi Prasad Semwal** Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

## INDEPENDENT CONSOLIDATED AUDITOR'S REPORT

**TO MEMBERS OF DCM FINANCIAL SERVICES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of DCM Financial Services Limited ("***the Company"***), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("***the Act").*** This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. W e conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

(i) Recognition of rental income of Rs 91.02 lacs during the financial year ended 31st March, 2013 in view of uncertainty in realization of such income & non provision of doubtful debts against rental receivable of Rs 510.82 lacs pertaining to previous years which have not yet been realized. The net profit for the year & current assets are overstated and cumulative net loss is understated to that extent.

(ii) No provision has been made of Rs 826.38 lacs payable for Interest on debentures, term loans and banks, fixed deposits, and inter corporate deposits. Net profit for the year & current assets are overstated and cumulative net loss is understated to that extent. This is in contravention of the Accounting Standard 1 on Disclosure of Accounting Policies issued by Ministry of Corporate Affairs, Government of India. This has been explained in Note 4.1.f, Note 4.1.g.(i), Note 4.2.c & 4.2.d, Note 4.3.2, Note 4.3.3, Note 4.4(f) and Note 4.6.

(iii) For redemption of debentures of Rs 2,546.66 Lacs, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs 2,546.66 lacs has not been created due to insufficient profits. This has been explained in Note 2.2.

(iv) The financials have been drawn based on the application for acceptance of a fresh scheme of arrangement. The said application is pending before the Hon'ble Delhi High Court for approval & acceptance. This has been explained in Note 24.

(v) The value of assets charged as security in favour of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. This has been explained in Note 4.1.d and Note 4.2.b & 4.3.1.

(vi) There is a default in repayment of outstanding deposits with interest vide order dated 17.07.98 as the Company Law Board had ordered payment of interest at contracted rates up to the date of maturity and at 10% thereafter. Due to liquidity problems, the company has not fully followed the schedule of repayment ordered by the Company Law Board. However, a fresh Restructuring Scheme of arrangement for re-organization of the share capital of the company and for

compromise with its creditors including fixed depositors has been made in which interest dues will be waived. Assuming that the scheme will be approved by the Hon'ble High Court of Delhi, provision of interest payable amounting to Rs. 827.06 lacs has been written back in earlier years. This has been explained in Note 4.4.(b).

(vii) Fixed Deposits and Bills Payable as per records maintained by the Company are Rs. 5645.45 lacs and as per financials books amounting to Rs. 5634.75 lacs. Their is a difference of Rs. 10.69 lacs which is un-reconciled in the Fixed Deposit Register. The reason is either lack of identification of depositors or no claim or confirmation having been received by the company. The provision of such differential amount has not been made. This has been explained in Note 4.4.(d) & Note 4.4.(e).

(viii) Due to liquidity crisis in the past, minimum liquid assets @ 15% of Fixed Deposits as per RBI directives has not been maintained by the company. The company has applied to RBI and Company Law Board for exemption from maintaining minimum liquid assets and payment of penal interest but the disposal of the application is still pending. This has been explained in Note 4.4.(g).

(ix) There is non-provision of NPA's of Rs 274.56 Lacs & Rs 631.43 Lacs respectively towards inter corporate deposits, bills receivable, employee advances and long-term trade receivables as required by Non-Banking Financial Companies Prudential Norms (Reserve Bank). The net profit for the year & current assets are overstated and cumulative net loss is understated to the extent of Rs 905.99 lacs This has been explained in Note 11.2 & Note 12.1.

(x) The accounts of the company have been prepared on a going concern as on an assumption made by the management that (a) The fresh scheme would be approved by the Hon'ble Delhi High Court, (b) The promoters of the company have provided letter of support, (c) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis and (d) injection of Rs. 19.50 crores as promoters quota. This has been explained in Note 28.

(xi) Balance confirmation of 18 Banks which are restricted and cannot be operated without getting prior approval of the Hon'ble Delhi High Court , Bills Receivable and Payable, advances recoverable relating to lease and hire purchase are not available. The financial impact of this is not ascertainable. This has been explained in Note 14.2, 14.3 & 29 (a).

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

(a) Punjab & Sind bank has filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1217.52 lacs against which the amount payable to them, as per books is Rs. 803.40 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 414.12 lacs has been made. Since the Company has not made payment of interest & principal in accordance with the Fresh Restructuring Scheme filed with the Hon'ble High Court, Rs 1217.52 became payable to PSB. No provision for the difference of Rs. 414.12 lacs has been made by the Company.

(b) IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.42 lacs against which the amount payable to them as per books is Rs. 577.00 lacs. The company contends that the dues of the Bank are to be anticipated to be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 465.42 lacs has been made.

(c) During the year ended 30th June, 2009, the Company had received Rs. 100.00 lacs from one of the Debtors and the balance recoverable from the debtors account was reduced by this amount. Subsequently the Hon'ble Punjab and Haryana Court deemed that payment to be an out of turn payment and asked the company to deposit the amount. The Company had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. The Company is liable to deposit the amount mentioned above which has yet to be deposited.

(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. 51.28 lacs i.e. claim amount along with interest of Rs. 307 lacs for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. The same has been contested by Company before Hon'ble Delhi High Court.

***Qualified Opinion***

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the paragraph on the basis for Qualified Opinion, the 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, 2013;

(b) in the case of statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. except for the matter described in the paragraph on the basis for Qualified Opinion, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. except for the matter described in the paragraph on the basis for Qualified Opinion, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 except under sub clause (B) & clause (g) of sub section (1) of Section 274 of the said Act.

   ***Due to defaults in repayment of Fixed Deposits listed in section 274(1)(g) of the Companies Act, 1956, the company has become a disqualifying company and consequently its Directors are disqualified from being appointed or re-appointed as Directors of any other company.***

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

**(Manish Mohan)**
**Partner**
**Membership No. 91607**

**Place : New Delhi**
**Dated : 30th May, 2013**

**CONSOLIDATED BALANCE SHEET AS AT 31st March 2013**

| | | Note No. | Amount (Rs. In Lacs) As at 31.03.2013 | Amount (Rs. In Lacs) As at 31.03.2012 |
|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES** | | | |
| **(1)** | **Shareholder's Funds** | | | |
| (a) | Share Capital | **1** | 2212.51 | 2212.51 |
| (b) | Reserves and Surplus | **2** | (6482.75) | (6786.74) |
| (c) | Minority Interest | | 3.35 | 3.25 |
| (d) | Share Application Money | **3** | 549.72 | 549.72 |
| **(2)** | **Non-Current Liabilities** | | | |
| (a) | Long-Term Borrowings | **4** | 9658.78 | 9659.28 |
| (b) | Other Long Term Liabilities | **5** | 509.39 | 682.32 |
| (c) | Long-Term Provisions | **6** | 5.01 | 7.13 |
| **(3)** | **Current Liabilities** | | | |
| (a) | Other Current Liabilities | **7** | 648.48 | 573.04 |
| (b) | Short-Term Provisions | **8** | 0.12 | 0.19 |
| | **Total** | | **7104.60** | **6900.70** |
| **II.** | **ASSETS** | | | |
| **(1)** | **Non-Current Assets** | | | |
| (a) | Fixed Assets | | | |
| | (i) Tangible Assets | **9** | 1437.28 | 1477.12 |
| | (ii) Intangible Assets | | - | - |
| (b) | Non-Current Investments | **10** | 87.17 | 87.17 |
| (c) | Long-Term Loans and Advances | **11** | 290.40 | 488.19 |
| (d) | Other Non-Current Assets | **12** | 4445.56 | 4130.24 |
| **(2)** | **Current Assets** | | | |
| (a) | Inventories | **13** | 4.20 | 4.04 |
| (b) | Cash & Bank Balances | **14** | 23.99 | 27.04 |
| (c) | Short-Term Loans and Advances | **15** | 6.50 | 7.05 |
| (d) | Other Current Assets | **16** | 809.50 | 679.84 |
| | **Total** | | **7104.60** | **6900.70** |

