

DCM LIMITED ANNUAL REPORT

2011-2012

BOARD OF DIRECTORS

Dr. Surendra Nath Pandey

Chairman

Mr. Naresh Kumar Jain

Managing Director

Mr. Jitendra Tuli

Prof. J.S. Sodhi

Mr. Sudhin Roy Chowdhury
(Nominee - LIC)

COMPANY SECRETARY

Mr. Bhabagrahi Pradhan

BANKERS

Punjab National Bank

State Bank of Bikaner and Jaipur

AUDITORS

A.F Ferguson & Co.

Chartered Accountants

New Delhi

REGISTERED OFFICE

Vikrant Tower,
4, Rajendra Place,
New Delhi-110 008
Tel : 91-11-41539177-80
Fax : 91-11-25765214

SHARE TRANSFER AGENT

MCS Limited
F-65, Okhla Industrial Area,
Phase-I, New Delhi-110 020
Tel : 91-11-41406149
Fax : 91-11-41709881

Registered Office : Vikrant Tower, 4, Rajendra Place,
New Delhi - 110 008

NOTICE

Notice is hereby given that the 121st Annual General Meeting of the Company will be held on Friday the 15th day of July 2011 at 12.30 P.M, at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110 054 for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts as at March 31, 2011 and the reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Prof. Joginder Singh Sodhi, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit to pass the following resolution with or without modification(s), as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s A.F. Ferguson & Company, Chartered Accountants, New Delhi, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Audit Committee of the Board of Directors be and is hereby authorized to fix their remuneration."

SPECIAL BUSINESS:

5. To consider and, if thought fit to pass the following resolution with or without modification(s), as an Ordinary Resolution:

"RESOLVED THAT subject to such approvals, as may be necessary under the applicable provisions of the Companies Act, 1956 and/or any amendment/modification(s) thereof, Mr. Naresh Kumar Jain be and is hereby appointed as Managing Director of the Company w.e.f. 20th December, 2010 without payment of salary and perquisites but with sitting fees as paid to the other Directors, for a period of one year, which is extendable for further period(s) not exceeding 5 years, on each occasion from time to time at the discretion of the Board"

"RESOLVED FURTHER THAT the Managing Director shall be entitled to reimbursement of all actual expenses incurred in the course of business of the Company"

"RESOLVED FURTHER THAT Mr. B Pradhan, Company Secretary be and is hereby authorized to take necessary steps, acts, actions to the above resolution".

By the order of the Board
For DCM Limited
Sd/-

B Pradhan
Company Secretary

Place : New Delhi
Date : May 25, 2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. (A FORM OF PROXY IS ANNEXED).

2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, July 9, 2011 to Friday, July 15, 2011 (both days inclusive)**. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, for financial year ended March 31, 2011, if declared, at this Annual General Meeting, will be paid to the members whose name(s) appear on **July 8, 2011:-**
 - a) As member(s) holding shares in physical mode, in the register of member of the company after giving effect to all valid and complete transfers, lodged on or before July 8, 2011; and
 - b) As beneficial Owner(s) holding shares in electronic mode, details as furnished by the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for said purpose.
4. Shareholders, who are holding shares in identical order of name in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
5. Members are requested to bring their copy of Annual Report.
6. Shareholders/ Proxies are requested to produce the enclosed admission slip duly completed and signed at the entrance for admission to the meeting hall.
7. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
8. The members intending to seek any information on Annual Accounts at the meeting are requested to kindly inform the Company at least 7 days before the date of the meeting.
9. In view of SEBI requirement of compulsory delivery of shares of the company in dematerialized form, members are requested to convert their physical share certificates into electronic form.
10. As stipulated under Clause 49 of the Listing Agreement, information in respect of Directors seeking re-appointment at the meeting is given in the Corporate Governance Report which forms part of the Annual Report.
11. The Securities and Exchange Board of India (SEBI) vide Circular dated April 27, 2007, had made PAN mandatory for all securities market transaction. Thereafter, vide Circular dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/Registrar & Share Transfer Agents for registration of such transfer of shares.
12. DCM is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, DCM henceforth propose to send documents like the Notice convening the General meetings, Financial Statements, Directors' Report, Auditors' Report, etc. to the email address provided by the members with their depositories/ depository participants(DP).

Members are requested to update their email address with the depository participants to ensure that the annual report and other documents reach them at their preferred email address.

The members holding shares in physical mode may also send their request to the company by letter or by email at investors@dcm.in to receive the soft copy of the annual report by email instead of hard copy.

13. As per directive from Securities and Exchange Board of India (SEBI), Companies use Electronic Clearing Service (ECS) facility, introduced by Reserve Bank of India (RBI), for distributing dividends and other cash benefits to investors, wherever available. In this system, the investor's bank account is directly credited with the dividend amount based on the information provided by the Company, under advice to the investor.

Members holding shares in electronic form in demat account are requested to furnish their bank account numbers and details along with photocopy of a cheque pertaining to the concerned bank account, to their Depository participant (DP) to avail the said ECS facility.

Members holding shares in physical mode are requested to **send the duly filled and signed mandate form** given in the annual report for payment of dividend through ECS and to register their e-mail id.

14. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays and Sundays, between 14.00 hrs to 16.00 hrs. upto July 14, 2010

(ANNEXURE TO NOTICE)

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NUMBER 4

The Board of Directors in their meeting held on October 29, 2010 had re-appointed Mr. Naresh Kumar Jain as the Managing Director of the Company. He is an Arts Graduate and also holds Master Degree in Business Administration. He was the President of Punjab Merchants Chamber and Member of Gem & Jewellery Export Promotion Council.

None of the Directors are concerned or interested in the resolution except Mr. Naresh Kumar Jain.

By the order of the Board
For DCM Limited
Sd/-
B Pradhan
Company Secretary

Place : New Delhi
Date : May 25, 2011

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 121st Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2011.

FINANCIAL DATA**Rs./Crores**

	Financial Year ended March 31, 2011	Financial Year ended March 31, 2010
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	61.94	27.75
Less: – Interest	13.73	7.72
– Depreciation	9.57	7.84
Exceptional Item	-	46.66
Profit/(Loss) before tax	38.64	58.85
Less -Provision for tax	12.88	(6.85)
Profit/(Loss) after tax	25.76	65.70
Add –Profit/(Loss) brought forward	75.41	(14.57)
Add –Debenture Redemption Reserve		
Written Back	5.76	24.28
Profit/(Loss) available for appropriation	106.93	75.41
Appropriations		
Proposed Dividend on equity shares	4.34	-
Corporate Dividend Tax	0.71	-
General Reserves	2.60	-
Balance Profit carried forward	99.28	75.41

OPERATIONS OVERVIEW**Textile Division**

The Textile Division of the company is located at Hisar in Haryana. It is an ISO9001 certified unit with a cotton yarn capacity of 74436 spindles. During the year under review, the turnover of the division has increased to Rs. 271.83 Crores from Rs. 202.25 Crores last year recording a growth of 34.4% (approx). The division has performed well because of strong cotton yarn prices, operational efficiency and control of operational cost during the financial year. The restrictions imposed by the Government of India on export of cotton yarn in the last quarter of the financial year, has hampered the volume growth of the division.

Besides expanding its export market by introducing value added products the Division is also focusing to broaden the domestic customer base by developing direct customers. During the year, the division has initiated modernization projects of its plant to enhance efficiency and add further value to its products.

IT Division

The domestic operations have shown a healthy growth due to maturity of business associations and flow of recurring orders from large domestic IT players. The division is an established player in data center management business with specialization in managing different systems, storage devices and databases. This is expected to open future opportunities for the division in providing specialized data center services to the fast growing small and medium enterprises in domestic market.

However, the Operating Profit of the division was adversely affected because the US onsite business of the division has underperformed during the year on account of extraordinary employee payouts, payment against past settlements, exceptional attritions and lower fresh order booking since order of major customers is put on hold.

DEBT REPAYMENT UNDER SCHEME OF RESTRUCTURING AND ARRANGEMENT (SORA)

As per the Scheme of Restructuring & Arrangement (SORA) approved by the Hon'ble Delhi High Court vide its order dated October 29, 2003 under Section 391 – 394 of the Companies Act, 1956 and subsequent modification thereto

vide Delhi High Court order dated April 28, 2011, the company has complied with its debt repayment obligation and where such amount has not been claimed by the creditors, the same have been deposited in separate designated Bank Account (s) in scheduled bank(s).

REDEMPTION OF DEBENTURES

During the year, pursuant to the discharge of liability of 16% Partly Convertible Debentures (PCDs), IFCI Ltd., acting as Trustee for the said PCDs has released securities created in their favour. Any investor whose investment in said PCDs remained unclaimed /un-encashed may lodge their claim with the company by surrender of Debenture Certificates/ un-encashed payment warrants at the registered office of the company.

FIXED DEPOSITS

The Company has paid the fixed deposit holders in all claimed cases as per provisions of the Scheme of Restructuring and Arrangements approved by Hon'ble Delhi High Court and as modified vide order dated April 28, 2011. The amount of unclaimed / legal cases has been deposited in a separate bank account to earmark the funds for the payment of these unclaimed / legal cases.

DIRECTORS

The Board of the Company on October 29, 2010 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2010 to December 19, 2011. His appointment shall be placed for the approval and ratification of shareholders at the Annual General Meeting to be held on July 15, 2011.

Prof. Joginder Singh Sodhi, retires by rotation in the ensuing Annual General Meeting and, being eligible, offers himself for reappointment as Director of the company. His re-appointment is placed before the shareholders of the company at the Annual General Meeting for the financial year 2010-11.

DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

Management response to the observations of the auditors even though explained wherever necessary through appropriate notes to the Accounts is reproduced hereunder in compliance with the relevant legal provisions.

Reference para 4(iv) of the Auditors' Report

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2011 or within 6 months thereof, the disclosures required to be made in terms of Accounting Standard (AS) – 27 "Financial Reporting of interest in joint venture" for the current year have been made on the basis of joint venture's latest available financial statements for the year ended March 31, 2010. However, the Company's share of Assets, Liabilities, Income and Expenses, etc. (without elimination of the effect of transactions between the Company and the joint venture) has been determined on the basis of Company's shareholding in Joint Venture as of March 31, 2011. (Note 17 of Notes to Accounts in Schedule 13 of Accounts annexed). Further, in absence of required information of joint venture Company, the same have not been considered for consolidation in the Consolidated Financial Statements (Note 1 of Notes to Accounts in Schedule 13 of Consolidated Accounts annexed).

Reference para 4(vi) of the Auditors' Report

The business of the company was re-organized under a Scheme of Arrangement sanctioned by the High Court of Delhi, New Delhi vide its order dated April 16, 1990, effective from April 1, 1990 under the provisions of Sections 391-394 of the Companies Act, 1956 and all units of the company existing at that time were re-organized under four separate companies, including this company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Siel Limited.

There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and Memorandum of Understanding between the companies involved, when the liabilities/benefits are finally determined. The final liability, when determined, would in case of

the Company, be limited only to one third of the total liability (Note 12 of Notes to Accounts in Schedule 13 of Accounts annexed).

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

As required under Section 217(2AA) of the Companies Act, 1956 your Directors state that:

- While preparing Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent which gives true and fair view of affairs of the Company and of the profit or loss of the Company;
- The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared accounts on a going concern basis.

DIVIDEND

Your directors are pleased to recommend a dividend of Rs. 2.50 (25%) per equity shares of Rs 10 each aggregating to Rs.4.34 Crores on paid up equity capital of the company for the financial year 2010-11, which if approved at the ensuing Annual general Meeting, will be paid to all those member (s) whose name appear in the register of members or beneficial owner(s) as provided by the depositories as on July 8, 2011.

After transfer of Rs 260 Lacs to Reserves the balance in Profit & Loss Account of Rs 9928 lacs is carried to the Balance Sheet

PERSONNEL

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Report is annexed hereto.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The details as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 are annexed.

SUBSIDIARY COMPANIES

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is attached to the accounts. The Central Govt. has issued a General Circular No: 2/2011 dated 8-02-2011 directing that the provision of section 212 shall not apply in relation to subsidiaries of those companies which comply with certain disclosure requirements.

In terms of the said general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 and as per resolution passed by the board of directors at their meeting held on January 31, 2011, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended March 31, 2011 along with the Reports of the Board of Directors of the Company's Subsidiaries have not been annexed. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. These documents will also be made available in the website of the Company www.dcm.in.

However, as per the requirement of Accounting Standard AS-21 notified in the Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries.

AUDIT COMMITTEE

The Audit Committee of the company consists of Mr. Jitendra Tuli, Chairman, Prof. Joginder Singh Sodhi and Dr. Surendra Nath Pandey.

AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 121st Annual General Meeting and are eligible for re-appointment. Your Board recommends their reappointment.

COST AUDIT

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's Textile division. The Board of directors had appointed Mr. Vipin Maini, Cost Accountant as Cost Auditors of the Company for the financial year 2010-11. The Central Government vide its letter dated July 5, 2010 had approved the appointment of Mr. Vipin Maini as the Cost Auditor of the Company. The cost audit report will be filed with the Central Government as per statutory timeline.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Corporate Governance Report, Management Discussion & Analysis and Auditors' certificate regarding compliance of Corporate Governance are made part of the Annual Report.

SOCIAL RESPONSIBILITY STATEMENT

The company is running two Educational Institutions viz DCM Boys Sr. Sec. School and DCM Girls Sr. Sec. School. Both Schools cater to the lower income strata of the society. The Schools are recognised and affiliated to the Central Board of Secondary Education; there are 917 students on the roll in both the schools in different classes. These Schools have been shifted in New School Building which is futuristic in nature with all modern facilities. The Textile Division of the Company is also running a School upto 10th standard in its campus at Hissar, Haryana. There are approx 600 students on the roll in different classes.

ACKNOWLEDGEMENTS

The Directors wish to acknowledge and thank the Central and State Governments and all regulatory bodies for their continued support and guidance. The Directors thank the shareholders, customers, business associates, Financial Institutions and Banks for the faith reposed in the company and its management.

The Directors place on record their deep appreciation of the dedication and commitment of your company's employees at all levels and look forward to their continued support in the future as well.

For and on behalf of the Board

Place : New Delhi
Date : May 25, 2011

Sd/-
Surendra Nath Pandey
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information as required under section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

(a) Energy Conservation Measures Taken:

Textile Division:

The Textile mill is continuously endeavoring to develop most energy efficient process and to upgrade into latest energy efficient devices. Recently the division has installed AC drive, cyclic timer, motion sensor and automation of Blow Room & TFO pump. The replacements of the conventional tubes/bulbs with CFLs are also continued all over the organization.

IT Division:

The operations involve low energy consumption. Wherever possible, energy conservation measures have been implemented and effort to conserve and optimise the use of energy is a continuous process.

- (b) Total energy consumed and energy consumption per unit of Production:

Textile Division – Form-A appended herein.
IT Division – N.A.

2. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed - Form B appended herein.

3. FOREIGN EXCHANGE EARNINGS & OUTGO

Total Foreign Exchange used and earned	<u>Rs. In Lacs</u>
Foreign Exchange Earned	17602.86
Foreign Exchange Outgo	3979.68

FORM –A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

Particulars	2010-2011 (12 Months)	2009-2010 (12 Months)
A. POWER AND FUEL CONSUMPTION	47104073	44628260
1. Electricity (KWH)(a)		
a) Purchased:-		
– Unit (KWH)	44703960	40424670
– Total Amount (Lac/Rs.)	1966.33	1777.62
– Rate per unit (Rs.)	4.40	4.40
b) Own Generation:		
i) Through Generator		
– Unit (KWH)	2400113	4203590
– Unit per Lt. of F.O./L.D.O./HSD	3.44	3.44
– Cost /unit (Rs./KWH)	8.84	8.06
ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil (LDO&HSD)		
– Quantity (K.Ltr.)	696363	1220405
– Total Amount (Lac/Rs)	212.05	338.38
– Average Rate (Rs./K.Ltr.)	30.45	27.73

Particulars	2010-2011 (12 Months)	2009-2010 (12 Months)
4. Others (LPG)	NIL	NIL
– Quantity (K.Lt.)		
– Total /Cost (Rs/Lac)		
– Rate/Unit (Rs/Mt)		

Particulars	2010-2011 (12 Months)	2009-2010 (12 Months)
B. CONSUMPTION PER UNIT OF PROD.		
Particulars Standard (if any)		
– Electricity (KWH)	3.05	2.82
– Furnace Oil/HSD(Ltrs)	–	–
– Coal	–	–
– Others (LPG)	–	–

FORM-'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION-2010-11

RESEARCH & DEVELOPMENT

1. SPECIFIC AREAS IN, WHICH R&D CARRIED OUT BY THE COMPANY

Textile Division : NIL
IT Division : NIL

2. BENEFITS DERIVED

Textile Division : NIL
IT Division : NIL

3. FUTURE PLAN OF ACTION

Textile Division : NIL
IT Division : NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts made & Benefits

Textile Division : NIL
IT Division : The Division is operating in the fast evolving field

of information technology. This necessitates regular technological upgradation of skills and training of employees in the latest developments in the field.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report

(A) Employed throughout the year under review and who were in receipt of remuneration, which in aggregate was not less than Rs. 5.00 lacs per month.

S. No.	Name	Designation and Nature of Duties	Unit/Division	Remuneration received (Rs./Lacs)	Qualifications	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	President- Textiles	Corporate Office	89.86	B.S.(Math & Comp. Sc), MS(IA)	20	45	1-Aug-91	DCM Technologies Ltd.

(B) Employed for a part of the year under review and were in receipt of remuneration for any part of the period, at a rate which in aggregate was not less than Rs. 5.00 lacs per month.

S. No.	Name	Designation and Nature of Duties	Unit/Division	Remuneration received (Rs./Lacs)	Qualifications	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Sumant Bharat Ram	Chief Operating & Finance Officer	Corporate Office	25.57	B.A(H)-Eco., MBA	19	44	4-Oct-95	DCM Reality Investment & Consulting Limited

Notes: Remuneration includes basic salary, contribution to provident and superannuation funds, allowances and taxable value of perquisites.

For and on behalf of the Board

Place : New Delhi
Date : May 25, 2011

Sd/-
Surendra Nath Pandey
Chairman

CORPORATE GOVERNANCE REPORT**Corporate Governance Philosophy**

Corporate Governance is about credibility, transparency and accountability of the Board and Management towards shareholders and other investors of the Company. We believe in a Board of appropriate size, composition and commitment to adequately discharge its responsibilities and duties. We consistently review on a periodical basis all systems, policies and delegations so as to establish adequate and sound systems of risk management and internal control. Given below is a brief report for the period April 01, 2010 to March 31, 2011 on the practices followed at DCM Limited towards achievement of good Corporate Governance:

BOARD OF DIRECTORS**(A) Composition of the Board:**

As on March 31, 2011 the Board comprised of five (5) Directors, namely, Dr. Surendra Nath Pandey, Chairman; Mr. Naresh Kumar Jain, Managing Director; Mr. Sudhin Roy Chowdhary; Prof. Joginder Singh Sodhi and Mr. Jitendra Tuli. All the Directors are non-executive and independent directors except Mr. Naresh Kumar Jain, Managing Director of the Company. Mr. Sudhin Roy Chowdhary is a Nominee Director of LIC. The composition of the Board is in conformity with the Listing Agreements. All the directors bring with them rich and varied experience in different facets of the corporate functioning. They play an active role in the meetings of the Board. None of the directors have any pecuniary relationship with the Company except for receiving of sitting fee for attending meetings of the Board and the committees thereof.

