

DCM FINANCIAL SERVICES LTD.

CIN L65921DL1991PLC043087

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

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2017

(Rupees in Lacs except per share data)

S. No.	Particulars	Quarter ended	
		30.06.2017 (Unaudited)	30.06.2016 (Unaudited)
I	Revenue from Operations	-	-
II	Other Income	85.34	93.38
III	Total Revenue (I + II)	85.34	93.38
IV	Expenses:		
	Cost of materials consumed	-	-
	Purchases of stock in trade	-	-
	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(4.36)	(0.37)
	Employee Benefits Expense	9.57	5.41
	Finance Costs	-	-
	Depreciation and Amortization Expense	7.47	7.62
	Other Expenses	54.79	20.57
	Total Expenses	67.47	33.23
V	Profit before exceptional items and tax (III-IV)	17.88	60.15
VI	Exceptional Item	-	-
VII	Profit before tax (V - VI)	17.87	60.15
VIII	Tax expense:		
	(1) Current tax	12.24	3.60
	(2) Deferred tax	12.24	3.60
	(3) MAT Credit Entitlement	-	-
		-	-
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)	5.63	56.55
X	Profit/(Loss) for the period	5.63	56.55
XI	Other Comprehensive Income		
	A (i) Items that will not be reclassified to profit or loss	-	-
	(ii) Income Tax relating to items that will not be reclassified to profit or loss	-	-
	B (i) Items that will be reclassified to profit or loss	-	-
	(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-
XII	Total Comprehensive Income for the period (X+XI) (comprising profit/(loss) and other Comprehensive Income for the period)	5.63	56.55
XIII	Earning per Equity Share (for continuing operations)		
	- Basic	0.03	0.26
	- Diluted	0.03	0.26



NOTES:

- 1 The above financial results for the quarter ended June 30, 2017, have been reviewed/recommended by the Audit Committee and approved and taken on record by the Board of Directors in their respective meetings held on 11th August, 2017.
- 2 The Statutory Auditors have carried out limited review of the above financial results for the quarter ended 30th June, 2017.
- 3 This Statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS), prescribed under Section 133 of the Companies Act, 2013, and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2017, the Company has for the first time adopted Ind AS with a transition date of April 1, 2016.
- 4 The format for unaudited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013, which are applicable to Companies that are required to comply with Ind AS.
- 5 The Statement does not include Ind AS-compliant results for the preceding quarter and previous year ended March 31, 2017 as the same are not mandatory as per SEBI's circular dated July 5, 2016.
- 6 The reconciliation of Net Profit reported in accordance with Indian GAAP to Total Comprehensive Income in accordance with Ind AS is given below:

Particulars	Quarter Ended	June
		30, 2016
Net Profit as per previous GAAP (Indian GAAP)		58.88
Add/ (Less) - Adjustment for Ind-AS (net of tax):		
Net impact of Fair Valuation of Investments		
Through Profit & Loss		(2.32)
Through Other Comprehensive Income		-
Deferred tax on fair valuation of investments		-
Net Profit as per Ind AS		56.55

- 7 The figures of the previous period/year have been regrouped/recast, wherever considered necessary, to conform to the current year's classification.

New Delhi
11th August, 2017

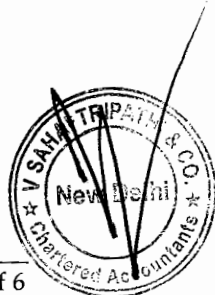


For DCM Financials Services Ltd.

Surender Kumar
(Whole Time Director)

LIMITED REVIEW REPORT

1. We have reviewed the unaudited financial results of *DCM Financial Services Limited* having its registered office at D-7/3, (Mezzanine Floor), Okhla Industrial Area, Phase-2, New Delhi-110020 (the "Company") for the quarter ended on June 30, 2017, which are included in the accompanying 'Statement of unaudited financial results for the quarter ended June 30, 2017' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to *Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015")*, which has been initialed by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accompanying policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance Sheet as at April 1, 2016 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IND AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies. Our responsibility is to issue a report on statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent of the Entity" 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 Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above subject to the notes and audit qualifications and consequential effects thereto not considered by company as referred in notes attached as per annexure 'A', nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with IND AS and other recognized accounting practices and policies, and has not disclosed the information



required to be disclosed in terms of *Regulation 33 of the Listing Regulations, 2015* including the manner in which it is to be disclosed, or that it contains any material misstatement

5. We draw attention to the Note 3 to the Statement which states that the Company has adopted IND AS for the financial year commencing from April 1, 2017, and accordingly, the Statement has been prepared by the Company's management in compliance with IND AS.

ANNEXURE 'A'

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 quarter ended 30th June, 2017:-
- (a) Interest on debentures @ 10% as per offer letter on 19.5% Debentures amounting to approx. Rs.63.57 lacs.
 - (b) Interest on bills payable and fixed deposits amounting to approx. Rs. 140.34 lacs.
 - (c) Interest of Inter Corporate deposits amounting to approx. Rs. 0.68 lacs.

