Siel Financial Services Limited

Refer: SFSL/BSE/

May 10, 2016

BSE Limited
1st Floor, New Trading Ring
Rotunda Building
P.J. Towers,
Dalal Street
Fort, Mumbai - 400001

Dear Sir,

In terms of the Regulation 33(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the followings of the Company for the year ended on 31.03.2016 :

1. Audited Financial Results
2. Independent Auditor's Report and
3. Form A (For Audit Report with unmodified opinion) & Form B (For Audit Report with modified opinion)

These have been taken on record by the Board of Directors in their meeting held today.

These results are being published in the newspapers.

Thanking you,

Yours faithfully,

(MADHU VRAT KAUSHIK)
DIRECTOR
DIN-07297518

Encl : a/a

CIN: L65999MP1990PLC007674

A Subsidiary of MAWANA SUGARS LIMITED

DELHI OFFICE : 5TH FLOOR,KIRTI MAHAL, 19, RAJENDRA PLACE, NEW DELHI - 110 008
TELEPHONE : 91-11-25739103 FAX : 91-11-25743659
REGD. OFFICE : SONI MANSION, 12-B, RATLAM KOTHI, INDORE - 452 001 (M.P.)

Siel Financial Services Limited

Regd. Office : Soni Mansion, 12-B, Ratlam Kothi, Indore - 452001(M.P.)

Statement of Audited Results for the Year and Quarter Ended on 31.03.2016

Rs in Lacs

	Particulars	Unaudited			Audited	
		Quarter Ended			Year Ended	
		March 31,2016	December 31,2015	March 31,2015	March 31,2016	March 31,2015
Part-I		1	2	3	4	5
1	**Income from Operations**					
	a) Net Income from Operations	-	-	-	-	-
	b) Other Operating Income*	-	-	-	-	-
	Total Income 1(a) + (b)	-	-	-	-	-
2	**Expenditure**					
	(a) Cost of materials consumed	-	-	-	-	-
	(b) Purchases of stock-in-trade	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
	(d) Employee benefits expense	-	-	-	-	-
	(e) Depreciation and amortisation expense	-	-	-	-	0.03
	f) Other expenditure	0.71	1.60	1.20	8.44	4.49
	Total Expenditure (a+b+c+d+e+f)	**0.71**	**1.60**	**1.20**	8.44	**4.52**
3	**Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)**	(0.71)	(1.60)	(1.20)	(8.44)	(4.52)
4	Other Income**	3.47	(0.03)	0.31	3.48	0.93
5	**Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)**	2.76	(1.63)	(0.89)	(4.96)	(3.59)
6	Finance costs	-			-	-
7	**Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 + 6)**	2.76	(1.63)	(0.89)	(4.96)	(3.59)
8	Exceptional Items	-			-	-
9	**Profit / (Loss) from ordinary activities before tax**	**2.76**	**(1.63)**	(0.89)	**(4.96)**	**(3.59)**
10	Tax expenses	-	-	-	-	-
	- Current Tax	-	-	-	-	-
	- Less minimum Alternative Tax Credit	-	-	-	-	-
	- Deffered Tax Charge / (Credit)	-	-	-	-	-
	- Tax Adjustment for earlier Years	-	-	-	-	-
11	**Net Profit / (Loss) from ordinary activities after tax (9 + 10)**	2.76	(1.63)	(0.89)	(4.96)	(3.59)
12	Extraordinary items (net of tax expense Rs. NIL Lakhs)	-			-	-
13	**Net Profit / (Loss) for the period (11 + 12)**	**2.76**	**(1.63)**	**(0.89)**	(4.96)	**(3.59)**
14	Share of profit / (loss) of associates*	-			-	-
15	Minority interest *	-			-	-
16	**Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates (13 + 14 + 15) ***	2.76	(1.63)	(0.89)	(4.96)	(3.59)
17	Paid-up Equity Share Capital (Face value of Rs.10/- each	1,132.30	1,132.30	1,132.30	1,132.30	1,132.30
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	-	-
19	**(i) Earning Per Share ((before extraordinary items) (of Rs. 10/- each) (not annualised):**					
	(a) Basic	(0.07)	(0.12)	(0.10)	(0.43)	(0.42)
	(b) Diluted	(0.07)	(0.12)	(0.10)	(0.43)	(0.42)
	(ii) Earnings per share (after extraordinary items) (of Rs. 10/- each) (not annualised):	-			-	-
	(a) Basic	(0.07)	(0.12)	(0.10)	(0.43)	(0.42)
	(b) Diluted	(0.07)	(0.12)	(0.10)	(0.43)	(0.42)

V. SAHAI TRIPATHI & Co. New Delhi Chartered Accountants

Notes:

1 The above results were taken on record by the Board at its meeting held on 10.05.2016.

2 The Company's business activity falls within a single, primary business segment "Financing Operations viz, inter corporate deposits and investments", hence the disclosure requirements of Accounting Standard (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India are not applicable.