(B) Tenure:

Tenure of directorship of Mr. Joginder Singh Sodhi, who has been longest in office, is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 121st Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Naresh Kumar Jain was re-appointed as Managing Director of the Company by the Board of Directors on October 29, 2010 for a period of one year i.e. with effect from December 20, 2010 to December 19, 2011. His appointment is placed for the approval and ratification of shareholders at the ensuing Annual General Meeting.

(C) Board Meetings:

During the year April 01, 2010 to March 31, 2011, four (4) meetings of the Board of Directors were held on May 28, 2010, August 11, 2010, October 29, 2010 and January 31, 2011. The attendance of each Director at these meetings and the last Annual General Meeting was as under.

S. No.	Name	Type of Director	No. of meeting held during 2010-11	No. of meeting attended	Last AGM (on 30.07.10) attended	Appointed as director on	Ceased to be director on
1.	Mr. Naresh Kumar Jain	Executive Director	4	4	Yes	17.02.01	—
2.	Dr. Surendra Nath Pandey	I-NED	4	4	Yes	10.12.01	—
3.	Prof. Joginder Singh Sodhi	I-NED	4	4	Yes	10.12.01	—
4.	Mr. Sudhin Roy Chowdhary (Nominee LIC)	I-NED	4	2	N.A	28.10.09	—
5.	Mr. Jitendra Tuli	I-NED	4	4	Yes	20.12.05	—

I-NED- Independent –Non Executive Director

(D) Code of Conduct

The Company's Board has laid down a code of conduct for all the Board Members and Senior Management of the Company, which has been circulated, to all concerned executives through e-mail as well as by

circulation through hard copies. All Board members and designated Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this report.

(E) Service Contract and Severance Fees

The appointment of Mr. Naresh Kumar Jain, Managing Director and Dr. Surendra Nath Pandey, Chairman & Non Executive Director of the Company is governed by the resolutions passed by the Board of Directors which covers the terms and conditions of such appointment. Both Executive and Non Executive Directors are paid sitting fees for attending the meetings of Board of Directors, Audit Committee, Review Committee, Share Transfer, Finance Facilities & Shareholders'/Investors' Grievance Committee and Compensation Committee.

The details of remuneration paid to Directors during the period April 01, 2010 to March 31, 2011 are as under: (Rs./Lacs)

S. No.	Name	Sitting Fees	Salary & Perquisites
1.	Dr. Surendra Nath Pandey	0.83	Nil
2.	Mr. Naresh Kumar Jain	0.47	Nil
3.	Prof. Joginder Singh Sodhi	0.68	Nil
4.	Mr. Jitendra Tuli	0.80	Nil
5.	Mr. Sudhin Roy Chowdhary (Nominee-LIC)	0.10	Nil
TOTAL		2.88	Nil

Stock Option Scheme: The Company does not have any Stock Option Scheme for any of its Director or employee.

(F) Compensation Committee

The Company had constituted a Compensation Committee on January 30, 2003 for the appointment, promotion and remuneration of executives at General Manager and above levels.

As on March 31, 2011 the Compensation Committee comprised of Dr. Surendra Nath Pandey, Mr. Naresh Kumar Jain and Mr. Jitendra Tuli. During the year two (2) meetings of the compensation Committee were held on May 28, 2010 and July 26, 2010. All the members of the Committee have attended both the meetings.

The Compensation grades of the executives are governed by the HR policies of the Company. Managerial remuneration is regulated in terms of Section 198, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956. During the period under review, no remuneration was paid to any Director except by way of sitting fees for attending meetings of the Board or Committees thereof.

(G) Number of Directorships / Chairmanship held in other Companies as on March 31, 2011:

S. No	Director	No. of Other Directorship		No. of Other Committee membership	
		Director	Chairman	Member	Chairman
1.	Mr. Naresh Kumar Jain	Nil	Nil	Nil	Nil
2.	Dr. Surendra Nath Pandey	Nil	Nil	Nil	Nil
3.	Prof. Joginder Singh Sodhi	Nil	Nil	Nil	Nil
5.	Mr. Jitendra Tuli	1	Nil	Nil	1
6.	Mr. Sudhin Roy Chowdhary (Nominee-LIC)	Nil	Nil	Nil	Nil

includes Audit Committee & Share Transfer, Finance facilities and shareholders'/Investors' Grievance committee:

(H) Important items discussed at the Board Meetings:

The Board of the Company is provided with detailed notes along with

the agenda papers in advance in respect of various items discussed in the Board meetings including:

1. Annual Business Plan including financial and operational plan
2. Quarterly financial results/Annual financial statements.
3. Appointment of senior executives.
4. Review of operation of units.
5. Investment proposals.
6. Quarterly statutory compliance report.
7. Progress on restructuring plan of the Company.
8. Capital budgets and updates.
9. Minutes of meetings of audit committee and other committees of the board.
10. Show cause, demand, prosecution notices and penalty notices, which are materially important

(I) **Audit Committee.**

As on March 31, 2011, the Audit Committee of the Board comprised of Mr. Jitendra Tuli, Prof. Joginder Singh Sodhi and Dr. Surendra Nath Pandey. All the members of Audit Committee are Independent Directors. The terms of reference of Audit Committee include *inter-alia* systematic review of Accounting policies & practices, financial reporting process, adequacy of internal control systems and internal audit function, quarterly/half-yearly financial statements and risk management policies. It also recommends appointment of Statutory Auditors, Internal Auditors, Cost Auditors and fixation of audit fees. Mr. Jitendra Tuli, has financial and accounting knowledge.

Audit Committee meetings are attended by Chief Executive Officer, Chief Operating and Financial Officer, Sr. Executives of Accounts & Finance Department of the Company. Representatives of Statutory /Cost Auditors also attend the Audit Committee Meetings on invitation.

During the year 2010-11, four (4) Audit Committee meetings have taken place on May 28, 2010, August 11, 2010, October 29, 2010 and January 31, 2011. All the members of the Committee have attended all the four Committee meetings.

The composition and terms of reference of the Audit Committee are in conformity with the Listing Agreement and the Companies Act, 1956. The minutes of the meetings of the Audit Committee are placed before the Board for its information.

(J) **Share Transfer, Finance Facilities and Shareholders' / Investors' Grievance Committee:**

The Board has delegated the authority to approve transfer of Shares/ Debentures to the Company Secretary of the Company and Committee of Directors for "Share Transfer, Finance Facilities & Shareholders' / Investors' Grievance. As on March 31, 2011, the Committee comprised of Dr. Surendra Nath Pandey, Mr. Jitendra Tuli, Mr. Naresh Kumar Jain and Prof. Joginder Singh Sodhi. The attendance of directors in the said committee meetings are as follows:

S. No.	Name	Designation	No. of meetings held during 2010-2011	Number of Committee meeting attended
1.	Dr. Surendra Nath Pandey	Chairman	7	7
2.	Mr. Jitendra Tuli	Member	7	7
3.	Prof. Joginder Singh Sodhi	Member	7	5
4.	Mr. Naresh Kumar Jain	Member	7	7

Information relating to Shareholders/ Investors Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2011 is as under:

No. of Complaints Received	No. of Complaints not solved to the satisfaction of shareholders/Investors	No. of pending Complaints
60	NIL	NIL

The minutes of Share Transfer, Finance Facilities & Shareholders' / Investors' Grievance Committee are placed before the Board for its information.

K. **Compliance Officer**

The Company Secretary of the Company acts as Compliance Officer of the Company.

L. **Subsidiary Company**

All the subsidiary companies of the Company are managed by their respective Boards having the rights and obligations to manage such companies in the best interest of their stakeholders.

Mr. Jitendra Tuli, Independent Director of the Company has been appointed as Director on the Board of DCM Engineering Ltd, a Material Unlisted subsidiary of the Company. All minutes of the meetings of DCM Engineering Ltd. are placed before the Company's Board regularly. All significant transactions and arrangements entered into by the unlisted subsidiary company are brought to the attention of Company's Board. The annual audited accounts of all the subsidiary companies and the related detailed information is available at the website of the company at www.dcm.in. The annual accounts of the subsidiary companies are also kept for inspection by any shareholders in the head office of the company and of the subsidiary companies concerned. Also the company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on request.

M. **Disclosures**

1. Related party transactions as per AS-18 have been dealt with in note 16 of the schedule 13 (Notes to the Accounts). These transactions are not in conflict with the interest of the company.
2. The Company has not been imposed with any penalty by the Stock Exchanges, SEBI or any other statutory authority on any matter relating to Capital Markets during the last three years.
3. The Company has a Legal Department headed by General Manager (Legal), which deals with the legal issues. The Secretarial Department is responsible for compliances in respect of Company Law, SEBI, Stock Exchange rules and regulations and other related laws.
4. As a matter of transparency and good governance, key operational & financial data is furnished to the Directors in every meeting of the Board. Management Discussion and Analysis report forming part of the Annual Report is enclosed.
5. Disclosure regarding appointment or re-appointment of Directors: Prof Joginder Singh Sodhi retires by rotation at the ensuing Annual General Meeting. Prof. Joginder Singh Sodhi holds a Masters Degree in Economics having 20 years of academic experience. He has been a Professor at the International Management Institute and also a visiting faculty, University of Western Australia, Hitot Subhashi University, Japan & Victoria University of Wellington, New Zealand. He is also an editor of the Indian Journal of Industrial Relations.
6. Risk Management:
The Company has laid down procedures to inform the Board members about the Risk Assessment and Risk Minimization. These procedures are being revised from time to time to ensure appropriate Risk Management and control.

N. **CEO/CFO Certification**

The certificate in compliance with Clause 49 V of the Listing Agreement was placed before the Board of Directors.

O. Means of Communication

The quarterly / half yearly / annual financial results are announced within the stipulated period and are normally published in Financial Express (English) and Jansatta (Hindi) newspapers and are also forwarded to the Stock Exchanges as per Listing Agreement. The results are put up on their web-site(s) by the Stock Exchanges. The all financial results and other shareholder information are also available at the website of the company at www.dcm.in. The quarterly/ half yearly financial results are not sent to shareholders individually. No presentation of financial results has been made to Financial Institutions/analysts during the year.

GENERAL SHAREHOLDER INFORMATION**a. Annual General Meeting:**

Date : July 15, 2011
Time : 12.30 PM
Place : MPCU Shah Auditorium,
Shree Delhi Gujrati Samaj Marg,
Civil Lines, New Delhi

b. Book Closure Date : Saturday, July 9, 2011 to Friday, July 15, 2011 (both days inclusive)**c. Period** : April 01 to March 31**d. Financial Calendar**

Financial reporting for the Quarter ending June'11 : End of July/ before mid Aug. '11
Financial reporting for the Quarter ending September'11 : End of Oct /before mid Nov '11
Financial reporting for the Quarter ending December' 11 : End of Jan/ before mid Feb' 12
Financial reporting for the financial year ending March'12 : End of May' 12

e. Dividend Payment : Dividend, if any, declared in the ensuing Annual General Meeting, will be paid within 30 days of the date of declaration to those Members whose names appear in the Register of Members on the date of book closure.**f. Registered Office** : DCM LIMITED,
Vikrant Tower, 4 Rajendra Place,
New Delhi-110008.
Ph. : 011-25719967-70**g. Registrar & Share Transfer Agent**
MCS Limited,
F-65 Okhla Industrial Area,
Phase I, New Delhi 110 020
Telephone No: 011- 41406149**h. Share Transfer System/Listing:**

The Company's Shares are traded in the Stock Exchanges in compulsorily Demat mode as per Stock Exchanges Regulations. Physical Shares, which are lodged for transfer, are processed at MCS Ltd and returned to the Shareholders within 15 days from the date of receipt subject to documents being valid and complete in all respects.

i. Listing:

Shares of Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fee for the year upto April 01, 2011 to March 31, 2012 has been paid to both Stock Exchanges.

j. Securities Code:

Securities code for Company's equity shares on the Stock Exchanges are as follows:

Bombay Stock Exchange Ltd. : 502820
National Stock Exchange of India Limited : DCM

k. Dematerialisation of Shares:

The Shares of the Company are compulsorily tradable in Dematerialised form by all categories of investors and placed under rolling settlement by SEBI. The Company has signed agreement with NSDL & CDSL for dematerialization of shares. ISIN No. of Company for dematerialization of equity shares is INE 498A01018. As on March 31, 2011, 92.02% of issued share capitals of the company have been dematerialized.

l. Location of Works:

Textile Division: Hissar (Haryana)

IT Division: Gurgaon (Haryana)

m. Details of last three AGMs

Year	Location	Date	Time	Special Resolutions passed
2010	120th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	30.07.10	12:30 PM	Nil
2009	119th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	13.08.09	2:30 PM	Nil
2008	118th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	23.07.08	12:30 P.M.	Nil

n. Distribution of shareholding as on March 31, 2011

Category	No. of Shares	% of Shareholding
Promoters, Directors & Relatives	7673599	44.15
Mutual fund/UTI/FIs/Banks/Central Govt./State Govt./Insurance Companies	1826649	10.51
Bodies Corporate	2224195	12.80
NRI/Trust	108523	0.62
Individuals	5546071	31.92
TOTAL	17379037	100

Shareholdings	No. of folios	No. of Shares	% of Shareholding
Up to 5000	49336	3980085	22.90
5001-10000	96	727306	4.19
10001 - 50000	63	1308148	7.53
50001-100000	12	863880	4.97
Above 100000	18	10499618	60.41
TOTAL	49525	17379037	100

o. Deposits:

The Company has not raised any deposits from the public during the financial year 2010-11.

p. Outstanding ADRs/ GDRs:

The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument during the financial year 2010-11.

q. Pursuant to Regulation 3(1)(e) of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto "Group" consists of Aggresar Leasing and Finance Pvt. Limited, Betterways Finance and Leasing Pvt. Limited, Midopa Holding Pvt. Ltd, Xonix Enterprises Pvt. Ltd., Lotte Holdings Pvt. Ltd, Lotus Finance and Investments Pvt. Ltd., Shrestha Real Estates Pvt. Ltd., Vinay Bharat Ram, Hemant Bharat Ram, Sumant Bharat Ram, Amina Bharat Ram, Yuv Bharat Ram, Rahil Bharat Ram.**r. Investors Correspondence:**

The shareholders may address their communication to the Registrar and Share Transfer Agents at their address mentioned above or to the Company Secretary, Vikrant Tower, 4 Rajendra Place, New Delhi – 110008 or at exclusively designated e-mail ID for any grievance at investors@dcm.in

s. Postal Ballot

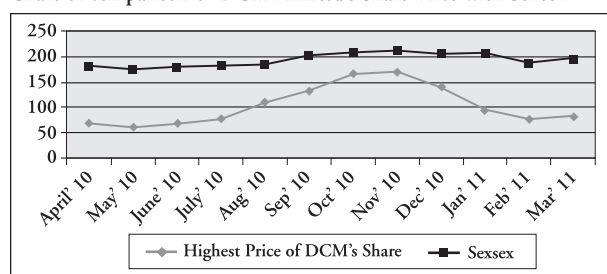
During the year under review the Company has not passed any Resolution through Postal Ballot.

t. Stock Market Data and Share price performance in comparison to broad base indices

a) DCM LIMITED vs SENSEX

	DCM LIMITED		SENSEX	
	High	Low	High	Low
April-2010	67.75	45.30	18047.86	17276.80
May-2010	61.00	42.65	17536.86	15960.15
June-2010	68.40	51.00	17919.62	16318.39
July-2010	77.80	60.00	18237.56	17395.58
August-2010	109.50	73.95	18475.27	17819.99
September-2010	131.70	93.00	20267.98	18027.12
October-2010	165.95	123.10	20854.55	19768.96
November-2010	170.00	116.10	21108.64	18954.82
December-2010	140.00	67.80	20552.03	19074.57
January-2011	94.90	71.05	20664.80	18038.48
February-2011	77.00	62.10	18690.97	17295.62
March-2011	82.20	68.00	19575.16	17792.17

Chart of comparison of DCM Limited's Share Price with Sensex



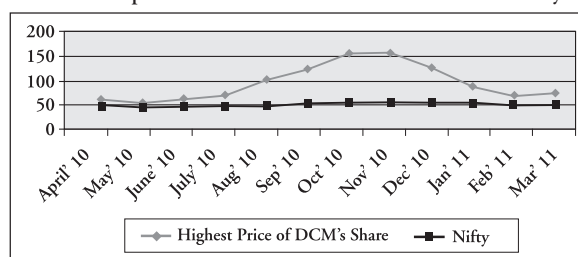
b) DCM LIMITED vs NIFTY

	DCM LIMITED		NIFTY	
	High	Low	High	Low
April-2010	67.90	44.70	5399.65	5160.90
May-2010	60.90	42.50	5278.40	4786.45
June-2010	68.60	47.25	5366.75	4961.05
July-2010	77.30	61.90	5477.50	5225.60
August-2010	109.70	73.75	5549.80	5348.90

	DCM LIMITED		NIFTY	
	High	Low	High	Low
September-2010	131.70	92.85	6073.50	5403.05
October-2010	165.95	123.00	6284.10	5937.10
November-2010	167.20	117.00	6338.50	5690.35
December-2010	135.00	68.15	6147.30	5721.15
January-2011	95.00	68.15	6181.05	5416.65
February-2011	76.80	61.10	5599.25	5177.70
March-2011	82.00	67.05	5872.00	5348.20

Source: BSE and NSE websites

Chart of Comparison of DCM Limited's Share Price with Nifty



NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements as specified in Annexure ID of the Listing Agreement except clause (2) relating to Remuneration Committee.

For and on behalf of the Board

Sd/-

Place: New Delhi

Surendra Nath Pandey

Date: May 25, 2011

Chairman

Chief Executive Officer Declaration

I, Dr. Vinay Bharat Ram, Chief Executive Officer of DCM Limited, certify based on annual disclosures received, that all Board members and senior management personnel have abided by the code of conduct laid down by the Company.

Sd/-

Place : New Delhi

Dr. Vinay Bharat Ram

Date : May 25, 2011

Chief Executive Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF DCM LIMITED

We have examined the compliance of conditions of Corporate Governance by DCM Limited for the year ended March 31, 2011, as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : New Delhi

Dated : May 25, 2011

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)
Jaideep Bhargava
Partner
(Membership No. : 090295)

MANAGEMENT DISCUSSION AND ANALYSIS TEXTILE DIVISION

Industry Structure and Developments

The Indian Textile industry occupies an important place in the economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings.

India at this juncture, with large cotton availability and good scope to increase the yield of cotton per hectare, has the additional advantage of skilled labour and management. Because of these factors, one can safely conclude that the growth of cotton production in India will intensify in the coming years.

However, level of competitiveness and growth of textile industry hinges more on Government policies than on operational factors of the textile industry. For instance, restriction on export of cotton yarn and suspension of Technology Upgradation Fund (TUF) subsidy have serious potentials to impact the growth of the textile industry.

Outlook

The Indian Textile Industry is one of the matured and leading textile industries in the world. The textiles sector is a major contributor to the Indian economy in terms of gross domestic product, industrial production and the country's total export earnings. India earns about 27 per cent of its total foreign exchange through textiles exports. Besides, the Indian Textile industry contributes 14 per cent of the total industrial production of the country. This sector provides employment to over 35 million people directly and it is expected that the textile industry will generate new jobs during the ensuing years.