To the extent of non-provision of interests as stated above the Profit of the Company for three months ending 30th June 2017 is overstated by Rs. 204.59 lacs.

2. **OTHER MAJOR AUDIT OBSERVATIONS AS PER THE AUDITED FINANCIALS 31st MARCH, 2017 WHICH NEED TO BE READ WITH THIS REPORT**
- (i) The accounts and financials of the company have been prepared on going concern on the assumption and premises made by the management of the Company that (a) The fresh restructuring scheme would be approved by the Hon'ble Delhi High Court in totality which is still pending for approval & acceptance (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) injection of Rs. 1,950.00 Lacs as promoters quota which has already been infused by the management group.
 - (ii) No provision of Rs. 817.81Lacs (Rs. 16,465.30 Lacs towards accumulated interest as at 31st March, 2017) (Previous Year - Rs. 15,647.48 Lacs) which is simple interest calculated @10% per annum as stipulated in the Fresh



Restructuring Scheme filed before Hon'ble Delhi High Court, towards Interest on Debentures, Term Loans & Bank, Fixed Deposits and Inter Corporate Deposits, have been provided in the financial statements. Had these been provided for in the financial statements, the Net Profit before tax would have been lowered by Rs 817.81 Lacs and Net Profit after tax would have been lowered by Rs 651.07 Lacs as at 31st March, 2017. The cumulative net loss as well as Current / Non-Current Liabilities as at 31st March, 2017 would have been higher by Rs 16298.55Lacs after considering the tax effects.

- (iii) For redemption of 'B' series debentures of Rs 2,544.36 Lacs, debenture redemption reserve is required to be created. Debenture redemption reserve of Rs 2,544.36 lacs has not been created due to insufficient profits.
- (iv) The value of assets charged as security in favor of banks, debenture-holders & financial institutions have been depleted over a period of time. The depletion has not yet been ascertained by the Company. To the extent of shortfall, if any, the liability is unsecured, whereas the same has been shown as secured.
- (v) Balance confirmation of bills receivable and payable, advances recoverable in cash or in kind, receivables and payables relating to lease and hire purchase, lease security deposit of which party wise details are not available. Balance confirmation of inter-corporate deposits, balance of ex-employees, margin against L/C, loans from institutions, banks, and other receivables and payables have not been received from the parties/persons concerned. In the absence of balance confirmation, the closing balances as per books of accounts have been incorporated in the final accounts and have been shown, unless otherwise stated by the management about its recoverability in the financials including considering the NPA Provisions, are good for recovery/payment. Time barred debts under the Limitations Act have not been separately ascertained and written off or provided for. In the absence of such confirmation & corresponding reconciliation, it is not feasible for us to determine financial impact on the financials.
- (vi) Due to liquidity crisis in the past, minimum liquid assets @ 15% of Fixed Deposits as per directives of Reserve Bank of India under Non-Banking Company Prudential Norms, has not been maintained by the company. The company has applied to RBI and Company Law Board for exemption from maintaining minimum liquid assets and payment of penal interest but the disposal of the application is still pending.
- (vii) The subsidiary company namely, Global IT Options Limited has till 31st March, 2017 incurred expenditure of Rs 22.84 Lacs for & on behalf of its Holding Company (i.e. DCM Financial Services Limited). It comes under the category of short term funding which is in-fact Inter-Corporate Deposit. In case of Inter-Corporate Deposit, Section 186 of Companies Act, 2013 stipulates to charge interest at a rate not less than the bank declared by Reserve Bank of India. No Interest has not been provided on outstanding



balance of Rs 22.84 Lacs by Company to its subsidiary - Global IT Options Limited . This is non compliance of Section 186 of Companies Act, 2013, which could attract penalties.

- (viii) Pursuant to sub-section 5 of section 203 Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 every listed company is required to appoint a Whole Time Company Secretary, non compliance of which the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees. During the quarter ended 30th June, 2017, the Company was in contravention of the aforesaid provision. It is non compliance of Section 203 of Companies Act, 2013, which could attract penalties. As explained to us, the management has made various attempts to appoint a Whole Time Company Secretary, however was unable to appoint Whole Time Company Secretary in the absence of suitable candidate. The Company has made relevant disclosures in the Board of Directors meeting regarding this issue. However, with effect from 22 May 2017, a whole time company secretary has been appointed by the Company.
- (ix) Pursuant to section 149 of Companies Act, 2013 read with rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 every listed company is required to appoint at least one Woman Director. During the year ended March 31st, 2016, the Company was in contravention of the aforesaid provision as no woman director has been appointed. It is non compliance of Section 149 of Companies Act, 2013. Presently Section 149(1) of the Companies Act, 2013 is silent on the component of penalty. SEBI guidelines prescribed penalties for the non compliance which are Rs. 50,000 from 1-April-2015 to 30th June,2015 and thereafter Rs. 1000 per day for next 01-July-2015 to 30-Sep-2015 and thereafter from 01-Oct-2015 onwards Rs. 5000 per day. With effect from 6-October 2016, woman director has been appointed by the Company. Total estimated penalty/fine comes to Rs. 16.85Lacs (P.Y RS.10.50Lacs) till date of appointment of women director (i.e. 5th October, 2016). Had provision been provided for in the financial statements, the net profit before tax for the year ended 31st March, 2017 would have been lower by Rs 6.35Lacs and net profit after tax would have been lowered by Rs. 5.05Lacs. The cumulative net loss as well as Current/ Non Current Liability/Provisions as at 31st March, 2017 would have been higher by Rs.15.55Lacs after considering the tax effects. The tax effect would be consequential.
- (x) **Contingent liabilities and Other Commitments**
- x. (a) Mr. Dhruv Prakash had lodged a claim of Rs 65 lacs and winding up petition against the company. The contingent liability arising out of this suit amounts to Rs 65 lacs. There are also other cases filed in consumer, civil & criminal courts and other courts against the



