



**23rd ANNUAL REPORT
2013-2014**

DCM FINANCIAL SERVICES LTD.

BOARD OF DIRECTORS

Mr. Om Prakash Gupta	:	Non Executive Chairman
Mr. Surender Kumar	:	Executive Director
Mr. Rajeshwar Singh	:	Non Executive & Independent Director

AUDITORS

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

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of the Company will be held on Wednesday, December 31, 2014 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110030 at 10:00 A.M. for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2014 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.

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, as amended from time to time, M/s V. Sahai Tripathi & Co., Chartered Accountants, (FRN: 00262N), be and are hereby, reappointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting subject to the ratification of shareholders and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors."

3. To consider appointment of Mr. Surender Kumar (DIN: 02188166) as Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

SPECIAL BUSINESS**Appointment of Mr. Rajeshwar Singh as an Independent Director**

4. To appoint Mr. Rajeshwar Singh (DIN: 06853097) and in this regard, to consider and if thought fit, to pass with or without modification (s), the following resolution as an **ordinary resolution**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with schedule IV to the Act, as amended from time to time, Mr. Rajeshwar Singh (DIN: 06853097) Independent Director of the Company, who has submitted a declaration that he meet the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold the office for a period of three years from 07.02.2014 to 07.02.2017".

Re appointment of Mr. Om Prakash Gupta as an independent Director

5. To reappoint Mr. Om Prakash Gupta (DIN: 00024646) and in this regard, to consider and if thought fit, to pass with or without modification (s), the following resolution as an ordinary resolution

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with schedule IV to the Act, as amended from time to time, Mr. Om Prakash Gupta (DIN: 00024646) Independent Director of the Company, who has submitted a declaration that he meet the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold the office for a period of three year from 01.04.2014 to 31.03.2017".

6. **Appointment of Mr. Surender Kumar as a Whole Time Director**

To Consider and if thought fit, pass with or without modifications, if any, the following resolution as special resolution:-

"RESOLVED THAT pursuant to provisions of section 196, 197, 203 of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re enactment thereof for

the time being in force), read with schedule V of the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central government/ or Government Authority/agency/board and/or terms and conditions which may be imposed while granting such approval, which the Board of directors be and is hereby authorized to accept, consent of the members of the Company be and is hereby accorded for appointment of Mr. Surender Kumar (DIN: 02188166) as whole time director designated as "Executive Director" of the Company for a period of three years from 1st December 2014

on the following terms and conditions:

1.	Tenure	Three years w.e.f Date of joining ie 1 st December, 2014
2.	Remuneration	Remuneration payable to Mr. Surender Kumar shall be as follows:
	a Salary BasicSalary	Rs. 19217/- per month
	b Company	leased accommodation50% of basic per month
LTA & Medical shall be in accordance with the Company rules.		
3	i	The above remuneration will be inclusive of any other allowance as may be applicable as per Company rules
	ii	Mr. Surender Kumar will not be paid any sitting fees for attending the meeting of the Board of directors or any Committee thereof

RESOLVED FURHTER THAT the above may also be treated as notice to the shareholders under section 190 of Companies Act 2013"

On behalf of the Board of Directors

Place: New Delhi
Date: December 05, 2014

Sd/-
SURENDER KUMAR
Director
DIN : 02188166

NOTES:

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.

- The relative explanatory system pursuant to section 102 of the Companies Act, 2013 in respect of business under Item No. 4, 5 & 6 of the Notice is annexed hereto. The relevant details as required under clause 49 of the Listing Agreement entered with stock exchange of person seeking appointment or re-appointment as director under Item No. 4, 5 & 6 are also annexed
- The Register of Members and Share Transfer Books of the Company will remain closed from Monday, December 22, 2014 to Tuesday, December 30, 2014 (both days inclusive).
- Members/Proxy holders are requested to produce at the entrance the enclosed admission slip duly completed and signed, for admission to the meeting.
- 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.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding share in physical form can submit their PAN details to the Company/Registrar and Transfer Agents, M/s MCS Limited.
- 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 - II, New Delhi-110020
Tel: 41406149-52, Fax: 41709881
Email: mcsdel@vsnl.com

8. **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.**
9. 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
10. Members who hold shares in dematerialized form are requested to write their DP ID and client No. and those who hold shares in physical form are requested to write their Folio Number in attendance slip for attending the meeting
11. In case of joint holders who are attending the meeting, only such joint holder who is higher in the orders of the name will be entitled to vote.
12. The Notice of the Annual General Meeting, Annual Report 2013-2014 and attendance slip are being sent by the permitted mode. Members may also note that the aforesaid documents are also available on the company's website www.dfsonline.com for download.
13. Members may avail the nomination facility as provided under Section 72(1) of Companies Act, 2013.
14. All the documents referred to in the Notice and the Explanatory Statement will be available for inspection by the members at the registered office of the company during business hours and also during the Annual General Meeting of the company.
15. In compliance with the provisions of section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer e- voting facility to the members to exercise their right to vote by electronic means on all resolutions set forth in the notice convening the 23rd Annual general Meeting to be held on 31st December, 2014, through Central Depository services (India) limited {CDSL}.

It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his discretion, subject to compliance with the instructions prescribed below:

- The e-voting facility is available at the link www.evotingindia.com
- The e-voting facility will be available during the following voting period:

Start Date and Time	Tuesday, December 23, 2014 (9:00 a.m. 1ST)
End Date and Time	Wednesday, December 24, 2014 (5.00 p.m. 1ST)

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on December 23, 2014 at 9:00 AM and ends on December 24, 2014 at 5:00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 28th November, 2014 of Record Date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website www.evotingindia.com
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used, (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details#	Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential,
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice,
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote,
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution,
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details,
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT".
- A. confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote,
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote,
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page,
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians :
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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

GENERAL INSTRUCTIONS:

The e voting period commences on Tuesday, December 23, 2014 (9:00 a.m. 1ST) and ends on Wednesday, December 24, 2014 (5.00 p.m. 1ST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date i.e. Friday, November 28, 2014, may cast their vote. The e voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

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

The Voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the company as i.e. Friday, November 28, 2014

Latika Chawla & Associates, Company Secretaries (holding Membership No 11096) has been appointed as Scrutinizer to scrutinize the e voting process (including the Ballot form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.

Votes shall be unblocked in the presence of at least 2 witnesses who shall not be in the employment of the Company, within a period not exceeding 3 working days from the conclusion of the e-voting period and the Scrutinizers should prepare the Scrutinizers Report, of the votes cast in favour or against, if any, forthwith to the Chairman.

The results declared along with the Scrutinizers Report shall be declared on or after Annual General Meeting of the Company. The results declared along with scrutinizer's Report shall be placed on the Company's website: <http://www.cordscable.com> and on the website of CDSL www.cdslindia.com with in 2 two days of the passing of the resolutions at the 23rd Annual General Meeting of the Company and communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

A member can opt for only one mode of voting i.e.; either through e- voting or by Ballot. If a Member casts votes by both modes, then voting done through e- voting shall prevail and Ballot shall be treated as invalid.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 [corresponding to section 173 of Companies Act, 1956]

As required by section 102 of the Companies Act, 2013, the following explanatory statement set out all material facts relating to the business mentioned under item No. 4 & 5 & 6

ITEM NO. 4

The Company had, pursuant to the provisions of clause 49 of the listing agreements entered with the Stock Exchanges and Section 149 of Companies Act, 1956 appointed Mr. Rajeshwar Singh, as Independent Director in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 (4) of the Companies Act, 2013, which came in to effect from April 1, 2014, every listed public company is required to have at least one third of the total number of directors as independent directors, who are not liable to retire by rotation u/s 149. Further, Section 149 (10) of the act provides that an independent director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation pursuant to section 149 (13) read with section 152 of the Act, has appointed Mr. Rajeshwar Singh as independent director from 31st December, 2014 till the conclusion of 28th Annual General Meeting to be held in 2019. The above Independent Director has given a declaration to the Board that they meet the criteria of independence as provided under section 149 (6) of the Act. In the opinion of the Board, the above Independent Directors fulfill the conditions specified in the Rules made there under for appointment as Independent Director and they are independent of the management. In compliance with the provisions of section

149 read with schedule IV of the Act, the appointment of the above Directors as Independent Directors is now being placed before the Members in General Meeting for their approval. The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered of the company on all working days, except Saturdays, during business hours up to date of meeting.

ITEM NO. 5

The Company had, pursuant to the provisions of clause 49 of the listing agreements entered with the Stock Exchanges, appointed Mr. Om Prakash Gupta, as Independent Director in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 (4) of the Companies Act, 2013, which came in to effect from April 1, 2014, every listed public company is required to have at least one third of the total number of directors as independent directors, who are not liable to retire by rotation u/s 149. Further, Section 149 (10) of the act provides that an independent director shall hold office for a term up to 5 consecutive years on the Board of a company and is not liable to retire by rotation pursuant to section 149 (13) read with section 152 of the Act. The securities and Exchange of Board of India (SEBI) has amended clause 49 of the Listing Agreement which would be effective from October, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by Listed Company. The Nomination and Remuneration Committee (not constituted yet. because criteria of 3 non executive director has not been followed) has appointed Mr. Om Prakash Gupta as independent director from 31st December, 2014 (Date of AGM) till the conclusion of 26th Annual General Meeting to be held in 2017.

The above Independent Director has given a declaration to the Board that they meet the criteria of independence as provided under section 149 (6) of the Act. In the opinion of the Board, the above Independent Directors fulfill the conditions specified in the Rules made there under for appointment as Independent Director and they are independent of the management. In compliance with the provisions of section 149 read with schedule IV of the Act, the appointment of the above Directors as Independent Directors is now being placed before the Members in General Meeting for their approval. The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered of the company on all working days, except Saturdays, during business hours up to date of meeting.

Item No. 6

Mr. Surender Kumar, director of the company was appointed as Managing director of the Company for a period of three years w.e.f 1st December 2014. Since his tenure has been expired, therefore in pursuance of provisions of section 196, 197, 203 and any other applicable provisions of the companies Act and rules made thereunder (including any statutory modification(s) and re-enactment thereof for the time being in force), read with schedule V of the Companies Act, 2013 and Articles of Association of the Company, may appoint an Independent director for a maximum period of five years or lesser period.

In terms of provisions of Companies Act, and the Articles of Association of the Company, of the Board and the Board of Directors have, at their meeting held on 13th November, 2014, re-appointed Mr. Surender Kumar as Whole Time Director for a further period of five years with effect from 13.11.2014 subject to approval of shareholders at Annual General Meeting.

Mr. Surender Kumar, an eminent personality. Mr. Surender Kumar is a science graduate. He retires as Senior Manager from a nationalized Bank.. His experience in execution, management and leadership qualities will ensure smooth and efficient running of the business.

Accordingly the Board recommends the passing of the special resolution as set out in the item No. 6 of the Notice

PURSUANT TO THE PROVISIONS OF CLAUSE 49 IV OF THE LISTING AGREEMENT, A BRIEF RESUME OF DIRECTORS, PROPOSED FOR APPOINTMENT/RE-APPOINTMENT IS GIVEN BELOW

Name of Director	Mr. Om Prakash Gupta	Mr. Surender Kumar	Mr. Rajeshwar Singh
Date of Birth	10.07.1933	28.02.1931	29.04.1949
Nationality	Indian	Indian	Indian
Date of Appointment	13.02.1991	30.12.2003	07.02.2014
Qualification & Experience	Mr. O.P. Gupta is an MBA from faculty of Management studies, Delhi and has vast experience in general management of Manufacturing, Services and other industries. He has been on the board of the company since its inception and actively contributes to the proceedings of the Board.	Mr. Surender Kumar is Maths graduate. He retires as Senior Manager from a nationalized Bank. Mr. Sharma is also active socially and is involved in promoting the game of chess, with the credit of organizing International chess tournaments near Delhi. He has an experience of over 42 years in General Administration.	Mr. Rajeshwar Singh is a science graduate he retired as manager from Union Bank of India and joined DCM Financial Services in 2014. He has a good experience in general Administration and will serve the company with his experience.
Chairman/ Director of other Companies	None	None	None
Member or committees of Board of other companies in which he/she is a Director	None	None	None
No. of shares held	150	Nil	Nil

DIRECTORS' REPORT

Your Directors present the Twenty Third Annual Report of the Company together with the Audited Accounts for the year ended on March 31, 2014.

1 FINANCIAL RESULTS AT A GLANCE

PARTICULARS	CURRENT YEAR ENDED ON 31.03.2014 (Rs. in lacs)	PREVIOUS YEAR ENDED ON 31.03.2013 (Rs. in lacs)
Gross Income	432.28	644.80
Profit/(Loss) before depreciation	(563.08)	339.18
Depreciation	35.26	36.10
Profit/(Loss) before tax	(598.34)	303.08
Provision for tax	-	-
Profit/(Loss) before Extra ordinary items	(598.34)	303.08
Prior period adjustment	0.54	6.00
Net Profit/(Loss)	(598.34)	303.08
Profit/(Loss) brought forward from previous year	(8496.14)	(8799.23)
Surplus /(Loss) carried to Balance Sheet	(9094.46)	(8496.14)

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 Exchanges 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 aggressive 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

The Board of Directors comprises of Mr. Surender Kumar whole time Director, Mr. Om Prakash Gupta Non-Executive Independent Director, Mr. Rajeshwar Singh Non-Executive Independent Director.

Mr. Arif Beg, Independent Director resigned with effect from 30- July, 2014 due to personal reasons. The Board records its appreciation for the valuable services rendered by Mr. Arif Beg.

Pursuant to Section 152 of the Companies Act, 2013 , Mr. Surender Kumar.director retires by rotation and being eligible offers himself for reappointment.