Notes forming part of the financial statements **1-35**

As per our report of even date attached

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

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2013**

| | Note No. | Amount (Rs. In Lacs) For the year ended 31.03.2013 | Amount (Rs. In Lacs) For the Period ended 31.03.2012 |
|---|---|---|---|
| **Income :** | | | |
| Revenue from Operations | | - | - |
| Other operating revenues | **17** | 8.84 | 0.54 |
| Less : Excise duty | | - | - |
| Net Revenue from Operations | | **8.84** | **0.54** |
| Other Income | **18** | 638.30 | 334.57 |
| Total Revenue | | **647.14** | **335.11** |
| **Expenses:** | | | |
| Changes in Inventories of Stock of Shares | **19** | (0.15) | 3.82 |
| Employee Benefit Expenses | **20** | 29.70 | 27.67 |
| Finance Costs | **4.1.a** | 1.80 | - |
| Depreciation and Amortization Expense | **9** | 36.23 | 27.21 |
| Other Expenses | **21** | 275.48 | 80.67 |
| **Total Expenses** | | **343.05** | **139.36** |
| Profit before Exceptional and Extraordinary Items and Tax | | 304.09 | 195.74 |
| Exceptional Items | | - | - |
| **Profit before Extraordinary Items and Tax** | | **304.09** | **195.74** |
| Extra Ordinary Items | | | |
| **Profit before Tax** | | **304.09** | **195.74** |
| Tax Expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred Tax | | - | - |
| (3) Tax Adjustment for earlier years | | - | 0.12 |
| **Profit/ (Loss) for the Period** | | **304.09** | **195.63** |
| Earnings Per Equity Share | | | |
| (1) Basic | | 1.37 | 0.88 |
| (2) Diluted | | 1.37 | 0.88 |

As per our report of even date attached

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

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

| | | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| **Note 1** | **SHARE CAPITAL** | | |
| | **Authorised** | | |
| | 6,50,00,000 Equity Shares of Rs.10 each | 6500.00 | 6500.00 |
| | (Previous Year 6,50,00,000 Equity Shares of Rs.10 each) | | |
| | | **6500.00** | **6500.00** |
| | **Issued, Subscribed & Paid up** | 2212.51 | 2212.51 |
| | 2,21,25,054 Equity Shares of Rs.10 each Fully paid up | | |
| | (Previous Year 2,21,25,054 Equity Shares of Rs.10 each) | | |
| | | **2212.51** | **2212.51** |

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

| | 31.03.2013 No. | 31.03.2013 Rs. In lacs | 31.03.2012 No. | 31.03.2012 Rs. In lacs |
|---|---|---|---|---|
| **Equity Shares** | | | | |
| As at beginning of the year | 22,125,054 | 2,212.51 | 22,125,054 | 2,212.51 |
| Balance As at end of the year | **22,125,054** | **2,212.51** | **22,125,054** | **2,212.51** |

**1.2 Terms/ Rights attached to Shares**

**Equity Shares**

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

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

| | 31.03.2013 No. | 31.03.2013 Percentage | 31.03.2012 No. | 31.03.2012 Percentage |
|---|---|---|---|---|
| **Equity Shares** | | | | |
| DCM Services Ltd | 6,352,487 | 28.71% | 6,352,487 | 28.71% |
| Intellect Capital Services Ltd | 2,075,000 | 9.38% | 2,075,000 | 9.38% |
| Punjab & Sind Bank | 1,319,900 | 5.97% | 1,319,900 | 5.97% |

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

**Note 2 RESERVES & SURPLUS**

| | | | 31.03.2013 | 31.03.2012 |
|---|---|---|---|---|
| (a) | **Capital Reserve (Refer Note 2.1)** | | | |
| | As per last Balance Sheet | 193.87 | | |
| | Addition during the year | - | 193.87 | 193.87 |
| (b) | **Securities Premium** | | | |
| | As per last Balance Sheet | 1,650.86 | | |
| | Addition during the year | - | 1,650.86 | 1,650.86 |
| (c) | **Debenture Redemption Reserve (Refer Note 2.2)** | | | |
| | As per last Balance Sheet | 8.75 | | |
| | Addition during the year | - | 8.75 | 8.75 |
| (d) | **Special Reserve (Refer Note 2.3)** | | | |
| | As per last Balance Sheet | 156.23 | | |
| | Addition during the year | - | 156.23 | 156.23 |
| (f) | **Surplus (deficit) in the Statement of Profit & Loss** | | | |
| | Balance as per last financial statements | (8,796.45) | | |
| | Profit for the year | 304.09 | | |
| | Less : Minority Share Of Global IT | 0.10 | (8,492.47) | (8,796.45) |
| | **Total** | | **(6,482.75)** | **(6,786.74)** |

**2.1 Capital Reserves**

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

**2.2 Debenture Redemption Reserve**

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

**2.3 Special Reserve**

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

| **Note 3** | **Share Application Money** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | Share Application Money (Refer Note 3.1) | 549.72 | 549.72 |
| | **Total** | **549.72** | **549.72** |

**3.1** As per consent letters received, expenditure incurred/repayment made by the company amounting to Rs. 549.72 lacs funded by the group companies till June.2007, have been credited to the Share Application Account. Company has passed special resolution to allot such shares. However the same is subject to sanction of **Revised Restructuring Scheme** by the Hon'ble Delhi High Court.

| **Note 4** | **Long Term Borrowings** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | **Secured Loans** | | |
| | Debentures (Refer Note 4.1) | 2,555.16 | 2,555.66 |
| | Term Loans from Institution - SIDBI (Refer Note 4.2) | 36.30 | 36.30 |
| | Due to Banks (Refer Note 4.3) | 1,380.40 | 1,380.40 |
| | **Unsecured Loans** | | |
| | Fixed Deposits from Public (Refer Note 4.4) | 5,634.75 | 5,634.75 |
| | Term Loan From SBI HF (Refer Note 4.5) | 25.00 | 25.00 |
| | Inter-Corporate Deposits (Refer Note 4.6) | 27.17 | 27.17 |
| | **Total** | **9,658.78** | **9,659.28** |

| **4.1** | **Debentures** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | "A" Series Debenture | 8.50 | 8.50 |
| | "B" Series Debenture | | |
| | - 19.5% Regular | 1,184.20 | 1,184.70 |
| | - 19.5% Cumulative | 1,059.70 | 1,059.70 |
| | - Deep Discount Bonds | 302.76 | 302.76 |
| | | **2,555.16** | **2,555.66** |

**4.1.a** During the year Rs. 0.425 lacs has been paid towards "B" Series debenture holder (19.5% Regular) on compassionate grounds after getting approval from Hon'ble Delhi High Court. Rupees 0.075 lacs has also been paid to "B" Series debenture holder (19.5% Regular) alongwith the interest of Rs. 1.80 lacs with on the order of Consumer Disputes Redressal Forum-II , Government of Delhi. The payment Rupees 0.075 Lacs alongwith the interest of Rs. 1.80 lacs has not yet been intimated / informed to Hon'ble Delhi High Court. This is payment of principal and interest of Rs. 1.875 lacs is in contravention of scheme of restructuring pending with Hon'ble Delhi High Court. The Hon'ble Delhi High Court has put a stay on payments without its permission.

**4.1.b** Scheme ''A'' Series

The company had allotted the Debenture 'A' series on 28th February, 1996 and 23rd September 1996 subject to **Note 4.1 (d)** these debentures are secured against mortgage / hypothecation / charge on assets financed out of the proceeds of these debentures. The outstanding debentures of Rs.8.50 lacs were overdue as on March 31,2013.

**4.1.c** Scheme ''B'' Series

Debenture 'B' Series were allotted on 5th November, 1996. and subject to **Note 4.1 (d)** are secured against hypothecation / charge on land and premises situated at Mouje Pirangut, Taluka Mulshi, Distt Pune in the State of Maharashtra alongwith all buildings, structures

thereon and all plant and machinery, spares, tools, accessories and other movables of the Company, both present and future, whether installed or not. The total amount of debentures alloted were Rs 2818.04 lacs and matured for redemption on 5th May 1998. Out of total debentures alloted amounting to Rs 2818.04 lacs, debentures of Rs 271.38 lacs have been redeemed upto March 31,2013. The remaning debentures as at March 31, 2013 in the ''B'' series amounting to Rs 2546.66 lacs consist of the following:-

| **Particulars** | **Amount/Lacs,** |
|---|---|
| 19.5% Regular | 1,184.20 |
| 19.5% Cumulative | 1,059.70 |
| Deep Discount Bonds | 302.76 |
| **Total** | **2,546.66** |

The company proposes to vary the terms of debentures through the scheme of arrangement for reorganation of share capital of the company and for compromise with its secured and unsecured creditors.

