



ND/DFSL/SECTT/2012

August 3, 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
JUNE 30TH, 2012**

Dear Sir,

This is in continuation of our letter of even no. dated July 26th, 2012.

Please find enclosed herewith a copy of the **Un-Audited Financial Results** along with **Limited Review Report** of the Company for the quarter ended on **June 30th, 2012**, as approved by the Board of Directors in its Meeting held today i.e. **August 3rd, 2012**.

The above is for your information and records please.

Thanking You

Yours faithfully
For DCM Financial Services Limited

Sumit Agarwal
(Sumit Agarwal)
Company Secretary

A circular stamp of DCM Financial Services Ltd. is placed over the signature. The text 'DCM FINANCIAL SERVICES LTD.' is written around the perimeter of the circle. In the center, there is a star and the text 'New Delhi-110020'.

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, 26387750 FAX: 91-11-26385995
Website: www.dfsonline.com email ID : info@dfsonline.com

DCM FINANCIAL SERVICES LTD.

Regd. Office- 07/3,(Mezzanine Floor), Okhla Industrial Area, Phase - 2, New Delhi - 110020.
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30TH JUNE, 2012

(Rs. In Lacs)

S.No.	Particulars	1 3 months ended 30.06.12 Unaudited*	2 Preceding 3 months ended 31.03.12 Unaudited	3 Corresponding 3 months in the previous year 30.06.11 Unaudited	4 Previous Accounting Year Ended 31.03.2012 Unaudited	5 for the period ended 30.06.2011 Audited
		3 Months	3 Months	3 Months	6 Months	12 Months
1	Net Income from Operations**					
	(a) Net / Sales Income from Operations	-	-	-	-	-
	(b) Other Operating Income	-	-	3.89	2.04	5.93
	Total Income from Operations	-	-	3.89	2.04	5.93
2	Expenditure					
	a) Employees cost	7.18	10.48	8.97	25.30	35.57
	b) Legal & Professional expenses	3.55	6.65	4.71	17.01	21.75
	c) Receivable Written off	-	-	-	-	-
	b) Depreciation	9.02	9.05	9.03	27.41	36.44
	c) Other expenditures	7.02	13.97	11.34	62.79	64.41
	d) Total Expenses	26.77	39.15	34.05	132.51	158.17
3	Profit/ Loss from operations before other income, finance cost and exceptional items(1-2)	(26.77)	(38.15)	(30.16)	(130.47)	(152.24)
4	Other Income	97.35	118.65	92.15	235.10	322.41
5	Profit/ loss from Ordinary Activities before Finance Cost & Exceptional Items(3+4)	70.58	80.50	62.03	104.63	170.17
6	Finance Costs	-	-	-	-	0.14
7	Profit/ loss from Ordinary Activities after Finance Cost but before Exceptional Items(5+6)	70.58	80.50	62.03	104.63	170.03
8	Exceptional Items	-	-	-	0.06	1.91
9	Profit(+)/Loss(-) from ordinary activities before tax(7+8)	70.58	80.50	62.03	104.69	168.12
10	Tax expenses	-	-	-	-	-
11	Net Profit(+)/Loss(-) from ordinary Activities after Tax (9-10)	70.58	80.50	62.03	104.57	168.12
12	Extraordinary Items	-	-	-	-	-
13	Net Profit(+)/Loss(-) for the period(11-12)	70.58	80.50	62.03	104.57	168.12
14	Paid-up Equity Share Capital of Rs. 10/- each	2,212.51	2,212.51	2,212.51	2,212.51	2,212.51
15	Reserves 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
16	a) Earning Per Share before extraordinary items (not Annualised)	0.32	0.36	0.28	0.47	0.76
	a) Earning Per Share after extraordinary items (not Annualised)	0.32	0.36	0.28	0.47	0.76
17	PARTICULARS OF SHAREHOLDING					
A	Public Shareholding					
	--No. of Shares	13385102	13385102	13385102	13385102	13385102
	--Percentage of Shareholding	60.50%	60.50%	60.50%	60.50%	60.50%
B	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
	--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%	39.50%	39.50%	39.50%

* Limited review audit has been conducted by the Statutory Auditors of the company for the quarter ended 30.06.2012
 ** 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.

Particulars	3 months ended 30/06/2012
INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	NIL
Received during the quarter	NIL
Disposed off during the quarter	NIL
Remaining Unresolved at the end of the quarter	NIL

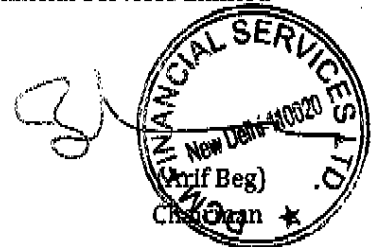


NOTES:

1. 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 and same has been approved by requisite majority. In the said scheme, the promoter of the company had undertaken to contribute Rs. 19.50 crores and the same has been deposited with the High Court registrar as per court orders. The next date of hearing is on August 31st, 2012.
2. The Reserve Bank of India has filed a writ petition and winding up petition before Hon'ble High Court in matter of rejection of Company's application for registration. 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 30th June, 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 preceding financial year ended 30th June, 2010 the company's tenant has filed a claim of Rs. 100.00 lacs against the company due to damages suffered by the tenant and the matter is pending before Arbitrator.
6. The above financial results were taken on record by the Board of Directors at the meeting held on 03.08.2012.

By Order of the Board
For DCM Financial Services Limited

Place: New Delhi
Date: 3.08.2012



V SAHAI TRIPATHI & CO
CHARTERED ACCOUNTANTS

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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 30th June, 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 03rd August, 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 30th June, 2012.



- (a) Interest on debentures @ 10% as per offer letter on 19.5 % Debentures amounting to approx. Rs. 63.72 lacs.
- (b) Interest on bills payable and fixed deposits amounting to approx. Rs. 140.75 lacs .
- (c) Interest of Inter Corporate deposits amounting to approx. Rs. 1.58 lacs.

To the extent of non-provision of interests as stated above the Profit of the Company for three months ending 30th June, 2012 is overstated by Rs. 206.05 lacs.

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 twelve months period from July, 2011 to June, 2012 of Rs 102.26 Lacs (inclusive of Service Tax), and after net amount credited to Rs.10.00 lacs, recoverable amount comes to Rs. 452.12 Lacs. The management anticipates that the balance amount recoverable of Rs 452.12 lacs which includes the rent of Rs 25.57 lacs (inclusive of service tax) for the quarter ending 30th June,2012 will be recovered in full. On the basis of the part recovery effected and assurance given by the management the rent receivable of Rs 452.12Lacs 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. 2,548.75 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. 1,875.11 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 filed 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 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.

For V. Sahai Tripathi & Co.

Chartered Accountants

Firm Registration Number : 000262N

(Manish Mohan)

Partner

Member Ship No.091607

Place : New Delhi
Dated : 03rd August, 2012