Pursuant to section 149 and section 152 of the companies Act, 2013 read with companies (Appointment and Qualification of Directors) Rules, 2014 along with schedule IV of the Act it is proposed to appoint Mr. Om Prakash Gupta DIN:06853097 the existing Independent Director as Non-Executive Independent Director for a period of three year wef 01.04.2014 and Mr. Rajeshwar Singh DIN:00024646 the existing Independent Director as Non-Executive director for a period of three years wef 07.02.2014 subject to the approval of members at the forthcoming Annual General Meeting. The Independent director shall not be liable to retire by rotation. All the above mentioned Directors have given the Declaration of Independence as per section 149 (6) of the Companies Act, 2013.

Brief resume of the Directors proposed to be appointed/ reappointed, nature of his expertise in specific functional areas, name of companies in which he hold directorships/ chairmanships of Board committees, shareholding detail as stipulated under clause 49 of the Listing Agreement with the stock exchanges are provided in the Report of corporate Governance

Mr. Surender Kumar is also proposed to be appointed as Whole Time director designated as "Executive Director" of the Company, subject to approval by the Central Government

Keeping in view the experience of Mr. Sharma, requirement of Companies Act, 2013 and challenges ahead, your director's recommend appointment of Mr. Sharma as the Executive director of the Company.

5. FIXED DEPOSITS

During the year under review, the Company had not invited any fixed deposits.

That as on 31st March,2014 .there were 50928 fixed deposits, aggregating Rs.56.34 Cr remained unpaid as the scheme of repayment to fixed depositors is pending approval before the Hon'ble High Court of Delhi and out of these deposits, Rs.3.51 Crores (3639 depositors) remained unclaimed .

6. SUBSIDIARY COMPANY

In accordance with the general circular issued by the Ministry of Corporate Affairs, the Balance Sheets, including annexures and attachments thereto of the Company's subsidiary, are not being attached with the Annual Report of the Company. The annual accounts of the subsidiary company and the related detailed information will be made available to any member of the Company seeking such information. These documents will also be available for inspection by any member at the Registered Office of the Company and that of the respect subsidiary company. The consolidated financial statements presented in this Annual Report include financial results of the subsidiary companies. A statement containing information on the Company's subsidiary is included in this Annual Report

7. AUDITORS' REPORT

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

1. Recognition of Rental Income: With reference to Para(i) of the auditor's report, as there are certain disputes with the tenant and the matter is pending arbitration The Company is hopeful in recovering.

2. No provision of Rs 826.38 lacs: 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. For redemption of debentures of Rs 8.75 Lacs, debenture redemption reserve is required to be created as mentioned in para (iii) . Debenture redemption reserve of Rs 8.75lac has not been created due to insufficient profits. The same has been explained in Note 2.2.
4. Depletion in the value of Assets charged to Banks/Institution and Debentures in Para (iv) 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. Fixed Deposits and Bills Payable as per records maintained by the Company are Rs. 5642.96 lacs and as per financials books amounting to Rs. 5632.27 lacs Their is a difference of Rs. 10.69 lacs which is un-reconciled in the Fixed Deposit Register as mentioned in para (iv). 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).
6. Maintenance of minimum liquid assets covered under para (vi) 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 repayment to depositors. Thereafter, the Company had made an application to the RBI as well as the Hon'ble Company Law Board for exemption from maintaining minimum liquid assets.
7. Non-Provision of interest on unpaid share application money pertaining to group Companies as covered in Para (vii). Group Companies have infused money in Company from time to time for its revival and as these amount are not be paid back, group companies have requested to convert the outstanding amount into Share Capital. In view of pending scheme before the Hon'ble High Court of Delhi, these amount remained in share application money only and as shares can be issued once the scheme is sanctioned by the court. Keeping these facts In view, interest has not been provided.
8. Going Concern Basis Para (viii) & Note 29: In accordance with section 217 (2AA) of the Companies Act, 1956, the financial statements are required to be made on going concern basis. In light of the fresh scheme of restructuring pending before the Hon'ble Delhi High Court, the Company has plans for future business and income generation. Accordingly it is not only prudent but also imperative to draw the financial statement based on such Going Concern basis. The Scheme seeks to restructure relying on debt equity swaps and profits earned by engaging in service oriented, fee based business leading to progressive reduction in the debt of the Company. The Scheme of Arrangement would not only enable the Company to wipe out its debts but will also enable it to reduce carry forward losses to be a profitable entity. Further in accordance with amended Section 217 (2AA) of the Companies Act, 1956, the financial statements are required to be made on going concern basis.
9. Para (ix)a,b,c&d 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.
 Para (ix) a&b : Punjab & Sind Bank, Indusind Bank are to be paid in terms of restructuring scheme pending before Hon'ble High Court of Delhi and hence the amount payable under the scheme has been provided in books.The matters before DRT has been stayed by the Hon'ble High Court of Delhi since 2005.
 Para(ix)c: Company has made an application before Hon'ble High Court of Delhi for permission to deposit Rs. 1.00 Cr with Hon'ble High Court of Punjab & Haryana and the same is pending.
 Para (ix) d: Company has preferred an appeal before Hon'ble High Court of Delhi in the MS Shoes East Limited matter
 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(1 B) of the Companies Act, 1956.

9 LISTING AGREEMENT COMPLIANCES

The Company is presently listed at Stock Exchanges at Ahmedabad, Calcutta, Chennai, Delhi, Jaipur, Mumbai and the National Stock Exchange. Due to Financial constraints, the Company is in arrears of listing fees to the Stock Exchanges at Ahmedabad, Calcutta, Chennai, 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.

INCORPORATE 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 Agreements 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, yet your company had been served a Show Cause Notice from National Stock Exchange for non-compliance of Clause 49 III of the Listing Agreement. The Show Cause Notice states that your Company has not appointed an independent Director on the Board of Directors of its material Subsidiary Company. Your company has replied to the show cause notice wherein it has been stated that the company is complying with the requirements of the Clause 49 of the Listing Agreement, however since your company has defaulted in paying its depositors, all its Directors are disqualified under section 274 (1)(g) of the Companies Act, 1956, hence the Directors on the Board of Directors of your Company cannot become the Directors on the Board of any Public Limited Company.

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 period ended on March 31st, 2014:

- (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 policies 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. 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 ending 31st March, 2014.

13. INTERNAL CONTROL SYSTEM

The company has adequate internal control procedure proportionate to the nature of the business and size of its operations for the smooth conduct of its business. 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

14. PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of operations of the Company, no particulars are furnished in respect of conservation of energy and technology up graduation.

15. FOREIGN EXCHANGE EARNING AND OUTGO

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

16. PARTICULARS OF EMPLOYEES

During the year ended March 31st, 2014, 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 statutes.

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 Company 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.exchanges.

On behalf of the Board of Directors

Place: New Delhi
Date: 5th Dec,2014

Sd/-
OM PRAKASH GUPTA
(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 2013-14.

Industry Structure and Developments

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

Opportunities and Threats / Risks and Concerns / Outlook

The NBFCs are facing stiff competition from banks and financial institutions, due to the ability of Banks & FII's to raise low cost funds which enables them to provide funds at much cheaper rate. More stringent capital adequacy norms have been 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, was 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 sometime. 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.

Segment-wise / product-wise performance

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

Internal control systems and their adequacy

The Internal Control Systems are on place to serve the existing operations of the company.

Future Outlook

As the liability towards outstanding fixed deposit will be liquidated under the Scheme of Arrangement and Compromise filed before the Hon'ble Delhi High Court, the Company would look into the possibility of the expansion of businesses and entry into new areas as and when the scheme is sanctioned.

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**COMPANY'S PHILOSOPHY**

The Company's philosophy on Corporate Governance is to practice transparency 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.

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, four Board Meetings were held as per detailed given in

ANNEXURE - B.**AUDIT COMMITTEE**

To oversee the company's the financial reporting process and disclosure of its financial information including Internal control system , reviewing the accounting policies and practices, report of the company's Internal auditor and quarterly / half yearly/ yearly financial statements as also to review financial management and policies. The terms of reference of Audit committee are in accordance with section 177 of the companies Act, 2013 and the guidelines set out in clause 49 of the listing agreement. The company relies on the expertise and knowledge of the management and the Independent Statutory auditor in carrying out its oversight responsibilities. The management is responsible for the preparation, presentation, and integrity of the company's financial statement including consolidated statements, accounting and financial reporting principles.

The Audit Committee was constituted on April 20,2000 as required under section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement.

The terms of reference stipulated by the Board to the Audit Committee include those prescribed in the Listing Agreement and briefly put, includes the following:

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. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
9. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The constitution of Committee and no. of meetings is detailed in **ANNEXURE –A & B**. The company secretary acts as the Secretary to the Committee

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. 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, 2014 in accordance with Central Government's approval to Whole Time Director Shri S.K. Sharma is Rs. 3.98 Lacs. No other Director of the Company is paid any remuneration and none of the Directors are holding any shares in the Company except for Mr. Om Prakash Gupta who is holding 150 Shares in the Company.

STAKEHOLDER RELATIONSHIP 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, 2014: **Nil**

Number not solved to the satisfaction of shareholders: **Nil**

Number of Share Transfers pending: **Nil**

GENERAL BODY MEETINGS

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

Year	2010-11	2011-12	2012-13
AGM Date & Time	20th 30-12-2011 9:30 AM	21st 28-09-2012 12:30 PM	22nd 30-09-2013 11:30 PM
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	1. Re-appointment of Whole time director 2. Reduction of share capital 3. Delisting of shares from five stock exchanges	None	None

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

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, 2014
- 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 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 not paid any listing fee for the year 2013-14 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.

MEANS OF COMMUNICATION

Quarterly Results: The results of the Company are published in Newspapers.

Newspapers normally published in: (i) Money Makers, (English) Delhi
(ii) Dainik Mahalaxmi Bhagyodaya (Hindi),

Any Website, where displayed: Yes, www.dfsonline.com

Presentation made to institutional

investors or to the Analysts: N.A.

Whether Management Discussion & Analysis Yes

is a part of annual report or not:

GENERAL SHAREHOLDER INFORMATION

Date and Time Wednesday, December 31st, 2014 at 10:00 A.M.

Venue The Executive Club, 439, Village Shahoorpur,
P.O. Fatehpur Beri, New Delhi – 110030.

Financial Calendar April 1st 2013 to March 31st 2014

Date of Book Closure December 22, 2014 to December 30, 2014
(both days inclusive).

Dividend In view of the losses suffered, the Director regrets their inability to recommend the Dividend for the period under review.

LISTING ON STOCK EXCHANGES

Bombay Stock Exchange Ltd (BSE)
P.J. Towers, Dalal Street,
Mumbai 400 001

National Stock Exchange (NSE)
Exchange Plaza, 5th Floor,
Plot No. C/1, G, Block,
Bandra (East) Mumbai 400051

Jaipur Stock Exchange (JSE)
Indira Palace, Jawaharlal
Nehru Marg, Jaipur,

Ahmedabad Stock Exchange (ASE)
Kamdhenu Complex, Panjirapole,
Ahmedabad

Calcutta Stock Exchange (CSE)
7, Lyons Range,
Calcutta 700001

Madras Stock Exchange (MSE)
Exchange Building, 11,
Second Line Beach,
Chennai 400051

Delhi Stock Exchange (DSE)
DSE House, 3/1, Asaf Ali Road,
New Delhi 110002

ISIN No.

INE891B01012

Stock Code

511611 (BSE)
DCMFINSERV (NSE)

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.)	SENSEX High	SENSEX Low
April 2013	1.99	1.11	19622.68	18144.22
May 2013	1.45	1.29	20443.62	19451.26
June 2013	1.47	1.06	19860.19	18467.16
July, 2013	1.11	0.82	20351.06	19126.82
August, 2013	0.78	0.58	19569.20	17448.71
September 2013	0.56	0.51	20739.69	18166.17
October, 2013	0.55	0.47	21205.44	19264.72
November, 2013	0.72	0.52	21321.53	20137.67
December, 2013	0.69	0.54	21483.74	20568.70
January, 2014	0.82	0.67	21409.66	20343.78
February, 2014	0.94	0.79	21140.51	19963.12
March, 2014	0.81	0.65	22467.21	20920.98

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

SHARE TRANSFER SYSTEM

M/s MCS Ltd. are the Registrar and Share Transfer Agents for processing transfers, sub-division, consolidation, splitting of shares and for rendering depository services such as dematerialization and Re-materialization of the Company's shares.

As the Company's shares are compulsorily to be traded in dematerialized form, members are requested to send the shares if held in physical form, directly to the Registrars and Transfer Agents for dematerialization. Members have the option to open their accounts either with National Securities Depository Limited or Central Depository Services (India) Limited as the Company has entered into Agreements with both the Depositories.

All physical share transfers are returned within 30 days of lodgment subject to the documents being in order.