**4.1.d** The value of assets charged in favour of debentures has been depleted over a period of time but the depletion has not been ascertained. To the extent of shortfall, if any, the liability is unsecured.

**4.1.e** A supplementary trust deed for giving effect to the proposed repayment plans as provided in Clause 44 of the Trust deed has not been prepared by the trustees so far.

**4.1.f** Provision of interest on debentures up to 31st March, 2013 calculated @ 10% p.a. of simple interest as per renewal offer letter of 1998 on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series amounting to approximately Rs. 3802.04 lacs has not been provided since a **Fresh Restructuring Scheme** that is subject to the approval of the Hon'ble High Court of Delhi has been submitted which does not envisage payment of any interest. To the extent of the non-provision of interest calculated as per renewal offer letter of 1998, and considering the current year interest of Rs. 255.52 lacs, the current period profits are overstated to the extent of Rs. 255.52 lacs. and cumulative net losses are understated to the extent of Rs. 3802.04 lacs. The difference between the original contracted interest @ 19.5% and as per offer letter @ 10% has also not been ascertained and provided for pending approval of the fresh scheme. To the extent of interest of Rs. 3802.04 lacs not provided cumulative net loss is understated.

**4.1.g.(i)** The Central Bank of India, Mumbai, Trustees for the Non-Convertible Debentures B-Series have filed a suit for recovery of Rs. 4,423.86 lacs on 14th October, 1999 before the Hon'ble Mumbai High Court. As against the claim of Rs. 4,423.86 lacs by The Central Bank of India, Mumbai, Trustees for The Non-Convertible Debentures "B" Series, Rs. 2546.66 lacs on account of principal and interest is reflected in the books as on date. In view of the **Fresh Restructuring Scheme** seeking waiver of interest payable to debenture holders, no provision has been made for the difference between the claim made by the Central Bank of India and the liability as per the books and to this extent the **cumulative net losses of Rs. 1,877.20 lacs is understated.**

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

**4.1.g.(iii)** The suits filed by the Central Bank of India before the Hon'ble Mumbai High Court has been stayed by Hon'ble High Court of Delhi vide order dated 14 September 2005 on application made by the company and there is no change in the status as at 31st March, 2013.

| **4.2** | **Term Loans from Institution- SIDBI *** | **Amount outstanding/Lacs** |
|---|---|---|
| | Small Industries Development Bank of India | 36.30 |
| | | 36.30 |

**4.2.a** (i) Hypothecation / charge on assets financed out of the said loan.

(ii) The aforesaid amount outstanding Rs. 36.30 lacs is overdue for payment.

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

**4.2.c** The amount due has been quantified at Rs. 45.38 lacs as per the "**Old Scheme Under Review**". However, under the **Fresh Restructuring Scheme** the interest payable

amounting to Rs. 9.08 lacs is sought to be waived and has already been written back in the earlier year. The principal amount due as on 30th June, 2004 amounting to Rs. 36.30 lacs is proposed to be repaid in 3 equal installments of Rs. 12.10 lacs from the 2nd year of the effective date. However no such payment has been made.

**4.2.d** SIDBI has filed a petition for winding up on alleged non-payment of Rs. 54.40 lacs which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court on which stay has been granted by the Hon'ble Delhi High Court. Provision for such liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided for due to waiver of interest sought under the "F**resh Scheme**".

(Rs. in lacs)

| **4.3** | **Due to Banks *** | **As at 31.03.2013** | **As at 31.03.2012** |
|---|---|---|---|
| | Punjab & Sind Bank (Refer Note 4.3.2) | 803.40 | 803.40 |
| | Indusind Bank( Refer Note 4.3.3) | 577.00 | 577.00 |
| | | **1,380.40** | **1,380.40** |

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

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

**4.3.2** **PUNJAB & SIND BANK (PSB):** As per the **Fresh Restructuring Scheme,** the total amount payable to PSB remains quantified at Rs. 901.80 lacs as on 30th June 2004. (after providing interest @10% p.a., compounded quarterly from 30th September 1999 till 31st March, 2000 on the principal debt as on 30.09.1997). Out of this 60% of Rs.901.80 lacs i.e. Rs.541.08 lacs. shall be payable in 6 equal yearly installments after one year from the date of approval of the scheme or 1st April,2006 whichever is earlier. The balance 40% shall be discharged by issuing equity shares at any time within 3 years of the effective date or 1st April, 2006 which ever is earlier. The company has till date paid/ adjusted Rs. 98.40 lacs and the balance of Rs. 803.40 lacs as on 30th June 2008 is payable as per the **Fresh Restructuring Scheme** pending before the Hon'ble Delhi High Court. Pursuant to an earlier agreement with the bank, from April 1, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 395.97 lakhs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001. In the event of default in the payment of interest and principal, the concessions made by PSB shall stand withdrawn and their claim settled before the Debt Recovery Tribunal of Rs. 1217.52 lacs will become payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2012 is also not provided since a **Fresh Restructuring Scheme**, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest. Considering the default in payment , the claim of Rs 1217.52 lacs filed before the Debt Recovery Tribunal and to the extent of interest, overdue interest, default charges not provided for net profit for the year is overstated and cumulative net loss is understated to that extent.

**4.3.3** **Indusind Bank:** The amount payable to Indusind Bank after calculating interest up to March 31, 2000 had been quantified at Rs. 916.64 lakhs in accordance with the "**Old Scheme Under Review**". The company has till date paid/adjusted Rs. 339.64 lakhs and the balance of Rs.577.00 lacs as on 30th June 2008 is also payable as per the **Fresh Restructuring Scheme**. Pursuant to an earlier agreement with the bank, from April 1, 2000 till 31st March 2005, interest at a compounded half yearly rate of 10% p.a. has been computed at Rs. 300.20 lacs, which has already been paid by way of allotment of equity shares of Rs. 10/- each at a premium of Rs. 20/- on 31st March 2001. In the event that the company fails to pay the interest or principal, the concessions made by Indusind Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs. 1042.42 lacs would be payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2012 is also not provided since a **Fresh Restructuring Scheme**, which is subject to the approval of Hon'ble High Court of Delhi, has been submitted which does not envisage payment of any interest. In considering the default in payment the claim of Rs 1042.42 lacs filed before the Debt Recovery Tribunal and to the extent of interest, overdue interest, default charges not provided, net profit for the year is overstated and cumulative net loss is understated to that extent.

**4.4 FIXED DEPOSITS ACCEPTED**

**(a)** During the year, Rs. NIL (Previous year 3.25 Lacs) has been paid to Fixed Deposit holder on compassionate ground after getting approval from Hon'ble Delhi High court.

**(b)** In respect of repayment of outstanding deposits with interest vide order dated 17.07.98, the Company Law Board had ordered payment of interest at contracted rates up to the date of maturity and at 10% thereafter. Due to liquidity problems, the company has not fully followed the schedule of repayment ordered by the Company Law Board. However, a **Fresh Restructuring Scheme** of arrangement for re-organization of the share capital of the company and for compromise with its creditors including fixed depositors has been made in which interest dues will be waived and accordingly provision of interest payable amounting to Rs. 827.06 lacs has been written back in earlier years.

**(c)** The Company has also moved an application before the Hon'ble Company Law Board, New Delhi on 22nd July 2004 under Regulation 44 of the Company Law Regulations 1991 proposing a fresh repayment schedule to fixed depositors of the Company before the **Fresh Restructuring Scheme** was filed before the Hon'ble Delhi High Court.

**(d)** Fixed deposits and bills payable as per information retained on the computer is Rs.5645.45 lacs whereas fixed deposits, which also includes bills payable, as per books, amounts to Rs.5634.75 lacs and the difference of Rs. 10.69 lacs, is un-reconciled. The company, in accordance with a subsequently confirmed order of the Hon'ble Company Law Board dated July 17, 1998 had given an option to the creditors of overdue bills rediscounted to convert their dues into fixed deposits on due dates retrospectively. Bills rediscounted, including those converted into fixed deposits, have been reflected under fixed deposits.

**(e)** Liability on account of Fixed Deposits received contain certain deposits which appear prima-facie to be suspect due to either lack of identification of depositors or no claim or confirmation having been received by the company. Payment of those deposits that are under a suspicious category will be made under the proposed **Fresh Restructuring Scheme** of arrangement only after the evidence of receipt of money is established.

