

**Independent Auditors' Report**

To the Members Of  
**SHCIL Services Limited**

***1. Report on the Financial Statements***

We have audited the accompanying financial statements of SHCIL Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***3. Auditors' Responsibility***

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015, and its profit and its cash flows for the year ended on that date.

#### **5. Report on Other Legal and Regulatory Requirements**

5.1 As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

5.2 As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

In terms of directions u/s.143 (5) of the Act, issued by C & AG and based on information as available with us we state;

- i. The Company has not been selected for disinvestment and hence the relevant disclosures are not applicable.
- ii. Company has written off Rs.1651510/- as bad debts in respect of debtors prior to 01.09.09 in lieu of said amount not recoverable from debtors. There are no other waivers or write off.
- iii. There are no inventories lying with any third party and as per the information furnished to us, there are no assets received as gifts from Government or other Authorities.
- iv. The legal cases are furnished in Note 21 to the financial statements all of which are pending with the concerned forum for less than 1 year. These are on account of orders received from various Income Tax Authorities received in last financial year. Based on information and explanation, in our opinion there is an effective process to monitor the said expenditure on all cases by the Management. There are no arbitration cases.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in Note 21 to its financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Chokshi & Chokshi LLP**

Chartered Accountants

(Firm Registration No. 101872W/W100045)



A handwritten signature in black ink, appearing to be "R.S. Chokshi".

Place of Signature: Mumbai  
Date: 21/04/2015

**R.S. Chokshi**

**Partner**

Membership No. 007498

**Annexure to Independent Auditors' Report**

Referred to in Paragraph 5 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. In respect of its fixed assets:
  - (a) The Company is maintaining records showing full particulars, including quantitative details and situations of all the fixed assets.
  - (b) According to the information and explanations given to us, the fixed assets are being physically verified by the Management at all its offices in a phased manner at reasonable intervals which in our opinion is reasonable having regard to the size of the Company and nature of assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- ii. In respect of inventories the Company's nature of operations does not require it to hold inventories. Consequently, clause 3(ii) (a), (b), & (c) of the order regarding physical verification of inventories and maintenance of records is not applicable.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. As the Company has not granted any loans, secured or unsecured, to parties listed in the Registers maintained under Section 189 of the Companies Act, 2013, consequently, clause 3(iii) (a) & (b) of the order are not applicable.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets sale of services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct any major weakness in such internal controls.
- v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any public deposits and hence directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.
- vi. According to the information and explanation given to us and according to our belief, as the Company is not engaged in production, manufacturing or processing activities, the rules prescribed by the Central Government for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 are not applicable to the Company, accordingly clause 3 (vi) of the order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and other statutory dues, as applicable, with the appropriate authorities and no such undisputed statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date those become payable.

# HOKSHI & CHOKSHI LLP

## Chartered Accountants

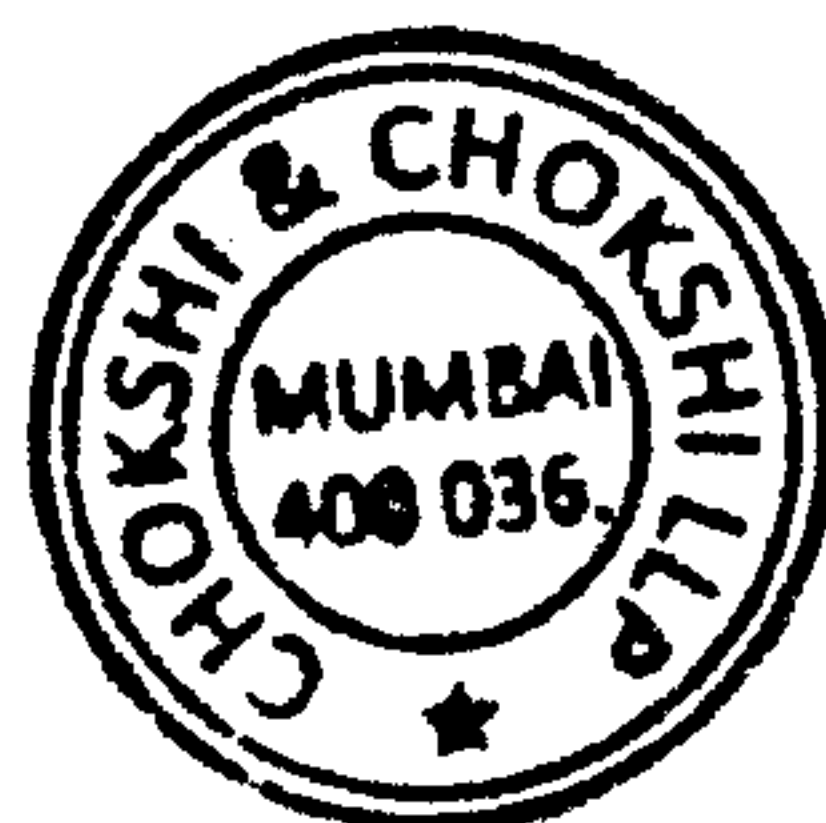
(b) According to the records of the Company and the information and explanations given to us, disputed dues payable by the Company as on 31<sup>st</sup> March 2015 on account of Income Tax/ Sales Tax/ Wealth Tax/ Service Tax/ Duty of Custom / Duty of Excise or Value Added Tax are as under:

Sr.No	Name of Statute	Nature of Dues	Amount (In Rs.)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Regular Assessment	71,191	A.Y. 2009-10	ITAT
2.	Income Tax Act, 1961	Regular Assessment	36,01,960*	A.Y. 2010-11	ITAT
3.	Income Tax Act, 1961	Penalty	7,45,03,573	A.Y. 2011-12	CIT(A)
4.	Income Tax Act, 1961	Regular Assessment	6,67,98,350	A.Y. 2012-13	CIT(A)

\*The above amount is net off amount paid under protest Rs. 3,60,67,133/- for A.Y. 2010-11.


(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- viii. There are no accumulated losses at the end of the financial year and the Company has not incurred cash losses in the current financial year and in immediately preceding financial year.
- ix. According to the information and explanations given to us the Company has not borrowed any money from financial institutions, banks or debenture holder. Accordingly, the provision of clause 3 (ix) of the Order are not applicable to the Company.
- x. According to the information and explanations given to us and the representations made by the management, the Company has not given any Guarantee for loans taken by others from any bank or financial institutions.
- xi. According to the information and explanations given to us and the representations made by the management, the Company has not taken any term loan; accordingly provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have not come across any instances of fraud, either noticed or reported during the year, on or by the Company.



Place of Signature: Mumbai  
Date: 21/04/2015

For **Chokshi & Chokshi LLP**  
Chartered Accountants  
(Firm Registration No. 101872W/W100045)

  
**R.S. Chokshi**  
Partner  
Membership No. 007498

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