Although the outlook for the textile industry in buoyant, increased cost of raw material, more dependence on exports and stagnation/weak exports market are some of the reasons which may affect the textile industry. The globalization has also intensified the competition.

Financial and Operational Performance

The Textile division of the company has performed well during the year under review as cotton yarn prices jumped up considerably due to picking up of demand. However, due to restrictions imposed by Government of India on exports during the last quarter the capacity utilization during the year was affected adversely.

The performance of the Textile Division for the year ended 31st March 2011 is as follows-

S. No.	Particulars	2010-11 (12 months)	2009-10 (12 months)
1	Sales in Quantity (MT)	14102	15629
2	Production (MT)	15441	15827
3	Sales & other Income (Rs in lacs)	27164	20212
4	Total Expenditure (Rs in lacs)	20500	16927
5	Interest (Rs in lacs)	931	571
6	Depreciation (Rs in lacs)	913	735
7	Profit before Tax (Rs in lacs)	4820	1978

Manpower Development

The knowledge, competency and skills of the employees are being continuously developed to support them to become effective leaders in their domain. Training of the employees is a continuous and integrated process. Training is imparted according to the competency of each employee. Training and mentoring programs are designed accordingly. The company believes in investing today in training to create tomorrow's leader. The process of TQM drive is in full swing, so as to promote the culture of excellence.

Risk & Concerns

The capacity expansions are being undertaken by many existing spinning companies. Increasing interest costs, labour shortage, sharp increase in raw material prices and prospect of higher domestic inflation are some of the challenges facing the textile industry at large.

However, the company is fully sensitive to the growing challenges of textile industry and the textile division has a strong resolve to grow through the present difficult time as a learning period to identify areas of improvement by fine tuning systems, strengthening processes and building on areas of strength

i.e. superior quality, reliable delivery and economies of scale.

Safety

The division has highest priority in maintaining the best safety practices and standards. Division's commitment towards safety, health and environment has been clearly stated in the 'SHE Policy'. The constituted SHE Committee meets periodically to assess the safety of the plant and health of their employees. The workers participation in SHE committee is helping in formulation and effective implementation of safety and health programmes. The division ensures that the employees use proper Personal Protective Equipment (PPE) while at work. Proper & adequate training and knowledge is imparted to equip them with fire fighting skills on the shop floor, Regular medical check-ups of all the employees in the Division are being organized.

Environment

The division is conscious of its responsibility towards creating, maintaining and ensuring safe and clean environment. The division ensures all regulatory requirements and guidelines at all the times. The plant is well surrounded by lush green environment including green belts, floriculture, fruit orchards and general forestry plantation.

Social Responsibility

The Division is running a school in the campus up to the 10th standard as part of social responsibility and as a good corporate citizen. There are approximately 600 students on the rolls in different classes. The school is recognized and affiliated to Haryana Board of School Education. The management of school is continuously striving to provide quality education to its students with a view to provide good citizens to the society as a whole.

Internal Controls

The company has well defined internal control system. The company takes abundant care to design, review and monitor the working of internal control system. The company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

IT DIVISION

Industry Overview

The Indian information technology (IT) industry has played a key role in putting India on the global map and is estimated to become a US \$ 225 billion industry by 2020. The Industry, which is still on the path of recovery from a global meltdown, earns 80 to 85 percent of its export income from software services and back office operations from the US and European markets. The industry has witnessed a turnaround in current fiscal 2010-11 by posting a double-digit growth largely due to renewed investments by global companies across verticals such as IT infrastructure, software and back office services. The industry's annual growth had plunged to 6 percent in 2009-10 after recording a sound 25 percent increase during the previous four years. It is estimated that the export revenues will cross US \$ 59 billion in FY2011 and shall constitute 26 percent out of total exports from India. Within exports, IT Services segment was the fastest growing segment, growing by 22.7 per cent over FY 2010, and aggregating export revenues of US \$33.5 billion, accounting for 57 per cent of total exports.

The year started on a positive note, with the major Indian IT companies posting good profits, contrary to earlier indications of a drop in revenues. The industry players gave a positive outlook on the hiring scenario in the country, as well as in other offshore centers. As the year progressed, core markets like the US-along with emerging verticals and geographic segments, witnessed a significant increase in demand, resulting in a 5.5 per cent jump in the overall industry revenues.

However, one of the adverse impacts of the global recession was the rise in protectionist sentiments across major markets like the US and Europe. In August, the US House of representatives passed a Bill that affected a steep hike in visa fees for skilled workers. The move was aimed at raising US \$ 600 million to beef up security along the US-Mexico border, but would also result in US \$ 200 million additional visa costs for the Indian companies every year.

Earlier in the year, US announced that tax benefits would be taken away from American companies that ship jobs overseas.

Though the US, which is the largest contributor to the Indian IT sector's revenues, saw demand returning, the slowdown in Europe continued. Currency fluctuation and a significant drop in new orders from the European region, the second largest market for the Indian IT players, added to the woes of the IT companies. According to NASSCOM, forex fluctuation has dented India's competitiveness and "steps need to be taken to address India's increased risk perception".

Opportunities & Outlook

In 2011, technologies such as cloud computing and smartphones made the critical transition from *early adopter* status to the first stage of mainstream acceptance.

As a result, the IT industry will revolve more and more around the *build-out* and adoption of mobility, cloud-based application and service delivery, value-generating overlays of social business and pervasive analytics. In addition to creating new markets and opportunities, this restructuring will overthrow nearly every assumption about who the industry leaders are and how they establish the mainstream leadership. The platform transition will be fueled by another solid year of recovery in IT spending. IDC forecast worldwide IT spending will be \$1.6 trillion, an increase of 5.7% over 2010.

Meanwhile, social business software has gained significant momentum in enterprises over the past 18 months and this trend is expected to continue. IDC forecasts a compound annual growth rate of 38% through 2014. In a sure sign that social business has hit the mainstream, IDC expects 2011 to be a year of consolidation as the major software vendors acquire social software providers to jump-start or increase their social business footprint.

What really distinguishes the year ahead is that these disruptive technologies are finally being integrated with each other – cloud with mobile, mobile with social networking, social networking with 'big-data' and real time analytics. As a result, these once emerging technologies can no longer be invested in, or managed, as sandbox efforts around the edges of the market. Instead, they are rapidly becoming the market itself. This is throwing up a lot of challenges and opportunities, especially for companies' like ours.

The growth of these technologies will make the IT Infrastructure more complex. How the complexity evolves will need to be seen as the model matures. However as the complexity increases, the need for services of the type DCM provides shall also increase. The Division is keeping an eye on the type of models its customers are wanting and willing to use, and will build skills accordingly.

Outsourcing of work to low cost developing nations is growing rapidly in spite of the constant challenges it faces from the government and lawmakers of developed countries. Last 6 years have seen India become the Outsourcing hub of the world and trend seems to be continuing.

Within the areas of IT services growth, the IT division's expertise lies in doing Systems' Administration. This expertise is very specific niche area and few companies specialize here. This niche would be about 0.5-1% of the overall IT services market. In this market we have painstakingly built a positioning in the mind of customers for Unix and Storage services so that we can demand a premium.

The Division's domain expertise includes a diverse knowledge of systems and technologies. Enterprises can benefit by leveraging on the Division's robust global delivery model, proven methodologies, standardized tools and mature processes for enterprise infrastructure management services (IMS). DCM offers focused solutions in core infrastructure areas and leverages its proven IT infrastructure tools and methodologies to design solutions that are closely aligned to the client's business strategy.

Financial & Operations Overview:

The India centric operations have shown a healthy growth, during the year. Customer associations with most large IT Service providers have matured and recurring orders are now being received. However the Overseas operations under performed on account of premature order closures and attrition. In addition, the direct costs increased disproportionately thereby adversely affecting margins. Corrective steps to balance costs and improve the sales

effort have already been initiated and should start yielding positive results in the current year.

The division has also established itself in data center management business with specialization in managing different systems, storage devices and databases. This is expected to open future opportunities for the division in providing specialized data center services to the fast growing small and medium enterprises in India.

S. No.	Particulars	2010-2011 (12 months) (Rs. in Lacs)	2009-2010 (12 months) (Rs. in Lacs)
1.	Sales & Other Income	4315	4315
2	Total Expenditure	(4266)	(4243)
3	Profit before Interest, Depreciation, Amortisation, & Tax	49	72
4	Interest	(57)	(54)
5	Depreciation & Amortizations	(25)	(32)
6	Profit Before Tax	(33)	(14)

Manpower Development /Industrial Relations

The division's business model is manpower centric and involves providing difficult to obtain, high-end technical services to clients in the field of System Administration and Systems Management. Requisite skill set is not easily available; hence it is necessary to train / upgrade the skills of manpower to meet the business requirements. The division has an in-house Competence Center to impart hands on training to employees in systems and storage domain and is the back bone of operations.

Risks and Concerns

- The dependence on few customers for major part of business both in US and India is a concern area, though the division is consciously trying to diversify the customer base so as to insulate its revenues and profitability from changes in fortunes or business policies of its customers.
- The Onsite business in US, is dependent upon changes in the regulations relating to labour, travel, work permits etc of that country - changes have a direct impact upon business.
- Similarly, any restrictions/ dis-incentives on off shoring if imposed by the US government might have some impact on the business of the division.
- The exchange rate fluctuation has a direct and significant impact on the profitability, since a major part of the transactions are in foreign exchange.
- Skilled manpower attrition also continues to remain a major concern area for us, as also for most IT companies.
- The division operates in a dynamic technology environment, which makes it imperative that we continuously upgrade and evolve resources and processes - technological obsolescence is a risk that we need to manage.

Adequacy of Internal Control Systems

The Operations of the division are spread across different geographies, including India and the USA, hence commensurate Internal controls have been instituted that are regularly upgraded in-line with the changes in the regulatory and control requirements. The division has adequate control systems and internal policies, for order processing, legal compliances, employee recruitment and management, maintenance services and security systems to safeguard its IT infrastructure.

Cautionary Note

Statements in the Management Discussion and Analysis describing the division's objectives, estimates or projections may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the division's operations include changes in the main client's purchase procedures, changes in Government regulations, tax regimes, economic outlook in India and US and other incidental factors.

For and on behalf of the Board

Place: New Delhi
Date: May 25, 2011

Sd/-
Surendra Nath Pandey
Chairman

AUDITORS' REPORT TO THE MEMBERS OF DCM LIMITED

1. We have audited the attached balance sheet of DCM Limited ("the Company") as at March 31, 2011, the profit and loss account and the cash flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv) the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except that disclosures in terms of Accounting Standard (AS)-27 "Financial Reporting of Interest in Joint Ventures" for the reasons stated in note 17 of Schedule 13 have been made on the basis of last available financial statements of joint venture for the year ended March 31, 2010;*
 - v) attention is invited to note 3 of Schedule 13 which explains in detail the position of the "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi and further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result in to any adverse impact on the financials of the Company or on the successful implementation of the SORA;
 - vi) *various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 12 of schedule 13. The*

effect of these on the accounts is not ascertainable at this stage; The matters referred to in paragraphs 4 (iv) and (vi) to the extent covered here above were also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2010.

Subject to our comments in para 4(iv) and 4 (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
- b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

5. On the basis of written representations received from the directors and taken on record by the Board of Directors and after considering SORA, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava

Partner

(Membership No. : 090295)

Place : New Delhi
Dated : May 25, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business / activities / result, clauses (x), (xiii) and (xiv) of CARO are not applicable.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. However, in respect of certain raw materials, the inventories were verified by the management on a visual estimation which has been relied upon by us.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, during the year, the particulars of contracts / arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299(6) of the Act are not required to be entered in this register. There are no transactions in excess of Rs.5 lacs in respect of any party, listed in the register maintained under section 301 of the Companies Act, 1956, during the year.
- (vi) In our opinion, after considering the information and explanations given to us that the Order dated September 10, 1998 of the Company Law Board issued under Section 58A(9) of the Companies Act, 1956 (the Act) is an integral part of SORA, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and section 58 AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues and after considering SORA, pursuant to which certain past dues have been rescheduled for payment:
- (a) The Company has been regular in depositing undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and generally been regular in depositing dues in case of tax deducted at source with the appropriate authorities. There were no undisputed statutory dues outstanding for a period of more than six months from the date they become payable as at the year end.
- (b) Details of dues of customs duty, income-tax and service tax matters which have not been deposited as on March 31, 2011 by the Company on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where pending	Total Amount involved* (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Period to which the amount relates
Customs Act	Customs Duty	Commissioner of Customs (Appeals)	12.55	—	1988-89
Income Tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	36.24	36.24	Assessment year 2002-03
		Commissioner of Income Tax (Appeals)	4.98	4.98	2007-08

Name of the Statute	Nature of the dues	Forum where pending	Total Amount involved* (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Period to which the amount relates
Finance Act,	Sales tax	Customs Excise and Service Tax Appellate Tribunal	4.84	—	2006-07

*amount as per demand orders including interest and penalty wherever indicated in the demand.

For the above purposes, statutory dues payable in India have been considered. Further, the demands raised and already set off by the Income-tax Authorities against the carried forward losses of the Company or the refunds due to the Company, being no longer due for payment, have not been considered.

The following matters which have been excluded from the table have been decided in favour of the Company, although the concerned regulatory authority has preferred appeal at a higher level:

Name of the Statute	Nature of the dues	Forum where pending	Amount (Rs. in lacs)	Period to which the amount relates
Income-Act, 1961	Income-tax	Delhi High Court	510.44	Assessment Years 1980-81 to 1990-91

We have been further informed that there are no dues in respect of sales tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

- (x) According to the information and explanations given to us and after considering SORA, the Company has not defaulted in repayment of dues to financial institutions, debenture holders and bank.
- (xi) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that funds raised on short term basis have not been used for long term investments.
- (xv) The Company has not made any preferential allotment of shares during the year.
- (xvi) The Company has not issued any debentures during the year.
- (xvii) The Company has not raised money by way of public issue during the year.
- (xviii) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava
Partner

Place : New Delhi
Dated : May 25, 2011

(Membership No. : 090295)

	Schedule	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
SOURCES OF FUNDS			
Share capital	1	1,737.59	1,737.59
Reserves and surplus	2	14,110.04	12,038.72
		<u>15,847.63</u>	<u>13,776.31</u>
Loans	3		
Secured		26,119.33	17,848.63
Unsecured		442.92	452.57
		<u>26,562.25</u>	<u>18,301.20</u>
Deferred tax liability (net)	6	412.28	—
Total		<u><u>42,822.16</u></u>	<u><u>32,077.51</u></u>
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		15,331.54	14,317.59
Less : Depreciation		7,643.55	7,368.71
		<u>7,687.99</u>	<u>6,948.88</u>
Net block		791.40	1,123.64
Capital work-in-progress		<u>8,479.39</u>	<u>8,072.52</u>
Investments	5	7,020.34	6,803.32
Deferred tax assets (net)	6	—	566.31
Current assets, loans and advances	7		
Inventories		16,409.01	8,971.45
Sundry debtors		14,855.51	13,168.31
Cash and bank balances		1,020.59	940.09
Loans and advances		6,860.33	5,622.72
		<u>39,145.44</u>	<u>28,702.57</u>
Less : Current liabilities and provisions	8		
Current liabilities		8,142.06	9,537.90
Provisions		3,680.95	2,529.31
		<u>27,322.43</u>	<u>16,635.36</u>
Total		<u><u>42,822.16</u></u>	<u><u>32,077.51</u></u>
Notes to accounts	13		

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

Profit and Loss Account for the year ended March 31, 2011

	Schedule	For the year ended March 31, 2011 Rs. /Lacs	For the year ended March 31, 2010 Rs. /Lacs
Gross sales/services	9	31,109.83	23,870.42
Less: Excise duty		19.29	13.71
Net sales		31,090.54	23,856.71
Other income	9A	484.95	772.90
		31,575.49	24,629.61
Manufacturing and other expenses	10	25,380.33	21,855.80
Depreciation	4	957.29	783.63
Interest	11	1,373.33	772.17
Total expenditure		27,710.95	23,411.60
Profit before taxation and exceptional items		3,864.54	1,218.01
Exceptional item:			
Liabilities no longer required written back (Refer to note 3(e) of Schedule 13)		—	4,666.31
Profit before taxation for the year		3,864.54	5,884.32
Provision for taxation	12	1,288.26	(685.28)
Profit after tax for the year		2,576.28	6,569.60
Balance brought forward from the previous year		7,540.80	(1,457.07)
Debenture redemption reserve written back		576.02	2,428.27
Profit available for appropriation		10,693.10	7,540.80
Appropriations			
General reserve		260.00	—
Proposed dividends (equity shares)		434.48	—
Corporate dividend tax		70.48	—
Balance carried to Balance Sheet		9,928.14	7,540.80
Basic & Diluted earning per shares (Rs. per share of Rs. 10/- each)		14.82	37.81
Notes to accounts	13		

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

Cash flow statement for the year ended March 31, 2011

	For the year ended March 31, 2011 Rs. /Lacs	For the year ended March 31, 2010 Rs. /Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax	3,864.54	5,884.32
Adjustments for :		
Depreciation	957.29	783.63
Loss/(Profit) on sale of fixed assets	(33.48)	3.59
Loss/(Profit) on sale of long term non-trade investment	0.71	-
Interest expense	1,373.33	772.17
Interest income	(108.80)	(152.13)
Dividend income	(1.70)	(0.70)
Liabilities no longer required written back #	-	(4,666.31)
Operating profit before working capital changes	6,051.89	2,624.57
Adjustments for changes in :		
- Trade and other receivables	(1,850.29)	4,021.08
- Inventories	(7,437.56)	(3,650.79)
- Trade payables	462.03	217.81
Cash generated / (used) from operations	(2,773.93)	3,212.67
Direct taxes paid	(641.61)	(696.97)
Net cash generated / (used) from operating activities	(3,415.54)	2,515.70
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,404.67)	(897.35)
Sale of fixed assets	67.67	3.90
Sale of long term non-trade investments	2.10	-
Purchase of long term non-trade investments	(219.82)	(219.82)
Dividend received	2.05	0.60
Interest received	106.63	156.61
Net cash used in investing activities	(1,446.04)	(956.06)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	3,419.24	2,415.92
Repayment of long term borrowings	(2,802.41)	(9,635.66)
Proceeds from short term borrowing	1,000.00	1,000.00
Repayment of short term borrowings	(1,000.00)	-
Changes in working capital borrowings	7,644.22	5,237.83
Interest paid	(3,318.97)	(963.33)
Net cash from financing activities	4,942.08	(1,945.24)
Net (decrease) / increase in cash and cash equivalents	80.50	(385.60)
Cash and cash equivalents (opening balance) *		
Cash and bank balances	940.09	1,325.69
Cash and cash equivalents (closing balance) *		
Cash and bank balances	1,020.59	940.09
	80.50	(385.60)

Refer to note 3(e) of Schedule 13

* Includes Rs. 430.02 lacs (Previous year Rs. 450.25 lacs) as security with Debenture Trustees and Rs. 399.70 lacs (Previous year Rs. 429.91 lacs) earmarked for specific uses.