Reconciliation of Share Capital is being carried out every quarter by a practicing Company Secretary and report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2014

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	No. of Shares held	% of Total
1-500	19812	86.3230	2983799	13.48
501-1000	1626	7.0847	1416131	6.40
1001-2000	723	3.1502	1169984	5.28
2001-3000	244	1.0631	636777	2.87
3001-4000	122	0.5316	451259	2.03
4001-5000	138	0.6013	667744	3.01
5001-10000	167	0.7276	1212130	5.47
10001-50000	105	0.4575	2163917	9.40
50001-100000	7	0.305	463674	2.09
100001 and above	7	0.305	10959639	49.53
Total	22951	100%	22125054	100%

SHAREHOLDING PATTERN AS ON MARCH 31, 2014

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	0.00%
Bodies Corporate	1563209	7.06%
Individuals	9850622	44.54%
NRI/OCB's	584871	2.64%
TOTAL	22125054	100%

Address of Registered Office :

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

Address for Correspondence :

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

BRANCHES**BARODA**

811-Centre Point
R.C. Dutt Road
Alkapuri
Baroda - 390005

LUCKNOW

306, Chintel House
16, Station Road
Lucknow-226019

VARANASI

Room No. 16, 4th Floor
Kuber Complex
Rathyatra

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, 2014 is as under:

Segment	No. of Shareholders	Percentage	No. of Shares	Percentage
Physical	12344	53.79%	3852366	17.41%
Demat	10607	46.21%	18272688	82.59%
Total	22951	100%	22125054	100%

ANNEXURE 'A'**COMPOSITION OF BOARD OF DIRECTORS AS ON 31.03.2014**

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	-	-
4.	Sh. Rajeshwar Singh (Independent Non-Executive Director)	Director	07.02.2014	-	-

PARTICULARS OF DIRECTORS WHOSE TERM HAS ENDED DURING 2013-14

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

COMPOSITION OF COMMITTEES OF THE BOARD OF THE COMPANY AS ON 31.03.2014

Committees	Chairman	Members
Audit Committee	Sh. Arif Beg	Sh. O. P. Gupta Sh. S. K. Sharma
Stakeholder Relationship Committee	Sh. Arif Beg	Sh. O. P. Gupta 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 Meeting Attended / Held	Audit Committee Meeting Attended / Held	Shareholder/ Investor Grievance Committee Attended / Held	Remuneration Committee Meeting Attended/ Held	Last AGM
1.	Sh. Arif Beg	3/4	3/4	3/4	1/1	Yes
2.	Sh. Om Prakash Gupta		4/4	4/4	4/4	1/1 Yes
3.	Sh. S.K. Kumar		4/4	4/4	4/4	-Yes
		Date of Meetings	Date of Meetings	Date of Meetings	Date of Meetings	Date of Meeting
		30.05.2013	30.05.2013	30.05.2013	13.11.2013	30.09.2013
		14.08.2013	14.08.2013	14.08.2013		
		13.11.2013	13.11.2013	13.11.2013		
		07.02.2014	07.02.2014	07.02.2014		

DETAILS OF ATTENDANCE OF DIRECTORS WHOSE TERM HAS ENDED DURING 2013-14

- - - - -

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, 2014:

- (a) We have reviewed financial statements and cash flow statement for the year 2013-14 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: 13th November, 2014

SURENDER KUMAR
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, 2014 as envisaged in clause 49 of the listing agreement with stock exchanges.

On behalf of the Board of Directors

Place: New Delhi
Date: 13th November, 2014

OM PRAKASH GUPTA
(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 2014 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 2014 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 an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: New Delhi
Dated: 30th May, 2014

(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, 2014, 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**") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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. We 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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. 68.26 lacs during the financial year ended 31st March, 2014 which should not have been recognized in view of uncertainty in realization of such income & also non provision of doubtful debts against rental receivable of Rs. 499.43 lacs pertaining to previous years which have not yet been realized. Had these been rectified in the financial statements, the net loss for the year ended 31st March, 2014 and cumulative net loss as at 31st March, 2014 would have been overstated by Rs 68.26 Lacs and Rs 567.69 Lacs respectively. Similarly Current Assets would have been understated by Rs 567.69 Lacs.
- (ii) No provision of Rs 826.38 Lacs (Rs 14020.03 Lacs towards accumulated Interest as at 31st March, 2014) which is simple interest calculated @10% per annum as stipulated in the Fresh Restructuring Scheme filed before Hon'ble Delhi High Court, towards Interest on Debentures, Term Loans & Bank, Fixed Deposits and Inter Corporate Deposits, have been provided in the financial statements. Had these been provided for in the financial statements, the net loss for the year ended 31st March, 2014 and cumulative net loss as well as Current / Non Current Liabilities as at 31st March, 2014 would have been overstated by Rs. 826.38 Lacs and Rs. 14020.03 Lacs respectively. This is a contravention of the Accounting Standard 1 on Disclosure of Accounting Policies issued by Ministry of Corporate Affairs, Government of India. The same 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 8.75 Lacs, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs 8.75 lacs has not been created due to insufficient profits. The same has been explained in Note 2.2.
- (iv) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas

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

- (v) Fixed Deposits and Bills Payable as per Fixed Deposit Register maintained by the Company are Rs. 5642.96 lacs whereas the same as per financials books comes to Rs. 5632.27 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 in the books of accounts. The provision of such differential amount has not been made. The same has been explained in Note 4.4.(d) & Note 4.4.(e).
- (vi) Due to liquidity crisis in the past, minimum liquid assets @ 15% of Fixed Deposits as per directives of Reserve Bank of India under Non Banking Company Prudential Norms, 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. The same has been explained in Note 4.4.(g).
- (vii) Till June, 2007, Group Companies funded expenditure or repayments made by the company worth Rs. 549.71 Lacs. The same has been shown or credited to the Share Application Account in the financial statements of the Company. Company had already passed special resolution to allot appropriate shares, however the same is subject to sanction of **Fresh Restructuring Scheme** by the Hon'ble Delhi High Court. In view of pending approval or acceptance of Fresh Restructuring Scheme in the Hon'ble Delhi High Court, no shares either have been allotted by the Company or repaid or refunded the said share application money. As per Section 73(2) of the Companies Act, 1956, Interest is payable against such share application money. Company has not made any provision in the financials towards Interest payable on the unpaid amount of share application money in compliance with Section 73(2) of the Companies Act, 1956. The company has not attempted to determine the financial impact, accordingly the financial impact of the same is not ascertainable.
- (viii) The accounts and financials of the company have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (b) 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 which has already been infused by the management group. The same has been explained in Note 29.

(ix) Contingent liabilities and Other Commitments

- ix.(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 of accounts 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.

This is subject to approval of fresh restructuring scheme which is pending before Hon'ble Delhi High Court and since the Company has not made payment of interest & principal in accordance with the concession granted by Punjab & Sind Bank, Rs. 1217.52 became payable to Punjab & Sind Bank. No provision for the difference of Rs. 414.12 lacs has been made by the Company. Besides Interest from 1st April, 2005 to till 31st March, 2014, overdue interest, default charges are not provided for. The Company has not attempted to determine the financial impact, accordingly the net loss for the year is understated and cumulative net loss is also understated to that extent.

- ix.(b) IndusInd Bank 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.

This is subject to approval of fresh restructuring scheme which is pending before Hon'ble Delhi High Court and since the Company has not made payment of interest & principal in accordance with the concession granted by Indusind Bank, Rs. 1042.42 became payable to Indusind Bank. No provision for the difference of Rs. 465.42 lacs has been made by the Company. Besides Interest from 1st April, 2005 to till 31st March, 2014, overdue interest, default charges are not provided for. The Company has not attempted to determine the financial impact, accordingly the net loss for the year is understated and cumulative net

loss is also understated to that extent.

- ix.(c) During the year ended 30th June, 2009, the Company had received Rs. 100.00 lacs from one of the Debtors and reduced the balance recoverable from the debtors account. 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.
- ix.(d) There is an award passed by the arbitrator against the company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 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 matter described in the Basis for Qualified Opinion paragraph, 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, 2014;
- (b) in the case of the Profit and Loss Account, of the loss 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.

Emphasis of Matter

We draw your attention to 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. Our opinion is not qualified in this matter.

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 Basis for Qualified Opinion paragraph, 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 Basis for Qualified Opinion paragraph, 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 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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.

For V. Sahai Tripathi & Co.
Chartered Accountants

Firm's Registration Number : 000262N

Place : New Delhi
Dated : 30th May, 2014

(Manish Mohan)
Partner
Membership No. 91607

ANNEXURE TO AUDITOR'S 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, 2014

1. (a) The company is maintaining records showing full particulars, including quantitative details and situation of fixed assets lying/situated 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 program of verification of such fixed assets which, in our opinion, is reasonable having regard to the size of the company in terms of number & nature of assets & manpower available. As explained to us by the management, no material discrepancies were noticed on such verification.
- (c) Fixed assets worth Rs. 0.26 lacs were disposed off during the year ended 31st March, 2014. 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, **except matter stated at Point No.- 14 of this Annexure.**
- (c) The company is maintaining records of stock of shares and securities and there were no discrepancies noticed by them on their physical verification, **except matter stated at Point No.- 14 of this Annexure.**
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-2014.
 - 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 31-March-2014.
 - c) Accordingly, the rest of the sub-clauses are not applicable to the Company during the reporting period ending 31-March-14.
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. As explained to us 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, 2014 for a period of more than six months from the date of their becoming payable.
(b) As explained by the management, 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 above said 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 31- March, 2014 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 the impact of qualifications referred to in the Main 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 institution, and banks as explained in **Note Nos. 4.1 to 4.3 and Note No 4.5 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 31- March 2014, 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. The value of quoted securities which are in physical form & has not yet been converted into DEMAT Form have been reconciled at value of Rs. 1 such securities.
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

Place : New Delhi
Dated : 30th May, 2014

(Manish Mohan)
Partner
Membership No. 91607

BALANCE SHEET AS AT 31st March 2014

	Note No.	Amount	Amount
		(Rs. In Lacs)	(Rs. In Lacs)
		As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	2,212.51	2,212.51
(b) Reserves and Surplus	2	(7,084.75)	(6,486.43)
(c) Share Application Money	3	549.72	549.72
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	9,656.09	9,658.78
(b) Other Long Term Liabilities	5	509.38	509.38
(c) Long-Term Provisions	6	2,096.04	1,561.79
(3) Current Liabilities			
(a) Other Current Liabilities	7	688.79	648.45
(b) Short-Term Provisions	8	0.18	0.12
Total		<u>8,627.96</u>	<u>8,654.32</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	1,399.94	1,434.97
(ii) Intangible Assets		-	-
(b) Non-Current Investments	10	103.58	112.07
(c) Long-Term Loans and Advances	11	230.86	290.34
(d) Other Non-Current Assets	12	6,003.53	5,974.73
(2) Current Assets			
(a) Inventories	13	4.20	4.20
(b) Cash & Bank Balances	14	22.84	23.06
(c) Short-Term Loans and Advances	15	8.08	6.50
(d) Other Current Assets	16	854.93	808.45
Total		<u>8,627.96</u>	<u>8,654.32</u>

Notes forming part of the financial statements 1-36

As per our report of even date attached

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

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

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN : 00024646

Surender Kumar
Executive Director
DIN : 02188166

Place : New Delhi
Dated : May 30, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2014

		Amount (Rs. In Lacs)	Amount (Rs. In Lacs)
	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
Income :			
Revenue from Operations		-	-
Other operating revenues	17	0.10	8.84
Less : Excise duty		-	-
Net Revenue from Operations		0.10	8.84
Other Income	18	432.18	635.96
Total Revenue		432.28	644.80
Expenses:			
Changes in Inventories of Stock of Shares	19	(0.00)	(0.15)
Employee Benefit Expenses	20	31.05	29.70
Finance Costs	4.1.a	0.42	1.80
Depreciation and Amortization Expense	9	35.26	36.10
Provisions & Write off	21	899.40	-
Other Expenses	22	64.49	274.28
Total Expenses		1,030.62	341.72
Profit before Exceptional and Extraordinary Items and Tax		(598.34)	304.08
Exceptional Items		-	-
Profit before Extraordinary Items and Tax		(598.34)	304.08
Extra Ordinary Items			
Profit before Tax		(598.34)	304.08
Tax Expense:			
(1) Current tax		-	-
(2) Deferred Tax		-	-
(3) Tax Adjustment for earlier years		-	-
Profit After Tax		(598.34)	304.08
Profit/ (Loss) for the Year		(598.34)	304.08
Earnings Per Equity Share			
(1) Basic		(2.70)	1.37
(2) Diluted		(2.70)	1.37
Notes forming part of the financial statements	1-36		

As per our report of even date attached

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

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

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN : 00024646

Surender Kumar
Executive Director
DIN : 02188166

Place : New Delhi
Dated : May 30, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097

			As at 31.03.2014	As at 31.03.2013
Note 1 SHARE CAPITAL				
Authorised				
6,50,00,000 Equity Shares of Rs.10 each			6,500.00	6,500.00
(Previous Year 6,50,00,000 Equity Shares of Rs.10 each)			<u>6,500.00</u>	<u>6,500.00</u>
Issued, Subscribed & Paid up			2,212.51	2,212.51
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)			<u>2,212.51</u>	<u>2,212.51</u>
1.1 Reconciliation of the share outstanding as at the beginning and at the end of the reporting year are same:				
		31.03.2014		31.03.2013
		No. Rs. In lacs	No. 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	<u>22,125,054</u>	<u>2,212.51</u>	<u>22,125,054</u>	<u>2,212.51</u>
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:				
		31.03.2014		31.03.2013
		No. Percentage	No. Percentage	
Equity Shares				
DCM Services Ltd	6,352,487	0.29	6,352,487	0.29
Intellect Capital Services Ltd	2,075,000	0.09	2,075,000	0.09
Punjab & Sind Bank	1,319,900	0.06	1,319,900	0.06
The above information is furnished on the basis of the shareholder register as at the year end.				
Note 2 RESERVES & SURPLUS			31.03.2014	31.03.2013
(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	(8,496.14)			
Profit for the year	(598.34)		(9,094.46)	(8,496.14)
Total			<u>(7,084.75)</u>	<u>(6,486.43)</u>

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	As at
	31.03.2014	31.03.2013
Share Application Money (Refer Note 3.1)	549.72	549.72
Total	<u>549.72</u>	<u>549.72</u>

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	As at
	31.03.2014	31.03.2013

Secured Loans

Debentures (Refer Note 4.1)	2,554.95	2,555.16
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)	5,632.27	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

	<u>9,656.09</u>	<u>9,658.78</u>
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4.1 Debentures

	As at	As at
	31.03.2014	31.03.2013

"A" Series Debenture	8.50	8.50
"B" Series Debenture		
- 19.5% Regular	1,183.99	1,184.20
- 19.5% Cumulative	1,059.70	1,059.70
- Deep Discount Bonds	302.76	302.76
	<u>2,554.95</u>	<u>2,555.16</u>

4.1.a During the year ended 31st March, 2014, Rs. 0.20 lacs has been paid towards "B" Series debenture holder (19.5% Regular) on compassionate grounds after getting approval from Hon'ble Delhi High Court.

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, 2014.