3 The above results should be read together with the observations of the Auditors in their Report to the accounts for the year ended 31st March, 2016.

4 Deferred tax asset has not been recognised under Accounting Standard (AS 22) "Accounting for Taxes on Income" due to non-existence of vitual certainity that sufficient taxable income would be available in future against which deferred tax asset can be realised.

5 Figures for the previous corresponding period have been regrouped wherever necessary.

** Other Income is negative due to Interest accrued but not due has been reversed in the last two quarter ending 30th September 2015 & 31st December 2015 respectively.

Place : New Delhi
Date: 10 May,2016

V SAHAI TRIPATHI & Co. ★ New Delhi ★ Chartered Accountants

For Siel Financial Services Limited

Director
Madhu Vrat Kaushik
DIN : 07297518

Siel Financial Services Limited

Regd. Office : Soni Mansion, 12-B, Ratlam Kothi, Indore - 452001(M.P.)

Statement of Assets and Liabilities as on 31st March 2016

(Rs. in Lacs)

	Particulars		Audited	
			As at March 31, 2016	As at March 31, 2015
			1	2
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a)	Share capital	1,862.30	1,862.30
	(b)	Reserves and surplus	(2,239.06)	(2,234.09)
		Sub-total - Shareholders' funds	(376.76)	(371.79)
2	**Non-current liabilities**			
	(a)	Long-term borrowings	365.88	365.88
		Sub-toal - Non-current liabilities	365.88	365.88
3	**Current liabilities**			
	(a)	Short-term borrowings	157.00	157.00
	(b)	Other current liabilities	0.86	3.81
		Sub-total - Current liabilities	157.86	160.81
		TOTAL - EQUITY AND LIABILITIES	146.99	154.90
B	**ASSETS**			
1	**Non-current assets**			
	(a)	Fixed assets	-	-
	(b)	Non-current investments	-	-
	(c)	Long-term loans and advances	141.92	142.11
		Sub-total - Non-current assets	141.92	142.11
2	**Current assets**			
	(a)	Inventories	0.18	0.18
	(c)	Cash and bank balance	4.89	12.13
	(d)	Short -term loans and advances	-	-
	(e)	Other current assets	-	0.48
		Sub-total Current assets	5.07	12.79
		TOTAL - ASSETS	146.99	154.90

V SAHAI TRIPATHI & Co. New Delhi Chartered Accountants

V SAHAI TRIPATHI & CO
CHARTERED ACCOUNTANTS

C-593, LGF, Defence Colony
New Delhi - 110024
Tel. : +91-11- 46612531-33
Fax : +91-11-46540520
E-Mail : vst@sahaitripathi.com

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF SIEL FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **Siel Financial Services Limited** *("the Company")*, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

New Delhi

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

(i) The 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 were due for redemption on 12th January, 2007. As per Section 55 of the Companies Act, 2013 (in read with Section 80 of the earlier applicable Companies Act, 1956), as applicable, such preference shares shall be redeemed either out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption. The Company has yet not created Capital Redemption Reserve due to insufficient profits, required for the redemption of 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 on 12th January, 2007 nor it redeemed the same by issuing fresh capital as per applicable new promulgated Section 55 of the Companies Act, 2013 (in read with Section 80 of the earlier applicable Companies Act, 1956). In view of above, there is contravention of Section 55 of the Companies Act, 2013. The same has also been explained in **Note-1(vii)** to the financial statements.

(ii) We have analyzed following factors :-

(a) The Company is not carrying on any business from considerable time due to paucity of funds. The operations of the Company are restricted to realization of debtors or advances. Besides, the Company has invested its surplus deposits with banks which are yielding interest income. There is no employee in the company.