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

Place : New Delhi
Date : May 25, 2011

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

1. SHARE CAPITAL

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
Authorised Capital		
Ordinary shares	6,000.00	6,000.00
60,000,000 (previous year 60,000,000) of Rs. 10 each		
6th Cumulative redeemable preference shares	80.00	80.00
320,000 (previous year 320,000) of Rs. 25 each - 9.5%		
Preference shares	920.00	920.00
3,680,000 (previous year 3,680,000) of Rs. 25 each		
Cumulative convertible preference shares	1,000.00	1,000.00
1,000,000 (previous year 1,000,000) of Rs. 100 each		
	<u>8,000.00</u>	<u>8,000.00</u>
Issued, Subscribed and Paid-up Capital		
Ordinary shares	1,737.90	1,737.90
17,379,037 (previous year 17,379,037) of Rs. 10 each, fully paid-up.		
Less : Calls in arrear	0.31	0.31
	<u>1,737.59</u>	<u>1,737.59</u>

- Of the issued, subscribed and paid-up capital, before giving effect to the Scheme of Arrangement dated April 16, 1990 (whereby the share capital was reduced to Rs. 5,75,50,760 from Rs. 23,02,03,020), 1,40,90,577 ordinary shares of Rs. 10 each represented bonus shares issued by capitalisation of profits/reserves.
- 11,623,961 ordinary shares of Rs. 10 each have been issued on July 31, 1993 on conversion of the convertible portion (Part A) of 16 % Partly Convertible Debentures.

2. RESERVES AND SURPLUS

	As at March 31, 2010 Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2011 Rs./Lacs
Capital reserve *	24.90	-	-	24.90
Share premium	3,767.00	-	-	3,767.00
Capital redemption	130.00	-	-	130.00
Debenture redemption	576.02	-	576.02 **	-
General reserve	-	260.00	-	260.00
Profit and loss account	7,540.80	2,387.34	-	9,928.14
	<u>12,038.72</u>	<u>2,647.34</u>	<u>576.02</u>	<u>14,110.04</u>

* Represents Central/State Government subsidy.

** Transferred to Profit and Loss account

3. LOANS

	As at March 31, 2011 Rs. /Lacs	As at March 31, 2010 Rs. /Lacs
Secured		
Debentures		
Principal amount - gross	-	894.34
Less : Calls in arrear	-	5.24
	<u>-</u>	<u>889.10</u>
Banks		
Cash credits/overdrafts	9,709.55	6,565.33
Working capital demand loans	7,500.00	3,000.00
Term loans	6,846.67	4,324.98
Others		
- Long term	1,063.11	2,069.22
- Short term	1,000.00	1,000.00
Carried Over	<u>26,119.33</u>	<u>17,848.63</u>

3. LOANS (Contd...)

	As at March 31, 2011 Rs. /Lacs	As at March 31, 2010 Rs. /Lacs
<i>Brought forward</i>	26,119.33	17,848.63
Unsecured		
Deposits		
Fixed	—	9.45
Others	371.57	371.77
Term loans		
Short term	71.35	71.35
	<u>442.92</u>	<u>452.57</u>
	<u>26,562.25</u>	<u>18,301.20</u>

Secured1. **Debentures**

Nil (Previous year: 3,717,971) - aggregating Rs. Nil (Previous year Rs. 894.34 lacs) Part-B of Rs. 135 each being the non-convertible portion of 16% Secured Partly Convertible Debentures, as restructured in terms of the Scheme of Restructuring and Arrangement approved by the Hon'ble Delhi High Court vide its order dated October 29, 2003 under Section 391 – 394 of the Companies Act, 1956 and subsequent modification thereto vide Delhi High Court order dated April 28, 2011, redeemable, with interest, over a period of seven years. In respect of such debentures aggregating Rs. 209.25 lacs (Previous year Rs. 181.44 lacs) an amount equivalent thereto representing amounts due but not claimed by concerned debenture holders has been deposited in a designated current account maintained with a schedule bank for this purpose. The unclaimed amount in respect of matured debentures has been included under the head "Unclaimed matured debentures including interest thereon" in schedule 8.

2. **Banks**

Cash credit, overdrafts, working capital demand loans and term loans include:

- cash credit/overdraft and working capital demand loan facilities aggregating Rs. 12,001.77 lacs (Previous year Rs. 8,125.71 lacs) and other non-fund based facilities from a bank, are secured by way of hypothecation of stocks / stores and book debts, both present and future. These are further secured by equitable mortgage of immovable assets, both present and future, and first charge, ranking pari-passu, by way of hypothecation of existing as well as future block of movable assets pertaining to the Textile Division at Hissar.
- working capital demand loans aggregating Rs. 4,750.00 lacs (Previous year Rs. 1,000.00 lacs) from banks are secured by way of pledge of cotton stocks, pertaining to the Textile Division at Hissar.
- cash credit facilities relating to IT Division, aggregating Rs. 457.78 lacs (Previous year Rs. 439.62 lacs) and other non-fund based facilities from a bank, are secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the Division (both present and future), and by way of first charge on office property at Hyderabad. The above facility is further secured by way of first charge created / to be created on other fixed assets of the Division.
- term loans aggregating Rs. 4,557.85 lacs (Previous year Rs. 4,324.98 lacs) are secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities described above, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar (due within a year Rs. 834.75 lacs, Previous year Rs. 643.50 lacs).
- Corporate loan of Rs. 2,288.82 lacs (Previous year Rs. Nil) secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities and term loans described above, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar (due within a year Rs. 836.00 lacs, Previous year Rs. Nil).

3. **Others - Long term**

- Rs. 1,000.00 lacs (Previous year: Rs. 2,000.00 lacs) secured by registered mortgage of farm house land situated at Rajokri, New Delhi, admeasuring 2.50 acres, owned by a promoter group company and is also guaranteed by the Chief Financial and Operating Officer of the Company (due within a year: Rs. 1,000.00 lacs, Previous year: Rs. 1,000.00 lacs).
- Rs. 63.11 lacs (Previous year: Rs. 69.22 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets (due within a year: Rs. 23.88 lacs, Previous year: Rs. 25.88 lacs).

4. **Others - Short term**

- Rs. 1,000.00 lacs (Previous year: Rs. 1,000.00 lacs) secured by pledge of 2,000,000 equity shares of DCM Engineering Limited on a margin of 100% over the outstanding loan amount.

Unsecured

- Fixed deposits aggregating Rs. Nil (Previous year Rs. 0.55 lac), guaranteed by the Chief Executive Officer of the Company.

4. FIXED ASSETS

(Amounts in Rs./Lacs)

Description	Gross Block				Depreciation				Net Block	
	As at March 31, 2010	Additions	Deductions	As at March 31, 2011	Upto March 31, 2010	For the year	On sales/ disposal	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land *	977.48	—		977.48	—	—	—	—	977.48	977.48
Buildings	1,752.15	72.63	62.80	1,761.98	507.89	54.39	62.80	499.48	1,262.50	1,244.26
Plant and machinery	10,791.37	1,608.22	630.27	11,769.32	6,214.31	859.99	600.89	6,473.41	5,295.91	4,577.06
Furniture and fittings	322.40	13.55	6.16	329.79	254.70	14.99	4.73	264.96	64.83	67.70
Vehicles	194.29	36.19	17.41	213.07	111.91	27.92	14.03	125.80	87.27	82.38
<u>Intangible assets</u>										
Intellectual property rights	279.90	—	—	279.90	279.90	—	—	279.90	—	—
Current Year	14,317.59	1,730.59	716.64	15,331.54	7,368.71	957.29	682.45	7,643.55	7,687.99	
Previous Year	14,095.06	252.53	30.00	14,317.59	6,607.58	783.63	22.50	7,368.71		6,948.88
Capital work-in-progress (Refer to note 9 of Schedule 13 also)									791.40	1,123.64
									8,479.39	8,072.52

Capital commitments outstanding at the close of the year, net of capital advances, Rs. 183.14 lacs (Previous year Rs. 912.19 lacs).

* Includes Rs. 969 lacs added in 1992–93 on revaluation.

5. INVESTMENTS - LONG TERM

AT COST UNLESS OTHERWISE STATED

Trade investments – Unquoted

Equity shares :

Purearth Infrastructure Limited @

Fully paid-up

15,387,470 (Previous year – 10,991,050) of Rs. 10 each

2,443.64

2,004.00

Partly paid-up

Nil (Previous year 4,396,420) of Rs. 10 each, Rs. 5/- paid up

—

219.82

Non trade – Quoted

Equity shares :

Fully paid-up

SRF Limited

5,000 (Previous year – 5,000) of Rs. 10 each

1.60

1.60

DCM Financial Services Limited

Nil (Previous year – 69,258) of Rs. 10 each

—

2.80

Daewoo Motors (India) Limited

59,584 (Previous year – 59,584) of Rs. 10 each, {# Rs.1/-}

16.34

16.34

Less – Provision for diminution in value of investment

(16.34)

(16.34)

#

ICICI Bank Limited

Nil (Previous year – 8) of Rs.10 each {* Rs. 368}

—

*

Non trade – Unquoted

Non-cumulative redeemable preference shares:

Fully paid-up

Combine Overseas Limited (Refer to note 10 of Schedule 13)

100,000 (Previous year – 100,000) 0%Non-cumulative redeemable preference shares, fully paid up, of Rs.100 each

100.00

100.00

Carried Over

2,545.24

2,328.22

5. INVESTMENTS - LONG TERM (Contd...)

	As at March 31, 2011 Rs. /Lacs	As at March 31, 2010 Rs. /Lacs
<i>Brought forward</i>	2,545.24	2,328.22
In subsidiaries –		
Non trade – Unquoted		
Equity shares :		
Fully paid-up		
DCM Finance & Leasing Limited		
49,996 (Previous year – 49,996) of Rs. 10 each	5.00	5.00
DCM Reality Investment & Consulting Limited		
2,550,020 (Previous year – 2,550,020) of Rs. 10 each	255.00	255.00
DCM Tools & Dies Limited		
50,000 (Previous year – 50,000) of Rs. 10 each	5.00	5.00
DCM Engineering Limited		
15,049,988 (Previous year – 15,049,988) of Rs. 10 each	4,205.00	4,205.00
13.5 % Redeemable cumulative preference shares:		
Fully paid-up		
DCM Finance & Leasing Limited		
100 (Previous year – 100) – of Rs. 100 each	0.10	0.10
Trade – Unquoted		
Equity shares :		
Fully paid-up		
DCM Textiles Limited		
50,000 (Previous year – 50,000) of Rs. 10 each	5.00	5.00
	<u>7,020.34</u>	<u>6,803.32</u>

@ In terms of the SORA, the Company will not dispose off its shareholding in Purearth Infrastructure Limited until the completion of the land development project at Bara Hindu Rao/Kishan Ganj.

1.	<u>Book Value (Rs./Lacs)</u>		<u>Market Value (Rs./Lacs)</u>	
	Current Year	Previous Year	Current Year	Previous Year
Quoted	1.60	4.40	15.92	12.14
Unquoted	7,018.74	6,798.92		
	<u>7,020.34</u>	<u>6,803.32</u>		
2.	59,584 (Previous year; 59,584) fully paid up equity shares of Rs. 10 each of Daewoo Motors (India) Limited have been pledged with one of the financial institutions are pending for release.			
3.	2,000,000 (Previous year; 2,000,000) fully paid up equity shares of Rs. 10 each of DCM Engineering Limited have been pledged with a body corporate.			

6. DEFERRED TAX ASSETS/LIABILITY (NET)

	As at March 31, 2011 Rs. /Lacs	As at March 31, 2010 Rs. /Lacs
Deferred tax assets on:		
Unabsorbed depreciation	–	610.89
Accrued expenses, deductible on payment	209.70	529.90
Provision for doubtful debts and advances	16.49	43.55
	<u>226.19</u>	<u>1,184.34</u>
Less: Deferred tax liability on:		
Accelerated depreciation	638.47	618.03
	<u>(412.28)</u>	<u>566.31</u>

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 Rs. /Lacs	As at March 31, 2010 Rs. /Lacs
Current assets		
Inventories		
Stores , spares and components (valued at cost or under)	136.31	125.82
Stock in trade *		
Raw materials	10,873.47	6,970.06
Process stocks	765.39	348.65
Finished goods	3,633.84	526.92
Land (for development)	1,000.00	1,000.00
	<u>16,409.01</u>	<u>8,971.45</u>
Sundry debtors @		
Debts over six months		
Secured – good	309.45	309.45
Unsecured – good	8,449.44	9,468.45
– doubtful	42.14	118.92
Other debts		
Secured – good	1.60	2.07
Unsecured – good @@	6,095.02	3,388.34
	<u>14,897.65</u>	<u>13,287.23</u>
Less : Provision for doubtful debts	42.14	118.92
	<u>14,855.51</u>	<u>13,168.31</u>
Cash and bank balances		
Cash and cheques on hand	4.81	9.87
With scheduled banks on :		
– Current accounts #	343.04	198.89
– Deposit accounts ##	640.64	729.02
With non-scheduled banks on : ###		
– Current accounts		
Bank of America, USA	32.09	2.31
– Deposit accounts		
Bank of America, USA	0.01	–
	<u>1,020.59</u>	<u>940.09</u>
Loans and advances		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good \$	2,290.01	1,931.01
Considered doubtful \$\$	785.07	825.97
	<u>3,075.08</u>	<u>2,756.98</u>
Less:Provision for doubtful advances	785.07	825.97
	<u>2,290.01</u>	<u>1,931.01</u>
Deposits	393.89	419.67
With customs, excise and port trust authorities etc.	140.33	310.45
MAT credit entitlement	1,664.84	1,220.67
Taxation	2,356.04	1,727.51
Income accrued on investments and deposits	15.22	13.41
	<u>6,860.33</u>	<u>5,622.72</u>
	<u>39,145.44</u>	<u>28,702.57</u>

7. CURRENT ASSETS, LOANS AND ADVANCES (Contd...)

* Stock in trade, other than land (for development) which has been valued at the lower of its historical cost and net realisable value and includes appropriate share of land development expenses and finance cost of borrowed funds, is valued at lower of cost and net realisable value.

@ Includes Rs. 8,672.39 lacs (Previous year Rs. 9,672.39 lacs) on account of real estate receivables. (Also refer to note 3 (c) of Schedule 13).

@@ Includes Rs. 95.53 lacs (Previous year Rs. 41.44 lacs) on account of unbilled services.

Includes Rs. 286.33 lacs (Previous year Rs. 164.65 lacs) earmarked for specific uses.

Includes Rs. 6.59 lacs (Previous year Rs. 8.87 lacs) provided as security for bank guarantees/letters of credit, Rs. 430.02 lacs (Previous year Rs. 450.25 lacs) as security with Debenture Trustees and Rs. 113.37 lacs (Previous year Rs. 265.26 lacs) earmarked for specific uses.

### Maximum balance outstanding during the year :	Rs. /Lacs	Rs. /Lacs
Current accounts		
Bank of America, USA	201.75	143.80
Deposit account		
Bank of America, USA	91.43	19.19
\$ Include Rs.399.14 lacs (Previous year Rs. 399.14 lacs) as advances for purchase of rights in flats.		
\$\$ Include Rs. 150.22 lacs (Previous year Rs. 150.22 lacs) as inter corporate deposits.		

8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rs. /Lacs	As at March 31, 2010 Rs. /Lacs
Current Liabilities		
Acceptances	—	55.26
Sundry creditors		
— Outstanding dues of micro and small enterprises # Rs. 310 (Refer to note 14 of Schedule 13)	#	0.04
— Others	7,293.80	6,766.36
Due to subsidiary companies	—	1.20
Investor Education and Protection Fund *		
— Unclaimed application money on debentures, due for refund including interest thereon	1.21	1.21
— Unclaimed matured fixed deposits including interest thereon	137.84	128.42
— Unclaimed matured debentures including interest thereon	705.00	635.55
Interest accrued but not due	4.21	1,949.86
	<u>8,142.06</u>	<u>9,537.90</u>
Provisions		
Income-tax	2,330.03	1,589.27
Gratuity	392.51	382.02
Leave encashment	160.92	155.68
Contingencies (Refer to note 3 (b) of Schedule 13)	292.53	402.34
Proposed dividends	434.48	—
Corporate dividend tax	70.48	—
	<u>3,680.95</u>	<u>2,529.31</u>

* No amount is due for transfer under Investor Education and Protection Fund in view of the SORA, pursuant to which certain past dues have been rescheduled for payment.

9. GROSS SALES/SERVICES

	Current Year Rs./Lacs	Previous Year Rs./Lacs
Sale of products	26,818.40	19,670.17
Income from services/software development	4,291.43	4,200.25
	<u>31,109.83</u>	<u>23,870.42</u>

9A. OTHER INCOME

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Special rebates, incentives, etc.	113.59	485.25
Dividend on long term non trade investments	1.70	0.70
Rent	0.84	24.08
Profit on sale of fixed assets	36.09	0.90
Provision for doubtful debts and advances written back	0.50	-
Provisions and liabilities no longer required, written back	43.99	31.66
Interest on:		
– Income tax refunds	-	43.09
– Deposits etc. #	108.80	109.04
Miscellaneous ##	179.44	78.18
	<u>484.95</u>	<u>772.90</u>

Income-tax deducted at source Rs. 6.90 Lacs (Previous year Rs. 12.10 lacs).

Includes Rs.133.71 lacs (Previous year Rs. 44.78 lacs) as gain due to fluctuations in foreign exchange rates.

10. MANUFACTURING AND OTHER EXPENSES

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Raw materials consumed	18,043.44	12,421.49
Purchase for re-sale	161.43	-
Stores, spares and components consumed	620.99	502.50
Power, fuel, etc.	2,220.69	2,161.42
Repairs		
– Buildings	21.62	23.46
– Plant and machinery	29.34	24.42
Jobs on contract	103.76	23.82
Salaries, wages, commission, etc.	5,015.17	4,774.24
Bonus	93.53	96.96
Gratuity paid	41.35	21.34
Provision for gratuity and leave liability	15.72	101.80
Provident and other funds	405.81	406.97
Welfare	64.41	42.19
Rent	78.79	97.93
Insurance	32.80	33.46
Rates and taxes	13.54	17.71
Donation	0.01	-
<i>Carried over</i>	<u>26,962.40</u>	<u>20749.71</u>

10. MANUFACTURING AND OTHER EXPENSES (Contd...)

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
<i>Brought forward</i>	26,962.40	20749.71
Auditors' remuneration #		
As auditors		
– Audit fees	10.00	9.00
In other capacity		
– Verification of statements and other reports	3.60	4.75
– Limited review of unaudited financial results	12.00	10.50
Out-of-pocket expenses	0.28	–
Directors' fee	2.88	3.38
Provision for doubtful debts and advances	5.34	49.61
Doubtful debts and advances written off	163.44	102.93
Less : Provision already held	122.69	96.58
Loss on sale of long term non-trade investments (net)	0.71	–
Loss on sale of fixed assets	2.61	4.49
Freight and transport	500.95	352.68
Commission to selling agents (other than sole selling)	407.95	230.71
Brokerage, discount (other than trade discount),etc.	98.62	118.96
Sales expenses	73.04	48.69
Travelling and conveyance	132.20	108.09
Legal and professional fees	353.04	214.85
Land development expenses	109.82	99.87
Less : Adjusted against provision held	109.82	99.87
Miscellaneous expenses ##	297.62	318.05
	28,903.99	22,229.82
(Increase) of finished and process stocks		
Closing stock		
Process stocks	765.39	348.65
Finished goods	3,633.84	526.92
Land (for development)	1,000.00	1,000.00
	5,399.23	1,875.57
Less : Opening stock		
Process stocks	348.65	226.49
Finished goods	526.92	275.06
Land (for development)	1,000.00	1,000.00
	1,875.57	1,501.55
	(3,523.66)	(374.02)
	25,380.33	21,855.80

Excluding service tax

Includes Rs. 0.64 lac (Previous year Rs. 67.74 lacs) as loss due to fluctuations in foreign exchange rates.

