

DCM FINANCIAL SERVICES LTD.

Regd. Office- D7/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.

UNAUDITED FINANCIAL RESULTS FOR THE QUATER ENDED ON 31 DECEMBER, 2012.

(Rs. In Lacs)

		1	2	3	4	5	6
		3 months Ended	Previous 3 months ended	Corresponding 3 months in the previous year	Year to Date Figures for the Current Period	Figures for the Previous Period	Prev. Accounting Year Ended
		31.12.2012	30.09.2012	31.12.2011	31.12.2012	31.12.2011	March 31, 2012
		(Unaudited)*	(Unaudited)*	(Unaudited)*	(Unaudited)*	(Unaudited)*	(Audited)
		3 Months	3 Months	3 Months	9 Months	6 months	9 months
Part-I							
1	a) Net Income from Operations	-	-	-	-	-	-
	b) Other Operating Income**	-	8.84	-	8.84	-	0.54
	Total Income 1(a) + (b)	-	8.84	-	8.84	-	0.54
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	-	-	-	-	-	3.82
	(d) Employee benefits expense	7.19	6.86	9.84	21.23	18.58	27.67
	(e) Depreciation and amortisation expense	9.01	9.04	9.05	27.07	18.09	27.14
	(f) Other expenditure	15.19	20.97	20.32	46.73	39.66	73.37
	Total Expenditure (a+b+c+d+e+f)	31.39	36.87	39.21	95.03	76.33	132.00
3	Profit / (Loss) from operations before finance costs and exceptional items (1-2)	(31.39)	(28.03)	(39.21)	(86.19)	(76.33)	(131.46)
4	Other Income	116.85	120.99	99.95	335.19	214.80	329.93
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	85.46	92.96	60.74	249.00	138.47	198.47
6	Finance costs	1.80	-	-	1.80	-	-
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 + 6)	83.66	92.96	60.74	247.20	138.47	198.47
8	Exceptional Items	-	-	0.66	-	0.68	(2.55)
9	Profit / (Loss) from ordinary activities before tax	83.66	92.96	60.08	247.20	137.79	195.92
10	Tax expenses	-	-	-	-	-	-
	- Current Tax	-	-	-	-	-	-
	- Less minimum Alternative Tax Credit	-	-	-	-	-	-
	- Deferred Tax Charge / (Credit)	-	-	-	-	-	-
	- Tax Adjustment for earlier years	-	-	-	-	-	-
11	Net Profit / (Loss) from ordinary activities after tax (9 + 10)	83.66	92.96	60.08	247.20	137.79	195.92
12	Extraordinary items	-	-	-	-	-	-
13	Net Profit / (Loss) for the period (11 + 12)	83.66	92.96	60.08	247.20	137.79	195.92
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) *	83.66	92.96	60.08	247.20	137.79	195.92
17	Paid-up Equity Share Capital (Face value of Rs.10/- each)	2,212.51	2,212.51	2,212.51	2,212.51	2,212.51	2,212.51
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	2,009.71	2,009.71	2,009.71	2,009.71	2,009.71	2,009.71
19	(i) Earning Per Share ((before extraordinary items) (not annualised):	0.38	0.42	0.27	1.12	0.62	0.89
	(ii) Earnings per share Basic & Diluted after extraordinary items) (not annualised):	0.38	0.42	0.27	1.12	0.62	0.89
	(1) Public Shareholding						
	---No. of Shares	13385102	13385102	13385102	13385102	13385102	13385102
	---Percentage of Shareholding	60.50%	60.50%	60.50%	60.50%	60.50%	60.50%
Part-II							
A	(2) Promoters and promoter group Shareholding						
	a)Pledged/Encumbered	-	-	-	-	-	-
	---No. of Shares	-	-	-	-	-	-
	---Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	---Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b)Non-encumbered						
	---No. of Shares	8739952	8739952	8739952	8739952	8739952	8739952
	---Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100%
	---Percentage of shares (as a % of the total share capital of the company)	39.50%	39.50%	39.50%	39.50%	39.50%	39.50%
	INVESTOR COMPLAINTS						
	Pending at the beginning of the quarter				Nil		
B	Received during the quarter				Nil		
	Disposed of during the quarter				Nil		
	Remaining unresolved at the end of the quarter				Nil		

*Limited Review audit has been conducted by the statutory Auditors of the company for the quarter ended 31.12.2012.