TRIPATHI & Co. New Delhi Chartered Accountants

(b) Reserve Bank of India has already rejected the Non Banking Financial Companies (NBFC) License and is Company accordingly is not allowed to carry Non Banking Financial Business; and

(c) The Company incurred a net loss of Rs. 4,96,393/- for the year ended 31st March, 2016 (Previous year Rs. 3,58,693/-) and accumulated loss as on 31st March, 2016 stands to Rs. 22,39,05,611/-(Previous year Rs. 22,34,09,218/-). As on 31st March, 2016, the Company's current liabilities exceeded its current assets by Rs. 1,52,79,976/- (Previous year Rs. 1,48,02,721/-) and its total liabilities exceeded to its total assets by Rs. 3,76,75,716/-- (Previous year Rs. 3,71,79,323/-). In view of these, the Company had been reporting negative operating cash flows for few years which have also contributed to constraints of working capital. These conditions have resulted into acute working capital deficit & have casted material uncertainty on functioning of Company.

As stated by the management the accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis. In view of the above, the accounts of the Company have been prepared on a going concern basis. **Refer Note-17.**

Appropriateness of the "going concern basis" is dependent on the ability of the company to generate adequate finances to meet its obligations and to operate profitably which in our opinion after considering aforesaid factors indicate material uncertainty which further raises significant and substantial doubt on the ability of the Company to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. If the Company is treated not to be a going concern, then the valuation of assets has to be not merely on the basis of historical cost less depreciation or impairment but at a value which the assets would fetch, if the same are lower than the value presently shown. The Company has not attempted to assess the realizable value of the assets and therefore financial results for the year ended 31st March, 2016 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the **Basis for Qualified Opinion paragraph**, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016, and its profit/loss and its cash flows for the year ended on that date

TRIPATHI & Co.
New Delhi
Chartered Accountants

Emphasis of Matter
We draw your attention to **Note No-16** to the financial statements on Contingent Liability for non-payment of Cumulative Preference Dividend of Rs.6,64,70,000. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for the matters described in the Basis for Qualified Opinion paragraph;

   b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone 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) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   h) 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, 2016, in our opinion and to the best of our information and according to the explanations given to us :-

V SAHAI TRIPATHI & Co.
New Delhi
Chartered Accountants

i. The Company does not have any pending litigations which would impact its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

V SAHAI TRIPATHI & Co. ★ New Delhi ★ Chartered Accountants

(Manish Mohan)
Partner
Membership No. 91607

Place : New Delhi
Dated :10th May, 2016

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 Siel Financial Services Limited on the financial statements for the year ended March 31, 2016

1) In respect of Fixed Assets:-

   a) During the year, there were no fixed assets in the company. Hence, there was no requirement of maintaining any fixed assets record during the year.

   b) As there were no fixed assets during the year, physical verification was not required.

   c) There are no immovable properties in the name of the company. So, this clause is not applicable.

2) In respect of Inventories:-

   During the year, physical verification of the inventories comprising of shares, debentures and other securities has been conducted by the management. In our opinion, the frequency of verification is reasonable. Also, according to the information and explanations given to us, no material discrepancies were noticed.

3) The Company has not granted loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013,

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

5) The company has not accepted any deposits in terms of the directives issued by Reserve Bank of India and as per the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed under are not applicable during the year ended 31st March, 2016.

6) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, in respect of business carried out by the Company.

V SAHAI TRIPATHI & Co. New Delhi Chartered Accountants

7) In respect of statutory dues:

a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, 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, duty of customs, duty of excise, value added tax cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date of becoming payable.

b) According to the information and explanations given to us and the records of the company produced before us, there were no dues in respect of Sales Tax, Income-tax, Custom Duty, Wealth Tax, Excise Duty, and Cess as at March 31, 2016, which have not been deposited on account of a dispute pending before appropriate authorities.

8) The company has not taken any loan or borrowing from any financial institution, bank or Government so this clause is not applicable and no need to comment on the same.

9) The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Hence, this clause is not applicable and no need to comment on the same.

10) According to the information and explanations given to us, no fraud by or on the company has been noticed or reported during the year.

11) According to the information and explanations given to us, no managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013. Accordingly this clause is not applicable.

12) The company is not a Nidhi Company and it is not required to maintain ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.

13) According to the information and explanations given to us and the records of the company examined by us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.

14) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence section 42 of the Companies Act, 2013 is not applicable.