11. INTEREST

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Interest on @		
– Debentures and other fixed loans	740.43	424.65
– Others	632.90	347.52
	1,373.33	772.17

@ In addition, interest amounting to Rs. 12.96 lacs (Previous year Rs. 0.56 lac) has been transferred to fixed assets and Rs. 0.50 lac (Previous year Rs. 0.74 lac) has been adjusted against contingency provision.

12. PROVISION FOR TAXATION	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Current tax (including foreign tax Rs. 2.27 lacs; previous year Rs. 11.31 lacs)	761.56	1,101.70
MAT credit entitlement	(444.17)	(1,220.67)
Deferred tax charge/(benefit)	978.59	(566.31)
Income-tax adjustment for earlier year (including foreign tax Rs. (7.72) lacs; previous year Rs. Nil)	(7.72)	—
	<u>1,288.26</u>	<u>(685.28)</u>

13. NOTES TO THE ACCOUNTS

1. Significant accounting policies

- a) Accounting convention:
The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards, as modified to include the revaluation of certain plots of land, and presentational requirements of the Companies Act, 1956.
- b) Use of Estimates:
The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.
- c) Fixed assets:
Fixed assets, other than certain plots of land, which have been revalued, are stated at cost of acquisition/ construction less accumulated depreciation. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period in the cases of new projects and expansion of existing factories. Certain lands, which are revalued, are stated at revalued figures on the basis of valuation reports of approved valuers.
- d) Impairment:
At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.
- e) Depreciation:
 - (i) The Company follows straight-line method of depreciation in respect of buildings / plant and machinery and all assets of IT Division and written down value method in respect of other assets.
 - (ii) The rates of depreciation charged on all fixed assets are in accordance with the rates specified in Schedule XIV to the Companies Act, 1956, except (excluding those relating to IT Division) in the following cases:
 - a) Vehicles, office and other equipment – 33.33%
(Other than computers)
 - b) Assets acquired upto June 30, 1986

– Plant and machinery	–	Rates prescribed under the Income-tax Rules, 1962, at the time of acquisition of such assets.
– Factory buildings	–	3.39%
– Other buildings	–	1.64%
 - iii) On assets sold, discarded, etc., during the period/year, depreciation is not provided up to the date of sale/discard.
 - iv) Depreciation has been calculated on a pro-rata basis in respect of acquisition/installation of all assets of the IT Division and on plant and machinery in other cases. Depreciation on remaining assets is provided for full year / period irrespective of the date of acquisition.
 - v) Leasehold improvements are amortised over the balance of the primary lease period.
 - vi) The intellectual property rights are amortized on a straight-line basis, based on management estimates of useful life varying from 1 to 5 years, commencing from the month in which the asset is available to the Company for use.
- f) Investments:
Long-term investments are valued at cost unless there is a permanent fall in the value thereof.
- g) Inventories:
 - i) Stores, spares and components are valued at cost or under.
 - ii) Raw materials, process stocks and finished goods are valued at lower of cost and net realisable value.

- iii) Land (for development) on conversion into stock-in-trade from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relatable thereto. Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis. Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.
- h) Revenue recognition:
- Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.
 - Revenue from software development contracts is recognised on the basis of milestone achieved, as provided in the contract.
 - Revenue on maintenance contracts is recognised on pro-rata basis linked with the period of contract.
 - Services income is recognised on accrual basis, as provided in the contracts.
 - In respect of Land Development Project, sale of rights on outright basis is recognised in the year of such sale.
- i) Excise Duty:
Excise duty on sales is being deducted from gross sales and any increase/ decrease in excise duty on finished goods is being shown separately in the statement of profit and loss account.
- j) Research and development expenditure:
The revenue expenditure on research and development is expensed out in the year in which it is incurred. Expenditure, which results in creation of capital assets, is treated as similar to expenditure on other fixed assets.
- k) Employees' Benefits:
- Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
 - Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.
- l) Taxes on Income:
Income-tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.
- m) Foreign exchange transactions:
- Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet. The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the period in which they arise, except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets.
In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts, is amortised as income or expense over the life of the contract and the exchange difference on such contracts, i.e., difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception of contract / the last reporting date, is recognised as income / expense for the period except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets. Derivatives not covered in AS -11 are marked to market at balance sheet date and resulting loss, if any, is recognized in the profit and loss account in view of the principle of prudence.
 - In respect of financial statements of integral foreign operations of foreign branches, fixed assets are recorded at cost, based on the exchange rate prevailing on the date of transactions. Current assets and current liabilities are reported using the exchange rates on the date of the balance sheet. Incomes and expenses are translated at the average of monthly closing rates of exchange. The resultant exchange gains / losses are recognised in the profit and loss account.
2. Disclosures required under Accounting Standard – 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are given below:

Defined contribution plans

Contributions to defined contribution plans charged off for the year are as under:

Particulars	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Company's contribution to provident fund	126.76	121.68
Company's contribution to superannuation fund	30.75	29.78
Company's contribution to employees' state insurance scheme	43.79	37.12

Defined benefit plans

- (a) Gratuity
(b) Compensated absences – Earned / Sick leaves

These are unfunded schemes, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognise each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Rs./ Lacs

Particulars	Gratuity		Earned and sick leaves	
	Current Year	Previous Year	Current Year	Previous Year
Change in present value of obligation				
Present value of obligation as at the beginning of the year	382.02	308.44	155.68	127.46
Current service cost	32.20	32.61	17.77	17.76
Interest cost	30.56	23.13	12.46	9.56
Actuarial (gain) / loss	(10.92)	39.18	0.77	13.49
Benefits paid	41.35	21.34	25.76	12.59
Present value of obligation as at the end of the year	392.51	382.02	160.92	155.68
Change in plan assets	Not applicable	Not applicable	Not applicable	Not applicable
Plan assets at the beginning of the year	–	–	–	–
Expected return on plan assets				
Contribution by the Company				
Benefits paid				
Actuarial gain / (loss)				
Plan assets at the end of the year	–	–	–	–
Liability recognised in the financial statement				
Cost for the year				
Current service cost	32.20	32.61	17.77	17.76
Interest cost	30.56	23.13	12.46	9.56
Return on plan assets	–	–	–	–
Actuarial (gain) / loss	(10.92)	39.18	0.77	13.49
Net cost	51.84	94.92	31.00	40.81
Constitution of plan assets	Not applicable	Not applicable	Not applicable	Not applicable
Other than equity, debt, property and bank a/c Funded with LIC				
Main actuarial assumptions				
Discount rate	8.00%	7.50%	8.00%	7.50%
Rate of increase in compensation levels	5.50%	5.00%	5.50%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

Rs./ Lacs

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010		For the year ended March 31, 2009		For the year ended March 31, 2008	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	392.51	160.92	382.02	155.68	308.44	127.46	266.20	108.97
Fair value of plan assets at the end	–	–	–	–	–	–	–	–
Net liability recognized in balance sheet	392.51	160.92	382.02	155.68	308.44	127.46	266.20	108.97
Net actuarial (gain)/ loss recognized.	(10.92)	0.77	39.18	13.49	21.87	6.36	44.95	17.21

3. In terms of the Scheme of Restructuring and Arrangement approved by the Delhi High Court vide its order dated October 29, 2003 under section 391 and 394 of the Companies Act, 1956 (Act) and subsequent modification thereto vide Delhi High Court order dated April 28, 2011 (hereinafter referred to as SORA), the Company as envisaged thereunder has:

- a) with effect from April 1, 2001, spun off Engineering business into a subsidiary i.e. DCM Engineering Limited and merged a wholly owned subsidiary into the Company with effect from April 1, 1999.
- b) entered into definitive agreement on February 16, 2004 with Purearth Infrastructure Limited (PIL), a co-promoted company, for sale of development rights in freehold and leasehold land at Bara Hindu Rao/Kishanganj for a total consideration of Rs. 28,820 lacs includes Rs. 3400 lacs on account of leasehold land out of which Rs. 2400 lacs is subject to certain minimum profit being earned by PIL from the leasehold land. The status of these agreements is as under:
 - In terms of the Freehold Definitive Agreement dated February 16, 2004, the Company had, during the year 2003–04, recognised the sale of development rights to PIL in freehold land at Bara Hindu Rao for a consideration of Rs.14,449.92 lacs (excluding the outstanding of Rs.10,962.08 lacs against the sale of rights aggregating Rs. 39,567 lacs in the previous years).
 - the “Leasehold Definitive Agreement” dated February 16, 2004 has technically not come into effect as the conditions to make the agreement effective are yet to be complied with. As a result, the Company has considered prudent not to recognize the sale of development rights in leasehold land and has carried forward the same at its estimated net realisable value as “Land (for development)” under the head inventories in Schedule 7.

Consequent to the above, in terms of the SORA and the definitive agreements referred to as above, all rights and obligations with respect to development of freehold land have been taken over by PIL including the obligation towards advances aggregating Rs. 460.55 lacs received by the Company in the previous years against sale of flats on instalment payment basis, which have been written back during the year 2003–04, as no longer payable. Further, the provisions for contingencies aggregating Rs.292.53 lacs (Previous year Rs. 402.34 lacs) to cover the expenses to be incurred in relation to the above project have been carried forward as “Contingencies” under the head Provisions in Schedule 8. Amounts aggregating Rs.109.81 lacs (Previous year Rs. 100.61 lacs) have been utilized / adjusted during the year out of the above provision for contingencies.

- c) The outstanding due in terms of SORA as at March 31, 2011 from PIL on account of sale of development rights aggregate Rs. 8,172.39 lacs (Previous year Rs. 5,172.39 lacs), against which the Company holds a security deposit of Rs.300 lacs (Previous year Rs.300 lacs).

Since, in terms of para 43 of the SORA, it can not be implemented partially as, by its very nature, it would be implemented as a whole and in totality and that in the event any part of the SORA, either in part or in whole, is not capable of implementation, the whole SORA will become null and void and of no effect. The management has confirmed to the auditors that the conditions contained in the leasehold definitive agreement (See (b) above) would be complied with and would not result in to any adverse impact on the financials of the Company or on the successful implementation of the SORA.

- d) The Company has In the previous years accounted for the impact of financial restructuring, resulting in rescheduling/ waiver of interest/ principal, including the modification of security terms, if any, with regard to partly convertible debentures, non convertible debentures, loans from Financial Institutions and certain inter corporate deposits as envisaged in the SORA.
- e) During the previous year, the Company had entered into a One Time Settlement with a financial institution, pursuant to which liabilities aggregating Rs. 4,666.31 lacs had been written back under the head exceptional item in profit and loss account.
- f) After considering the effect of Delhi High Court order dated April 28, 2011, the Company has complied with the debt repayment obligations including in respect of debentures, deposits, loans and related interest and where such amount has not been claimed by the concerned party, deposited an equivalent amount into a ‘No Lien / Designated Accounts’ with scheduled banks. Aggregate of amount so deposited as at the year end is Rs. 829.71 lacs (Previous year Rs. 723.12 lacs)

4. Contingent liabilities not provided for:	Current Year Rs./lacs	Previous Year Rs./lacs
Claims not acknowledged as debts: *		
– Income–tax matters	41.22	59.04
– Sales tax matters	–	49.13
– Service tax	4.84	–
– Customs duty	12.55	12.55
– Employees’ claims (to the extent ascertained)	44.52	44.52
– Property tax	800.62	800.62
– Others	236.86	224.96
– Uncalled liability on shares partly paid	–	219.82

* All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on the results of operations or financial position of the Company.

5. Managerial remuneration	Current Year Rs./lacs	Previous Year Rs./Lacs
– Directors’ sitting fees	2.88	3.38

	Current Year	Previous Year
6. Earnings per share:		
(a) Profit after taxation as per profit and loss account (Rs./lacs)	2,576.28	6,569.60
(b) Number of equity shares (face value of Rs. 10 per share)	173,79,037	173,79,037
(c) Basic and diluted earning per share (Rs. Per share)	14.82	37.81
7. During the financial period 1992–93, the Company revalued the lands pertaining to the Company's unit Hissar Textile Mills, Hissar, as of April 1, 1990, the date when the Company was re-organised, on the basis of valuation carried out by an approved valuer. This revaluation resulted in a surplus of Rs. 969 lacs, which was credited to the revaluation reserve, already adjusted in previous years.		
8. The Collector, Hissar in the year 1989–90 had ordered resumption of 250 acres of land of the closed unit at Hissar and had served a notice on the Company to start textile operations on the remaining 129.5 acres of land at Hissar within a specified period failing which that land would also be resumed. The Company has since setup a spinning mill at this location and had filed a writ petition in the Punjab and Haryana High Court challenging the order and the notice. During the year, the Company's writ petition has been decided in favour of the Company.		
9. Capital work in progress includes unsecured advances, considered good, Rs. 295 lacs (Previous year Rs. 295 lacs) paid during the previous years to a party to acquire certain property under construction at New Delhi. The construction was a matter of litigation between the builder and the local authorities. The High Court of Delhi has allowed the builder to construct the property subject to certain conditions. The management is confident that the advance paid to acquire the property is good and fully recoverable.		
10. In the previous years, the Company's claim for the refund of an Inter Corporate Deposit amounting to Rs.100 lacs against a body corporate was settled by the body corporate by issuing, in terms of an arbitration award, 0% non-cumulative, non-voting, redeemable preference shares of Rs.100 each to the Company, redeemable within 20 years. The management is confident that the investment acquired by the Company in preference shares of the body corporate is good and fully recoverable.		
11. The Company's significant operating lease arrangements, entered into subsequent to March 31, 2001, are in respect of premises (residential, office, stores, godown, etc.). These leasing arrangements, which are cancellable, are renewable at mutually agreeable terms. The lease rentals charged as rent aggregate Rs. 78.79 lacs (Previous year Rs. 97.93 lacs) under schedule 10.		
12. The business of the Company was reorganised under a Scheme of Arrangement sanctioned by the High Court of Delhi, New Delhi vide its order dated April 16, 1990, effective from April 1, 1990 under the provisions of sections 391/394 of the Companies Act, 1956 and all the units of the Company existing at that time were re-organised under four separate companies, including this Company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited. There are various issues relating to sales tax, income-tax, etc., arising/arisen out of the reorganisation arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and memorandum of understanding between the companies as and when the liabilities/benefits are fully determined. The demands aggregating Rs 451 lacs raised by the Income-tax Authority during the year 1994–95, in relation to the above matters, have either been decided in favour of the Company or have been adjusted against the carried forward losses. However, the matters are disputed by the Income-tax Authorities in appeal.		
13. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous year Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous year Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous year Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous year Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous year Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous year Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.90 lacs (Previous year Rs. 279.90 lacs) {(Maximum amount outstanding Rs. 279.90 lacs (Previous year Rs. 279.90 lacs)}.		
14. Based upon the information available with the Company, the balance due to the Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. 310 (Previous year Rs. 0.04 lac). Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.		
15. SEGMENT REPORTING		
a) The business segments comprise the following:		
Textiles – Yarn manufacturing		
IT Services – IT Infrastructure services and software development.		
Real Estate – Development at the Company's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.		
b) Business segments have been identified based on the nature and class of products and services, their customers and assessment of the differential risks and returns and financial reporting system within the Company.		
c) The geographical segments considered for disclosure are based on location of customers, broadly as under:		
– within India		
– outside India		
d) Segment accounting policies; In addition to the significant accounting policies, applicable to the business as set out in note 1 above, the accounting policies in relation to segment accounting are as under:		
(i) Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amounts of certain assets/liabilities pertaining to two or more segments are allocated to the segments on reasonable basis.		
(ii) Segment revenue and expenses: Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.		
(iii) Inter segment sales: Inter-segment sales are accounted for at cost and are eliminated in consolidation.		

e) Primary Segment information (Business Segments)

Amount in Rs./Lacs

Particulars	Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1 Segment revenue												
– External sales/services	26,812.15	19,617.61	4,297.68	4,252.81	-	-	31,109.83	23,870.42	-	-	31,109.83	23,870.42
– Other income	370.66	607.84	16.86	62.38	-	-	387.52	670.22	-	-	387.52	670.22
– Inter segment sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	27,182.81	20,225.45	4,314.54	4,315.19	-	-	31,497.35	24,540.64	-	-	31,497.35	24,540.64
2 Segment results	5,750.74	2,548.97	23.91	40.02	-	-	5,774.65	2,588.99			5,774.65	2,588.99
Unallocated corporate expenses/ income (net of unallocated income/ expenses)									(536.78)	(598.81)	(536.78)	(598.81)
Profit before interest, exceptional item and tax											5,237.87	1,990.18
Interest expense									1,373.33	772.17	1,373.33	772.17
3 Profit before tax and exceptional items											3,864.54	1,218.01
Liabilities no longer required written back									-	4,666.31	-	4,666.31
4 Profit before tax											3,864.54	5,884.32
Provision for taxation									1,288.26	(685.28)	1,288.26	(685.28)
5 Profit after taxation											2,576.28	6,569.60
6 Other information												
(a) Segment assets	30,548.14	19,434.89	1,222.29	1,331.44	9,688.82	10,874.48	41,459.25	31,640.81			41,459.25	31,640.81
Investments									7,020.34	6,803.32	7,020.34	6,803.32
Other unallocated assets									6,165.58	5,700.59	6,165.58	5,700.59
Total Assets											54,645.17	44,144.72
(b) Segment liabilities	1,289.26	672.06	412.49	534.59	4,975.53	5,285.35	6,677.28	6,492.00			6,677.28	6,492.00
Share capital and reserves									15,847.63	13,776.31	15,847.63	13,776.31
Loan funds									26,562.25	18,301.20	26,562.25	18,301.20
Other unallocated liabilities									5,558.01	5,575.21	5,558.01	5,575.21
Total liabilities											54,645.17	44,144.72
(c) Capital expenditure	1,362.45	860.13	9.83	32.88	-	-	1,372.28	893.01	26.06	8.29	1,398.34	901.30
(d) Depreciation	913.33	735.86	24.88	31.62	-	-	938.21	767.48	19.08	16.15	957.29	783.63
(e) Non-cash expenditure other than depreciation	2.60	8.91	14.69	47.05	-	-	17.29	55.96	32.12	-	49.41	55.96

f) Secondary segment information (Geographical segments)

Particulars	Current Year Rs.lacs	Previous Year Rs.lacs
Segment revenue (Including excise duty)		
– Revenue within India	13,372.40	14,666.73
– Revenue outside India	18,124.95	9,873.91
Total segment revenue	31,497.35	24,540.64
Segment assets		
– Within India	40,689.30	30,788.50
– Outside India	769.95	852.31
Total segment assets	41,459.25	31,640.81
Capital expenditure		
– Within India	1,372.28	892.46
– Outside India	-	0.55
Total segment capital expenditure	1,372.28	893.01

16. Related party disclosures under Accounting Standard (AS) 18

A. Names of related party and nature of related party relationship

I. Subsidiaries (enterprises where control exists):

- DCM Finance & Leasing Limited (DFL)
- DCM Textiles Limited (DTL)

- c. DCM Engineering Limited (DEL)
- d. DCM Tools & Dies Limited (DTDLE)
- e. DCM Realty Investment & Consulting Limited (DRICL)

II. Joint venture:

Purearth Infrastructure Limited (PIL)

III. Key management personnel and/or Individuals having direct or indirect control or significant influence, and their relatives:

- a. Mr. Naresh Kumar Jain – Managing Director
- b. Dr. Vinay Bharat Ram – Chief Executive Officer
- c. Mr. Hemant Bharat Ram – President – Textiles
- d. Mr. Sumant Bharat Ram – Chief Operating and Financial Officer

B. Transactions with related parties referred to in A above.

i) Transactions with subsidiaries and Joint venture

(Rs. Lacs)

Particulars		Subsidiary		Joint venture		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Services rendered	– DEL	–	1.50	–	–	–	1.50
Expenses recovered	– DEL	11.82	–	–	–	11.82	–
	– DRICL	1.26	1.24	–	–	1.26	1.24
	– PIL	–	–	49.08	39.41	49.08	39.41
Investment in equity shares	– PIL	–	–	219.82	219.82	219.82	219.82
Balance outstanding at the year end:							
a) Sundry debtors	– PIL	–	–	8,672.39	9,672.39	8,672.39	9,672.39
	– DEL	–	–	–	–	–	–
b) Advance / consideration for purchase of rights in flats	– PIL	–	–	399.14	399.14	399.14	399.14
c) Deposit payable	– PIL	–	–	300.00	300.00	300.00	300.00
d) Advances recoverable / (Payable)	– PIL	–	–	(59.96)	141.66	(59.96)	141.66
	– DRICL	0.05	(1.20)	–	–	0.05	(1.20)
e) Investment in preference shares	– DFL	0.10	0.10	–	–	0.10	0.10

ii) Transactions with key managerial personnel.

