



ND/DFSL/SECTT/2012

February 3rd, 2012

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (East)
MUMBAI – 400051

Sub.: **UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 31ST DECEMBER, 2011**

Dear Sir,

This is in continuation of our letter of even no. dated **24th January, 2012**.

Please find enclosed herewith a copy of the **un-audited financial results** of the Company for the quarter ended on **31st December, 2011**, as approved by the Board of Directors in its Meeting held today i.e. **3rd February, 2012**.

The above is for your information and records please.

Thanking you
Yours faithfully


(Sumit Agarwal)
Company Secretary

Encl.: As above

Copy to:

1. Listing Department
Bombay Stock Exchange Limited
Floor 1, Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI – 400001
2. Listing Department
Delhi Stock Exchange
3&4/4B, Asaf Ali Road
Near Turkman Gate
NEW DELHI – 110006

DCM Financial Services Ltd

Regd. Office : D 7/3 Okhla Industrial Area-II, New Delhi 110 020. TEL : 91-11-26385991 FAX:91-11-26385995
Website: www.dfsonline.com email ID : info@dfsonline.com

DCM FINANCIAL SERVICES LTD.

Regd. Office: D7/3, 3rd Floor, Okhla Industrial Area, Phase - 2, New Delhi - 110020.
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 31ST DECEMBER, 2011

(Rs. In Lacs)

	1	2	3	4	5	6
	3 months ended	3 months ended	Corresponding 3 months in the previous year	Year to date figures for the Current period	Year to date figures for the previous period	Previous Accounting year ended
	31.12.2011	30.09.2011	31.12.2010	31.12.2011	31.12.2010	30.06.2011
	Unaudited*	Unaudited*	Unaudited*	Unaudited*	Unaudited*	Audited
S.No	Particulars	3 months	3 months	3 months	6 months	12 Months
1	Net Income from Operations**	0.00	0.00	0.00	0.00	5.93
2	Expenditure					
	a) Employees cost	9.84	8.74	8.16	18.58	35.57
	b) Legal & Professional expenses	4.26	6.01	8.94	10.27	21.75
	c) Receivable Written off	0.00	0.00	0.00	0.00	0.00
	b) Depreciation	9.05	9.04	9.14	18.09	36.44
	c) Other expenditures	16.06	13.33	18.07	29.39	64.41
	d) Total	39.21	37.12	44.31	76.33	158.17
3	Profit from operations before interest & exceptional items(1-2)	(39.21)	(37.12)	(44.31)	(76.33)	(152.24)
4	Other Income	99.95	114.85	77.02	214.80	322.41
5	Profit before Interest & Exceptional Items(3+4)	60.74	77.73	32.71	138.47	170.17
6	Interest	0.00	0.00	0.00	0.00	0.14
7	Profit after Interest but before Exceptional Items(5-6)	60.74	77.73	32.71	138.47	170.03
8	Exceptional Items	0.66	0.02	0.00	0.68	1.91
9	Profit(+)/Loss(-) before tax(7+8)	60.08	77.71	32.71	137.79	168.12
10	Tax expenses	0.00	0.00	0.00	0.00	0.00
11	Net Profit(+)/Loss(-) from ordinary Activities after Tax (9-10)	60.08	77.71	32.71	137.79	168.12
12	Extraordinary Items	0.00	0.00	0.01	0.00	0.00
13	Net Profit(+)/Loss(-) for the period(11-12)	60.08	77.71	32.70	137.79	168.12
14	Paid-up Equity Share Capital of Rs.10/- each	2212.51	2212.51	2212.51	2212.51	2212.51
15	Reserves excluding revaluation reserves	2009.71	2009.71	2009.71	2009.71	2009.71
16	a) Basic and Diluted EPS before extraordinary(not annualised)	0.27	0.35	0.15	0.62	0.76
	b) Basic and Diluted EPS after extraordinary(not annualised)	0.27	0.35	0.15	0.62	0.76
17	Public Shareholding					
	--No. of Shares	13385102	13385102	13415844	13385102	13415844
	--Percentage of Shareholding	60.497%	60.497%	60.636%	60.497%	60.636%
18	Promoters and promoter group Shareholding					
	a)Pledged/Encumbered					
	--No. of Shares	0.00	0.00	0.00	0.00	0.00
	--Percentage of Shares(as a % of the total shareholding of promoter and promoter group)	0.00	0.00	0.00	0.00	0.00
	--Percentage of Shares(as a % of the total share capital of the company)	0.00	0.00	0.00	0.00	0.00
	b)Non-encumbered					
	--No. of Shares	8739952	8739952	8709210	8739952	8709210
	--Percentage of Shares(as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
	--Percentage of Shares(as a % of the total share capital of the company)	39.50%	39.50%	39.36%	39.50%	39.50%

