



**NATIONAL STOCK EXCHANGE  
OF INDIA LIMITED**

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*Stock of the nation*

June 19, 2014

Ref No: NSE/LIST/242214-D

The Company Secretary  
DCM Financial Services Limited  
D-7/3, Okhla Industrial Area  
Phase-2  
New Delhi - 110020

**Kind Attn: - Ms. Isha Singhal**

Dear Madam,

**Sub: - Manner of Dealing with the Qualified Audit Reports filed by the Listed Companies.**

This has reference to SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013 on the captioned subject matter.

SEBI has informed the Exchange that based on the deliberations at QARC, the cases (Annexure I) were referred to FRRB for its opinion on the qualifications. Subsequently, SEBI is in receipt of opinion of FRRB in these cases.

SEBI has directed the Exchange to advise the companies, with regard to restate the financial statements pertaining to Financial Year 2012-13 under Clause 5 (d) (ii) of the aforementioned Circular.

You are advised to ensure compliance of the said SEBI directives and report status of compliance to the Exchange.

Yours faithfully,

For National Stock Exchange of India Limited

**Avinash Kharkar**  
**Asst. Vice President**

CC to: The Statutory Auditor  
Kanu Doshi Associates  
Chartered Accountants,  
203, The Summit, Level-2,  
F-Wing, Samarth Nagar,  
Hanuman Road,  
Western Express Highway,  
Vile Parle - E  
Mumbai - 400057





## Annexure I

Name of the company	Qualification	Opinion of FRRB	Action to be taken
DCM Financial Services Ltd.	Recognition of rental income of Rs 91.02 Lacs during the financial year ended 31st March, 2013 despite uncertainty in realization of such income & non provision of doubtful debts against rental receivable of Rs 510.82 lacs pertaining to previous years which have not yet been realized. The net profit for the year & current assets are overstated and cumulative net loss is understated to that extent.	FRRB opined that the qualification of the Auditor is justified.	Restatement under Clause 5(d)(ii) of the SEBI Circular
	No provision has been made of Rs 826.38 lacs payable for Interest on debentures, term loans and banks, fixed deposits, and inter corporate deposits. Net profit for the year & current assets are overstated and cumulative net loss is understated to that extent. This is in contravention of the Accounting Standard 1 on Disclosure of Accounting Policies issued by Ministry of Corporate Affairs, Government of India.		
	There is a default in repayment of outstanding deposits with interest vide order dated 17.07.98 as 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. Assuming that the scheme will be approved by the Hon ble High Court of Delhi, provision of interest payable amounting to Rs 827.06 lacs has been written back in earlier years.		





DCM Financial Services Ltd.	There is non-provision of NPA's of Rs 274.56 Lacs & Rs 631.43 Lacs respectively towards inter corporate deposits, bills receivable, employee advances and long-term trade receivables as required by Non-Banking Financial Companies Prudential Norms (Reserve Bank). The net profit for the year & current assets are overstated and cumulative net loss is understated to the extent of Rs 905.99 lacs	FRRB opined that the qualification of the Auditor is justified.	Restatement under Clause 5(d)(ii) of the SEBI Circular
	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.		
	Industrial Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1042.41 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.		
	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.		