	Current Year Rs.lacs	Previous Year Rs.lacs
Remuneration *		
– Mr. Hemant Bharat Ram	89.86	79.97
– Mr. Sumant Bharat Ram	25.57	78.77
Sitting fees		
– Mr. N K Jain	0.47	0.46
Balance outstanding at the year end:		
Payables:		
– Dr. Vinay Bharat Ram	0.92	0.92
– Mr. Hemant Bharat Ram	3.35	1.97
– Mr. Sumant Bharat Ram	12.20	2.11
Guarantees given on behalf of the Company by:		
– Dr. Vinay Bharat Ram	–	0.55
– Mr. Sumant Bharat Ram	1,000.00	2,000.00

* Does not include provision for leave salary and contribution / provision towards gratuity, since the provision / contribution is made for the Company as a whole on actuarial basis.

17. Disclosures related to joint venture:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2011	March 31, 2010
Purearth Infrastructure Limited	India	Equity share Holding	14.27%	14.27%

The Company's investment in the above joint venture is shown as Long Term Investment – Trade, under Schedule – 5. Due to non availability of financial statements of the aforesaid joint venture for year ended March 31, 2011 or within 6 months thereof, the disclosures required to be made in

terms of Accounting Standard (AS) –27 “Financial Reporting of interest in Joint Venture” for the current year have been made on the basis of Joint Venture’s latest available ‘standalone’ financial statements for the year ended March 31, 2010. However, the Company’s share of Assets, Liabilities, Income and Expenses, etc. (without elimination of the effect of transactions between the Company and the joint venture) has been determined on the basis of Company’s shareholding in Joint Venture as of March 31, 2011.

(Rs./ Lacs)

	As at March 31, 2010 (Based on ownership interest of 14.27%)	As at March 31, 2009 (Based on ownership interest of 14.27%)
ASSETS		
Fixed assets	18.16	25.95
Investments	193.04	216.55
Current assets, loans and advances		
a) Inventories	6,167.25	6,179.25
b) Sundry debtors	40.02	23.77
c) Cash and bank balances:	561.14	793.25
d) Loans and advances	267.36	290.89
LIABILITIES		
Loans		
Secured loans	803.16	173.01
Current Liabilities and provisions:		
a) Liabilities	4147.14	5,355.09
b) Provisions	67.14	39.12
Employees stock options outstanding	50.09	47.48
Misc. Expenditure not written off	–	0.86
	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME		
Real Estate Operations	758.77	1,594.86
Other income	51.08	95.24
EXPENSES		
Cost of sales	557.91	1,418.17
Personnel expenses	24.73	26.24
Operating & other expenses	126.21	154.10
Depreciation/amortization	3.93	4.83
Financial expenses	5.88	0.28
Provision for taxation	47.33	22.38
OTHER MATTERS		
Contingent liabilities	65.07	77.21

18. There are no disputed dues of wealth tax, excise duty, sales tax and cess, which have not been deposited by the Company. The details of disputed dues as of March 31, 2011 in respect of sales tax, customs duty and income tax that have not been deposited by the Company, are as follows: –

Name of the statute	Nature of the dues	Forum where pending	Total amount involved (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Period to which the amount relates
Customs Act	Customs Duty	Commissioner of Customs (Appeals)	12.55	–	1988–89
Income–tax Act, 1961	Income–tax	– Income Tax Appellate Tribunal – Commissioner of Income Tax (Appeals)	36.24 4.98	36.24 4.98	Assessment year 2002–03 2007–08
Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal	4.84	–	2006–07

For the above purposes, statutory dues payable in India have been considered. Further, the demands raised and already set off by the Income–tax Authorities against the carried forward losses of the Company or the refunds due to the Company, being no longer due for payment, have not been considered.

The following matters which have been excluded from the above table, have been decided in favour of the Company, although the concerned regulatory authority has preferred appeal at a higher level:

Name of the Statute	Nature of the Dues	Forum where pending	Amount Rs. Lacs	Period to which the amount relates
Income Tax Act, 1961	Income-tax	Delhi High Court	510.44	Assessment Years 1981-82 to 1990-91.

19. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency (in US\$)		Amount in Rs. Lacs	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Forward Contract	3	21	Hedge	Hedge	355546	3255032	166.66	1478.69

Foreign currency exposure of the Company that is not hedged by derivative instruments or otherwise is as follows:-

Particulars	Current Year			Previous Year		
	Amount in Foreign currency		Amount in Rs. Lacs	Amount in Foreign currency		Amount in Rs. Lacs
Debtors	US\$	3,484,466	1,550.46	US\$	1,892,763	849.85
Cash and Bank	US\$	72,174	32.10	US\$	5,136	2.31
Loans and Advances	US\$	82,051	36.50	US\$	104,375	46.86
	Euro	4,482	2.81	Euro	8,874	5.43
Current Liabilities	US\$	639,193	285.55	US\$	441,836	197.00
Provisions	US\$	5,000	2.22	US\$	46,200	20.74

20. Statement of Additional information

I. Particulars of capacity and production

		Capacity				Production*		
Description	Unit	Licensed @		Installed #				
		Current Year	Previous Year	Current Year	Previous Year	Unit	Current Year	Previous Year
Textiles - yarn	Spindles Nos.	—	—	74,436	74,436	M.T.	15,441	15,827

@ Licensed capacity is no more applicable to the textile industry.

Installed capacity is as certified by the officials of the Company and relied upon by the Auditors, being a technical matter.

* Varies based on production mix and specification.

II. Particulars of stocks and sales *

Description	Unit	Stocks				Sales #	
		Opening		Closing			
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Textiles - yarn	M.T. Rs./Lacs	485 526.92	287 275.06	1,902 3,633.84	485 526.92	14,102 25,451.19	15,629 18,601.09
Others (including computers' peripherals, components, etc.@)	Rs./Lacs						
		— 526.92	— 275.06	— 3,633.84	— 526.92	1,367.21 26,818.40	1,069.08 19,670.17

*With regard to Clause 3(ii) of Part-II of Schedule VI to the Companies Act, 1956, the Company is of the view that, in respect of the 'land development project' activity, the Company is not a 'manufacturing', a 'trading' or a 'service' Company falling under sub-clause (a), (b) and (c) thereof, but is another Company falling under sub-clause (e) thereof.

#Sales quantities are net of items taken back, capitalised, cannibalised and internal transfers.

@In view of considerable number of items, diverse in size and nature, it is not feasible to provide quantitative details.

III. Particulars of raw materials consumed

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
Cotton	M.T.	19,365	18,043.44	19,462	12,421.49
Total			18,043.44		12,421.49

IV. Goods purchased for resale

Description	Unit	Current Year		Previous Year	
		Quantity	Value (Rs. Lacs)	Quantity	Value (Rs. Lacs)
Textiles - yarn	M.T.	78	161.43	—	—
Total			161.43		—

V. Other Additional Information

Description	Current Year		Previous Year	
	Rs. Lacs		Rs. Lacs	
(a) Value of imports on CIF basis				
Raw materials		—		24.47
Components and spare parts		17.05		8.32
Capital goods		413.56		—
(b) Expenditure in foreign currency				
Commission, travel etc.		262.43		95.32
Overseas offices expenses		3,286.64		3,303.21
(c) Earnings in foreign exchange				
— Direct export of goods on FOB basis/ as per contracts where FOB value not readily ascertainable		14,088.48		5,949.50
— Software / Services export		46.30		36.01
— Overseas offices income		3,468.08		3,596.39
(d) Value of imports/indigenous raw materials, components and stores and spares consumed				
(i) Raw materials				
Imported		16.70		12.30
Indigenous		18,026.74		12,409.19
		18,043.44		12,421.49
		100.00%		100.00%
(ii) Stores, spares parts and components				
Imported		18.18		9.31
Indigenous		602.81		493.19
		620.99		502.50
		100.00%		100.00%

21. The figures of the previous year have been regrouped / recast to conform to the current year's classification.

22. Schedules one to thirteen form an integral part of the balance sheet, profit and loss account and cash flow statement.

Signatures to Schedules 1 to 13 and statement of Additional Information.

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

Part-IV Balance Sheet Abstract and Company's General Business Profile
I. Registration Details

Registration No.

							4
--	--	--	--	--	--	--	---

Balance Sheet Date

3	1		0	3		2	0	1	1
---	---	--	---	---	--	---	---	---	---

State Code

										5	5
--	--	--	--	--	--	--	--	--	--	---	---

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Rights Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

				4	2	8	2	2	1	6
--	--	--	--	---	---	---	---	---	---	---

Total Assets

				4	2	8	2	2	1	6
--	--	--	--	---	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

					1	7	3	7	5	9
--	--	--	--	--	---	---	---	---	---	---

Reserves & Surplus

				1	4	1	1	0	0	4
--	--	--	--	---	---	---	---	---	---	---

Secured Loans

				2	6	1	1	9	3	3
--	--	--	--	---	---	---	---	---	---	---

Unsecured Loans

					4	4	2	9	2
--	--	--	--	--	---	---	---	---	---

Deferred Tax Liability (Net)

					4	1	2	8	8
--	--	--	--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

					8	4	7	9	3	9
--	--	--	--	--	---	---	---	---	---	---

Investments

					7	0	2	0	3	4
--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

					2	7	3	2	2	4	3
--	--	--	--	--	---	---	---	---	---	---	---

Deferred Tax Assets (Net)

					N	I	L
--	--	--	--	--	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

				3	1	5	7	5	4	9
--	--	--	--	---	---	---	---	---	---	---

Total Expenditure

				2	7	7	1	0	9	5
--	--	--	--	---	---	---	---	---	---	---

+/-

Profit/Loss Before Tax

+					3	8	6	4	5	4
---	--	--	--	--	---	---	---	---	---	---

+/-

Profit/Loss After Tax

+					2	5	7	6	2	8
---	--	--	--	--	---	---	---	---	---	---

Earning per share in (Rs.)

					1	4	.	8	2
--	--	--	--	--	---	---	---	---	---

Dividend Rate (%)

									2	5
--	--	--	--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

																		5	2	0	5	1	1
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---	---	---	---

Product Description

																		C	o	t	t	o	n	Y	a	r	n
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

I	T		I	n	f	r	a	s	t	r	u	c	t	u	r	e		S	e	r	v	i	c	e	s
---	---	--	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---

Product Description

Item Code No. (ITC Code)

			R	e	a	l		E	s	t	a	t	e		D	e	v	e	l	o	p	m	e	n	t
--	--	--	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---	---

Product Description

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

	Name of the Subsidiary		DCM Engineering Ltd.	DCM Tools & Dies Ltd.	DCM Textiles Ltd.	DCM Finance & Leasing Ltd.	DCM Realty Investment & Consulting Ltd.
1	Financial year of the Subsidiary		31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
2	Extent of interest in the Subsidiary Company						
	- Fully paid Equity Shares	Nos.	15,049,988	50,000	50,000	49,996	2,550,020
	- % of total Equity Shares	%	75.06%	100%	100%	99.99%	99.99%
	- Fully paid Pref. Shares	Nos.	Nil	Nil	Nil	100	Nil
	- % of total Pref. shares	%	Nil	Nil	Nil	100%	Nil
3	Net aggregate amount of the profit/(loss) of the Subsidiary Company so far as it concerns to the members of DCM Ltd.:						
a	dealt with in the accounts of the Company						
	- for the financial year of the Subsidiary	Rs./Lacs	Nil	Nil	Nil	Nil	Nil
	- for the previous financial years since it became subsidiary of the Company	Rs./Lacs	Nil	Nil	Nil	Nil	Nil
b	not dealt with in the accounts of the Company						
	- for the financial year of the Subsidiary	Rs./Lacs	1,175.72	0.15	0.12	0.31	2.82
	- for the previous financial years since it became subsidiary of the Company	Rs./Lacs	2,038.90	0.69	0.27	(236.92)	26.42
4	Additional information u/s 212 (5)		N.A.	N.A.	N.A.	N.A.	N.A.

Subsidiary Companies' Particulars - As at March 31, 2011

Pursuant to general circular no. 2/2011 dated February 08, 2011 issued by Ministry of Corporate Affairs.

(Amount in Rs./Lacs)

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
DCM Engineering Limited	2,005.00	7,183.62	19,722.02	10,533.40	37,506.23	2,346.57	780.25	1,566.32	601.50
DCM Realty Investment & Consulting Limited	255.01	59.20	318.96	4.75	11.86	2.97	0.15	2.82	-
DCM Tools & Dies Limited	5.00	0.84	5.96	0.12	0.29	0.21	0.06	0.15	-
DCM Textiles Limited	5.00	0.39	5.50	0.11	0.26	0.18	0.06	0.12	-
DCM Finance & Leasing Limited	5.10	3.54	8.98	0.34	0.91	0.76	0.45	0.31	-

Details of investments, (other than in subsidiaries) are:

Rs./ Lacs

LongTerm

Non-trade - Quoted

SRF Limited

1,80,850 equity shares of Rs. 10/- each fully paid of 503.74

Non-trade - Unquoted

Purearth Infrastructure Limited

24,66,135 equity shares of Rs. 10/- each fully paid of 246.61

Note:

The Company will make available the annual accounts and related detailed information of the subsidiary companies upon request by the shareholders of the holding and the subsidiary companies. These shall also be kept for inspection at the Registered Office of the Company and the subsidiary companies.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DCM LIMITED

1. We have audited the attached Consolidated Balance Sheet of DCM Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Upto previous year, the Company, in view of its intention to dispose off substantial part of its investment in its subsidiary Company, viz. DCM Engineering Limited (DEL), had not considered the same for the purposes of consolidation. During the year the Company has decided not to sell such investment for the reasons stated in note 1(ii) of Schedule 13. Accordingly DEL in accordance with the Accounting Standard (AS)-21, "Consolidated Financial Statements", notified in the Companies (Accounting Standards) Rules, 2006 has been considered for consolidation in these accounts.
4. We did not audit the financial statements of the subsidiary viz., DCM Finance & Leasing Limited, DCM Textiles Limited, DCM Tools & Dies Limited and DCM Realty Investment & Consulting Limited, whose financial statements reflect total assets of Rs. 334.14 lacs as at March 31, 2011, total revenues of Rs. 13.32 lacs and net cash inflow amounting to Rs. 8.82 lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
5. Attention is invited to note 4 of Schedule 13 which explains in detail the position of the "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi and further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) and the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous

years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result in to any adverse impact on the financials of the Company or on the successful implementation of the SORA;

6. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006, *except that in the absence of requisite information the Company's interest in its joint venture company, viz., Purearth Infrastructure Limited has not been reported in these financial statements using the proportionate consolidation method, as required in terms of Accounting Standard (AS)-27, "Financial Reporting of interests in Joint Ventures". (Refer to note 1(iii) of Schedule 13);*
7. *Various matters arising/arisen out of reorganisation will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 12 of Schedule 13. The effect of these on the accounts is not ascertainable at this stage.*

The matters referred to in paragraphs 6 and 7 above, to the extent covered herein above, were also subject matter of qualifications in our audit report on the Consolidated Financial Statements for the year ended March 31, 2010.
8. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and to the best of our information and according to the explanations given to us and *subject to our comment in paragraphs 6 and 7 above*, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava
Partner
(Membership No. 090295)

Place : New Delhi
Date : May 25, 2011

	Schedule	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
SOURCES OF FUNDS			
Share capital	1	1,737.59	1,737.59
Reserves and surplus	2	17,315.21	12,099.31
		<u>19,052.80</u>	<u>13,836.90</u>
Minority interest		2,443.68	0.01
Loans	3		
Secured		31,053.53	17,848.63
Unsecured		442.92	452.57
		<u>31,496.45</u>	<u>18,301.20</u>
Deferred tax liability (net)	6	412.28	—
Total		<u><u>53,405.21</u></u>	<u><u>32,138.11</u></u>
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		29,766.09	14,319.90
Less : Depreciation		17,079.57	7,371.01
		<u>12,686.52</u>	<u>6,948.89</u>
Net block		1,689.80	1,123.64
Capital work-in-progress			
		<u>14,376.32</u>	<u>8,072.53</u>
Investments	5	3,295.58	6,533.22
Deferred tax assets (net)	6	329.15	566.31
Current assets, loans and advances	7		
Inventories		19,760.16	8,971.45
Sundry debtors		21,573.87	13,168.31
Cash and bank balances		1,113.61	977.20
Loans and advances		9,783.07	5,922.14
		<u>52,230.71</u>	<u>29,039.10</u>
Less : Current liabilities and provisions	8		
Current liabilities		11,030.07	9,537.28
Provisions		5,796.48	2,535.77
		<u>35,404.16</u>	<u>16,966.05</u>
Total		<u><u>53,405.21</u></u>	<u><u>32,138.11</u></u>
Notes to accounts	13		

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedule	For the year ended March 31, 2011 Rs./Lacs	For the year ended March 31, 2010 Rs./Lacs
Gross sales/services	9	72,145.02	23,872.74
Less: Excise duty		3,857.54	13.71
Net sales		68,287.48	23,859.03
Other income	9A	807.56	776.43
		69,095.04	24,635.46
Manufacturing and other expenses	10	58,836.47	21,863.84
Depreciation	4	2,029.36	783.64
Interest	11	2,013.97	772.17
Total expenditure		62,879.80	23,419.65
Profit before taxation and exceptional item		6,215.24	1,215.81
Exceptional item:			
Liabilities no longer required written back (Note 4(e) of Schedule 13)		—	4,666.31
Profit before taxation and Minority interest for the year		6,215.24	5,882.12
Provision for taxation	12	2,069.50	(678.82)
Profit after tax for the year but before Minority interest		4,145.74	6,560.94
Minority interest (# Previous year Rs. 76)		390.61	#
Profit for the year		3,755.13	6,560.94
Share in accumulated profits of a subsidiary (net of Minority interest Rs. 677.38 lacs (Previous year Nil) (Refer note 1(ii) of schedule13)		2,038.90	—
Balance brought forward from the previous year		7,571.16	(1,418.05)
Debenture redemption reserve written back		576.02	2,428.27
Profit available for appropriation		13,941.21	7,571.16
Appropriations			
General reserve		380.10	—
Proposed dividends (equity shares)		434.48	—
Corporate dividend tax (including subsidiary's Corporate dividend tax)		143.73	—
Balance carried to balance sheet		12,982.90	7,571.16
Basic and diluted earning per share (Rs. per share of Rs. 10 each)		21.61	37.76
Notes to accounts	13		