**(f)** Provision for interest on fixed deposits up to March 31, 2013 calculated at simple interest @ 10% p.a. in accordance with the order of The Hon'ble Company Law Board amounting to approx. Rs.9287.99 lacs (including Rs. 8723.45 lacs for the earlier years) has not been made in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble Delhi High Court wherein the company does not envisage payment of any interest. To the extent of non-provision of interest @10% as per the previous CLB order, the current year profits are overstated to the extent of approximately Rs. 564.54 lacs and cumulative net losses are understated to the extent of approximately Rs. 9287.99 lacs. The difference between the contracted rate of interest and rate of interest @ 10% has also not been ascertained and provided for.

**(g)** Due to a liquidity crises in the past the minimum liquid assets @15% of fixed deposits as per RBI directives has not been maintained by the company. The company has applied to the Reserve Bank of India and the Company Law Board for exemption from maintaining minimum liquid assets and payment of penal interest but the disposal of the application is still pending.

**4.5 SBI Home Finance Ltd.(SBIHF): -**

The company has already paid Rs. 2.90 crores under the **Old Scheme** and proposes to allot shares worth Rs. 25 lakhs for the balance as per the **Fresh Restructuring Scheme** in the first year from the effective date (Effective date means the date of filling of the certified copy of the order sanctioning the scheme of the Honorable High Court of Delhi at New Delhi with the Registrar of Companies of Delhi & Haryana). SBIHF has removed a charge on its assets and therefore the loan is now categorized as unsecured loan.

**4.6 Inter-Corporate Deposits**

The value of inter corporate deposits is Rs 27.17 Lacs. Provision for interest on inter corporate deposits up to 31st March, 2013 amounting to approximately Rs. 100.91 lacs

which includes approximately Rs.94.59 lacs for the earlier years, has not been made in view of the "**Fresh Restructuring Scheme**" pending before the Hon'ble High Court of Delhi wherein the company does not envisage payment of any interest. The current year interest is Rs 6.32 lacs .To the extent of non-provision of interest, the current year's profits are overstated to the extent of approximately Rs. 6.32 lacs and cumulative net losses are understated to the extent of approximately Rs 100.91 lacs.

(Rs in Lacs)

| Note 5 | Other Long Term Liabilities | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Security Deposits | 6.25 | 6.25 |
| | Unreconciled Sub Ledger Balances (Refer Note 5.1) | - | 166.57 |
| | Employees Advances (Refer Note 5.2) | 1.41 | 7.77 |
| | Others Payable | 501.72 | 501.72 |
| | **Total** | **509.39** | **682.32** |

**5.1 Unreconciled Sub Ledger Balances**

Unreconciled Sub Ledger credit balance of Rs. 166.57 lacs has been written back during the financial year ended 2013 since the parties in aforesaid account were not identifiable and the same had been outstanding and were unreconciled for more than ten years. Besides, the same had also became time barred and till the date of writing it back, the company did not receive any intimation in respect of aforesaid ledger balances.

**5.2 Employees Advances**

Employee Advances of Rs.6.37 lacs has been written back by the management during the financial year ended 2013 as the same were time barred and were outstanding for last ten years.

| Note 6 | Long Term provisions | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | **Provision for Employee Benefits::** | | |
| | - Provision for Gratuity | 3.49 | 4.87 |
| | - Provision for Leave Encashment | 1.51 | 2.27 |
| | **Total** | **5.01** | **7.13** |

| Note 7 | Other Current Liabilities | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Other Liabilities (Refer Note 7.1) | 648.48 | 573.04 |
| | **TOTAL** | **648.48** | **573.04** |

| 7.1 | Other Liabilities Includes : | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Advances from Associate Co. (DCM Services Ltd.) | 477.44 | 434.77 |
| | Rent payable | 6.01 | 5.91 |
| | Statutory dues Payable (Refer Note 7.1.1) | 46.82 | 44.67 |
| | Employees Advances | 4.27 | 0.85 |
| | Other Liabilities | 113.94 | 86.85 |
| | | **648.48** | **573.04** |

| 7.1.1 | Statutory dues Payable Includes | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Tax Deducted at source | 2.42 | 1.07 |
| | ESI Payable | 0.03 | 0.06 |
| | Provident Fund Payable | 0.15 | 0.23 |
| | Service Tax Payable | 44.21 | 43.30 |
| | Delhi Labour Fund Payable | 0.00 | 0.00 |
| | | **46.82** | **44.67** |

| Note 8 | Short-Term Provisions | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | **Provision for Employee Benefits::** | 0.08 | 0.13 |
| | - Provision for Gratuity | 0.04 | 0.06 |
| | - Provision for Leave Encashment | **0.12** | **0.19** |

**Note 9 FIXED ASSETS**

| | Particulars | Gross Block | | | | Depreciation / Adjustment | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As On 01.04.2012 | Additions | Deletions / Adjustment | As at 31.03.2013 | As On 01.04.2012 | For the year | Transfer / Adjustment | As on 31.3.2013 | As On 31.03.2013 | As On 01.04.2012 |
| A | **TANGIBLE ASSETS** | | | | | | | | | | |
| (a) | **Own Assets** | | | | | | | | | | |
| 1 | Land | 3.06 | - | - | 3.06 | - | - | - | - | 3.06 | 3.06 |
| 2 | Plant & Machinery | 83.26 | - | 41.29 | 41.97 | 82.45 | 0.12 | 41.29 | 41.28 | 0.70 | 0.81 |
| 3 | Buildings | 1,855.17 | - | - | 1,855.17 | 433.09 | 30.24 | - | 463.33 | 1,391.84 | 1,422.08 |
| 4 | Vehicles | 12.06 | - | 9.05 | 3.01 | 11.58 | - | 8.68 | 2.90 | 0.11 | 0.48 |
| 5 | Furniture & Fixtures | 60.24 | - | 0.94 | 59.30 | 31.42 | 3.47 | 0.70 | 34.20 | 25.10 | 28.82 |
| 6 | Office Equipment & Appliances | 56.06 | 0.30 | 19.04 | 37.31 | 34.84 | 2.40 | 15.75 | 21.49 | 15.82 | 21.22 |
| 7 | Computers | 14.62 | - | - | 14.62 | 13.97 | - | - | 13.97 | 0.65 | 0.65 |
| | **Total (a)** | **2,084** | **0.30** | **70.33** | **2,014** | **607.36** | **36.23** | **66.42** | **577.16** | **1,437.28** | **1,477.12** |
| (b) | **Leased Assets** | | | | | | | | | | |
| 1 | Plant & Machinery | 1,158.17 | - | - | 1,158.17 | 1,158.17 | - | - | 1,158.17 | - | - |
| 2 | Vehicles | 409.91 | - | - | 409.91 | 409.91 | - | - | 409.91 | - | - |
| 3 | Office Equipment & Appliances | 126.18 | - | - | 126.18 | 126.18 | - | - | 126.18 | - | |
| | Total (b) | 1,694.26 | - | - | 1,694.26 | 1,694.26 | - | | 1,694.26 | - | - |
| | **Total (a+b)** | **3,778.74** | **0.30** | **70.33** | **3,708.71** | **2,301.62** | **36.23** | **66.42** | **2,271.43** | **1,437.28** | **1,477.12** |
| B | **INTANGIBLE ASSETS** | | | | | | | | | | |
| (c) | **Own Assets** | | | | | | | | | | |
| 1 | Computer Software | 1.14 | | - | 1.14 | - | 1.14 | - | 1.14 | - | -- |
| | **Total (c)** | **1.14** | **1.14** | **-** | **1.14** | **-** | **1.14** | **-** | **-** | **-** | |
| | **Grand Total (a +b +c)** | **3,779.88** | **0.30** | **71.46** | **3,708.71** | **2,302.76** | **36.23** | **67.56** | **2,271.43** | **1,437.28** | **1,477.12** |
| | Previous year | 3,779.20 | 0.69 | - | 3,779.88 | 2,275.55 | 27.21 | - | 2,302.76 | 1,477.12 | |

9.1 During the course , physical verification of Fixed Assets (own) conducted by the management and few assets of Rs. 71.46 lacs (Gross) which were not physically or verifiable available with the company since long or obsoloete or defective or not in working condition to use and having NIL or Negligible WDV , have been retired from the schedule of fixed assets in compliance of Accounting Standard-10 Fixed Assets ( Accounting Standard Rules,2006).