STATEMENT OF ASSETS & LIABILITIES AS ON 31st DECEMBER 2011

(Rs. In Lacs)

Particulars	As at 30.12.2011	As at 30.12.2010	As at 30.06.2011
	Unaudited	Unaudited	Audited
SHAREHOLDER FUND			
A) Capital	2212.51	2212.51	2212.51
B) Share Application Money	549.72	549.72	549.72
C) Reserve and Surplus	2009.71	2009.71	2009.71
LOAN FUNDS	9662.63	9666.33	9664.12
Deferred Tax Liability			
TOTAL	14434.57	14438.27	14436.06
FIXED ASSETS	1484.10	1520.11	1501.70
INVESTMENTS	112.07	112.07	112.07
CURRENT ASSETS, LOANS & ADVANCES			
A) Inventories	7.86	13.71	7.86
B) Sundry Debtors	2636.12	2658.00	2603.22
C) Cash & Bank Balances	3591.48	3164.65	3426.48
D) Other Current assets	308.19	299.32	309.98
E) Loans and advances	241.42	285.28	241.42
LESS : Current Liabilities & Provisions			
A) Liabilities	1241.12	1147.18	1199.42
B) Provisions	1562.90	1561.35	1562.39
Net Current assets	3981.05	3712.43	3827.15
PROFIT & LOSS ACCOUNT	8857.35	9093.66	8995.14
TOTAL	14434.57	14438.27	14436.06

* Limited review audit has been conducted by the Statutory Auditors of the company for the quarter ended 31.12.2011.

** Income from Operations shows only incomes arising from recovery of past debts by settlement with the sundry debtors.
During the current period no new business activity has been undertaken by the company.



NOTES

1. A fresh scheme of Arrangement for Re-organisation of Share Capital of the Company and for compromise with its secured and Unsecured creditors was filed in the Hon'ble Delhi High Court on 24th September 2004 U/S 391/394 of the companies Act,1956. The scheme has been approved by secured, unsecured creditors & the Debentureholders with requisite majority. Under the scheme, the Fixed Depositors and Debenture Holders are proposed to be paid 85% of their original principal deposited in 5 yrs from the date of the approval of the scheme and the balance 15% is proposed to be paid either in cash or by way of issuance of shares of the company as per the prevailing SEBI and Stock Exchange guideline in the 6th year. Subject to the sanction of the scheme by the Hon'ble Delhi High Court, the promoter of the company has undertaken to contribute Rs. 19.50 crores of which Rs. 15.60 crores was deposited with the High court Registrar as per court order. The next date of hearing is on March 16, 2012.
2. The Reserve Bank of India, under section 45-IA of RBI Act, 1934 has rejected the Company's Application for grant of Certificate of Registration as N.B.F.C. Against the said Order of the RBI, an appeal has been filed by the Company and the Appellate Authority under the Ministry of Finance vide its order dated 31st May 2004, directed the RBI to keep its rejection order dated 5th March, 2004 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 review petition by the Hon'ble Delhi High Court, New Delhi. The Company has complied with the orders of the Appellate Authority by filing a fresh scheme in September 2004. The Reserve Bank of India is currently before the Hon'ble Delhi High Court, New Delhi having filed a constitutional writ challenging the order of the Appellant under the Ministry of Finance & filed a petition for Company's winding up. The Hon'ble Company Court has put certain restraints on the assets and on operations of Bank accounts of the Company.
3. The management's view on qualifications report by statutory auditors for the period ended 31st December, 2011 having material impact in the current period on #1) Non provision of Interest on Debentures, Fixed deposits, loan from banks and institutions and intercorporate deposits. 2) Non realisation of rental income and 3) Non provision of NPA, continuous to remain the same that provision for 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 has 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 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. The Company is expecting a decision through Arbitration in this matter.
6. The Company, as per the certificate received from the MCS Ltd. (R&T Agents of the Company) has not received any Complaint from the Shareholders during the quarter ended 31st December 2011, and there are no investor complaints pending as on 31st December, 2011.
7. The above financial results were taken on record by the Board of Directors at the meeting held on 03.02.2012.

