



Ref.No.KSFC/HO/MD/ED(F)/020/2010-11

Date : 07.04.2010

CIRCULAR No.827(B)

Sub: Revised Debt Reconstruction Scheme – clarification.

Ref : Circular No.827(A) dated 27.08.2008.

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As you are aware, revised debt reconstruction scheme was issued vide circular No.827 dated 21.08.2008. An additional condition was issued vide above referred circular to the effect that the units which do not have operating profits and have accumulated loss, should only be covered / extended the benefits under the scheme.

Now, the Internal Audit Department has sought a clarification whether the interest payments on the loans to be reckoned in the expenditure while determining the unit incurred operating profit / loss. In this regard it is hereby clarified that the interest payment on the loans shall be reckoned in the expenditure while determining the operating profit / loss incurred by the unit. In other words, the word 'operating profit' mentioned in the above referred circular shall be read as 'cash profit'. Further, the interest actually paid only shall be taken into account and if it is accounted on accrual basis the same shall not be considered while working out the cash profit / loss.

The contents of this circular shall be brought to the notice of all the concerned in your office / department.

Sd/-
MANAGING DIRECTOR

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