** Income from operation shows only income arising from recovery of past debts by the settlement with the sundry debtors.

During the current period no new business activity has been undertaken by the company.



NOTES:

1. The above financial results were taken on record by the Board of Directors at the meeting held on 08.02.2013.
2. A fresh scheme of arrangement of re-organization of share capital of the Company and for compromise with its secured and unsecured creditors was filed with the Hon'ble High Court of Delhi in the year 2004 u/s 391-394 of the Companies Act, 1956. The promoter of the company had undertaken to contribute Rs. 19.50 crores in the said scheme and the same has been deposited with the High Court registrar as per court orders. The Hon'ble Company Court has put certain restraints on the assets and on operations of bank accounts of the Company. The next date of hearing is on February 15th, 2013.
3. The Management's view on qualifications report by statutory auditors for the period ended 31st December, 2012 having material impact in the current period on #1) Non-provision of interest on Debentures, Fixed deposits, loan from banks and institution and inter-corporate deposits. 2) Non realization of rental income and 3) Non-provision of NPA, continuous to remain the same that provision for the interest has not been made in accordance with the proposed restructuring scheme and that provision for NPA should be realistic in nature.
4. In accordance with Accounting Standard 22 issued by The Institute of Chartered Accountants of India, on "Accounting for Taxes on income" Deferred tax assets on accumulated depreciation and losses have not been accounted for.
5. Claims lodged and contingent liabilities arising out of suits filed against the Company not acknowledged as debt and other amounts for which the Company is contingently liable have not been ascertained and therefore not provided for. During the financial year ended 30th June, 2010 the company's tenant has filed a claim of Rs. 100.00 lacs against the company and the matter is pending before Arbitrator.
6. The compliance of segment wise revenue, results and capital employed along with the financial results is not applicable on our Company in terms of clause 27 on Reportable Segment of Accounting Standards on Segment Reporting (AS-17).

**By Order of the Board
For DCM Financial Services Limited**



The image shows a circular stamp of DCM Financial Services Limited with a handwritten signature in blue ink over it. The stamp contains the text 'DCM FINANCIAL SERVICES LTD.' around the perimeter and a star in the center. The signature is written in a cursive style.

(S.K.Sharma)

Executive Director

Place: New Delhi

Date: 08.02.2013

LIMITED REVIEW REPORT

We have reviewed the accompanying statement of un-audited financial results of *DCM Financial Services Ltd.* having its registered office at D-7/3, (Mezzanine Floor), Okhla Industrial Area, Phase-2, New Delhi-110020 for the quarter ended 31st December, 2012 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the company's management and has been taken on record by the Board of Directors at their meeting held on 08th February, 2013. Our responsibility is to issue a report on these financial statements based on our review.

A review of interim financial information consists principally of applying analytical procedures for financial data and making enquiries of persons responsible for financial and accounting matters. It is substantially less in scope and assurance than an audit conducted in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. We have not performed an audit and accordingly, we do not express an audit opinion.

We conducted our review in accordance with the standard on **Review Engagement (ISRI) 2400 on Engagement to Review Financial Statements** issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.

Based on our review conducted as above **subject to the notes given below** nothing has come to our notice that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of **Clause 41 of the Listing Agreement** including the manner in which it is to be disclosed, or that it contains any material misstatement.



NOTES TO LIMITED REVIEW REPORT

1. NON PROVISION OF INTEREST ON SECURED/UNSECURED LOANS

The Company has not provided the interest on the following liabilities during the year for quarter ended 31st December, 2012.

- (a) Interest on debentures @ 10% as per offer letter on 19.5 % Debentures amounting to approx. Rs. 64.40 lacs (Rs 192.52 lacs for nine months ending 31st December, 2012).
- (b) Interest on bills payable and fixed deposits amounting to approx. Rs. 142.30 lacs (Rs 425.35 lacs for nine months ending 31st December, 2012).
- (c) Interest of Inter Corporate deposits amounting to approx. Rs. 1.58 lacs (Rs 4.74 lacs for nine months ending 31st December, 2012).

To the extent of non-provision of interests as stated above the Profit of the Company for three months ending 31st December, 2012 is overstated by Rs. 208.28 lacs (Rs. 622.61 lacs for nine months ending 31st December, 2012).