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

Consolidated Cash Flow Statement for the year ended March 31, 2011

	For the year ended March 31, 2011 Rs./Lacs	For the yearended March 31, 2010 Rs./Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before taxation and Minority interest for the year	6,215.24	5,882.12
Adjustments for :		
– Depreciation	2,029.36	783.64
– Loss/(Profit) on sale of fixed assets	(19.22)	3.59
– Loss/(Profit) on sale of long term non–trade investment	0.71	–
– Interest expense	2,013.97	772.17
– Interest income	(218.77)	(155.09)
– Dividend income	(39.68)	(0.70)
– Liabilities no longer required written back #	–	(4,666.31)
Operating profit before working capital changes	9,981.61	2,619.42
Adjustments for changes in :		
– Trade and other receivables	(2,966.01)	4,025.36
– Inventories	(8,301.54)	(3,650.79)
– Trade payables	832.46	(115.32)
Cash generated / (used) from operations	(453.48)	2,878.67
Direct taxes paid	(1,126.93)	(697.47)
Net cash generated / (used) from operating activities	(1,580.41)	2,181.20
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Loans given (net)	(500.00)	–
Purchase of fixed assets	(2,086.44)	(897.35)
Sale of fixed assets	86.97	3.90
Sale of long term non–trade investments	2.10	(219.82)
Purchase of long term non–trade investments	(259.88)	–
Dividend received	40.03	0.60
Interest received	191.55	159.73
Net cash used in investing activities	(2,525.67)	(952.94)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	3,419.24	2,415.92
Repayment of long term borrowings	(3,387.27)	(9,301.69)
Proceeds from short term borrowing	1,000.00	1,000.00
Repayment of short term borrowings	(1,000.00)	–
Changes in working capital borrowings	8,083.64	5,237.83
Interest paid	(3,966.01)	(963.33)
Net cash from financing activities	4,149.60	(1,611.27)
Net (decrease) / increase in cash and cash equivalents	43.52	(383.01)
Cash and cash equivalents (opening balance) *		
Cash and bank balances	977.20	1,360.21
Cash and bank balances on consolidation of a subsidiary {Refer note 1(ii) of schedule 13}	92.89	–
Cash and cash equivalents (closing balance) *		
Cash and bank balances	1,113.61	977.20
	43.52	(383.01)

Refer to note 4(e) of schedule 13

* Includes Rs. 430.02 lacs (Previous year : Rs. 450.25 lacs) as security with Debenture Trustees & Rs. 399.70 lacs (Previous year : Rs. 429.91 lacs) for specific uses.

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 25, 2011

1. SHARE CAPITAL

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
Authorised Capital		
Ordinary shares 60,000,000 (Previous year 60,000,000) of Rs. 10 each	6,000.00	6,000.00
6th Cumulative redeemable preference shares 320,000 (Previous year 320,000) of Rs. 25 each – 9.5%	80.00	80.00
Preference shares 3,680,000 (Previous year 3,680,000) of Rs. 25 each	920.00	920.00
Cumulative convertible preference shares 1,000,000 (Previous year 1,000,000) of Rs. 100 each	1,000.00	1,000.00
	<u>8,000.00</u>	<u>8,000.00</u>
Issued, Subscribed and Paid-up Capital		
Ordinary shares 17,379,037 (Previous year 17,379,037) of Rs. 10 each, fully paid-up.	1,737.90	1,737.90
Less : Calls in arrear	0.31	0.31
	<u>1,737.59</u>	<u>1,737.59</u>

1. Of the issued, subscribed and paid-up capital, before giving effect to the Scheme of Arrangement dated April 16, 1990 (whereby the share capital was reduced to Rs. 5,75,50,760 from Rs. 23,02,03,020), 1,40,90,577 ordinary shares of Rs. 10 each represented bonus shares issued by capitalisation of profits/reserves.
2. 11,623,961 ordinary shares of Rs. 10 each have been issued on July 31, 1993 on conversion of the convertible portion (Part A) of 16 % Partly Convertible Debentures.

2. RESERVES AND SURPLUS

	As at March 31, 2010 Rs./Lacs	Adjustment## Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2011 Rs./Lacs
Capital reserve *	24.90	—	—	—	24.90
Share premium	3,767.00	—	—	—	3,767.00
Capital redemption	130.00	0.08	—	—	130.08
Debenture redemption	576.02	—	—	576.02**	—
Reserve Fund #	0.27	—	—	—	0.27
Special Reserve (As per Income tax Act, 1961)	29.96	—	—	—	29.96
General Reserve	—	—	380.10	—	380.10
Profit and loss account	7,571.16	2,038.90	3,372.84	—	12,982.90
	<u>12,099.31</u>	<u>2,038.98</u>	<u>3,752.94</u>	<u>576.02</u>	<u>17,315.21</u>

* Represents Central/State Government subsidy.

** Transferred to Profit and Loss account

As per Reserve Bank of India Act, 1934.

Refer note 1(ii) of Schedule 13

3. LOANS

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
Secured		
Debtentures		
Principal amount – gross	–	894.34
Less : Calls in arrear	–	5.24
	–	889.10
Banks		
Cash credits/overdrafts	13,458.23	6,565.33
Working capital demand loans	7,500.00	3,000.00
Term loans	7,859.40	4,324.98
Others		
– Long term	1,235.90	2,069.22
– Short term	1,000.00	1,000.00
	<u>31,053.53</u>	<u>17,848.63</u>
Unsecured		
Deposits		
Fixed	–	9.45
Others	371.57	371.77
Term loans		
Short term	71.35	71.35
	<u>442.92</u>	<u>452.57</u>
	<u><u>31,496.45</u></u>	<u><u>18,301.20</u></u>

Secured**1. Debtentures**

Nil (Previous year: 3,717,971) – aggregating Rs. Nil (Previous year Rs. 894.34 lacs) Part–B of Rs. 135 each being the non–convertible portion of 16% Secured Partly Convertible Debtentures, as restructured in terms of the Scheme of Restructuring and Arrangement approved by the Hon'ble Delhi High Court vide its order dated October 29, 2003 under Section 391 – 394 of the Companies Act, 1956 and subsequent modification thereto vide Delhi High Court order dated April 28, 2011, redeemable, with interest, over a period of seven years. In respect of such debtentures aggregating Rs. 209.25 lacs (Previous year Rs. 181.44 lacs) an amount equivalent thereto representing amounts due but not claimed by concerned debtenture holders has been deposited in a designated current account maintained with a schedule bank for this purpose. The unclaimed amount in respect of matured debtentures has been included under the head “Unclaimed matured debtentures including interest thereon” in schedule 8.

2. Banks

Cash credit, overdrafts, working capital demand loans and term loans include:

- cash credit/overdraft and working capital demand loan facilities aggregating Rs. 12,001.77 lacs (Previous year Rs. 8,125.71 lacs) and other non–fund based facilities from a bank, are secured by way of hypothecation of stocks / stores and book debts, both present and future. These are further secured by equitable mortgage of immovable assets, both present and future, and first charge, ranking pari–passu, by way of hypothecation of existing as well as future block of movable assets pertaining to the Textile Division at Hisar.
- working capital demand loans aggregating Rs. 4,750.00 lacs (Previous year Rs. 1,000.00 lacs) from banks are secured by way of pledge of cotton stocks, pertaining to the Textile Division at Hisar.
- cash credit facilities relating to IT Division, aggregating Rs. 457.78 lacs (Previous year Rs. 439.62 lacs) and other non–fund based facilities from a bank, are secured by way of first charge/hypothecation of raw materials, stock–in–progress, finished goods, stores, spares, book debts and other assets of the Division (both present and future), and by way of first charge on office property at Hyderabad. The above facility is further secured by way of first charge created / to be created on other fixed assets of the Division.
- cash credit/overdraft aggregating Rs. 3,748.68 lacs are secured by first charge by way of hypothecation of stocks / stores and book debts and all other movables, both present and future and second charge on all fixed assets and land, pertaining to DCM Engineering Limited, situated at village Asron, Hadbast No. 418, Tehsil Balchaur, District Hosiarpur, Punjab together with all buildings, Plant & Machinery, erections, godowns and constructions of every description which are standing, erected or attached or shall at any time hereafter during the continuance of the security hereby constituted be erected or attached and standing or attached thereto.
- term loan aggregating Rs. 1,012.73 lacs (includes interest accrued and due of Rs. 12.58 lacs) are secured by first charge on all fixed assets and land, pertaining to DCM Engineering Limited, situated at village Asron, Hadbast No. 418, Tehsil Balchaur, District Hosiarpur, Punjab together with all

buildings, Plant & Machinery, erections, godowns and constructions of every description which are standing, erected or attached or shall at any time hereafter during the continuance of the security hereby constituted be erected or attached and standing or attached thereto. Due within a year Rs. 666.40 lacs.

- term loans aggregating Rs. 4,557.85 lacs (Previous year Rs. 4,324.98 lacs) are secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities described above, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar (due within a year Rs. 834.75 lacs, Previous year Rs. 643.50 lacs).
- Corporate loan of Rs. 2,288.82 lacs (Previous year Rs. Nil) secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities and term loans described above, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar (due within a year Rs. 836.00 lacs, Previous year Rs. Nil).

3. Others – Long term

- Rs. 1,000.00 lacs (Previous year: Rs. 2,000.00 lacs) secured by registered mortgage of farm house land situated at Rajokri, New Delhi, admeasuring 2.50 acres, owned by a promoter group company and is also guaranteed by the Chief Financial and Operating Officer of the Company (due within a year: Rs. 1,000.00 lacs, Previous year: Rs. 1,000.00 lacs).
- Rs. 235.90 lacs (Previous year: Rs. 69.22 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets (due within a year: Rs. 66.64 lacs, Previous year: Rs. 25.88 lacs).

4. Others – Short term

- Rs. 1,000.00 lacs (Previous year: Rs. 1,000.00 lacs) secured by pledge of 2,000,000 equity shares of DCM Engineering Limited on a margin of 100% over the outstanding loan amount.

Unsecured

- Fixed deposits aggregating Rs. Nil (Previous year Rs. 0.55 lac), guaranteed by the Chief Executive Officer of the Company.

4. FIXED ASSETS

(Amounts in Rs./Lacs)

Description	Gross Block					Depreciation					Net Block	
	As at March 31, 2010	Adjustment #	Additions	Deductions	As at March 31, 2011	Upto March 31, 2010	Adjustment #	For the year	On sales/ disposal	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land *	977.47	422.62 \$	–	–	1,400.09	–	–	–	–	–	1,400.09	977.47
Buildings	1,752.15	1,274.89 \$	85.77	62.80	3,050.01	507.89	281.57	91.05	62.80	817.71	2,232.30	1,244.26
Plant and machinery	10,791.37	11,290.86	1,862.21	631.46	23,312.98	6,214.31	7,724.63	1,770.52	601.82	15,107.64	8,205.34	4,577.06
Pattern and toolings	–	556.07	–	–	556.07	–	209.37	62.89	–	272.26	283.81	0.00
Furniture and fittings	324.72	89.05	19.79	6.25	427.31	257.00	20.23	20.16	4.74	292.65	134.66	67.72
Vehicles	194.29	270.59	226.78	87.04	604.62	111.91	81.85	58.28	50.44	201.60	403.02	82.38
Intangible assets												
Software	–	133.92	1.19	–	135.11	–	81.35	26.46	–	107.81	27.30	–
Intellectual property rights	279.90	–	–	–	279.90	279.90	–	–	–	279.90	–	–
Current Year	14,319.90	14,038.00	2,195.74	787.55	29,766.09	7,371.01	8,399.00	2,029.36	719.80	17,079.57	12,686.52	
Previous Year	14,097.37	–	252.53	30.00	14,319.90	6,609.87	–	783.64	22.50	7,371.01		6,948.89
Capital work-in-progress (Refer to note 9 of Schedule 13 also)											1,689.80	1,123.64
											14,376.32	8,072.53

Capital commitments outstanding at the close of the year, net of capital advances, Rs. 817.81 lacs (Previous year Rs. 912.19 lacs).

* Includes Rs. 969 lacs added in 1992–93 on revaluation.

Refer note 1 (ii) of Schedule 13

\$ Includes land and buildings aggregating Rs.84.52 lacs and Rs. 15.48 lacs respectively at Nawansahar for which title deeds are yet to be executed in favour of DCM Engineering Limited.

5. INVESTMENTS - LONG TERM

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
--	-------------------------------------	-------------------------------------

AT COST UNLESS OTHERWISE STATED

Trade investments – Unquoted

Equity shares :

Purearth Infrastructure Limited @

Fully paid-up

17,853,605 (Previous year – 10,991,050) of Rs. 10 each

2,690.25

2,004.00

Partly paid-up

Nil (Previous year 4,396,420) of Rs. 10 each, Rs. 5/- paid up

–

219.82

Non trade – Quoted

Equity shares :

Fully paid-up

SRF Limited

185,850 (Previous year – 5,000) of Rs. 10 each

505.33

1.60

DCM Financial Services Limited

Nil (Previous year – 69,258) of Rs. 10 each

–

2.80

Daewoo Motors (India) Limited

59,584 (Previous year – 59,584) of Rs. 10 each, {# Rs.1/-}

16.34

16.34

Less – Provision for diminution in value of investment

(16.34)

#

(16.34)

#

ICICI Bank Limited

Nil (Previous year – 8) of Rs.10 each {*Rs. 368}

–

*

Non trade – Unquoted

Non-cumulative redeemable preference shares:

Fully paid-up

Combine Overseas Limited

100,000 (Previous year – 100,000) 0% Non-cumulative redeemable

preference shares, fully paid up, of Rs.100 each

100.00

100.00

In subsidiaries –

Non trade – Unquoted

Equity shares :

Fully paid-up

DCM Engineering Limited (Refer to note 1(ii) of schedule 13)

Nil (Previous year– 15,049,988) of Rs. 10 each

–

4,205.00

3,295.58

6,533.22

@ In terms of the SORA, the Company will not dispose off its shareholding in Purearth Infrastructure Limited until the completion of the land development project at Bara Hindu Rao/Kishan Ganj.

1.	Book Value (Rs. Lacs)		Market Value (Rs. Lacs)	
	Current year	Previous year	Current year	Previous year
Quoted	505.33	4.40	591.56	12.14
Unquoted	2,790.25	6,528.82		
	3,295.58	6,533.22		

- 59,584 (Previous year; 59,584) fully paid up equity shares of Rs. 10 each of Daewoo Motors (India) Limited have been pledged with one of the financial institutions are pending for release.
- 2,000,000 (Previous year; 2,000,000) fully paid up equity shares of Rs. 10 each of DCM Engineering Limited have been pledged with a body corporate.

6. DEFERRED TAX ASSETS/LIABILITY (NET)

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
Deferred tax assets on:		
Unabsorbed depreciation	–	610.89
Accrued expenses, deductible on payment	694.46	529.90
Provision for doubtful debts and advances	35.27	43.55
	<u>729.73</u>	<u>1,184.34</u>
Less: Deferred tax liability on:		
Accelerated depreciation	812.86	618.03
Net Deferred Tax Liability	<u>(83.13)</u>	<u>566.31</u>
Classified on a company wise basis :		
(a) Deferred tax asset	329.15	566.31
(b) Deferred tax liability	(412.28)	–
Net Deferred Tax Liability	<u>(83.13)</u>	<u>566.31</u>

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
Current assets		
Inventories		
Stores, spares and components (valued at cost or under)	1,291.07	125.82
Stock in trade *		
Raw materials	11,956.88	6,970.06
Process stocks	1,878.37	348.65
Finished goods	3,633.84	526.92
Land (for development)	1,000.00	1,000.00
	<u>19,760.16</u>	<u>8,971.45</u>
Sundry debtors @		
Debts over six months		
Secured – good	309.45	309.45
Unsecured – good	8,664.93	9,468.45
– doubtful	97.61	118.92
Other debts		
Secured – good	1.60	2.07
Unsecured – good @@	12,597.89	3,388.34
	<u>21,671.48</u>	<u>13,287.23</u>
Less : Provision for doubtful debts	97.61	118.92
	<u>21,573.87</u>	<u>13,168.31</u>
Cash and bank balances		
Cash and cheques on hand	7.86	10.06
With scheduled banks on :		
– Current accounts #	380.20	207.49
– Deposit accounts ##	693.45	757.34
With non-scheduled banks on : ###		
– Current accounts		
Bank of America, USA	32.09	2.31
– Deposit account		
Bank of America, USA	0.01	–
	<u>1,113.61</u>	<u>977.20</u>
Loans and advances		
(Unsecured – considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good \$	3,500.81	2,225.45
Considered doubtful \$\$	787.48	825.97
Carried over	<u>4,288.29</u>	<u>3,051.42</u>

7. CURRENT ASSETS, LOANS AND ADVANCES (Contd...)

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
<i>Borught forward</i>	4,288.29	3,051.42
Less: Provision for doubtful advances	787.48	825.97
	<u>3,500.81</u>	<u>2,225.45</u>
Deposits	393.89	419.67
Accrued claims receivable	865.02	—
With customs, excise and port trust authorities etc.	266.23	310.45
MAT credit entitlement	1,664.84	1,220.67
Taxation	3,048.84	1,731.17
Income accrued on investments and deposits	43.44	14.73
	<u>9,783.07</u>	<u>5,922.14</u>
	<u>52,230.71</u>	<u>29,039.10</u>
* Stock in trade, other than land (for development) which has been valued at the lower of its historical cost and net realisable value and includes appropriate share of land development expenses and finance cost of borrowed funds, is valued at lower of cost and net realisable value.		
@ Includes Rs. 8,672.39 lacs (Previous year Rs. 9,672.39 lacs) on account of real estate receivables. (Aslo refer to note 4(c) of Schedule 13).		
@@ Includes Rs. 95.53 lacs (Previous year Rs. 41.44 lacs) on account of unbilled services.		
# Includes Rs.286.33 lacs (Previous year Rs. 164.65 lacs) for specific uses.		
## Includes Rs. 21.14 lacs (Previous year Rs. 8.87 lacs) provided as security for bank guarantees/letters of credit, Rs.430.02 lacs (Previous year Rs. 450.25 lacs) as security with Debenture Trustees and Rs. 113.37 lacs (Previous year Rs. 265.26 lacs) for specific uses.		
### Maximum balance outstanding during the year :	Rs. /Lacs	Rs. /Lacs
Current accounts		
Bank of America, USA	201.75	143.80
Deposit account		
Bank of America, USA	91.43	19.19
\$ Include Rs.672.79 lacs (Previous year Rs. 672.79 lacs) as advances for purchase of rights in flats and Rs. 500.00 lacs as inter corporate deposit.		
\$\$ Include Rs. 150.22 lacs (Previous year Rs. 150.22 lacs) as inter corporate deposits.		