By Order of the Board
DCM Financial Services Ltd.

(Arif)
Chairman

Place : New Delhi
Date : 03.02.2012



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, 2011 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 3rd February, 2012. 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 year quarter ended 31st December, 2011.

- (a) Interest on debentures @ 10% as per offer letter on 19.5 % Debentures amounting to approx. Rs. 64.98 lacs (Rs 128.91 for six months ending 31st December, 2011)



- (b) Interest on bills payable and fixed deposits amounting to approx. Rs. 143.78 lacs (Rs. 284.73 for six months ending 31st December, 2011).
- (c) Interest of Inter Corporate deposits amounting to approx. Rs. 1.58 lacs (Rs. 3.16 lacs for six months ending 31st December, 2011).

To the extent of non-provision of interests as stated above the Profit of the Company for three months ending 31st December, 2011 is overstated by Rs. 210.34 lacs (Rs. 416.8 lacs for six months ending 31st December, 2011).

2. NON PROVISION OF DOUBTFUL DEBT AGAINST RENTAL RECEIVABLE

The total rent recoverable as at 30th June, 2011 was Rs 386.37 lacs and after considering rent of subsequent six months period from July, 2011 to December, 2011 of Rs 50.20 Lacs (inclusive of Service Tax), and after net amount credited to Rs.10.00 lacs, recoverable amount comes to Rs. 426.57. The management anticipates that the balance amount recoverable of Rs 426.57 lacs which includes the rent of Rs 25.10 lacs (inclusive of service tax) for the quarter ending 31st December, 2011 will be recovered in full. On the basis of the part recovery effected and assurance given by the management the rent receivable of Rs 426.57 has been treated as good for recovery.

3. OTHER MAJOR AUDIT OBSERVATIONS AS ON 30th JUNE, 2011 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 30th June, 2011, the provision for non-performing assets as per these Directions on hire purchase and lease receivables, inter-corporate deposits given, bills receivable, advances recoverable in cash or in kind and other receivables required to be provided amounted to approx. Rs. 2,685.99 lacs (Net of security received of Rs 601.93) but only provision of Rs.1,556.79 lacs has been made. To the extent of non-provision of approximately Rs. 1,129.2 lacs the cumulative net loss reflected is understated.

Further, current assets, loans and advances to which the above provision for NPA relates are required to be classified as good and doubtful. Such distinction has not been drawn and the entire amount has been shown as good for recovery.



(ii) **GOING CONCERN BASIS**

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

- (a) 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 and
- (c) the promoters of the Company have provided letter of support.

(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. 2,548.48 lacs on account of principal and interest is reflected in the books as on date. In view of the fresh 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, hence to this extent the cumulative net losses of Rs. 1,875.38 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.

- (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 balance recoverable from the debtors account. Subsequently Hon'ble Punjab and Haryana Court deem this payment to be out of turn payment to the company and asked the company to deposit the amount. Company had filled SLP to the Hon'ble Supreme Court of India and the same has been dismissed by the Hon'ble Supreme Court. Company is liable to deposit the amount mentioned above which is yet to be deposited.
- (e) During the preceding financial year ended 30th June, 2010 the company's tenant has filled a claim of Rs.100.00 lacs against the company towards damages suffered by the tenants.
- (f) There is a disputed statutory due that have not been deposited on account of matters pending before appropriate authorities a demand of Rs 152.12 Lakh for payment of income tax under Income Tax Act, 1961.

Place : New Delhi
Dated : 3rd February, 2011

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

(Manish Mohan)
Partner
Member Ship No.091607