V. SAHAI TRIPATHI & Co. New Delhi Chartered Accountants

15) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provisions of section 192 of Companies Act, 2013 are not applicable.

16) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence this clause is not applicable.

For V Sahai Tripathi & Co
Chartered Accountants
FRN - 000262N

V SAHAI TRIPATHI & Co. New Delhi Chartered Accountants

Place: New Delhi
Date : 10th May, 2016

(Manish Mohan)
Partner
Membership No: 091607

FORM A (For Audit Report with unmodified opinion)

1.	Name of the company	Siel Financial Services Limited
2.	Annual Financial Statements for the year ended	31st March, 2016
3.	Type of Audit Qualification	**(i) Non Compliance of Section 55 of the Companies Act, 2013 (in read with Section 80 of the earlier applicable Companies Act, 1956):** The 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 were due for redemption on 12th January, 2007. As per Section 55 of the Companies Act, 2013 (in read with Section 80 of the earlier applicable Companies Act, 1956), such preference shares shall be redeemed either out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption. The Company has not created Capital Redemption Reserve due to insufficient profits, required for the redemption of 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 on 12th January, 2007 not it redeemed the same by issuing fresh capital. Preference Shares cannot be issued for the tenure of more than 10 years and aforesaid Preferences Shares are already outstanding for redemption beyond ten years which is not in line with Section 55 of the Companies Act, 2013. The same has been explained in Note-1(vii) to the financial statements. **(ii) On Going Concern:** a) The Company is not carrying on any business from considerable time due to paucity of funds. The operations of the Company are restricted to realization of debtors or advances. Besides, the Company has invested its surplus deposits with banks which are yielding interest income. There is no employee in the company. b) Reserve Bank of India has already rejected the Non Banking Financial Companies (NBFC) License and is Company accordingly is not allowed to carry Non Banking Financial Business; and

c) The Company incurred a net loss of Rs. 4,96,393/- for the year ended 31st March, 2016 (Previous year Rs. 3,58,693/-) and accumulated loss as on 31st March, 2016 stands to Rs. 22,39,05,611/-(Previous year Rs. 22,34,09,218/-). As on 31st March, 2016, the Company's current liabilities exceeded its current assets by Rs. 1,52,79,976/- (Previous year Rs. 1,48,02,721/-) and its total liabilities exceeded to its total assets by Rs. 3,76,75,716/- (Previous year Rs. 3,71,79,323/-). In view of these, the Company had been reporting negative operating cash flows for few years which have also contributed to constraints of working capital. These conditions have resulted into acute working capital deficit & have casted material uncertainty on functioning of Company.

As stated by the management the accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis. In view of the above, the accounts of the Company have been prepared on a going concern basis. **Refer Note-17.**

Appropriateness of the "going concern basis" is dependent on the ability of the company to generate adequate finances to meet its obligations and to operate profitably which in our opinion after considering aforesaid factors indicate material uncertainty which further raises significant and substantial doubt on the ability of the Company to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. If the Company is treated not to be a going concern, then the valuation of assets has to be not merely on the basis of historical cost less depreciation or impairment but at a value which the assets would fetch, if the same are lower than the value presently shown. The Company has not attempted to assess the realizable value of the assets and therefore financial results for the year ended 31st March, 2016 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

		(iii) Emphasis of Matter (Contingent Liability): We draw your attention to **Note No-16** to the financial statements on Contingent Liability for non-payment of Cumulative Preference Dividend of Rs 6,64,70,000/-. Our opinion is not qualified in respect of this matter.
4.	Frequency of observation	Observation (i) been reported Six times. Observation (ii) been reported Twenty One times.
5.	Signed by • Director	Santosh Kumar Director Din No. 00994313
	• Director	Madhu Vrat Kaushik Director Din No. 07297518
	• Auditor of the Company	For V Sahai Tripathi & Co. Chartered Accountants F. R. No. 000262N Manish Mohan Partner Membership No. 91607
	• Audit Committee Chairman	Santosh Kumar Director Din No. 00994313

FORM B (For Audit Report with modified opinion)