**Note 10 NON CURRENT INVESTMENTS**

**10.1 LONG TERM INVESTMENTS - AT COST**

| Particular | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|
| **Trade InvestmentsNon Trade Investments** | | |
| - Investment in Equity Shares | 209.20 | 209.20 |
| Less : Provision for diminution in the value of Investments | 122.03 | 122.03 |
| **Total** | **87.17** | **87.17** |

## 10.2 Details of Investments

| Particulars | Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Value of Investment (Amount Rs. In lacs) | Provision for diminution (Amount Rs In Lacs) | Value of Investment (Amount Rs. In Lacs) | Provision for diminution (Amount Rs. Lacs) | Basis of Valuation |
|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 31 March 2013 | As at 31 March 2012 | | | As at 31 March 2013 | | As at 31 March 2012 | | |
| **Investments in Equity Shares** | | | | | | | | | | |
| **Non -Trade Investments** | | | | | | | | | | |
| Punj Llyod Ltd. * | Others | 200,000 | 200,000 | Quoted | Fully Paid | 45.48 | 0.00 | 45.48 | 0.00 | At Cost |
| Profin Money Market Ltd | Others | 25,000 | 25,000 | UnQuoted | Fully Paid | 2.50 | 2.50 | 2.50 | 2.50 | At Cost less prov. Diminution in the value of investments |
| RFB Latex Ltd | Others | 220,000 | 220,000 | UnQuoted | Fully Paid | 40.10 | 0.00 | 40.10 | 0.00 | At Cost |
| World Tex Ltd | Others | 437,500 | 437,500 | UnQuoted | Fully Paid | 119.53 | 119.53 | 119.53 | 119.53 | At Cost less prov. Diminution in the value of investments |
| Cepham Milk Specialities Ltd. | Others | 30,000 | 30,000 | UnQuoted | Fully Paid | 0.00 | 0.00 | 0.00 | 0.00 | At Cost |
| Cebon India Ltd. | Others | 30,000 | 30,000 | UnQuoted | Fully Paid | 0.00 | 0.00 | 0.00 | 0.00 | At Cost |
| Hindalco Industries Limited | Others | 82 | 82 | Quoted | Fully Paid | 0.08 | 0.00 | 0.08 | 0.00 | At Cost less prov. Diminution in the value of investments |
| Digjam Limited | Others | 58 | 58 | Quoted | Fully Paid | 0.01 | 0.00 | 0.01 | 0.00 | |
| Federal Bank Limited | Others | 600 | 600 | Quoted | Fully Paid | 1.50 | 0.00 | 1.50 | 0.00 | At Cost |
| Relig Tech. Ltd. | Others | 25 | 25 | Quoted | Fully Paid | 0.00 | 0.00 | 0.00 | 0.00 | At Cost |
| Religare Technova Ltd.* | Others | 20 | 20 | Quoted | Fully Paid | 0.00 | 0.00 | 0.00 | 0.00 | At Cost |
| Religare Technologies Ltd. | Others | 5 | 5 | Quoted | Fully Paid | 0.00 | 0.00 | 0.00 | 0.00 | At Cost |
| Rajesthan Antibiotics Ltd. | Others | 30,000 | 30,000 | UnQuoted | Fully Paid | 0.00 | 0.00 | 0.00 | 0.00 | At Cost |
| | | **973,290** | **973,290** | | | **209.20** | **122.03** | **209.20** | **122.03** | |

Rs. in Lakhs

| S No. | Particulars | As at 31 March 2013 | As at 31 March 2012 |
|---|---|---|---|
| 1 | **Aggregate amount of Market value of Quoted investments*** | 110.00 | 151.00 |
| 2 | **Aggregate amount of UnQuoted investments** | 162.13 | 162.13 |
| 3 | **Aggregate provision for dimunition in value of investments** | 122.03 | 122.03 |

| Note 11 | Long Term Loans & Advances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | **Security Deposits** | | |
| | - Unsecured Considred Good | 15.84 | 17.97 |
| | **Other Loans & advances** | | |
| | Considred Doubtful (Refer Note 11.1) | 274.56 | 470.22 |
| | Less :- Provision for Non Performing Assets (Refer Note 11.2) | - | - |
| | | **290.40** | **488.19** |

| 11.1 | Other Loans & advances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|---|
| | Inter Corporate Deposit | 79.58 | 79.58 |
| | Bills Receivable | 109.51 | 109.51 |
| | Employees Advances (Refer Note 11.3) | 17.69 | 48.39 |
| | Share Division Customer Account ( Refer Note 11.4) | - | 164.96 |
| | Others | 67.78 | 67.78 |
| | **TOTAL** | **274.56** | **470.22** |

**11.2 Provision for Non Performing Assets**

As per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provision for non-performing assets as per these Directions on, inter-corporate deposits, bills receivable, employees advances , others long term & advances required to be provided amounted to approx. Rs. 274.56 lacs. The provision for NPA till 31st March 2013 is Rs. Nil. To the extent of said provision of NPA Rs. 274.56 lacs(approx) the cumulative net loss reflected is understated & assets are overstated.

**11.3 Employees Advances**

Employee Advances of Rs.30.70 lacs has been written off by the management during the financial year ended 2013 as the same were time barred and were outstanding for last ten years.

**11.4 Share Division Customer Account**

Share Division Customer Account of Rs.164.96 lacs being unrecoverable and outstanding for the last ten years has been written off during the financial year ended 2013 since the parties in aforesaid account were not identifiable and the same had been outstanding and were unreconciled for more than ten years. Besides, the same had also became time barred and till the date of writing it off, the company did not receive any intimation in respect of aforesaid ledger balances.

| Note 12 | Other Non Current Assets | | As at 31.03.2013 | | As at 31.03.2012 |
|---|---|---|---|---|---|
| | **Long Term Trade Receivable *** | | | | |
| | Considered Doubtful | 2,198.29 | | 2,220.02 | |
| | Less : Provision for Non Performing Assets (Refer Note 12.1) | 1,566.86 | 631.43 | (1,566.86) | 653.16 |
| | **Others** | | | | |
| | Secured, Considered Good | | | | |
| | Fixed Deposits with Banks -Maturity more than 12 months | | 3,677.96 | | 3,387.42 |
| | Advance Tax & TDS | | 136.18 | | 89.66 |
| | **TOTAL** | | **4,445.56** | | **4,130.24** |

* Net of Rs. 6,01,93,479 received from the customers as a security deposits.

**12.1 Provision for Non Performing Assets**

As per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provision for non-performing assets as per these Directions on trade receivables required to be provided amounted to approx. Rs. 2198.29 lacs (Net of Security received of Rs 601.93 lacs). However, provision of NPA of Rs.1566.86 lacs has been made. To the extent of non-provision of NPA of Rs. 631.43 lacs, the cumulative net loss reflected is understated & assets are overstated.

| Note 13 Inventory | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Securities held as Stock in Trade (Refer Note 13.1) | 4.20 | 4.04 |
| | 4.20 | 4.04 |

**13.1 Inventory Valuation Method:-**

(a) During the year there were no transactions relating to sale/purchase of stocks/ investment in shares. During the period ended 31st March, 2013, those shares which were held as bad deliveries have been removed from the schedule of stock in trade. The same will be shown when such shares/stock which are termed as bad deliveries are actually transferred in the name of company.

(b) The inventory of Securities is valued at Market value & Cost which ever is lower.

(c) For the untraded shares, value has been taken as Re.1/= per Company.

(d) For partly paid-up shares, Re.1 for untraded company has been taken.

(e) Bonus shares for which original shares not available is valued at Re.Zero per shares

| Note 14 Cash and Bank Balances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| (a) Cash in Hand | 3.62 | 1.08 |
| (b) Current Accounts | | |
| - Bank Balances (Refer Note 14.1) | 18.31 | 23.17 |
| **Other Bank Balances** | | |
| (a) Restricted Bank Balances | 2.06 | 2.79 |
| (Refer Note 14.1, 14.2 & 14.3) | **23.99** | **27.04** |

| 14.1 Bank Balances Including Restricted Balances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| Canara Bank | 4.23 | 4.23 |
| IDBI Bank Limited | 3.21 | 2.20 |
| Axis Bank | 7.03 | 17.39 |
| Other Bank | 5.91 | 2.15 |
| **Total** | **20.37** | **25.96** |

**14.2** Bank Balance of Rs. 2.06 lacs appearing in the books of accounts pertaining to 18 Banks were yet to be confirmed by the Banks as at 31st March, 2013. The same are anticipated to be confirmed by the said banks.