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 allotted were Rs 2818.04 lacs and matured for redemption on 5th May 1998. Out of total debentures allotted amounting to Rs 2818.04 lacs, debentures of Rs 271.38 lacs have been redeemed upto March 31, 2014. The remaining debentures as at March 31, 2014 in the "B" series amounting to Rs 2546.46 lacs consist of the following:-

Particulars	Amount (Rs. in Lacs)
19.5% Regular	1,183.99
19.5% Cumulative	1,059.70
Deep Discount Bonds	302.76
Total	2,546.45

The company proposes to vary the terms of debentures through the scheme of arrangement for reorganization 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, 2014 calculated @ 10% p.a. of simple interest as per renewal offer letter of 1998 on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series amounting to approximately Rs. 4,057.54 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. 255.50 lacs, the current period profits are overstated to the extent of Rs. 255.50 lacs and cumulative net losses are understated to the extent of Rs. 4,057.54 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. 4057.54 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 filed by The Central Bank of India, Mumbai, Trustees for The Non-Convertible Debentures "B" Series, Rs. 2,546.55 lacs on account of principal and interest is already 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 which comes to Rs. 1,877.31 lacs and to this extent the **cumulative net losses of Rs. 1,877.31 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, 2014.

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

- 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 as per the "Old Scheme Under Review". However, under the **Fresh Restructuring Scheme** the interest payable amounting to Rs. 9.08 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 is proposed to be repaid in 3 equal installments of Rs. 12.10 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 "Fresh Scheme".

4.3 Due to Banks *

(Rs. in Lacs)

	As at 31.03.2014	As at 31.03.2013
Punjab & Sind Bank (Refer Note 4.3.2)	803.40	803.40
Indusind Bank(Refer Note 4.3.3)	577.00	577.00
	<u>1,380.40</u>	<u>1,380.40</u>

* 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 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 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. 1,217.52 lacs will become payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2014 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 1,217.52 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 lacs in accordance with the "Old Scheme Under Review". The company has till date paid/adjusted Rs. 339.64 lacs 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. 1,042.42 lacs would be payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2014 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 1,042.42 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 31st March, 2014 Rs. 2.48 lacs has been paid to Fixed Deposit holder on compassionate ground after getting approval from Hon'ble Delhi High court. Interest of Rs. 0.42 lacs has been paid on the fixed deposits amounted Rs. 0.18 lacs as per the order of Consumer Forum, Kolkata.
- (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.5,642.97 lacs whereas fixed deposits, which also includes bills payable, as per books, amounts to Rs.5,632.27 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, 2014 calculated at simple interest @ 10% p.a. in accordance with the order of The Hon'ble Company Law Board amounting to approx. Rs.9,855.56 lacs (including Rs. 9,287.99 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.564.28 lacs and cumulative net losses are understated to the extent of approximately Rs. 9,855.56 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. 290.00 lacs under the **Old Scheme** and proposes to allot shares worth Rs. 25.00 lacs for the balance as per the **Fresh Restructuring Scheme** in the first year from the effective date (Effective date means the date of 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, 2014 amounting to approximately Rs. 107.22 lacs which includes approximately Rs.100.91 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 107.22 lacs.

Note 5 Other Long Term Liabilities

	As at 31.03.2014	As at 31.03.2013
Security Deposits	6.25	6.25
Employees Advances	1.41	1.41
Others Payable	501.72	501.72
Total	509.38	509.38

Note 6 Long Term provisions

	As at 31.03.2014	As at 31.03.2013
Provision for NPA and advances (Refer to Note 6.1 and Note No 6.2)		
- Provision for NPA	2,060.57	1,556.79
- Provision for doubtful advances	28.08	-
Provision for Employee Benefits:		
- Provision for Gratuity	4.83	3.49
- Provision for Leave Encashment	2.56	1.51
Total	2,096.04	1,561.79

Note 6.1 As per the guidelines of Non-Banking Financial Companies Prudential Norms Directions, 1998 issued and prescribed by Reserve bank of India, assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provision for non-performing assets as per these Directions on , inter-corporate deposits , bills receivable and other long term trade receivable has been made by Rs.2,060.56 lacs during the year ended 31stMarch, 2014. Please also refer Note No. 11, 11.2, 12 and 21.

Note 6.2 During the year ended 31st March, 2014 provision has been made on Employee advances and other long term advances considered as doubtful debt by Rs.28.08 lacs.

Note 7 Other Current Liabilities

	As at 31.03.2014	As at 31.03.2013
Other Liabilities (Refer Note 7.1)	688.79	648.45
TOTAL	688.79	648.45

7.1 Other Liabilities Includes :

	As at 31.03.2014	As at 31.03.2013
Advances from Associate Co.		
-DCM Services Ltd.	496.96	477.44
Rent payable	7.07	6.01
Statutory dues Payable (Refer Note 7.1.1)	45.93	46.82
Employees Advances	6.19	4.27
Other Liabilities	132.64	113.90
	688.79	648.45

7.1.1 Statutory dues Payable Includes

	As at 31.03.2014	As at 31.03.2013
Tax Deducted at source	0.89	2.42
ESI Payable	0.03	0.03
Provident Fund Payable	0.65	0.16
Service Tax Payable	44.36	44.21
Delhi Labour Fund Payable	0.00	0.00
	45.93	46.82

Note 8 Short-Term Provisions

	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits:		
- Provision for Gratuity	0.12	0.08
- Provision for Leave Encashment	0.06	0.04
	0.18	0.12

Note 9 FIXED ASSETS

Particulars	Gross Block		Depreciation / Adjustment For the year	Net Block	
	As On 01.04.2013	As at 31.03.2014		As on 31.03.2014	As On 01.04.2013
A TANGIBLE ASSETS					
(a) Own Assets					
1 Land	3.06	3.06	-	3.06	3.06
2 Plant & Machinery	41.97	41.97	0.08	41.36	0.70
3 Buildings	1,855.17	1,855.17	30.24	494.57	1,391.84
4 Vehicles	0.87	0.87	-	0.87	-
5 Furniture & Fixtures	59.30	59.15	3.44	36.64	25.10
6 Office Equipment & Appliances	34.26	34.64	1.50	21.50	14.27
Total (a)	1,994.63	1,994.86	35.26	594.94	1,434.97
(b) Leased Assets					
1 Plant & Machinery	1,158.17	1,158.17	-	1,158.17	-
2 Vehicles	409.91	409.91	-	409.91	-
3 Office Equipment & Appliances	126.18	126.18	-	126.18	-
Total (b)	1,694.26	1,694.26	-	1,694.26	-
Total (a+b)	3,688.89	3,689.12	35.26	2,289.20	1,434.97
B INTANGIBLE ASSETS					
(c) Own Assets					
1 Computer Software	-	-	-	-	-
Total (c)	-	-	-	-	-
Grand Total (a +b +c)	3,688.89	3,689.12	35.26	2,289.20	1,434.97
Previous year	3,760.37	3,688.90	36.10	2,253.93	1,474.97

Note 10 NON CURRENT INVESTMENTS
10.1 LONG TERM INVESTMENTS - AT COST

Particular	As at 31 March 2014	As at 31 March 2013
Trade Investments		
- Investment in Equity Shares	90.00	90.00
Less : Provision for diminution in the value of Investments	72.00	63.51
Total (A)	18.00	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)	103.58	112.07

10.2 Details of Investments

Particulars	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	No. of Shares / Units		Partly Paid / Fully paid	Quoted / Unquoted	Value of Investment (Amount in Rs.)	Provision for diminution (Amount in Rs.)	Value of Investment (Amount in Rs.)	Provision for diminution (Amount in Rs.)	Basis of Valuation
		As at 31 March 2014	As at 31 March 2013							
Investments in Equity Share								As at 31 March 2013		
Trade Investments										
Global IT Options Ltd	Subsidiary	900,000	900,000	Fully Paid	UnQuoted	90.00	72.00	90.00	63.51	At Cost less prov. Diminution in the value of investments
TOTAL		900,000	900,000			90.00	72.00	90.00	63.51	
Non - Trade Investments										
Punj Lyod Ltd.	Others	200,000	200,000	Fully Paid	Quoted	45.48	-	45.48	-	At Cost
Profin Money Market Ltd	Others	25,000	25,000	Fully Paid	UnQuoted	2.50	2.50	2.50	2.50	At Cost less prov. Diminution in the value of investments
RFB Latex Ltd	Others	220,000	220,000	Fully Paid	UnQuoted	40.10	-	40.10	-	At Cost
World Tex Ltd	Others	437,500	437,500	Fully Paid	UnQuoted	119.53	119.53	119.53	119.53	At Cost less prov. Diminution in the value of investments
Cepham Milk Specialities Ltd.	Others	30,000	30,000	Fully Paid	UnQuoted	0.00	-	0.00	-	At Cost
Cebon India Ltd.	Others	30,000	30,000	Fully Paid	UnQuoted	0.00	-	0.00	-	At Cost
Rajasthan Antibiotics Ltd.	Others	30,000	30,000	Fully Paid	UnQuoted	0.00	-	0.00	-	At Cost
		972,500	972,500			207.61	122.03	207.61	122.03	

S No.	Particulars	Amount in Rs. in Lacs	
		As at 31 March 2014	As at 31 March 2013
1	Aggregate amount of Market value of Quoted investments	56.80	110.50
2	Aggregate amount of UnQuoted investments	252.13	252.13
3	Aggregate provision for diminution in value of investments	194.03	185.54

Note 11 Long Term Loans & Advances	As at 31.03.2014	As at 31.03.2013
Security Deposits		
Unsecured Considered Good	16.03	15.78
Other Loans & advances		
Considered Doubtful (Refer Note 11.1)	<u>214.83</u>	<u>274.56</u>
	<u>230.86</u>	<u>290.34</u>
11.1 Other Loans & advances	31.03.2014	31.03.2013
Inter Corporate Deposit*	79.58	79.58
Bills Receivable**	107.17	109.51
Employees Advances (Refer Note 11.2)	17.69	17.69
Others***	<u>10.39</u>	<u>67.78</u>
TOTAL	<u>214.83</u>	<u>274.56</u>

* & ** & *** The provision of Rs.186.75 lacs towards Non Performing Assets have been made on Inter Corporate Deposits and Bills Receivables as per Prudential Norms Direction, 1998 issued & prescribed by Reserve Bank of India during the year ended 31st March, 2014. **Please also refer Note No 6.1 and Note No. 21.**

11.2 Employees Advances

During the year Provision has been made against the employees advances upto 100% amounted Rs. 17.69 lacs.

Note 12 Other Non Current Assets	As at 31.03.2014	As at 31.03.2013
Long Term Trade Receivable*		
Considered Doubtful**	1,873.81	2,188.20
Others		
Secured, Considered Good		
Fixed Deposits with Banks -Maturity more than 12 months	3,951.39	3,651.39
Advance Tax & TDS	<u>178.33</u>	<u>135.14</u>
TOTAL	<u>6,003.53</u>	<u>5,974.73</u>

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

** The provision of Rs.183.81 lacs towards Non Performing Assets has been made on Inter Corporate Deposits and Bills Receivables as per Non Banking Prudential Norms Direction 1998, issued by Reserve Bank of India, during the year ended 31st March, 2014. **Please also refer Note No. 6.1 and**

Note 13 Inventory

	As at 31.03.2014	As at 31.03.2013
Securities held as Stock in Trade (Refer Note 13.1)	<u>4.20</u>	<u>4.04</u>
	<u>4.20</u>	<u>4.04</u>

13.1 Inventory Valuation Method:-

- During the year there were no transactions relating to sale/purchase of stocks/ investment in shares. During the period ended 31st March, 2014, those shares which were held as bad deliveries have been removed from the schedule of stock in trade. The same will be shown when such shares/stock which are termed as bad deliveries are actually transferred in the name of company.
- The inventory of Securities is valued at Market value & Cost which ever is lower.
- For the untraded shares, value has been taken as Re.1/= per Company.
- For partly paid-up shares, Re.1 for untraded company has been taken.
- Bonus shares for which original shares not available is valued at Re.Zero per shares

Note 14 Cash and Bank Balances	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents		
(a) Cash in Hand	0.03	3.52
(b) Other Bank Balance		
- Restricted Bank Balances (Refer Note 14.1)	22.81	17.47
Other Bank Balances		
(a) Restricted Bank Balances (Refer Note 14.1, 14.2 & 14.3)	2.07	2.07
Less : Provision for bank written off (Note 14.4)	2.07	-
	<u>22.84</u>	<u>23.06</u>
14.1 Restricted Bank Balances Includes (Refer Note 14.2 & 14.3)	As at 31.03.2014	As at 31.03.2013
Canara Bank	4.10	4.11
IDBI Bank Limited	7.10	3.21
Axis Bank	9.69	6.31
Other Bank	3.99	5.91
Total	<u>24.88</u>	<u>19.54</u>
14.2 Bank Balance of Rs. 15.16 lacs appearing in the books of accounts pertaining to 14 Banks were yet to be confirmed by the Banks as at 31st March, 2014. 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.		
14.4 During the year ended 31-March-2014, provision for bank balances has been made by Rs. 2.07 against those banks which are non-operated and balance confirmation has not been received for the same from the respective banks.		
Note 15 Short-Term Loans and Advances	As at 31.03.2014	As at 31.03.2013
Others		
Unsecured, considered good		
- Service Tax (input) recoverable	1.50	1.48
- Employee Advance	5.69	4.05
- Others	0.89	0.97
	<u>8.08</u>	<u>6.50</u>
Note 16 Other Current Assets	As at 31.03.2014	As at 31.03.2013
- Rent Receivable	567.70	510.82
- Interest Receivable	287.23	297.63
- Other	0.00	-
TOTAL	<u>854.93</u>	<u>808.45</u>
Note 17 Other Operating Revenue	As at For the year ended 31.03.2014	As at For the year ended 31.03.2013
Income on Settlement with Debtors	0.10	8.84
TOTAL	<u>0.10</u>	<u>8.84</u>
Note 18 Other Income	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest on Fixed Deposits	363.84	371.28
Dividend Income	0.08	0.38
Rent Income	68.26	91.02
Employee balances written back	-	6.36
Unreconciled Balances Written Back	-	166.57
Miscellaneous Income	0.00	-
Prior Period Income (Interest Income)	-	0.35
TOTAL	<u>432.18</u>	<u>635.96</u>

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

	For the year ended 31.03.2014	For the year ended 31.03.2013
Closing Stock	4.20	4.20
Less : Purchases/Transfer	-	-
Opening Stock	4.20	4.04
Changes	<u>(0.00)</u>	<u>(0.15)</u>

Note 20 Employee Benefit Expenses

	For the year ended 31.03.2014	For the year ended 31.03.2013
Salaries, Wages, Bonus and other employees' benefit	24.88	26.37
Contribution to Provident and Other funds (Refer Note 20.1)	3.74	2.90
Workmen and Staff Welfare Expenses	0.19	0.43
Final Payment to Employee	2.24	-
TOTAL	<u>31.05</u>	<u>29.70</u>

20.1 Contribution to Provident and Other funds

Employee state Insurance (ESI)	0.30	0.30
Provident Fund	0.99	0.91
Gratuity Fund Contribution	1.37	1.01
Leave Encashment Contribution	1.08	0.68
TOTAL	<u>3.74</u>	<u>2.90</u>

Note 21 Provisions & Write off

	For the year ended 31.03.2014	For the year ended 31.03.2013
Bad Debts & Write off *	365.48	-
Provision for Non Performing Assets	503.77	-
Provision for Doubtful Advance	30.15	-
TOTAL	<u>899.40</u>	<u>-</u>

* During the year ended 31st March, 2014, Inter Corporate Deposits and Other Trade Receivables worth Rs. 365.48 lacs, being not recoverable, have been written off as bad debts.