1.	Name of the company	Siel Financial Services Limited
2.	Annual Financial Statements for the year ended	31st March, 2016
3.	Type of Audit Qualification	Except, **Basis of Qualified Opinion** **(i) Non Compliance of Section 55 of the Companies Act, 2013 (in read with Section 80 of the earlier applicable Companies Act, 1956):** The 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 were due for redemption on 12th January, 2007. As per Section 55 of the Companies Act, 2013 (in read with Section 80 of the earlier applicable Companies Act, 1956), such preference shares shall be redeemed either out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption. The Company has not created Capital Redemption Reserve due to insufficient profits, required for the redemption of 5% Cumulative Redeemable Preference Shares of Rs 7,30,00,000 on 12th January, 2007 not it redeemed the same by issuing fresh capital. Preference Shares cannot be issued for the tenure of more than 10 years and aforesaid Preferences Shares are already outstanding for redemption beyond ten years which is not in line with Section 55 of the Companies Act, 2013. The same has been explained in Note-1(vii) to the financial statements. **(ii) On Going Concern:** a) The Company is not carrying on any business from considerable time due to paucity of funds. The operations of the Company are restricted to realization of debtors or advances. Besides, the Company has invested its surplus deposits with banks which are yielding interest income. There is no employee in the company. b) Reserve Bank of India has already rejected the Non Banking Financial Companies (NBFC) License and is Company accordingly is not allowed to carry Non Banking Financial Business; and d) The Company incurred a net loss of Rs. 4,96,393/- for the year ended 31st March, 2016 (Previous year Rs. 3,58,693/-)

		and accumulated loss as on 31st March, 2016 stands to Rs. 22,39,05,611/-(Previous year Rs. 22,34,09,218/-). As on 31st March, 2016, the Company's current liabilities exceeded its current assets by Rs. 1,52,79,976/- (Previous year Rs. 1,48,02,721/-) and its total liabilities exceeded to its total assets by Rs. 3,76,75,716/- (Previous year Rs. 3,71,79,323/-). In view of these, the Company had been reporting negative operating cash flows for few years which have also contributed to constraints of working capital. These conditions have resulted into acute working capital deficit & have casted material uncertainty on functioning of Company. c) As stated by the management the accounts of the company have been prepared on a "going concern" basis on an assumption & premises made by the management that adequate finances and opportunities would be available in the foreseeable future to enable the company to start operating on a profitable basis. In view of the above, the accounts of the Company have been prepared on a going concern basis. **Refer Note-17.** Appropriateness of the "going concern basis" is dependent on the ability of the company to generate adequate finances to meet its obligations and to operate profitably which in our opinion after considering aforesaid factors indicate material uncertainty which further raises significant and substantial doubt on the ability of the Company to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. If the Company is treated not to be a going concern, then the valuation of assets has to be not merely on the basis of historical cost less depreciation or impairment but at a value which the assets would fetch, if the same are lower than the value presently shown. The Company has not attempted to assess the realizable value of the assets and therefore financial results for the year ended 31st March, 2016 have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts or classification of liabilities that may be necessary if the Company is unable to continue as a going concern.
4.	Frequency of observation	Qualification (i) been reported Six times. Observation (ii) been reported Twenty One times.
	Draw attention to relevant	Please refer to Note 1 (vii) to the financial statement given on

	notes in the annual financial statements and management response to the qualification in the directors report.	page no.31 of the Annual Report. Also Refer to Directors' Report on page no.6 relating to Auditors Report which states "The observation of Auditors in their report read with the relevant notes to accounts are self- explanatory and therefore do not require further explanation."
	Additional comments from the board/audit committee chair	The Board of Directors in their meeting held on 10.05.2016 noted that : (i) The Company had issued 7,30,000 5% Cumulative Redeemable Preference Shares (RCPS) of Rs. 100/- each aggregating to Rs. 7,30,00,000 (Rupees Seven Crore Thirty Lacs Only) on 13.1.1998 to Mawana Sugars Limited (MSL), the holding Company redeemable at par at the option of the Company at any time not later then 9th years form the date of issue i.e. upto 12th January, 2007. (ii) **Due to losses and paucity of funds, the Company could not redeem the said RCPS and did not created equivalent amount of capital redemption reserve in the books of account.** (iii)The Management intends to redeem it & efforts are being made to redeem the same.
5.	Signed by • Director	Santosh Kumar Director Din No. 00994313
	• Director	Madhu Vrat Kaushik Director Din No. 07297518
	• Auditor of the Company	For V Sahai Tripathi & Co. Chartered Accountants F. R. No. 000262N Manish Mohan Partner Membership No. 91607
	• Audit Committee Chairman	Santosh Kumar Director Din No. 00994313