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

| Note 15 Short-Term Loans and Advances | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| **Others** | | |
| Unsecured, considered good | | |
| - Service Tax (input) recoverable | 1.48 | 0.17 |
| - Prepaid expenses | - | - |
| - Employee Advance | 4.05 | 5.93 |
| - Others | 0.96 | 0.96 |
| | **6.50** | **7.05** |

| Note 16 Other Current Assets | As at 31.03.2013 | As at 31.03.2012 |
|---|---|---|
| - Rent Receivable | 510.82 | 418.29 |
| - Interest Receivable | 298.68 | 261.54 |
| **TOTAL** | **809.50** | **679.84** |

| Note 17 | Other Operating Revenue | For the year ended 31.03.2013 | For the period of nine months ended 31.03.2012 |
|---|---|---|---|
| | Income on Settlement with Debtors | 8.84 | 0.54 |
| | **TOTAL** | **8.84** | **0.54** |

| Note 18 | Other Income | For the year ended 31.03.2013 | For the period of nine months ended 31.03.2012 |
|---|---|---|---|
| | Interest on Fixed Deposits | 373.57 | 263.31 |
| | Dividend Income | 0.43 | 0.15 |
| | Rent Income | 91.02 | 68.26 |
| | Provisions written back | - | 0.16 |
| | Employee balances written back (Refer Note 5.2) | 6.36 | 2.69 |
| | Unreconciled Balances Written Back (Refer Note 5.1) | 166.57 | - |
| | Miscellaneous Income | - | 0.00 |
| | Prior Period Income (Interest Income) | 0.35 | - |
| | **TOTAL** | **638.30** | **334.57** |

| Note 19 | Changes in Inventory of Securities held as Stock in Trade | For the year ended 31.03.2013 | For the period of nine months ended 31.03.2012 |
|---|---|---|---|
| | Closing Stock | 4.20 | 4.04 |
| | Less : Purchases/Transfer | - | - |
| | Opening Stock | 4.04 | 7.86 |
| | Changes | **(0.15)** | **3.82** |

| Note 20 | Employee Benefit Expenses | For the year ended 31.03.2013 | For the period of nine months ended 31.03.2012 |
|---|---|---|---|
| | Salaries, Wages,Bonus and other employees' benefit | 27.05 | 25.55 |
| | Contribution to Provident and Other funds (Refer Note 20.1) | 2.22 | 1.38 |
| | Workmen and Staff Welfare Exp. | 0.43 | 0.74 |
| | **TOTAL** | **29.70** | **27.67** |

| 20.1 | Contribution to Provident and Other funds | | |
|---|---|---|---|
| | Employee state Insurance (ESI) | 0.30 | 0.40 |
| | Provident Fund | 0.91 | 1.20 |
| | Gratuity Fund Contribution | 1.01 | (0.22) |
| | **TOTAL** | **2.22** | **1.38** |

**Note 21 Other Expenses**

| | For the year ended 31.03.2013 | For the period of nine months ended 31.03.2012 |
|---|---|---|
| Travelling & Conveyance | 5.34 | 4.26 |
| Repairs - Building | 7.59 | 22.29 |
| - Others | 0.31 | 0.22 |
| Electricity & Water | 0.89 | 1.42 |
| Legal & Consultancy Charges | 26.58 | 14.96 |
| Fees to Auditors for -Statutory Audit | 2.27 | 2.02 |
| - Tax Audit | 0.91 | 0.83 |
| - Certification work | 0.06 | 0.11 |
| - Others | 0.28 | - |
| Rent | 6.15 | 13.86 |
| Telephone Expenses | 0.86 | 0.79 |
| Advertisement & Publicity | 1.12 | 0.74 |
| Share Division balances written off (Refer Note 11.4) | 164.96 | |
| Employee balances written off (Refer Note 11.3) | 30.70 | |
| Balances not longer written off | 3.38 | 4.55 |
| Provision for Dimintioning in investment value | - | 0.00 |
| Share Transfer Expenses | 1.85 | 0.88 |
| AGM Expenses | 7.49 | 7.38 |
| Internal Audit Fees | 0.20 | 0.20 |
| Lisiting Fees | 2.18 | 1.50 |
| Fixed Assets Written off (Refer Note 9.1) | 3.91 | - |
| Rates and Taxes | 1.96 | 1.48 |
| Prior Period Expenses (Refer Note 21.1) | 6.00 | 2.55 |
| Other Expenses | 0.50 | 0.65 |
| **TOTAL** | **275.48** | **80.67** |

**21.1** Prior period includes Consultancy and Retainership charges and in previous year it includes property tax and repairs of building

**22 SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation of Financial Statements**

The Financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on accrual basis and are in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) & prescribed in the Companies (Accounting Standards) Rules, 2006. These accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted by the company. The management evaluates the effect of accounting standards issued on a going basis and ensures that they are adopted as mandated by the ICAI.

As required & mandated by relevant guidelines prescribed under the Companies Act, 1956, the company has prepared its financials as per the revised Schedule VI. All assets and liabilities have been classified as current or non-current as per the company’s normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has considered a period of twelve months for the purpose of classification of assets and liabilities as current and non-current.

**B. Revenue Recognition**

(a) Revenue is being recognized in accordance with the Accounting Standard – 9 Revenue Recognition on accrual basis issued by the Institute of Chartered Accountants of India.

b) Dividend on shares is accounted for as and when received.

(c) In respect of other heads of income, the company follows the accrual basis of accounting.

(d) Interest revenue is recognozied on time proportion basis taken into account the amount outstanding and the rate applicable

(e) Overdue Interest on debtors has been accounted for at the time of settlement with debtors in accordance with the principle of virtual certainty.

**C. Investments**

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

**D. Fixed Assets**

(a) Fixed assets are stated at cost of acquisition inclusive of inward freight, duties and taxes (excluding tax and duties recoverable) and other incidental expenses related to their acquisition.

(b) The company's own assets and the assets given out on lease are valued at cost. In respect of vehicles on lease, cost excludes insurance and road tax, which is recovered from the customer.

**E. Inventory**

Securities held as stock in trade are valued at lower of estimated cost or market value.

**F. Earnings Per Share**

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

**G. Depreciation**

Depreciation is computed at the following rates: -

(a) On its own fixed assets on a pro-rata basis on the straight line method at rates specified in Schedule XIV to the Companies Act, 1956.

(b) For assets given out on financial lease at rates specified in Schedule XIV to the Companies Act, 1956 or the amounts to be written off evenly over the period of lease, whichever is higher. The amount to be written off is determined after deducting the security deposit received from the cost of the asset.

(c) On assets given out on operating lease, on a pro-rata basis, on the straight-line method at rates specified in Schedule XIV to the Companies Act, 1956.

(d) On assets purchased for less than equal to Rs. 5,000, the company charges depreciation @100% on a pro-rata basis.

(e) In respect of additions made during the year, depreciation is computed from the beginning of the month of acquisition and in respect of assets sold/discarded during the year the depreciation is charged up to the end of the month in which sale/discard takes place.

**H. Repossessed Stock**

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

**I. Retirement and Other Employee Benefits**

(a) **Short Term Employee Benefits**

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

(b) **Post-Employment Benefits**

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

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

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

(c) **Long Term Employee Benefits**

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

**J. Provisions and Contingencies**

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

**K. Use of Estimate**

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

23. **CONTINGENT LIABILITIES & OTHER COMMITMENTS**

(a) Claims lodged and contingent liability arising out of suits and winding up petitions filed against the company not acknowledged as debts amounts to Rs. 868.18 lacs. There are also other cases filed in consumer and other courts against the company for which the company is contingently liable but for which the amount has not been ascertained.

(b) Punjab & Sind bank has filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1217.52 lacs against which the amount payable to them, as per books is Rs. 803.40 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 414.12 lacs has been made. Since the company has not made payment of interest & principal in accordance with the Fresh Restructuring Scheme filed with the Hon'ble High Court, Rs 1217.52 lacs became payable to PSB. No provision for the difference of Rs. 414.12 lacs has been made by the company.