Note 22 Other Expenses

	For the year ended 31.03.2014	For the year ended 31.03.2013
Travelling & Conveyance	3.75	5.13
Repairs - Building	5.65	7.59
- Others	0.05	0.13
Electricity & Water	1.23	0.89
Legal & Consultancy Charges	20.07	25.70
Fees to Auditors for - Statutory Audit	2.19	2.18
-Tax Audit	0.90	0.91
-Certification work	-	0.06
-Others	-	0.28
Rent	4.86	6.15
Telephone Expenses	0.82	0.86
Advertisement & Publicity	0.99	1.12
Share Division balances written off	-	164.96
Employee balances written off	-	30.70
Balances not longer written off	-	3.38
Share Transfer Expenses	1.84	1.85
AGM Expenses	7.68	7.74
Internal Audit Fees	0.22	0.20

Lisiting Fees	2.15	2.18
Fixed Assets Written off (Refer Note 9.1)	0.26	3.91
Rates and Taxes	2.40	1.96
Prior Period Expenses (Refer Note 21.1)	0.54	6.00
Provision for Diminuation in Investment	8.49	-
Other Expenses	0.40	0.41
TOTAL	64.49	274.28

- 22.1 Prior period includes Expense of Electricity in the name of ledger of Water Gas and Electricity expense of office in the books of accounts of the company and in previous year it includes Consultancy and Retainership charges.

23 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 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 current accounting period and twelve months for previous accounting year for the purposes of classification of assets and liabilities as current and non-current.

B. Revenue Recognition

- Revenue is being recognized in accordance with the Guidance Note on accrual basis of accounting issued by the Institute of Chartered Accountants of India. Accordingly, if there are any uncertainties in realization, income is not accounted for.
- Dividend on shares is accounted for as and when received.
- In respect of other heads of income, the company follows the accrual basis of accounting.
- 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

- 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.
- 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.

24. 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. 826.38 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 company 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) As explained to us, 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 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.

25. RESTRUCTURING SCHEME

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

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

The implementation of the schemes is subject to the fulfillment of all the conditions of section 391 to section 394 of the Companies Act 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. 1,950 Lacs of which has been already deposited with the Registrar of the Hon'ble Delhi High Court.

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 outstanding 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, 2014 & there is no change in the status at the time of adoption of the financials for the period ended 31st March, 2014 by the Board of Directors.

26 Deposit of Rs 1,950 Lacs 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, 1956 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. 1,950 Lacs with the Court and pursuant to the court order, They have deposited (Rs 500 Lacs on 16.07.2010, Rs 670 Lacs on 18.11.2010, Rs. 390 Lacs on 21.04.2011 & Rs. 390 Lacs on 27.04.2012 aggregating to Rs. 1,950 Lacs on behalf of the promoters with the Registrar, Hon'ble Delhi High Court. No financial impact of this has been recorded in the financials of the company for the period ended 31st March, 2014.

27. INCOME TAX

(a) **Deferred Tax Assets**

In accordance with Accounting Standard-22 issued by The Institute of Chartered Accountants of India, deferred tax assets on accumulated depreciation and losses have not been accounted for since as per certain operational restrictions imposed, the company is unable to conduct any new business and therefore it is uncertain whether there will be sufficient future taxable income against which such deferred tax assets can be realized. Accordingly in view of absence of virtual certainty of sufficient taxable income in future no provision for deferred tax has been made.

(b) **Tax Provision**

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

28. EMPLOYEE BENEFITS

(a) **Defined Contribution Plans:**

The Company has recognized the contribution/liability in the profit & loss account for the financial year 2013-14.

(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	4.95	2.62
Unrecognized past service cost	-	-
Net Liability/(Assets)	4.95	2.62
Amount in Balance Sheet		
Liability	4.95	2.62
Assets	-	-
Net Liability/(Assets)	4.95	2.62
Expenses recognized in the Profit & Loss Account		
Opening defined benefit obligation less benefits paid	-	-
Current service cost	0.33	0.19
Interest on defined benefit obligation	0.32	0.14
Expected return on plan assets	-	-
Net actuarial losses/(gain) recognized in the year	0.72	0.74
Past service cost	-	-
Losses/(gains) on "Curtailments and Settlements"	-	-
Total, included in "Employee Benefit Expense"	1.37	1.07
Actual return on plan assets	-	-
Reconciliation of benefit obligations and plan assets for the period	-	-
Change in defined benefit obligation		
opening defined benefit obligation	3.58	1.55
Current service cost	0.33	0.19
Interest cost	0.32	0.14
Actuarial losses/(gains)	0.72	0.74
Liabilities extinguished on curtailments	-	-
Liabilities extinguished on settlements	-	-

Liabilities assumed on acquisition	-	-
Exchange difference on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	4.95	2.62
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	9.00%	9.00%
Expected rate of return on assets	N.A.	N.A.
Future salary increase	6.00%	6.00%

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, 2014, based on actuarial valuation amounting to Rs 1.37 lacs. & Rs. 1.07 lacs have been recognized in the profit & loss account.

29. GOING CONCERN BASIS

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

- (a) the fresh scheme would be approved by the Hon'ble Delhi High Court,
- (b) after approval of the scheme, 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) considering the injection of Rs. 1,950 Lacs as promoters quota.

30. BALANCE CONFIRMATION

- (a) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C, loans from institutions, banks, and other receivables and payables have not been

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

31. 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.

32. 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 | - O. P. Gupta, Chairman |
| | - S. K. Sharma, Executive Director |
| | - Rajeshwar Singh, Non Executive Director |

Details of Transactions are as follows:

	<u>Year ended</u> <u>31.03.2014</u>	<u>(Rs. in lacs)</u> <u>Year ended</u> <u>31.03.2013</u>
A. Remuneration to key management personnel		
- Executive Directors	3.94	3.98
B. Advances Received		
- Associates Company	19.51	42.67
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)	496.96	477.44
- Subsidiary Company (Cr. Balance)	4.16	0.16
33. Earnings Per Share (EPS)	<u>Year ended</u> <u>March 31, 2014</u>	<u>Period ended</u> <u>March 31, 2013</u>
a) Profit/(Loss) after taxation as per profit and Loss Account	(598.34)	304.08
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)	(2.70)	1.37

34. 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.

35. The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2014.
36. Figures for the previous have been regrouped and recast wherever necessary. The figures have been given in lacs.

As per our report of even date attached

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

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

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN : 00024646

Surender Kumar
Executive Director
DIN : 02188166

Place : New Delhi
Dated : 30TH May, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2014

	Amount (In Rs.) For the Period ended 31.03.2014	Amount (In Rs.) For the Period ended 31.03.2013
A. Cash Flow of Operating Activities		
Net Profit (Loss) for the Year	(598.34)	303.08
Add/(Less): Adjustments for		
Depreciation	35.26	36.10
Fixed Assets written off	0.26	3.91
Income from Other Long Term Liabilities Written Back	-	(172.94)
Interest paid	0.42	1.80
Dividend Received	(0.08)	(0.38)
Provision for Diminution of Investment	8.49	-
Provisions and Amount Written Off	897.33	199.04
Prior Period Adjustment	-	(0.35)
	941.68	67.18
Operating Profit (Loss) before Working Capital changes	343.34	370.26
Adjustments for :		
Decrease/(Increase) in Other current Assets	(46.47)	(128.99)
Decrease/(Increase) in Other non current Assets	(43.19)	(46.29)
Decrease/(Increase) in Short Term Loan and Advances	(1.59)	0.56
Decrease/(Increase) in Inventories	(0.00)	(0.15)
(Decrease)/Increase in Short Term Provision	0.06	(0.07)
(Decrease)/Increase in Long Term Provision	2.40	(2.13)
Increase/(Decrease) in Other Current Liability	40.34	75.88
	(48.45)	(101.19)
Cash generated from operations	294.89	269.07
Less: Income Tax		
Cash In Flow (Out Flow) before extraordinary items	294.89	269.07
Prior Period Adjustment	-	0.35
Net Cash In Flow(Out Flow) from Operations	294.89	269.42
B. Cash Flow from Investing Activities		
Fixed Assets purchased	(0.48)	-
Proceeds(Realisation) of Long Term Loans & Advances	(0.25)	2.13
Proceeds of Other Non Current Assests	(291.36)	(261.78)
Proceeds(Advances) Other Non Current Assests		
Dividend Received	0.08	0.38
Net Cash In flow(Out Flow) in investing activity	(292.01)	(259.27)
C. Cash In Flow (Out Flow) from Financing Activities		
Interest received	-	-
Security Deposits(Receipts).	-	-
Redemption of Long Term borrowing	(2.69)	(0.50)
Interest Paid	(0.41)	(1.80)
Net cash available(Paid) from financing activities	(3.10)	(2.30)
Net Increase in Cash and Cash Equivalents(A+B+C)	(0.22)	7.85
Opening Cash & cash equivalents	23.06	15.21
Closing Cash & cash equivalents	22.84	23.06
Net Increase / (Decrease) in cash & cash equivalents	(0.23)	7.85

As per our report of even date attached

For V Sahai Tripathi & Co.Chartered Accountants
FRN-00262NFor and on behalf of the board of directors of
DCM Financial Services Limited**Manish Mohan**Partner
M. No. 091607**Place : New Delhi**
Dated : May 30, 2014**Om Prakash Gupta**Director
DIN : 00024646**Rajeshwar Singh**Non - Executive Director
DIN : 06853097**Surender Kumar**Director
DIN : 06853097

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

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

(Rs. In lakhs)

Particulars Liabilities side	As on 31st March 2014	
	Amount Outstanding	Amount Overdue
1) Loan and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	2554.96	2554.96
: Unsecured (other than falling within the meaning of public deposits*)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	1441.70	1441.70
(d) Inter-corporate loans and borrowing	27.17	27.17
(e) Commercial Paper	-	-
(f) Public Deposits*	5632.27	5632.27
(g) Other Loans (specify nature)	-	-
* Please see Note 1 below		
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	5632.27	5632.27
* 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	1272.20	1272.20
4) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	425.36	425.36
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	1448.45	1448.45
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5) Break-up of Investment:-		
Current Investments :		
1. Quoted:		
(i) Shares : (a)Equity	-	-
(b)Preference	-	-
(ii) Debentures and Bonds	-	-
(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	45.48
(b) Preference		-	
(ii) Debentures and Bonds		-	
(iii) Units of mutual funds		-	
(iv) Government Securities		-	
(v) Other (please specify)		-	
2. Unquoted:			
(i) Shares : (a) Equity		58.10	58.10
(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 2 below			
Category		Amount net of provisions	
		Secured	Unsecured
			Total
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	1,873.81	1,873.81
2. Other than related Parties			
Total		1,873.81	1,873.81
7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see Note 3 below			
Category		Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**			
(a) Subsidiaries		18.00	18.00
(b) Companies in the same group		-	-
(c) Other related parties		-	-
2. Other than related parties		85.58	85.58
Total		103.58	103.58
** As per Accounting Standard of ICAI (Please see Note 3)			
8) Other information			Amount
Particulars			
(i) Gross Non-Performing Assets			
(a) Related Parties			-
(b) Other than related parties			2,088.65
(ii) Net Non-Performing Assets			
(a) Related Parties			-
(b) Other than related parties			2,088.65
(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 assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.		

STATEMENT 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	31 st March 2014
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 31.03.2014	NIL
(ii) For subsidiary's previous financial year's since It becomes subsidiary.	NIL
5. Net aggregate amount of the subsidiary's profit /loss so far as they concern members of the holding company and debit with in holding company's account.	
(i) For subsidiary's financial year ended	0.189 lacs
(ii) For subsidiary's previous financial year's since it becomes subsidiary	(59.64) lacs

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 Consolidated Balance Sheet as at March 31, 2014, 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**") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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. We 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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. 68.26 lacs during the financial year ended 31st March, 2014 which should not have been recognized in view of uncertainty in realization of such income & also non provision of doubtful debts against rental receivable of Rs. 499.43 lacs pertaining to previous years which have not yet been realized. Had these been rectified in the financial statements, the net loss for the year ended 31st March, 2014 and cumulative net loss as at 31st March, 2014 would have been overstated by Rs 68.26 Lacs and Rs 567.69 Lacs respectively. Similarly Current Assets would have been understated by Rs 567.69 Lacs.
- (ii) No provision of Rs 826.38 Lacs (Rs 14020.03 Lacs towards accumulated Interest as at 31st March, 2014) which is simple interest calculated @10% per annum as stipulated in the Fresh Restructuring Scheme filed before Hon'ble Delhi High Court, towards Interest on Debentures, Term Loans & Bank, Fixed Deposits and Inter Corporate Deposits, have been provided in the financial statements. Had these been provided for in the financial statements, the net loss for the year ended 31st March, 2014 and cumulative net loss as well as Current / Non Current Liabilities as at 31st March, 2014 would have been overstated by Rs. 826.38 Lacs and Rs. 14020.03 Lacs respectively. This is a contravention of the Accounting Standard 1 on Disclosure of Accounting Policies issued by Ministry of Corporate Affairs, Government of India. The same 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 8.75 Lacs, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs 8.75 lacs has not been created due to insufficient profits. The same has been explained in Note 2.2.
- (iv) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured. The same has been explained in Note 4.1.d and Note 4.2.b & 4.3.1.
- (v) Fixed Deposits and Bills Payable as per Fixed Deposit Register maintained by the Company

are Rs. 5642.96 lacs whereas the same as per financials books comes to Rs. 5632.27 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 in the books of accounts. The provision of such differential amount has not been made. The same has been explained in Note 4.4.(d) & Note 4.4.(e).

