

SEBI AUDIT

Report on Repayment of
DMC Teak Unit Scheme

M/s DMC Education Limited (Formerly known as
DMC International Limited).

On the basis of the information and explanation provided to us, we have prepared audit report as under: -

SN	Audit Reference	Our Observations												
1	To verify the authenticity of the winding up and Repayment Report submitting by the company vide letter dated March 01, 2016 regarding repayment.	<p>We have verified the document related to the authenticity of the winding up and repayment report as submitted by the company vide letter dated March 01,2016 (claiming repayments during FY 1996-97 to 2003-2004). Details are given below:</p> <table border="1" data-bbox="491 504 1396 705"> <thead> <tr> <th data-bbox="496 510 799 571">Name of Scheme</th> <th data-bbox="804 510 997 571">Total no of trees</th> <th data-bbox="1002 510 1198 571">Total Amount raised</th> <th data-bbox="1203 510 1391 571">Total No. of Investor</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 577 799 660">DMC Teak Unit Scheme</td> <td data-bbox="804 577 997 660">910</td> <td data-bbox="1002 577 1198 660">8,88,380</td> <td data-bbox="1203 577 1391 660">565</td> </tr> <tr> <td data-bbox="496 667 799 698">TOTAL</td> <td data-bbox="804 667 997 698"></td> <td data-bbox="1002 667 1198 698">8,88,380</td> <td data-bbox="1203 667 1391 698">565</td> </tr> </tbody> </table> <p>The total amount raised from investors is Rs. 8,88,380/-. However, in correspondences made by company to SEBI, we observed that the figure of funds raised from investors has been reported at Rs. 9,10,000 (Rs 1000/- X 910 Trees), whereas in certain cases actual amounts raised from investors is less than 1000/- per tree.</p> <p>Out of the amount mobilized, Rs. 6,30,650/- has been claimed to be repaid by the company during the period from 1996 to 2004. On the basis of documents</p>	Name of Scheme	Total no of trees	Total Amount raised	Total No. of Investor	DMC Teak Unit Scheme	910	8,88,380	565	TOTAL		8,88,380	565
Name of Scheme	Total no of trees	Total Amount raised	Total No. of Investor											
DMC Teak Unit Scheme	910	8,88,380	565											
TOTAL		8,88,380	565											

Strictly Private & Confidential

provided to us for verification and on the basis of explanation given to us from time to time by the authorized representatives of the company, we state our observations as below:

i. Out of the total amount mobilized, we observed that investors worth Rs. 70,175/- (principal amount), have opted for buy back option before closure of scheme. Details of such investors are given as per Annexure-I.

ii. Details of re-payments made to Investors are as below:

Particulars	Total Principal amount	Total Promised return due for payment	Total repayments as claimed in Certificates	Total Repayments made verified	Total Repayments not verified.
Buy Back	70,175	1,75,000	1,23,000	1,23,000	0
Verified	4,51,405	2,09,155	3,16,700	3,16,700	0
Non Verified	3,66,800	2,00,100	1,90,950	0	1,90,950
Total	8,88,380	5,84,255	6,30,650	4,39,700	1,90,950

iii. Details of repayment made to investor for which supporting details available are given as per Annexure -II.

iv. Repayments claimed to be made by company but no supporting or records for repayments made available reported as per Annexure -III.

2 To verify and segregate the amount mobilized from the public, Scheme wise and year wise.

We have, verified and segregated the amount mobilized from the public, type of Scheme wise and year wise. The details are given as follows:-

FY Year	Type of Scheme	Amount Raised	No. of Trees	No. of Investors
1991-92	DMC Teak Unit Scheme	5,04,230	521	309
1992-93	DMC Teak Unit Scheme	3,47,050	350	237

1993-94	DMC Teak Unit Scheme	29,450	31	13
1994-95	DMC Teak Unit Scheme	1,900	2	2
1995-96	DMC Teak Unit Scheme	4,750	5	3
1996-97	DMC Teak Unit Scheme	1000	1	1
Total		8,88,380	910	565

3 To verify whether the repayments have been made along with the promised returns as per the original offer, as directed vide SEBI's order u/s 11B of the SEBI Act, 1992 and the sources thereof

We have verified the repayments made to the investors. The repayments has generally made as per the promised return set-out in the terms and condition of the issue. We have obtained terms and condition of each type of repayment. Our observation in this respect stated as below:

Relevant extracts of terms DMC Teak Unit Scheme are reproduced below:-

The unit holder has paid Rs.1000/- per tree at the time of application which is toward the services offered by the company for the cost of the Teak sapling and future maintenance, upkeep, security and care of the Teak trees holder. Henceforth the unit holders will not have any right toward claiming any interest on the amount paid at the time of booking or the trees till its maturity period of twenty years.

In view of the above it is said that Rs. 50/- per annum is maintenance charge of the tree and on forced closure of scheme in view of order u/s 11B. of SEBI, the company is bound to repay the unspent amount of investors.

The company also undertook to buyback the trees at the below mentioned amount and after the specified period.

Expiry of Period(in years)	Amount of Buyback(per tree)
5	2,500
10	5,000
15	10,000
20	15,000

We have been informed that, 48 investors has opted for buy back scheme before order u/s 11B. Remaining Investors falls under premature repayments on account of Sebi's winding up order.

Details of payment made to investors and short fall is as per Annexure-I, II and III.

4	<p>For the purpose of 1 & 3 above, to examine and verify the terms of the original offer in the event of premature withdrawal of investments by investors</p>	<p>We have observed that 48 investors have been opted for premature withdrawal (buy Back). Details of payment made to investors and short fall is as per Annexure-I.</p> <p>Further, in respect of short payments calculated by us, we have been explained by the authorized representative of the company that all certificates, in original, has been handed over to company on full and final settlement by each such investors and there is no pending dues / demands from any such investor. The amount so paid was amicably settled on buy back as full and final. The short payments mainly represents the amount of traveling expenses incurred by the company on investors' site visit and same were deducted while making repayment to each of them.</p>
5	<p>To verify and check whether the process of repayment was concluded prior to the order u/s 11 B of the SEBI Act, 1992 or completed subsequently</p>	<p><u>In respect to DMC Teak unit scheme issued by the company</u> the company has claimed to have repaid the full amount during 1992 to 2005. However, in view of our observations reported in point no 1 and 3 above, we are of the opinion that the process of repayment neither concluded prior to the order u/s 11 B of the SEBI Act, 1992 nor subsequently.</p> <p>Further, in respect of short payments calculated by us, we have been explained by the authorized representative of the company that the payments were made amicably to all investors in full and final settlement and there is no pending dues / demands from any such investor. The short payments mainly represents the amount of traveling expenses incurred by the company on investors' site visit and same were deducted while making repayment to each of them.</p>
6	<p>To verify from the company's records whether there has been satisfactory redressal of all pending investor complaints. If any</p>	<p>We have been informed that there are no pending complaints from the investors. In-fact, the company has advertised in national newspapers regarding winding up of scheme and gave option to submit complaints. No complaints have been received.</p>

7	To verify the details of directors of the company	The company has provided list of its directors since incorporation till date. Details given as per Annexure-IV.
8	Any other significant information that you may desire to specify	As given in point no 1. To 7 above.