(c) IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.42 lacs against which the amount payable to them as per books is Rs. 577.00 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 465.42 lacs has been made.

(d) During the year ended 30th June, 2009, the **c**ompany had received Rs. 100.00 lacs from one of its debtors and reduced the same amount from his recoverable balance. Subsequently the Hon'ble Punjab and Haryana Court deemed that payment to be an out of turn payment and asked the company to deposit the amount. The company had filed a SLP with the Hon'ble Supreme Court of India which has been dismissed by them. Therefore the company is liable to deposit the amount mentioned above which has yet to be deposited.

(e) During the year ended 30th June, 2011 the company's tenant has filed a claim of Rs 100.00 lacs against the company due to damages suffered by the tenant which is pending under arbitration proceedings.

(f) There is a disputed a demand of Rs. 152.12 lakhs and Rs. 141.74 lakhs for the assessment year 2009-10 and 2010-11 respectively for payment of income tax under the Income Tax Act, 1961, which is disputed by the company as the brought forward losses under the Income Tax Act has not been allowed by the department and rectification application for deletion of above said two demands has been filed by the company which is pending before the appropriate authorities.

(g) There is an award passed by the arbitrator against the company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 51.28 lacs i.e. claim amount along with interest of Rs. 307 lacs for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. The same has been contested by Company before Hon'ble Delhi High Court.

**24 RESTRUCTURING SCHEME**

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

The company has also moved an application before the Hon'ble Company Law Board, New Delhi on 22nd July 2004 under Regulation 44 of the Company Law Regulations 1991 proposing a fresh repayment schedule to fixed depositors of the Company. The same repayment schedule has been included in the fresh restructuring scheme filed before the Hon'ble High Court of Delhi at New Delhi on 24th September 2004.

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

The company has filed a fresh Scheme of Arrangement for the reorganization of the share capital of the company and for compromise with the secured and unsecured creditors of the company, hereinafter referred to as the "fresh scheme" before the Hon'ble Delhi High Court at New Delhi on 24th September 2004.

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

The promoter company has undertaken, subject to sanction of the scheme by the Hon'ble Delhi High Court, to contribute to Rs. 19.50 crores of which Rs.15.60 crores were deposited with the Registrar of the Hon'ble Delhi High Court Registrar, as per court order by the promoter group, and the balance amount of Rs 3.90 crores has been deposited on 27th April, 2012.

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

i. Sanction of the scheme by the Hon'ble High Court of Delhi under Sections 391 and 394 of the Act and other applicable provisions of the Act, Rules and Regulations, as the case may be;

ii. Filing of certified copies of the order of the Hon'ble High Court of Delhi with the Registrar of Companies (Delhi and Haryana).

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

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

The fresh scheme is pending before the Hon'ble Delhi High Court as at 31st March, 2013 & there is no change in the status at the time of adoption of the financials for the period ended 31st March, 2013 by the Board of Directors.

**25. Deposit of Rs 19.50 Crore by DCM Services Limited**

DCM Services Ltd as a promoter has committed to bring in Rs 19.50 Cr as a promoter contribution upon sanction of their restructuring scheme u/s 391 of the Indian Companies Act, which is presently pending for sanction before the Hon'able Delhi High Court.

The Court vide order dated 06.05.2008 has asked DCM Services Limited to deposit Rs. 19.50 crores with the Court and pursuant to the court order, They have deposited (Rs 5.00 crores on 16.07.2010, Rs 6.70 crores on 18.11.2010, Rs. 3.90 crores on 21.04.2011 & Rs. 3.90 on 27.04.2012) aggregating to Rs. 19.50 crores on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. No financial impact of this has been recorded in the financials of the company for the period ended 31st March, 2013.

**26. INCOME TAX**

**(a) Deferred Tax Assets**

Currently the main source of income of the company constitutes only interest on fixed deposits and rental income. However, against rental income auditors have qualified our independent auditor's report on the basis of non-provisioning of doubtful debts of rent receivable. Moreover income tax demand for previous years was raised by

income tax department against disallowance of brought forward losses and the same is still under dispute. After considering the above mentioned facts and in view of absence of virtual certainty of sufficient taxable income in future no provision for deferred tax has been made.

**(b) Tax Provision**

The company has not made/retained any provision for income tax during the year since the company has substantial accumulated/ brought forward losses from earlier years.

**27. EMPLOYEE BENEFITS**

(a) **Defined Contribution Plans:**

The Company has recognized the contribution/liability in the profit & loss account for the financial year 2012-13.

(b) **Defined Benefit Plans & Other Long Term Benefits:**

The following disclosures are made in accordance with AS 15 (Revised) pertaining to Defined Benefit Plans and Other Long Term Benefits:

**(Rs. in lacs)**

| PARTICULARS | Gratuity (Non Funded Plan) | Leave Encashment (Non Funded Plan) |
|---|---|---|
| **Amount recognized in Balance Sheet** | | |
| Present value of funded obligations | - | - |
| Fair value of plan assets | - | - |
| Present value of unfunded obligations | 3.58 | 1.55 |
| Unrecognized past service cost | - | - |
| **Net Liability/(Assets)** | 3.58 | 1.55 |
| **Amount in Balance Sheet** | | |
| Liability | 3.58 | 1.55 |
| Assets | - | - |
| **Net Liability/(Assets)** | **3.58** | **1.55** |
| **Expenses recognized in the Profit & Loss Account** | | |
| Opening defined benefit obligation less benefits paid | - | - |
| Current service cost | 0.26 | 0.14 |
| Interest on defined benefit obligation | 0.41 | 0.19 |
| Expected return on plan assets | - | - |
| Net actuarial losses/(gain) recognized in the year | 0.34 | 0.34 |
| Past service cost | - | - |
| Losses/(gains) on "Curtailments and Settlements" | - | - |
| **Total, included in "Employee Benefit Expense"** | **1.01** | **0.67** |
| Actual return on plan assets | - | - |
| Reconciliation of benefit obligations and plan assets for the period | - | - |
| **Change in defined benefit obligation** | - | - |
| **Opening defined benefit obligation** | **4.99** | **2.32** |
| Current service cost | 0.26 | 0.15 |
| Interest cost | 0.41 | 0.19 |
| Actuarial losses/(gains) | 0.34 | 0.34 |
| Liabilities extinguished on curtailments | - | - |
| Liabilities extinguished on settlements | - | - |
| Liabilities assumed on acquisition | - | - |
| Exchange difference on foreign plans | - | - |

| | | |
|---|---|---|
| Benefits paid | (2.42) | (1.45) |
| **Closing defined benefit obligation** | **3.58** | **1.55** |
| **Change in fair value of assets** | - | - |
| **Opening fair value of plan assets** | - | - |
| Expected return on plan assets | - | - |
| Actuarial gain/(Losses) | - | - |
| Assets distributed on settlements | - | - |
| Contributions by employer | - | - |
| Assets acquired due to acquisition | - | - |
| Exchange difference on foreign plans | - | - |
| Benefits paid | - | - |
| **Closing fair value of plan assets** | - | - |
| **Assets information** | | |
| **Category of assets** | | |
| Government of India Securities | - | - |
| Corporate Bonds | - | - |
| Special Deposit Scheme | - | - |
| Equity shares of listed companies | - | - |
| Property | - | - |
| Insurer Managed Funds | - | - |
| Others | - | - |
| **Grand Total** | - | - |
| **Summary of the actuarial assumptions** | | |
| Discount rate | 8.25% | 8.25% |
| Expected rate of return on assets | N.A. | N.A. |
| Future salary increase | 6% | 6% |

**Notes**:

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors;

(b) The liability towards gratuity & the earned leave for the period ended 31st March, 2013, based on actuarial valuation amounting to Rs 1.01 lacs & Rs. 0.67 lacs have been recognized in the profit & loss account.

**28. GOING CONCERN BASIS**

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

(a) the fresh scheme would be approved by the Hon'ble Delhi High Court,

(b) adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis,

(c) the promoters of the Company have provided letter of support, and

(d) injection of Rs. 19.50 crores as promoters quota.