- (vi) Due to liquidity crisis in the past, minimum liquid assets @ 15% of Fixed Deposits as per directives of Reserve Bank of India under Non Banking Company Prudential Norms, 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. The same has been explained in Note 4.4.(g).
- (vii) Till June, 2007, Group Companies funded expenditure or repayments made by the company worth Rs. 549.71 Lacs. The same has been shown or credited to the Share Application Account in the financial statements of the Company. Company had already passed special resolution to allot appropriate shares, however the same is subject to sanction of **Fresh Restructuring Scheme** by the Hon'ble Delhi High Court. In view of pending approval or acceptance of Fresh Restructuring Scheme in the Hon'ble Delhi High Court, no shares either have been allotted by the Company or repaid or refunded the said share application money. As per Section 73(2) of the Companies Act, 1956, Interest is payable against such share application money. Company has not made any provision in the financials towards Interest payable on the unpaid amount of share application money in compliance with Section 73(2) of the Companies Act, 1956. The company has not attempted to determine the financial impact, accordingly the financial impact of the same is not ascertainable.
- (viii) The accounts and financials of the company have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (b) 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 which has already been infused by the management group. The same has been explained in Note 29.

(ix) Contingent liabilities and Other Commitments

- ix.(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 of accounts 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.

This is subject to approval of fresh restructuring scheme which is pending before Hon'ble Delhi High Court and since the Company has not made payment of interest & principal in accordance with the concession granted by Punjab & Sind Bank, Rs. 1217.52 became payable to Punjab & Sind Bank. No provision for the difference of Rs. 414.12 lacs has been made by the Company. Besides Interest from 1st April, 2005 to till 31st March, 2014, overdue interest, default charges are not provided for. The Company has not attempted to determine the financial impact, accordingly the net loss for the year is understated and cumulative net loss is also understated to that extent.

- ix.(b) IndusInd Bank 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.

This is subject to approval of fresh restructuring scheme which is pending before Hon'ble Delhi High Court and since the Company has not made payment of interest & principal in accordance with the concession granted by Indusind Bank, Rs. 1042.42 became payable to Indusind Bank. No provision for the difference of Rs. 465.42 lacs has been made by the Company. Besides Interest from 1st April, 2005 to till 31st March, 2014, overdue interest, default charges are not provided for. The Company has not attempted to determine the financial impact, accordingly the net loss for the year is understated and cumulative net loss is also understated to that extent.

- ix.(c) During the year ended 30th June, 2009, the Company had received Rs. 100.00 lacs from one of the Debtors and reduced the balance recoverable from the debtors account. 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.

- ix.(d) There is an award passed by the arbitrator against the company in the matter of MS Shoes East Limited on May 28, 2012 for Rs. 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 matter described in the Basis for Qualified Opinion paragraph, 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, 2014;
- (b) in the case of the Profit and Loss Account, of the loss 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.

Emphasis of Matter

We draw your attention to 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. Our opinion is not qualified in this matter.

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 Basis for Qualified Opinion paragraph, 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 Basis for Qualified Opinion paragraph, 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 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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.

**For V. Sahai Tripathi & Co.
Chartered Accountants**

Firm's Registration Number : 000262N

Place : New Delhi
Dated : 30th May, 2014

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

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, 2014

1. (a) The company is maintaining records showing full particulars, including quantitative details and situation of fixed assets lying/situated 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 program of verification of such fixed assets which, in our opinion, is reasonable having regard to the size of the company in terms of number & nature of assets & manpower available. As explained to us by the management, no material discrepancies were noticed on such verification.
- (c) Fixed assets worth Rs. 0.26 lacs were disposed off during the year ended 31st March, 2014. 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, **except matter stated at Point No.- 14 of this Annexure.**
- (c) The company is maintaining records of stock of shares and securities and there were no discrepancies noticed by them on their physical verification, **except matter stated at Point No.- 14 of this Annexure.**
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 31-March-2014.
 - 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 31-March-2014.
 - c) Accordingly, the rest of the sub-clauses are not applicable to the Company during the reporting period ending 31-March-14.
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. As explained to us 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, 2014 for a period of more than six months from the date of their becoming payable.
- (b) As explained by the management, 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 above said 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, 2014 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 the impact of qualifications referred to in the Main 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 institution, and banks as explained in **Note Nos. 4.1 to 4.3 and Note No 4.5 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 2014, 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. The value of quoted securities which are in physical form & has not yet been converted into DEMAT Form have been reconciled at value of Rs. 1 such securities.
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
FRN : 000262N
(Manish Mohan)
Partner
Membership No. 91607

Place : New Delhi
Dated : 30th May, 2014

CONSOLIDATED BALANCE SHEET AS AT 31st March 2014

	Note No.	Amount	Amount
		(Rs. In Lacs)	(Rs. In Lacs)
		As at	As at
		31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	2212.51	2212.51
(b) Reserves and Surplus	2	(7072.39)	(6482.75)
(c) Minority Interest		3.37	3.35
(d) Share Application Money	3	549.72	549.72
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	9,656.09	9,658.78
(b) Other Long Term Liabilities	5	509.38	509.38
(c) Long-Term Provisions	6	2,106.11	1,571.87
(3) Current Liabilities			
(a) Other Current Liabilities	7	684.81	648.48
(b) Short-Term Provisions	8	0.19	0.12
Total		<u>8,649.79</u>	<u>8,671.46</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	1,407.25	1,437.28
(ii) Intangible Assets		-	-
(b) Non-Current Investments	10	87.17	87.17
(c) Long-Term Loans and Advances	11	231.01	290.40
(d) Other Non-Current Assets	12	6,027.51	6,012.42
(2) Current Assets			
(a) Inventories	13	4.20	4.20
(b) Cash & Bank Balances	14	29.21	23.99
(c) Short-Term Loans and Advances	15	8.08	6.50
(d) Other Current Assets	16	855.36	809.50
Total		<u>8,649.79</u>	<u>8,671.46</u>

Notes forming part of the financial statements 1-36

As per our report of even date attached

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

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

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta
Director
DIN : 00024646

Surender Kumar
Executive Director
DIN : 02188166

Place : New Delhi
Dated : 30th May, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2014

		Amount (Rs. In Lacs)	Amount (Rs. In Lacs)
	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
Income :			
Revenue from Operations		-	-
Other operating revenues	17	0.10	8.84
Less : Excise duty		-	-
Net Revenue from Operations		0.10	8.84
Other Income	18	438.32	638.30
Total Revenue		<u>438.42</u>	<u>647.14</u>
Expenses:			
Changes in Inventories of Stock of Shares	19	(0.00)	(0.15)
Employee Benefit Expenses	20	31.05	29.70
Finance Costs	4.1.a	0.42	1.80
Depreciation and Amortization Expense	9	35.77	36.23
Provisions & Write off	21	899.40	-
Other Expenses	22	61.40	275.48
Total Expenses		<u>1,028.04</u>	<u>343.05</u>
Profit before Exceptional and Extraordinary Items and Tax		(589.62)	304.09
Exceptional Items		-	-
Profit before Extraordinary Items and Tax		(589.62)	304.09
Extra Ordinary Items		-	-
Profit before Tax		(589.62)	304.09
Tax Expense:			
(1) Current tax		-	-
(2) Deferred Tax		-	-
(3) Tax Adjustment for earlier years		-	-
Profit After Tax		(589.62)	304.09
Profit/ (Loss) for the Period		(589.62)	304.09
Earnings Per Equity Share			
(1) Basic		(2.66)	1.37
(2) Diluted		(2.66)	1.37
Notes forming part of the financial statements	1-36		

As per our report of even date attached

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

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

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta **Surender Kumar**
Director Executive Director
DIN : 00024646 DIN : 02188166

Place : New Delhi
Dated : 30TH May, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097

(Rs. In Lacs)

As at	As at
31.03.2014	31.03.2013

Note 1 SHARE CAPITAL**Authorised**

6,50,00,000 Equity Shares of Rs.10 each	6,500.00	6,500.00
(Previous Year 6,50,00,000 Equity Shares of Rs.10 each)		

<u>6,500.00</u>	<u>6,500.00</u>
-----------------	-----------------

Issued, Subscribed & Paid up

2,21,25,054 Equity Shares of Rs.10 each Fully paid up	2,212.51	2,212.51
(Previous Year 2,21,25,054 Equity Shares of Rs.10 each)		

<u>2,212.51</u>	<u>2,212.51</u>
-----------------	-----------------

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

	31.03.2014		31.03.2013
	No.	Rs. In lacs	No.
			Rs. In lacs
Equity Shares			
As at beginning of the year	22,125,054	2,212.51	22,125,054
Balance As at end of the year	<u>22,125,054</u>	<u>2,212.51</u>	<u>22,125,054</u>

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:

	31.03.2014		31.03.2013	
	No.	%	No.	%
Equity Shares				
DCM Services Ltd	6,352,487	0.29	6,352,487	0.29
Intellect Capital Services Ltd	2,075,000	0.09	2,075,000	0.09
Punjab & Sind Bank	1,319,900	0.06	1,319,900	0.06

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

Note 2 RESERVES & SURPLUS

		31.03.2014	31.03.2013
(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	(8,492.46)		
Profit for the year	(589.62)		
Less : Minority Share Of Global IT	0.02	(9,082.10)	(8,492.46)
Total		<u>(7,072.39)</u>	<u>(6,482.75)</u>

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	As at
31.03.2014	31.03.2013
549.72	549.72
<u>549.72</u>	<u>549.72</u>

Share Application Money (Refer Note 3.1)

Total

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	As at
31.03.2014	31.03.2013

Secured Loans

Debentures (Refer Note 4.1)	2,554.95	2,555.16
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)	5,632.27	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	<u>9,656.09</u>	<u>9,658.78</u>

4.1 Debentures

As at	As at
31.03.2014	31.03.2013

"A" Series Debenture	8.50	8.50
"B" Series Debenture		
- 19.5% Regular	1,183.99	1,184.20
- 19.5% Cumulative	1,059.70	1,059.70
- Deep Discount Bonds	302.75	302.76
	<u>2,554.94</u>	<u>2,555.16</u>

4.1.a During the year ended 31st March, 2014, Rs. 0.20 lacs has been paid towards "B" Series debenture holder (19.5% Regular) on compassionate grounds after getting approval from Hon'ble Delhi High Court.

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 31,2014.

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 allotted were Rs 2.818.04 lacs and matured for redemption on 5th May 1998. Out of total

debentures allotted amounting to Rs 2,818.04 lacs , debentures of Rs 271.58 lacs have been redeemed upto March 31,2014. The remaining debentures as at March 31, 2014 in the "B" series amounting to Rs 2,546.46 lacs consist of the following:-

Particulars	Amount (Rs.)
19.5% Regular	1,183.99
19.5% Cumulative	1,059.70
Deep Discount Bonds	302.75
Total	2,546.44

The company proposes to vary the terms of debentures through the scheme of arrangement for reorganisation 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, 2014 calculated @ 10% p.a. of simple interest as per renewal offer letter of 1998 on 19.5% Debenture "B" Series and regular interest on Debenture "A" Series amounting to approximately Rs. 4,057.54 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. 255.50 lacs , the current period profits are overstated to the extent of Rs. 255.50 lacs and cumulative net losses are understated to the extent of Rs. 4,057.54 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. 4057.54 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 filed by The Central Bank of India, Mumbai, Trustees for The Non-Convertible Debentures "B" Series, Rs. 2,546.55 lacs on account of principal and interest is already 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 which comes to Rs. 1,877.31 lacs and to this extent the **cumulative net losses of Rs. 1,877.31 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, 2014.

Amount (Rs.)

- | | | |
|--------------|--|--------------------|
| 4.2 | Term Loans from Institution-SIDBI * | 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 "Fresh Scheme".

4.3 Due to Banks *	As at 31.03.2014	As at 31.03.2013
Punjab & Sind Bank (Refer Note 4.3.2)	803.40	803.40
Indusind Bank(Refer Note 4.3.3)	577.00	77.00
	<u>1,380.40</u>	<u>1,380.40</u>

* 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. 9,840,000 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 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 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. 1,217.52 lacs will become payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2014 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 1,217.52 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 lacs in accordance with the "**Old Scheme Under Review**". The company has till date paid/adjusted Rs. 339.64 lacs 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. 1,042.42 lacs would be payable with immediate effect. Interest payable from 01.04.2005 to 31.03.2014 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 1,042.42 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 31st March, 2014 Rs. 2.48 lacs has been paid to Fixed Deposit holder on compassionate ground after getting approval from Hon'ble Delhi High court.

Interest of Rs. 0.42 lacs has been paid on the fixed deposits amounted Rs. 0.18 lacs as per the order of Consumer Forum, Kolkata.