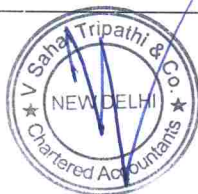
2. NON PROVISION OF DOUBTFUL DEBT AGAINST RENTAL RECEIVABLE

The total rent recoverable as at 31st March, 2012 was Rs 418.29 lacs and after considering rent of subsequent nine months period from April, 2012 to December, 2012 of Rs. 76.70 lacs (inclusive of Service Tax), recoverable amount comes to Rs. 494.99 lacs. The management anticipates that the balance amount recoverable of Rs 494.99 lacs which includes the rent of Rs 25.57 lacs (inclusive of service tax) for the quarter ending 31st December, 2012 will be recovered in full. The tenant has leased a vehicle to the company. The tenant charges vehicle hire charges of Rs 6,500 per month from the company. After considering the vehicle hire charges of Rs 0.59 lacs for the period of nine months from April, 2012 to December, 2012, the net recoverable amount comes to Rs. 494.40 lacs. On the basis of assurance given by the management, the net rent receivable of Rs 494.40 lacs has been treated as good for recovery.

3. OTHER MAJOR AUDIT OBSERVATIONS AS ON 31st MARCH, 2012 WHICH NEED TO BE READ WITH THIS REPORT

(i) NON-PROVISION ON NON-PERFORMING ASSETS AS PER RBI NORMS

As per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 assets and receivables are required to be classified as NPA and provision for non-performing assets as prescribed is required to be made. As per audited financial as at 31st March, 2012, provision for



non-performing assets as per these Directions on, trade receivables , inter-corporate deposits , bills receivable, employees advances , share division customer account, others long term & advances required to be provided amounted to approx. Rs. 2,680.17 lacs (Net of security received of Rs 601.93 lacs) but only provision of Rs.1,556.79 lacs has been made. To the extent of non-provision of approximately Rs. 1,123.38 lacs (approx) the cumulative net loss reflected is understated & assets are overstated.

(ii) **GOING CONCERN BASIS**

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

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

(iii) **NON PROVISION OF DEBENTURE TRUSTEE'S CLAIM**

The Central Bank of India, Mumbai, Trustees for the Non Convertible Debentures B Series have filed a suit for recovery of Rs. 4,423.86 lacs on 14th October, 1999 before the Hon'ble Mumbai High Court. As against the claim of Rs. 4,423.86 lacs by the Central Bank of India, Mumbai, Trustees for the Non Convertible Debentures B Series, Rs. 2,547.16 lacs on account of principal and interest is reflected in the books as on date. In view of the **Fresh Restructuring Scheme** seeking waiver of interest payable to debenture holders, no provision has been made for the differences between the claim made by Central Bank of India and the liability as per the books and to this extent the **cumulative net losses of Rs. 1,876.70 lacs is understated.**



(iv) **CONTINGENT LIABILITIES**

- (a) Claims lodged and contingent liability arising out of suits and winding up petitions filed against the company not acknowledged as debts amounts to Rs. 868.18 lacs. There are also other cases filed in Consumer and other courts against the company for which the company is contingently liable but for which the amount has not been ascertained.
- (b) Punjab & Sind bank has filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1217.52 lacs against which the amount payable to them, as per books is Rs. 803.40 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 414.12 lacs has been made. Since the company has not made payment of interest & principal in accordance with the Fresh Restructuring Scheme filed with the Hon'ble High Court, Rs 1217.52 lacs became payable to PSB. No provision for the difference of Rs. 414.12 lacs has been made by the company.
- (c) IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.42 lacs against which the amount payable to them as per books is Rs. 577.00 lacs. The company contends that the dues of the Bank will be settled as per the fresh restructuring scheme and consequently no provision for the difference of Rs. 465.42 lacs has been made.
- (d) During the year ended 30th June, 2009, the Company had received Rs. 100.00 lacs from one of the Debtors and reduced the same amount from his recoverable balance. Subsequently 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 filled 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 preceding financial 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 arbitration before Mr. S.K. Tandon , Sole Arbitrator .



- (f) There is a disputed demand of Rs152.12 lakhs for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and 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. 3.07 crores for an under writing 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 .



Place : New Delhi
Dated : 08th February, 2013

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

A handwritten signature in blue ink, appearing to read "Manish Mohan", written over a horizontal line.

(Manish Mohan)
Partner
Member Ship No.091607