**29. BALANCE CONFIRMATION**

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

inter-corporate deposits, balance of ex-employees, margin against L/C, loans from institutions, banks, and other receivables and payables have not been received from the parties/persons concerned. In the absence of balance confirmation the closing balances as per books of accounts have been incorporated in the final accounts and have been shown, unless otherwise stated by the management about its recoverability in the financials including considering the NPA Provisions, are good for recovery/payment. Time barred debts under the Limitations Act have not been separately ascertained and written off or provided for. In the absence of such confirmation & corresponding reconciliation, the financial impact cannot be ascertained.

**30. Payment to Directors**

The company has obtained the approval for payment of managerial remuneration from Ministry of Corporate Affairs, Government of India for the amount not exceeding Rs. 3.99 lacs per annum for the period of three years starting from 01-12-2011 to 30-11-2014.

**31. Related Party disclosure**

As required by Accounting Standard – ***AS 18 "Related Party Disclosure***" issued by The Institute of Chartered Accountants of India are as follows:

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

| | | |
|---|---|---|
| A. | Associate Companies | - DCM Services Limited |
| B. | Subsidiary Companies | - Global IT Options Ltd. |
| C. | Key Management - Personnel | - Arif Beg, Chairman |
| | | - O. P. Gupta, Director |
| | | - S. K. Sharma, Executive Director |

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

| | | Year ended 31.03.2013 | Period ended 31.03.2012 |
|---|---|---|---|
| A. | Remuneration to key management personnel | | |
| | - Executive Directors | 3.98 | 2.87 |
| B. | Advances Received | | |
| | - Associates Company | 42.67 | 48.15 |
| C. | Services received | | |
| | - Subsidiary Company | 0.25 | 0.25 |
| D. | Share Application Money Received | | |
| | - Associate Company | 0.00 | 0.00 |
| E. | Outstanding Balances | | |
| | - Associate Company (Cr. Balance) | 477.44 | 434.77 |
| | - Subsidiary Company (Cr. Balance) | 0.16 | 0.16 |

32. **Earnings Per Share (EPS)**

| | | Year ended March 31, 2013 | Period ended March 31, 2012 |
|---|---|---|---|
| a) | Profit/(Loss) after taxation as per profit and Loss Account | 3,04,08,552 | 1,95,73,547 |
| b) | Basic number of Equity shares | 2,21,25,054 | 2,21,25,054 |
| c) | Nominal value of Equity Shares (Rs.) | 10 | 10 |
| | Basic/ Diluted Earnings per share (Rs.)(a/b) | 1.37 | 0.88 |

33. The company's application to RBI for certificate of registration (CoR) as a NBFC had been rejected by the RBI in year 2004. The company had made an appeal to the Appellate

Authority which directed the RBI to keep its order of rejection of CoR in abeyance for a period of six months during which the Company shall file a revised scheme for restructuring. RBI has preferred an appeal before the Hon'ble Delhi High Court against the order of the appellate authority, which is still pending.

**34.** The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2013.

**35.** **PREVIOUS YEARS FIGURES**

Figures for the previous year have been regrouped and recast wherever necessary. However, due to the difference in the length of the previous period which consist of nine months & and the current year which consist of 12 months, the figure of the current year in the statement of profit & loss are not comparable with figures of previous period.

As per our report of even date attached

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

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2013

| | | Amount (Rs. In Lacs) For the year ended 31.03.2013 | Amount (Rs. In Lacs) For the year ended 31.03.2012 |
|---|---|---|---|
| A. | **Cash Flow of Operating Activities** | | |
| | Net Profit (Loss) for the Year | 304.09 | 195.60 |
| | Add: Adjustments for | | |
| | Depreciation | 36.23 | 27.21 |
| | Loss on sale of Fixed Assets / FA written off | 3.91 | - |
| | Income from Creditors Written Back | (172.93) | |
| | Debit Balances Written off | 195.66 | |
| | Profit on sale of Fixed Assets | - | - |
| | Reversal of Provision for Gratuity and Leave Encashment | | |
| | Interest paid | 1.80 | |
| | Provision for Income Tax | - | 0.12 |
| | Prior Period Adjustment | (0.35) | (2.55) |
| | | 64.31 | 24.78 |
| | Operating Profit (Loss) before Working Capital changes | 368.39 | 220.40 |
| | Adjustments for : | | |
| | Decrease (Increase) in Trade & other receivables | (91.97) | (53.45) |
| | Change in Provision for Gratuity & Leave Encashment | (2.19) | (0.74) |
| | Decrease in Inventories | (0.15) | 3.82 |
| | Increase in Trade Payables | 75.44 | 54.63 |
| | | (18.88) | 4.26 |
| | Cash generated from operations | 349.51 | 224.68 |
| | Interest paid | 1.80 | |
| | Income Tax Paid | (0.23) | (2.85) |
| | Cash In Flow (Out Flow) before extraordinary items | 347.49 | 221.83 |
| | Prior Period Adjustment | 0.35 | 2.55 |
| | **Net Cash In Flow(Out Flow) from Operations** | 347.84 | 224.38 |
| B. | **Cash Flow from Investing Activities** | | |
| | Fixed Assets purchased | (0.30) | (0.68) |
| | Decrease (Increase) in Long Term Loans & Advances | | 0.32 |
| | Sub-total | (0.30) | (0.36) |
| | Sale of Fixed Assets | | - |
| | Decrease in Investments | | - |
| | Interest and Dividend income have been taken as inflow from operations since the company is in the business of financial services. | | |
| | Subtotal | - | |
| | **Net Cash In flow(Out Flow) in investing activity** | (0.30) | (0.36) |
| C. | **Cash In Flow (Out Flow) from Financing Activities** | | |
| | Proceeds from issue of share capital including share premium | | - |
| | Proceeds from Security Deposit | 2.14 | - |
| | Proceeds from other Non Current Assets | (24.55) | - |
| | Proceeds (Re-paid) - Long Term borrowing | (0.50) | (4.85) |
| | - Short Term borrowing | | |
| | **Net cash available(Paid) from financing activities** | (22.91) | (4.85) |
| | **Net Increase in Cash and Cash Equivalents(A+B+C)** | 324.63 | 219.17 |
| | Cash & cash equivalents as at March 31, 2012 | 3,676.00 | 3,456.83 |
| | Cash & cash equivalents as at March 31, 2013 | 4,000.63 | 3,676.00 |
| | Net Increase / ( Decrease ) in cash & cash equivalents | 324.63 | 219.17 |

As per our report of even date attached

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

**Manish Mohan**
Partner
M. No. 091607

**Place : New Delhi**
**Dated : May 30, 2013**

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

**Arif Beg**
Chairman

**O. P. Gupta**
Director

**S.K.Sharma**
Executive Director

**Isha Singhal**
Company Secretary

## ATTENDANCE SLIP

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

**Folio No./DP & Client ID :** **No. of Shares:**

**Name:** **Father's Name:**

**Address:**

I hereby record my presence at the **Twenty Second Annual General Meeting** of the Company to be held on Monday**, the 30th day of September, 2013** at **11:30 A.M.** at **The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030**.

**Signature of Shareholder /Proxy holder**

**NOTES:**

1. The attendance slip should be signed as per the specimen signature registered with Registrar & Transfer Agent. Such duly completed and signed attendance slips should be handed over at the venue against which R&TA will provide admission card.
2. Shareholder(s) present in person or through registered proxy shall only be entertained.
3. Mobile, beg, eatables, helmets and other belongings **will not be allowed** to be taken inside the venue of he meeting for security purposes.
4. **No gifts** will be distributed at the Annual General Meeting.

Cut here ..... Cut here

## PROXY FORM

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

I/We…….....……of…….being a member of DCM Financial Services Limited hereby appoint..... .....of …….....…… or failing him .....…… or failing him …….. of ……as my/our proxy, in my absence to attend and vote for me/us and on my/our behalf at the **Twenty Second Annual General Meeting** of the Company to be held on Monday**, the 30th day of September, 2013** at **11:30 A.M.** at **The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110030** or at any adjournment thereof.

**Folio No./DP & Client ID :** **No. of Shares:**

**Name:** **Father's Name:**

**Address:**

Affix Revenue Stamp Re.1/-

Signed this…….day of ……2013

Signature

**NOTES:**

1. The proxy in order to be effective must be deposited at the Registered Office of the Company duly completed, stamped and signed, not less than 48 hours before the scheduled time of the Annual General Meeting.

**BOOK POST**

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