- (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.5,642.96 lacs whereas fixed deposits, which also includes bills payable, as per books, amounts to Rs.5632.27 lacs and the difference of Rs. 10.69 lacs is unreconciled. 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, 2014 calculated at simple interest @ 10% p.a. in accordance with the order of The Hon'ble Company Law Board amounting to approx. Rs.9,855.56 lacs (including Rs. 9287.99 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.564.28 lacs and cumulative net losses are understated to the extent of approximately Rs. 9,855.56 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. 290.00 lacs under the **Old Scheme** and proposes to allot shares worth Rs. 25.00 lacs for the balance as per the **Fresh Restructuring Scheme** in the first year from the effective date (Effective date means the date of 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, 2014 amounting to approximately Rs. 107.22 lacs which includes approximately Rs.100.91 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 107.22 lacs.

	As at 31.03.2014	As at 31.03.2013
Note 5 Other Long Term Liabilities		
Security Deposits	6.25	6.25
Employees Advances (Refer Note 5.2)	1.41	1.41
Others Payable	501.72	501.72
Total	509.38	509.38
Note 6 Long Term provisions	As at 31.03.2014	As at 31.03.2013
Provision for NPA and advances (Refer to Note 6.1 and Note No 6.2)		
- Provision for NPA	2,060.57	1,556.79
- Provision for doubtful advances	38.15	10.07
Provision for Employee Benefits:		
- Provision for Gratuity	4.83	3.49
- Provision for Leave Encashment	2.56	1.51
Total	2,106.11	1,571.87
Note 6.1 As per the guidelines of Non-Banking Financial Companies Prudential Norms Directions, 1998 issued and prescribed by Reserve bank of India, assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. The provision for non-performing assets as per these Directions on , inter-corporate deposits , bills receivable and other long term trade receivable has been made by Rs.2,060.56 lacs during the year ended 31 st March, 2014. Please also refer Note No. 11, 11.2, 12 and 21.		
Note 6.2 During the year ended 31st March, 2014 provision has been made on Employee advances and other long term advances considered as doubtful debt by Rs.28.08 lacs.		
Note 7 Other Current Liabilities	As at 31.03.2014	As at 31.03.2013
Other Liabilities (Refer Note 7.1)	684.81	648.48
TOTAL	684.81	648.48
7.1 Other Liabilities Includes :	As at 31.03.2014	As at 31.03.2013
Advances from Associate Co. (DCM Services Ltd.)	496.96	477.44
Rent payable	7.07	6.01
Statutory dues Payable (Refer Note 7.1.1)	45.93	46.82
Employees Advances	6.19	4.27
Other Liabilities	128.66	113.94
	684.81	648.48
7.1.1 Statutory dues Payable Includes	As at 31.03.2014	As at 31.03.2013
Tax Deducted at source	0.89	2.42
ESI Payable	0.03	0.03
Provident Fund Payable	0.65	0.15
Service Tax Payable	44.36	44.21
Delhi Labour Fund Payable	0.00	0.00
	45.93	46.82
Note 8 Short-Term Provisions	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits:		
- Provision for Gratuity	0.12	0.08
- Provision for Leave Encashment	0.07	0.04
Provision for Taxation	-	-
	0.19	0.12

Note 9 FIXED ASSETS

Particulars	₹ in Lacs		Gross Blocs		₹ in Lacs		Depreciation / Adjustment For the year	₹ in Lacs		₹ in Lacs	
	As On 01.04.2013	As On 31.03.2014	Additions	Deletions / Adjustment	As at 31.03.2014	As On 01.04.2013		As on 31.3.2014	As On 31.03.2014	As On 01.04.2013	
A TANGIBLE ASSETS											
(a) Own Assets											
1 Land	3.06	3.06	-	-	3.06	-	-	-	3.06	3.06	3.06
2 Plant & Machinery	41.97	41.97	-	-	41.97	41.28	0.08	-	41.36	0.61	0.70
3 Buildings	1,855.17	1,855.17	-	-	1,855.17	463.33	30.24	-	493.57	1,361.60	1,391.84
4 Vehicles	3.01	8.39	5.38	-	8.39	2.90	0.31	-	3.21	5.18	0.11
5 Furniture & Fixtures	59.30	59.15	-	0.15	59.15	34.20	3.44	-	37.64	21.51	25.10
6 Office Equipment & Appliances	37.31	37.68	0.48	0.11	37.68	21.49	1.57	-	23.06	14.62	15.82
7 Computers	14.62	14.77	0.15	-	14.77	13.97	0.13	-	14.10	0.67	0.65
Total (a)	2,014.44	2,020.19	6.01	0.26	2,020.19	577.17	35.77	-	612.94	1,407.25	1,437.28
(b) Leased Assets											
1 Plant & Machinery	1,158.17	1,158.17	-	-	1,158.17	1,158.17	-	-	1,158.17	-	-
2 Vehicles	409.91	409.91	-	-	409.91	409.91	-	-	409.91	-	-
3 Office Equipment & Appliances	126.18	126.18	-	-	126.18	126.18	-	-	126.18	-	-
Total (b)	1,694.26	1,694.26	-	-	1,694.26	1,694.26	-	-	1,694.26	-	-
Total (a+b)	3,708.70	3,714.45	6.01	0.26	3,714.45	2,271.43	35.77	-	2,307.20	1,407.25	1,437.28
B INTANGIBLE ASSETS											
(c) Own Assets											
1 Computer Software	-	-	-	-	-	-	-	-	-	-	-
Total (c)	-	-	-	-	-	-	-	-	-	-	-
Grand Total (a+b+c)	3,708.70	3,714.45	6.01	0.26	3,714.45	2,271.43	35.77	-	2,307.20	1,407.25	1,437.28
Previous year	3,779.88	3,708.71	0.30	71.46	3,708.71	2,302.76	36.23	67.56	2,271.43	1,437.28	1,477.12

Note 10 NON CURRENT INVESTMENTS**10.1 LONG TERM INVESTMENTS - AT COST**

₹ in Lacs

Particular	As at 31 March 2014	As at 31 March 2013
Non 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 in Rs.)		Provision for diminution (Amount in Rs.)	Basis of Valuation
		As at 31 March 2014	As at 31 March 2013			As at 31 March 2014	As at 31 March 2013		
Investments in Equity Shares									
Non -Trade Investments									
Punj Lyod Ltd. *	Others	200,000	200,000	Quoted	Fully Paid	45.48	-	-	At Cost
Profin Money Market Ltd	Others	25,000	25,000	UnQuoted	Fully Paid	2.50	2.50	2.50	At Cost less prov. Diminution in the value of investments
RFB Latex Ltd	Others	220,000	220,000	UnQuoted	Fully Paid	40.10	-	-	At Cost
World Tex Ltd	Others	437,500	437,500	UnQuoted	Fully Paid	119.53	119.53	119.53	At Cost less prov. Diminution in the value of investments
Cepham Milk Specialities Ltd.	Others	30,000	30,000	UnQuoted	Fully Paid	0.00	-	-	At Cost
Cebon India Ltd.	Others	30,000	30,000	UnQuoted	Fully Paid	0.00	-	-	At Cost
Hindalco Industries Limited	Others	82	82	Quoted	Fully Paid	0.08	-	-	At Cost less prov. Diminution in the value of investments
Digjam Limited	Others	58	58	Quoted	Fully Paid	0.01	0.00	0.00	At Cost
Federal Bank Limited	Others	600	600	Quoted	Fully Paid	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	-	-	At Cost
Religare Technologies Ltd.	Others	5	5	Quoted	Fully Paid	0.00	-	-	At Cost
Rajasthan Antibiotics Ltd.	Others	30,000	30,000	UnQuoted	Fully Paid	0.00	-	-	At Cost
		973,290	973,290			209.20	122.03	122.03	

S No.	Particulars	Amount in Rs.	
		As at 31 March 2014	As at 31 March 2013
1	Aggregate amount of Market value of Quoted investments	110.50	151.70
2	Aggregate amount of UnQuoted investments	162.13	162.13
3	Aggregate provision for diminution in value of investments	122.03	122.03

Note 11 Long Term Loans & Advances	As at 31.03.2014	As at 31.03.2013
Security Deposits		
- Unsecured Considered Good	16.18	15.84
Other Loans & advances		
Considered Doubtful (Refer Note 11.1)	214.83	274.56
	<u>231.01</u>	<u>290.40</u>
11.1 Other Loans & advances	As at 31.03.2014	As at 31.03.2013
Inter Corporate Deposit *	79.58	79.58
Bills Receivable **	107.17	109.51
Employees Advances (Refer Note 11.3)	17.69	17.69
Others***	10.39	67.78
TOTAL	<u>214.83</u>	<u>274.56</u>

* & ** & *** The provision of Rs. 186.75 lacs towards Non Performing Assets have been made on Inter Corporate Deposits and Bills Receivables as per Prudential Norms Direction, 1998 issued & prescribed by Reserve Bank of India during the year ended 31st March, 2014. **Please also refer Note No 6.1 and Note No. 21.**

11.2 Employees Advances

During the year Provision has been made against the employees advances upto 100% amounted Rs. 17.69 lacs.

Note 12 Other Non Current Assets	As at 31.03.2014	As at 31.03.2013
Long Term Trade Receivable *		
Considered Doubtful **	1,883.88	2,198.29
Others		
Secured, Considered Good		
Fixed Deposits with Banks -Maturity more than 12 months	3,964.35	3,677.96
Advance Tax & TDS	179.28	136.18
TOTAL	<u>6,027.51</u>	<u>6,012.42</u>

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

** The provision of Rs. 183.81 lacs towards Non Performing Assets has been made on Inter Corporate Deposits and Bills Receivables as per Non Banking Prudential Norms Direction 1998, issued by Reserve Bank of India, during the year ended 31st March, 2014. **Please also refer Note No. 6.1 and Note No. 21.**

Note 13 Inventory	As at 31.03.2014	As at 31.03.2013
Securities held as Stock in Trade (Refer Note 13.1)	4.20	4.20
	<u>4.20</u>	<u>4.20</u>

13.1 Inventory Valuation Method:-

- During the year there were no transactions relating to sale/purchase of stocks/ investment in shares. During the period ended 31st March, 2014, those shares which were held as bad deliveries have been removed from the schedule of stock in trade. The same will be shown when such shares/stock which are termed as bad deliveries are actually transferred in the name of company.
- The inventory of Securities is valued at Market value & Cost which ever is lower.
- For the untraded shares, value has been taken as Re. 1/= per Company.
- For partly paid-up shares, Re.1 for untraded company has been taken.
- Bonus shares for which original shares not available is valued at Re. Zero per shares

Note 14 Cash and Bank Balances	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents		
(a) Cash in Hand	0.09	3.62
(b) Current Accounts		
- Bank Balances (Refer Note 14.1)	29.12	18.30
Other Bank Balances		
(a) Restricted Bank Balances	2.07	2.07
(Refer Note 14.1, 14.2 & 14.3)		
Less : Provision for bank written off (Note 14.4)	2.07	-
	<u>29.21</u>	<u>23.99</u>
14.1 Restricted Bank Balances Includes (Refer Note 14.2 & 14.3)	As at 31.03.2014	As at 31.03.2013
Canara Bank	4.19	4.23
IDBI Bank Limited	7.10	3.21
Axis Bank	15.89	7.03
Other Bank	3.99	5.91
Total	<u>31.17</u>	<u>20.37</u>
14.2	Bank Balance of Rs. 15.16 lacs appearing in the books of accounts pertaining to 14 Banks were yet to be confirmed by the Banks as at 31st March, 2014. 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.	
14.4	During the year ended 31-March-2014, provision for bank balances has been made by Rs.2.07 against those banks which are non-operated and balance confirmation has not been received for the same from the respective banks.	
Note 15 Short-Term Loans and Advances	As at 31.03.2014	As at 31.03.2013
Others		
Unsecured, considered good		
- Service Tax (input) recoverable	1.50	1.48
- Employee Advance	5.69	4.05
- Others	0.89	0.97
	<u>8.08</u>	<u>6.50</u>
Note 16 Other Current Assets	As at 31.03.2014	As at 31.03.2013
- Rent Receivable	567.70	510.82
- Interest Receivable	287.66	298.68
- Other	0.00	-
TOTAL	<u>855.36</u>	<u>809.50</u>
Note 17 Other Operating Revenue	As at For the year ended 31.03.2014	As at For the year ended 31.03.2013
Income on Settlement with Debtors	0.10	8.84
TOTAL	<u>0.10</u>	<u>8.84</u>

Note 18 Other Income	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest on Fixed Deposits	365.41	373.57
Dividend Income	0.13	0.43
Rent Income	68.26	91.02
Provisions written back	-	-
Sundry balances written back (Refer Note 5.2)	-	6.36
Unreconciled Balances Written Back (Refer Note 5.1)	-	166.57
Miscellaneous Income	0.02	-
Prior Period Income (Interest Income)	-	0.35
Other Income	4.50	-
TOTAL	438.32	638.30

Note 19 Changes in Inventory of Securities held as Stock in Trade	For the year ended 31.03.2014	For the year ended 31.03.2013
Closing Stock	4.20	4.20
Less : Purchases/Transfer	-	-
Opening Stock	4.20	4.04
Changes	(0.00)	(0.15)

Note 20 Employee Benefit Expenses	For the year ended 31.03.2014	For the year ended 31.03.2013
Salaries,Wages,Bonus and other employees'benefit	24.88	27.05
Contribution to Provident and Other funds (Refer Note 20.1)	3.74	2.22
Workmen and Staff Welfare Exp.	0.19	0.43
Final Payment to Employee	2.24	-
TOTAL	31.05	29.70

20.1 Contribution to Provident and Other funds	For the year ended 31.03.2014	For the year ended 31.03.2013
Employee state Insurance (ESI)	0.30	0.30
Provident Fund	0.99	0.91
Gratuity Fund Contribution	1.37	1.01
Leave Encashment Contribution	1.08	0.68
TOTAL	3.74	2.90

Note 21 Provisions & Bad Debts	For the year ended 31.03.2014	For the year ended 31.03.2013
Bad Debts & Write off	365.48	-
Provision for Non Performing Assets	503.77	-
Provision for Doubtful Advance	30.15	-
TOTAL	899.40	-

* During the year ended 31st March, 2014, Inter Corporate Deposits and Other Trade Receivables worth Rs. 365.48 lacs, being not recoverable, have been written off as bad debts.