company for which the company is contingently liable but for which the amount is not quantifiable.

- x. (b) Punjab & Sind bank has filed a recovery suit before the Debt Recovery Tribunal (DRT) for recovery of Rs. 1,217.52 Lacs against which the amount payable to them, as per books is Rs. 803.40 Lacs. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 98.40 Lacs, the claim suite of Rs 1,217.52 Lacs is also reduced to Rs.1, 119.12 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. 315.72 Lacs has been made. The company contends that in the event of default in the payment of interest and principal or default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by Punjab & Sind bank shall stand withdrawn and their claim before the Debt Recovery Tribunal of Rs. 1,119.12 Lacs (after taking effect of payment of Rs 98.40 Lacs) will become payable upon adjudication by Debt Recovery Tribunal.
- x. (c) IndusInd Bank has filed a recovery suit before the Debt Recovery Tribunal (DRT), of Rs. 1,042.42 Lacs against which the amount payable to them as per books is Rs. 576.99 Lacs. After taking effect of interim payments made to Punjab & Sind Bank till date of Rs 74.49 Lacs, the claim suite is also correspondingly reduced to Rs 967.93 Lacs from Rs. 1,042.42 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. 390.93 Lacs has been made. In the event that the company fails to pay the interest or principal or company default as per Fresh Restructuring Scheme or Fresh Restructuring Scheme is rejected, the concessions made by IndusInd Bank will be withdrawn and the amount claimed in the Debt Recovery Tribunal amounting to Rs 967.93Lacs (after taking effect of payment of Rs 74.49 Lacs) would become payable upon adjudication by Debt Recovery Tribunal.
- x. (d) During the year 1999, the company had received Rs. 100.00 Lacs from one of its debtors i.e. Pure Drinks New Delhi Ltd. and reduced the same amount from his recoverable balance. Subsequently the Hon'ble Punjab and Haryana Court deemed that payment is an out of turn payment and asked the company to deposit back the said amount. The company had filed a 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. And in view of restrictions imposed on operations of Bank A/c's by Hon'ble Delhi High Court, the company has filed an application to release this money for depositing the same with Punjab & Haryana High Court.



- x. (e) During the 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 under arbitration proceedings as on 31st Mar., 2017.
- x. (f) There is a demand of Rs. 34.59 Lacs raised by Income Tax Department for the Assessment Year 2006-07 for payment of income tax under the Income Tax Act, 1961, which is disputed by the company and pending before the appropriate authorities.
- x. (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. 306.81 Lacs for an underwriting given by the company in the year 1995 for the public issue of M/s MS Shoes East Ltd. Furthermore, an incidental cost which includes arbitration venue rent, record keeping cost, administrative cost and stamp paper charges amounting to Rs. 5.49 Lacs, had been awarded to the company. The total financial impact comes to Rs. 363.58 Lacs which has been contested by Company before Hon'ble Delhi High Court.
- x. (h) Due to dispute with the builder M/s NBCC Ltd. from which the company had purchased an office premises in the year 1995, regarding a claim for Rs. 288.30 Lacs on account of increase in super area and certain other expenditure M/s NBCC Ltd. had incurred and the same is pending in arbitration.
- x. (i) SIDBI had filed a petition for winding up on alleged non-payment of Rs. 54.40 lacs which consist of interest, overdue interest and other charges, before the Hon'ble Delhi High Court. Out of which the company has recorded Rs. 36.30 Lacs in the books of account. Provision for Rs. 18.10 lacs liability on account of interest, overdue interest, and other charges claimed and claimable by SIDBI has not been ascertained and provided in the books due to waiver of interest sought under the "Fresh Restructuring Scheme".

For V Sahai Tripathi & Co.

Chartered Accountants

Firm's Registration Number : 000262N

(Manish Mohan)

Partner

Membership No. 91607

Place : New Delhi

Dated : 11-August-2017