Note 22 Other Expenses	For the year ended 31.03.2014	For the year ended 31.03.2013
Travelling & Conveyance	5.87	5.34
Repairs - Building	5.90	7.59
- Others	0.05	0.13
Electricity & Water	1.23	0.89
Legal & Consultancy Charges	22.74	32.58
Fees to Auditors for -Statutory Audit	2.28	2.21
-Tax Audit	0.90	0.91
-Certification work	-	0.11
-Others	-	0.28
Rent	5.12	6.15
Telephone Expenses	0.82	0.86

Advertisement & Publicity	0.99	1.12
Share division balance Written off	-	199.04
Provision for Dimintioning in investment value	0.00	
Share Transfer Expenses	1.84	1.85
AGM Expenses	7.43	7.49
Internal Audit Fees	0.22	0.20
Lisiting Fees	2.15	2.18
Fixed Assets Written off (Refer Note 9.1)	0.26	3.91
Rates and Taxes	2.40	1.96
Software Purchsed	-	0.18
Prior Period Expenses (Refer Note 21.1)	0.54	-
Other Expenses	0.66	0.50
TOTAL	61.40	275.48

- 22.1 Prior period includes Expense of Electricity in the name of ledger of Water Gas and Electricity expense of office in the books of accounts of the company and in previous year it includes Consultancy and Retainership charges.

23 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 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 current accounting period and twelve months for previous accounting year for the purposes of classification of assets and liabilities as current and non-current.

B. Revenue Recognition

- Revenue is being recognized in accordance with the Guidance Note on accrual basis of accounting issued by the Institute of Chartered Accountants of India. Accordingly, if there are any uncertainties in realization, income is not accounted for.
- Dividend on shares is accounted for as and when received.
- In respect of other heads of income, the company follows the accrual basis of accounting.
- 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

- 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.
- 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.

24. 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. 826.38 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 30- June, 2009, the company 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 30- 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) As explained to us, 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 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.

25. RESTRUCTURING SCHEME

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

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

The implementation of the schemes is subject to the fulfillment of all the conditions of section 391 to section 394 of the Companies Act 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. 1950 lacs of which has been already deposited with the Registrar of the Hon'ble Delhi High Court.

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 outstanding 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, 2014 & there is no change in the status at the time of adoption of the financials for the period ended 31st March, 2014 by the Board of Directors.

26 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, 1956 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 31- March, 2014.

27. **INCOME TAX**

(a) **Deferred Tax Assets**

In accordance with Accounting Standard-22 issued by The Institute of Chartered Accountants of India, deferred tax assets on accumulated depreciation and losses have not been accounted for since as per certain operational restrictions imposed, the company is unable to conduct any new business and therefore it is uncertain whether there will be sufficient future taxable income against which such deferred tax assets can be realized. Accordingly in view of absence of virtual certainty of sufficient taxable income in future no provision for deferred tax has been made.

(b) **Tax Provision**

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

28. **EMPLOYEE BENEFITS**

(a) **Defined Contribution Plans:**

The Company has recognized the contribution/liability in the profit & loss account for the financial year 2013-14.

(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	4.95	2.62
Unrecognized past service cost	-	-
Net Liability/(Assets)	4.95	2.62
Amount in Balance Sheet		
Liability	4.95	2.62
Assets	-	-
Net Liability/(Assets)	4.95	2.62
Expenses recognized in the Profit & Loss Account		
Opening defined benefit obligation less benefits paid	-	-
Current service cost	0.33	0.19
Interest on defined benefit obligation	0.32	0.14
Expected return on plan assets	-	-
Net actuarial losses/(gain) recognized in the year	0.72	0.74
Past service cost	-	-
Losses/(gains) on "Curtailments and Settlements"	-	-
Total, included in "Employee Benefit Expense"	1.37	1.07
Actual return on plan assets	-	-
Reconciliation of benefit obligations and plan assets for the period	-	-
Change in defined benefit obligation	-	-
Opening defined benefit obligation	3.58	1.55
Current service cost	0.33	0.19
Interest cost	0.32	0.14
Actuarial losses/(gains)	0.72	0.74
Liabilities extinguished on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed on acquisition	-	-
Exchange difference on foreign plans	-	-

Benefits paid	-	-
Closing defined benefit obligation	4.95	2.62
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	9.00%	9.00%
Expected rate of return on assets	N.A.	N.A.
Future salary increase	6.00%	6.00%

Notes:

- The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors;
- The liability towards gratuity & the earned leave for the period ended 31- March, 2014, based on actuarial valuation amounting to Rs 1.37 lacs. & Rs. 1.07 lacs have been recognized in the profit & loss account.

29. GOING CONCERN BASIS

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

- the fresh scheme would be approved by the Hon'ble Delhi High Court,
- adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis,
- the promoters of the Company have provided letter of support, and
- injection of Rs. 19.50 crores as promoters quota.

30. BALANCE CONFIRMATION

- 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.

31. 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.

32. 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 | - O. P. Gupta, Chairman |
| | - S. K. Sharma, Executive Director |
| | - Rajeshwar Singh, Non Executive Director |

Details of Transactions are as follows:

	Year ended 31.03.2014	(Rs. in lacs) Year ended 31.03.2013
A. Remuneration to key management personnel		
- Executive Directors	3.94	3.98
B. Advances Received		
- Associates Company	19.51	42.67
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)	496.96	477.44
- Subsidiary Company (Cr. Balance)	4.16	0.16

33. Earnings Per Share (EPS)

	Year ended March 31, 2014	Rs./Lacs Year ended March 31, 2013
a) Profit/(Loss) after taxation as per profit and Loss Account	(589.62)	304.09
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)	(2.66)	1.37

34. 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.

35. The company had no outstanding dues to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2014.

36. PREVIOUS YEARS FIGURES

Figures for the previous year have been regrouped and recast wherever necessary. The figures have been given in lacs.

As per our report of even date attached

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

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

Manish Mohan
Partner
M. No. 091607

Om Prakash Gupta **Surender Kumar**
Director Executive Director
DIN : 00024646 DIN : 02188166

Place : New Delhi
Dated : 30th May, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2014

	Amount (In Rs.) For the Period ended 31.03.2014	Amount (In Rs.) For the Period ended 31.03.2013
A. Cash Flow of Operating Activities		
Net Profit (Loss) for the Year	(598.13)	304.09
Add: Adjustments for		
Depreciation	35.77	36.23
Loss on sale of Fixed Assets / FA written off	0.26	3.91
Income from Creditors Written Back	-	(172.95)
Interest paid	0.42	1.80
Dividend Received	(0.14)	(0.63)
Provision for Diminution of Investment	8.49	-
Provisions and Amount Written Off	897.33	199.04
Prior Period Adjustment	-	(0.35)
	942.13	67.04
Operating Profit (Loss) before Working Capital changes	344.00	371.34
Adjustments for :		
Decrease/(Increase) in Other current Assets	(45.85)	(129.66)
Decrease/(Increase) in Other non current Assets	(43.19)	(46.29)
Decrease/(Increase) in Short Term Loan and Advances	(5.50)	0.33
Decrease/(Increase) in Inventories	(0.00)	(0.15)
(Decrease)/Increase in Short Term Provision	0.06	(0.07)
(Decrease)/Increase in Long Term Provision	2.40	(2.13)
Increase/(Decrease) in Other Current Liability	40.33	75.44
Sub Total	51.57	102.53
Cash generated from operations	292.25	268.61
Income Tax Paid	-	-
Cash In Flow (Out Flow) before extraordinary items	292.25	268.61
Prior Period Adjustment	-	0.35
Net Cash In Flow (Out Flow) from Operations	292.25	268.96
B. Cash Flow from Investing Activities		
Fixed Assets purchased	(6.00)	(0.30)
Proceeds to Long Term Loans & Advances	(0.34)	2.14
Proceeds of Other Non Current Assests	(277.73)	(272.17)
Proceeds (Advances) Other Non Current Assests	-	-
Dividend Received	0.14	0.63
Net Cash In flow(Out Flow) in investing activity	(283.93)	(269.70)
C. Cash In Flow (Out Flow) from Financing Activities		
Interest received	-	-
Security Deposits(Receipts).	-	-
Redemption of Long Term borrowing	(2.69)	(0.50)
Interest Paid	(0.41)	(1.80)
Net cash available(Paid) from financing activities	(3.10)	(2.30)
Net Increase in Cash and Cash Equivalents (A+B+C)	5.22	(3.04)
Opening Cash & cash equivalents	23.99	27.04
Closing Cash & cash equivalents	29.21	23.99
Net Increase / (Decrease) in cash & cash equivalents	5.21	(3.05)

As per our report of even date attached

For V Sahai Tripathi & Co.

Chartered Accountants

FRN-00262N

Manish Mohan

Partner

M. No. 091607

Place : New Delhi**Dated : 30TH May, 2014**

For and on behalf of the board of directors of

DCM Financial Services Limited

Om Prakash Gupta

Director

DIN : 00024646

Surender Kumar

Executive Director

DIN : 02188166

Rajeshwar Singh

Non - Executive Director

DIN : 06853097

Consolidated Financial Statement
Financial year ended 31 March 2014

Details of Subsidiary Companies pursuant to Section 212 (8) of
the Companies Act, 1956

(Amount Rs. in Lacs)

Name of the Subsidiary Company	Global IT Options Ltd.
Total issued Equity Share Capital of the Subsidiary Company	100.00
Reserves of the subsidiary	-66.27
Total Assets of the subsidiary	33.91
Total Liability of the subsidiary	0.18
Investments (other than subsidiary companies)	-
Total Turnover	-
Profit / (Loss) before taxation	0.21
Provision for taxation (including Deferred Tax	-
Profit / (Loss) after taxation	0.21
Proposed Dividend	-

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

Om Prakash Gupta
Director
DIN : 00024646

Surender Kumar
Executive Director
DIN : 02188166

Place : New Delhi
Dated : 30TH May, 2014

Rajeshwar Singh
Non - Executive Director
DIN : 06853097



PROXY FORM (MGT-11)

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

CIN : L65921DL1991PLC043087

Name of the Company : DCM Financial Services Limited

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

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

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

Name of the Member:

Registered Address :

Email ID :

Regd. Folio No./Client ID:

DP ID :

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

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

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Wednesday, December 31, 2014 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110030 at 10:00 A.M and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO.	ORDINARY BUSINESS
1.	To receive, consider and adopt the Audited Balance Sheet as on March 31, 2014 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. Surender Kumar (DIN: 02188166) as Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
SPECIAL BUSINESS	
1.	To appoint Mr. Rajeshwar Singh (DIN: 06853097) and in this regard, to consider and if thought fit, to pass with or without modification (s), by an ordinary resolution
2.	To reappoint Mr. Om Prakash Gupta (DIN: 00024646) and in this regard, to consider and if thought fit, to pass with or without modification (s), by an ordinary resolution
3.	Appointment of Mr. Surender Kumar as a Whole Time Director BY Special Resolution.

Signed this.....day of.....2014

Signature of Shareholder

Signature of Proxy Holder(s)

Affix
Revenue
Stamp
Re.1/-

Notes:

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


**Form No. MGT- 12
BALLOT PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : DCM Financial Services Limited
Registered & Corporate Office : DCM Financial Services Limited Regd Office: D 7/3, Okhla Industrial Area- II, New Delhi -110020, TEL : 011 26387750, Fax: 91- 11-26385996
Website : www.dfsnline.com **email ID :** info@dfsline.com
CIN : L65921DL1991PLC043087

BALLOT PAPER

S.No.	Particulars	Details
1.	Name of the First Named Shareholder (In block letter)	
2.	Postal address	
3.	Registered folio No. / *Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Share	Equity shares

I hereby exercise my vote in respect of Ordinary/Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No	Item No.	No. of shares held by me	I assent to the Resolution	I dissent from the Resolution
1.	To receive, consider and adopt the Audited Balance Sheet as on March 31, 2014 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 (FRN No. 00262N), 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. Surender Kumar (DIN: 02188166) as Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment.			
4.	To appoint Mr. Rajeshwar Singh (DIN: 06853097) and in this regard, to consider and if thought fit, to pass by ordinary resolution.			
5.	To reappoint Mr. Om Prakash Gupta (DIN: 00024646) and in this regard, to consider and if thought fit, to pass with or without modification (s), by the an ordinary resolution			
6.	Appointment of Mr. Surender Kumar as a Whole Time Director BY Special Resolution.			

Date :

Place :

(Signature of the Shareholder*)

(*as per Company records)

INSTRUCTIONS

1. This Ballot paper is for the members who have not voted through e-voting facility. A member can opt for only one mode of voting i.e. either through e-voting or by Ballot paper. If a Member casts votes in both the modes, then vote cast through e-voting shall prevail and Ballot paper shall be treated as invalid.
2. The vote should be cast either in favour or against by putting tick ("") mark in the column provided for assent or dissent .Ballot paper bearing tick marks in both the columns will be treated as invalid. Please do not use Pencil.
3. This form should be completed and signed by the Member/Proxy Holder as per the specimen signatures registered with the Company/Depository. In case of joint holding, this form should be completed and signed by the first named member.
4. Any cutting/overwriting on this Ballot paper should be signed by the shareholder/Proxy holder.
5. Unsigned, incomplete, improperly or incorrectly tick marked Ballot papers will be rejected. A Ballot paper will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the member or as to whether the votes are in favour or against or if the signature cannot be verified.
6. The decision of Scrutinizer on the validity on the validity of the Ballot paper and any other related matter shall be final.
7. The Scrutinizer will collate the votes downloaded from the e-voting system and votes cast through Ballot paper to declare the final result for each of the Resolutions enumerated above.
8. The Results shall be declared on or after the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website : www.DFSLONLINE.COM and on the website of MCS Limited within two (2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited and National Stock Exchange India Limited.

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