8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2011 Rs./Lacs	As at March 31, 2010 Rs./Lacs
Current Liabilities		
Acceptances	—	55.26
Sundry creditors		
— Outstanding dues of micro and small enterprises (Refer to note 14 of Schedule 13)	594.56	0.04
— Others	9,587.25	6,766.94
Investor Education and Protection Fund *		
— Unclaimed application money on debentures, due for refund including interest thereon	1.21	1.21
— Unclaimed matured fixed deposits including interest thereon	137.84	128.42
— Unclaimed matured debentures including interest thereon	705.00	635.55
Interest accrued but not due	4.21	1,949.86
	<u>11,030.07</u>	<u>9,537.28</u>
Provisions		
Income—tax	2,974.53	1,592.65
Gratuity	1,569.58	382.33
Leave encashment	355.56	155.68
Non—performing assets	1.74	2.77
Contingencies (Refer to note 4(b) of Schedule 13)	292.53	402.34
Proposed dividends	434.48	—
Corporate dividend tax	168.06	—
	<u>5,796.48</u>	<u>2,535.77</u>

* No amount is due for transfer under Investor Education and Protection Fund in view of the SORA, pursuant to which certain past dues have been rescheduled for payment.

9. GROSS SALES/SERVICES

	Current Year Rs./Lacs	Previous Year Rs./Lacs
Sale of products	67,844.01*	19,670.17
Income from services/software development	4,291.43	4,200.25
Income from housing finance activity	9.58	2.32
	<u>72,145.02</u>	<u>23,872.74</u>

* Includes unbilled revenue of Rs. 865.02 lacs net of excise duty and taxes amounting to Rs. 116.35 lacs arising on retrospective sales order amendments given by a few customers subsequent to the year end for the sales made during the year.

9A. OTHER INCOME

	Current Year Rs./Lacs	Previous Year Rs./Lacs
Special rebates, incentives, etc.	113.59	485.25
Dividend on long term non trade investments	39.68	0.70
Rent	0.85	24.08
Profit on sale of fixed assets	37.66	0.90
Provision for doubtful debts and advances written back	11.20	—
Provisions and liabilities no longer required, written back	47.48	32.21
Interest on:		
– Income tax refunds	25.17	43.09
– Deposits etc. #	193.60	112.00
Discount received	38.17	—
Miscellaneous ##	300.16	78.20
	<u>807.56</u>	<u>776.43</u>

Income-tax deducted at source Rs. 16.47 lacs (Previous year Rs. 12.31 lacs).

Includes Rs. 150.21 lacs (Previous year Rs. 44.78 lacs) as gain due to fluctuations in foreign exchange rates.

10. MANUFACTURING AND OTHER EXPENSES

	Current Year Rs./ Lacs	Previous Year Rs./Lacs
Raw materials consumed	33,426.20	12,421.49
Purchase for re-sale	161.43	—
Stores, spares and components consumed	5,864.36@	502.50
Power, fuel, etc.	7,682.74	2,161.42
Repairs		
Buildings	42.44	23.46
Plant and machinery	904.23	24.42
Jobs on contract	861.97	23.82
Salaries, wages, commission, etc.	8,793.38	4,780.24
Bonus	216.25	96.96
Gratuity paid	130.73	21.47
Provision for gratuity and leave liability	169.69	101.80
Provident and other funds	816.48	406.97
Welfare	233.63	42.19
Rent	190.83	99.15
Insurance	46.27	33.47
Rates and taxes	14.42	17.71
Donation	3.14	—
Auditors' remuneration #		
As auditors		
– Audit fees	19.75	9.22
– Tax Audit	2.00	—
In other capacity		
– Verification of statements and other reports	4.17	4.78
– Limited review of unaudited financial results	12.00	10.51
Out-of-pocket expenses	0.84	—
Directors' fee	5.48	3.38
Provision for doubtful debts and advances	60.81	49.61
Doubtful debts and advances written off	164.69	102.93
Less : Provision already held	<u>123.94</u>	<u>96.58</u>
Loss on sale of fixed assets	18.45	4.49
<i>Carried over</i>	59,722.44	20,845.41

10. MANUFACTURING AND OTHER EXPENSES (Contd...)

	Current Year Rs./Lacs	Previous Year Rs./Lacs
<i>Brought forward</i>	59,722.44	20,845.41
Loss on sale of long term non-trade investment	0.71	—
Freight and transport	898.48	352.68
Commission to selling agents (other than sole selling)	407.95	230.71
Brokerage, discount (other than trade discount), etc.	115.15	118.96
Sales expenses	73.03	48.69
Travelling and conveyance	382.27	108.17
Legal and professional fees	473.02	214.90
Land development expenses	109.82	99.87
Less : Adjusted against provision held	109.82	99.87
Miscellaneous expenses ##	544.57	318.34
	62,617.62	22,237.86
(Increase) of finished and process stocks		
Closing stock		
Process stocks	1,878.37	348.65
Finished goods	3,633.84	526.92
Land (for development)	1,000.00	1,000.00
	6,512.21	1,875.57
Less : Opening stock		
Process stocks	1,204.14	226.49
Finished goods	526.92	275.06
Land (for development)	1,000.00	1,000.00
	2,731.06	1,501.55
	(3,781.15)	(374.02)
	58,836.47	21,863.84

@ After allocating to other revenue accounts Rs. 481.40 lacs (Previous year Rs. Nil).

Excluding service tax

Includes Rs. 9.58 lacs (Previous year Rs. 67.74 lacs) as loss due to fluctuations in foreign exchange rates.

11. INTEREST

	Current Year Rs./Lacs	Previous Year Rs./Lacs
Interest on @		
– Debentures and other fixed loans	926.88	424.65
– Others	1,087.09	347.52
	2,013.97	772.17

@ In addition, interest amounting to Rs. 12.96 lacs (Previous year Rs. 0.56 lac) has been transferred to fixed assets and Rs. 0.50 lac (Previous year Rs. 0.74 lac) has been adjusted against contingency provision .

12. PROVISION FOR TAXATION

	Current Year Rs./Lacs	Previous Year Rs./Lacs
Current tax (including foreign tax Rs. 2.27 lacs; previous year Rs. 11.31 lacs)	1,384.65	
MAT credit utilized	329.16	1,102.11
MAT credit entitlement	(444.17)	(1,220.67)
Deferred tax (benefit) / charge	809.01	(566.31)
Income-tax adjustment for earlier year (including foreign tax Rs. (7.72) lacs; previous year Rs. Nil)	(9.15)	6.05
	2,069.50	(678.82)

13. NOTES TO THE ACCOUNTS

1. Basis of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS) – “Consolidated Financial Statements”, notified in the Companies (Accounting Standard) Rules, 2006.

- i. The subsidiaries (which along with DCM Limited, the parent, constitute the group) considered in preparation of these consolidated financial statements are:

Name	Voting power as on March 31, 2011 (%)
DCM Realty Investment & Consulting Limited (DRICL)	99.99
DCM Tools & Dies Limited (DTDL)	100
DCM Textiles Limited (DTL)	100
DCM Finance & Leasing Limited (DFLL)	99.99
DCM Engineering Limited (DEL) (refer note ii below)	75.06

- ii. As per SORA, DCM Limited was to sell 49% out of its 75% equity shareholding in DEL. As the investment was held with a view to its subsequent disposal in the near future, control was intended to be temporary and hence the accounts of DEL was not consolidated in the Company's consolidated financial statements upto the year ended March 31, 2010. In the current year, pursuant to the payment/ settlement of dues of all the creditors under SORA, the Board of Directors of the Company has decided w.e.f. April 01, 2010 not to sell its investment in DEL. Hence, in the current year DEL accounts have been considered for consolidation in these financial statements. Consequent thereto, the assets and liabilities as at March 31, 2010 and the Company's share in accumulated profits upto March 31, 2010 DEL's audited financial statements under the Companies Act, 1956 for the year ended March 31, 2010 has been incorporated in these accounts. Accordingly, an amount of Rs. 2,038.90 lacs (net of minority interest amounting to Rs. 677.38 lacs) representing the Company's share in the accompanying profits of DEL as at March 31, 2010 has been credited to profit and loss account.
- iii. The group has a joint venture entity Purearth Infrastructure Limited (PIL). Since “fit for consolidation” accounts of PIL could not be made available, the same have not been considered for consolidation by the Company in these consolidated financial statements although required in terms of Accounting Standard (AS) – 27 “Financial Reporting of interests in Joint Ventures”.

2. Significant accounting policies

a) Accounting convention:

The financial statements are prepared under the historical cost convention in accordance with applicable Accounting Standards, as modified to include the revaluation of certain plots of land, and presentational requirements of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements requires the management of DCM Limited to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

c) Fixed assets:

Fixed assets, other than certain plots of land, which have been revalued, are stated at cost of acquisition/ construction less accumulated depreciation. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period in the cases of new projects and expansion of existing factories. Certain lands, which are revalued, are stated at revalued figures on the basis of valuation reports of approved valuers.

d) Impairment:

At each Balance Sheet date, the Group reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

e) Depreciation:

- (i) The Group follows straight-line method of depreciation in respect of buildings / plant and machinery and all assets of IT Division and DCM Engineering Ltd. and written down value method in respect of other assets.

- (ii) The rates of depreciation charged on all fixed assets are in accordance with the rates specified in Schedule XIV to the Companies Act, 1956, except (excluding those relating to IT Division and DCM Engineering Ltd.) in the following cases:

- a) Vehicles, office and other equipment – 33.33%

(Other than computers)

- b) Assets acquired upto June 30, 1986

- | | |
|-----------------------|-------------------------------------------------------------------------------------------------|
| – Plant and machinery | – Rates prescribed under the Income-tax Rules, 1962, at the time of acquisition of such assets. |
| – Factory buildings | – 3.39% |
| – Other buildings | – 1.64% |

- iii) On assets sold, discarded, etc., during the period/year, depreciation is not provided up to the date of sale/discard.

- iv) Depreciation has been calculated on a pro-rata basis in respect of acquisition/installation of all assets of the IT Division and on plant and machinery in other cases. Depreciation on remaining assets is provided for full year / period irrespective of the date of acquisition.
- v) Leasehold improvements are amortised over the balance of the primary lease period.
- vi) The intellectual property rights are amortized on a straight-line basis, based on management estimates of useful life varying from 1 to 5 years, commencing from the month in which the asset is available for use.
- f) Investments:
 - Long-term investments are valued at cost unless there is a permanent fall in the value thereof.
- g) Inventories:
 - i) Stores, spares and components are valued at cost or under.
 - ii) Raw materials, process stocks and finished goods are valued at lower of cost and net realisable value.
 - iii) Land (for development) on conversion into stock-in-trade from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relatable thereto.

Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis. Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.
- h) Revenue recognition:
 - i) Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.
 - ii) Revenue from software development contracts is recognised on the basis of milestone achieved, as provided in the contract.
 - iii) Revenue on maintenance contracts is recognised on pro-rata basis linked with the period of contract.
 - iv) Services income is recognised on accrual basis, as provided in the contracts.
 - v) In respect of Land Development Project, sale of rights on outright basis is recognised in the year of such sale.
 - vi) Interest on housing loans:

Repayment of housing loan by the customers is by way of equated monthly installments (EMIs), comprising principal and interest. Interest is calculated each year on the outstanding balance at the beginning of the year. EMI commences once the entire loan is disbursed.
- i) Excise Duty:

Excise duty on sales is being deducted from gross sales and any increase/ decrease in excise duty on finished goods are being shown separately in the statement of profit and loss account.
- j) Research and development expenditure:

The revenue expenditure on research and development is expensed out in the year in which it is incurred. Expenditure, which results in creation of capital assets, is treated as similar to expenditure on other fixed assets.
- k) Employees' Benefits:
 - i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
 - ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.
- l) Taxes on Income:

Income-tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.
- m) Foreign exchange transactions:
 - i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.

The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the period in which they arise, except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets.

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts, is amortised as income or expense over the life of the contract and the exchange difference on such contracts, i.e., difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception of contract / the last reporting date, is recognised as income / expense for the period except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets. Derivatives not covered in AS -11 are marked to market at balance sheet date and resulting loss, if any, is recognized in the profit and loss account in view of the principle of prudence.
 - ii) In respect of financial statements of integral foreign operations of foreign branches, fixed assets are recorded at cost, based on the exchange rate prevailing on the date of transactions. Current assets and current liabilities are reported using the exchange rates on the date of the balance sheet. Incomes and expenses are translated at the average of monthly closing rates of exchange. The resultant exchange gains / losses are recognised in the profit and loss account.

3. Disclosures required under Accounting Standard – 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006, are given below:

Defined contribution plans

Contributions to defined contribution plans charged off for the year are as under:

Particular	Current Year Rs. Lacs	Previous Year Rs. Lacs
Contribution to provident fund	347.54	121.68
Contribution to superannuation fund	93.11	29.78
Contribution to employees' state insurance scheme	141.29	37.12

Defined benefit plans

- (a) Gratuity
(b) Compensated absences – Earned / Sick leaves

These are unfunded schemes, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognise each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Rs./Lacs

Particular	Gratuity		Earned and sick leaves	
	Current year	Previous year	Current year	Previous year
Change in present value of obligation				
Present value of obligation as at the beginning of the year	1470.81	308.62	318.91	127.46
Current service cost	87.03	32.74	61.09	17.76
Interest cost	120.36	23.13	25.92	9.56
Actuarial (gain) / loss	22.11	39.18	9.67	13.49
Benefits paid	130.73	21.34	60.03	12.59
Present value of obligation as at the end of the year	1569.58	382.33	355.56	155.68
Change in plan assets	Not applicable	Not applicable	Not applicable	Not applicable
Plan assets at the beginning of the year	–	–	–	–
Expected return on plan assets				
Contribution by the Company				
Benefits paid				
Actuarial gain / (loss)				
Plan assets at the end of the year	–	–	–	–
Liability recognised in the financial statement				
Cost for the year				
Current service cost	87.03	32.74	61.09	17.76
Interest cost	120.36	23.13	25.92	9.56
Return on plan assets	–	–	–	–
Actuarial (gain) / loss	22.11	39.18	9.67	13.49
Net cost	229.50	95.05	96.68	40.81
Constitution of plan assets				
Other than equity, debt, property and bank a/c Funded with LIC	Not applicable	Not applicable	Not applicable	Not applicable
Main actuarial assumptions				
Discount rate	8.00%/8.25%	7.50%	8.00%/8.25%	7.50%
Rate of increase in compensation levels	5.50%/5.00%	5.00%	5.50%/5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

Rs./Lacs

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010		For the year ended March 31, 2009		For the year ended March 31, 2008	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	1569.58	355.56	382.33	155.68	308.62	127.46	266.36	108.97
Fair value of plan assets at the end	—	—	—	—	—	—	—	—
Net liability recognized in balance sheet	1569.58	355.56	382.33	155.68	308.62	127.46	266.36	108.97
Net actuarial (gain)/ loss recognized.	22.11	9.67	39.18	13.49	21.87	6.36	44.95	17.21

4. In terms of the Scheme of Restructuring and Arrangement approved by the Delhi High Court vide its order dated October 29, 2003 under section 391 and 394 of the Companies Act, 1956 (Act) and subsequent modification thereto vide Delhi High Court order dated April 28, 2011 (hereinafter referred to as SORA), DCM Limited as envisaged thereunder has:

- a) with effect from April 1, 2001, spun off Engineering business into a subsidiary i.e. DCM Engineering Limited and merged a wholly owned subsidiary into the Company with effect from April 1, 1999.
- b) entered into definitive agreement on February 16, 2004 with Purearth Infrastructure Limited (PIL), a co-promoted company, for sale of development rights in freehold and leasehold land at Bara Hindu Rao/Kishanganj for a total consideration of Rs. 28,820 lacs includes Rs. 3400 lacs on account of leasehold land out of which Rs. 2400 lacs is subject to certain minimum profit being earned by PIL from the leasehold land. The status of these agreements is as under:
 - In terms of the Freehold Definitive Agreement dated February 16, 2004, DCM Limited had, during the year 2003–04, recognised the sale of development rights to PIL in freehold land at Bara Hindu Rao for a consideration of Rs.14,449.92 lacs (excluding the outstanding of Rs.10,962.08 lacs against the sale of rights aggregating Rs. 39,567 lacs in the previous years).
 - the “Leasehold Definitive Agreement” dated February 16, 2004 has technically not come into effect as the conditions to make the agreement effective are yet to be complied with. As a result, DCM Limited has considered prudent not to recognize the sale of development rights in leasehold land and has carried forward the same at its estimated net realisable value as “Land (for development)” under the head inventories in Schedule 7.

Consequent to the above, in terms of the SORA and the definitive agreements referred to as above, all rights and obligations with respect to development of freehold land have been taken over by PIL including the obligation towards advances aggregating Rs. 460.55 lacs received by the Company in the previous years against sale of flats on instalment payment basis, which have been written back during the year 2003–04, as no longer payable. Further, the provisions for contingencies aggregating Rs.292.53 lacs (Previous year Rs. 402.34 lacs) to cover the expenses to be incurred in relation to the above project have been carried forward as “Contingencies” under the head Provisions in Schedule 8. Amounts aggregating Rs.109.81 lacs (Previous year Rs. 100.61 lacs) have been utilized / adjusted during the year out of the above provision for contingencies.

- c) the outstanding due in terms of SORA as at March 31, 2011 from PIL on account of sale of development rights aggregate Rs. 8,172.39 lacs (Previous year Rs. 5,172.39 lacs), against which DCM Limited holds a security deposit of Rs.300 lacs (Previous year Rs.300 lacs).

Since, in terms of para 43 of the SORA, it can not be implemented partially as, by its very nature, it would be implemented as a whole and in totality and that in the event any part of the SORA, either in part or in whole, is not capable of implementation, the whole SORA will become null and void and of no effect. The management has confirmed to the auditors that the conditions contained in the leasehold definitive agreement (See (b) above) would be complied with and would not result in to any adverse impact on the financials of DCM Limited or on the successful implementation of the SORA.

- d) DCM Limited has in the previous years accounted for the impact of financial restructuring, resulting in rescheduling/ waiver of interest/ principal, including the modification of security terms, if any, with regard to partly convertible debentures, non convertible debentures, loans from Financial Institutions and certain inter corporate deposits as envisaged in the SORA.
- e) During the previous year, DCM Limited had entered into a One Time Settlement with a financial institution, pursuant to which liabilities aggregating Rs. 4,666.31 lacs had been written back under the head exceptional item in profit and loss account.
- f) After considering the effect of Delhi High Court order dated April 28, 2011, DCM Limited has complied with the debt repayment obligations including in respect of debentures, deposits, loans and related interest and where such amount has not been claimed by the concerned party, deposited an equivalent amount into a ‘No Lien / Designated Accounts’ with scheduled banks. Aggregate of amount so deposited as at the year end is Rs. 829.72 lacs (Previous year Rs. 723.12 lacs).

5. Contingent liabilities not provided for:	Current Year Rs. Lacs	Previous Year Rs. Lacs
Claims not acknowledged as debts: *		
– Income–tax matters	54.33	59.04
– Sales tax matters	–	49.13
– Service tax	11.46	–
– Customs duty	12.55	12.55
– Employees' claims (to the extent ascertained)	158.48	44.52
– Property tax	800.62	800.62
– Excise Duty	192.00	–
– Others	236.86	224.96
– Uncalled liability on shares partly paid	–	219.82

* All the above matters (other than Uncalled liability on shares partly paid) are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on the results of operations or financial position of the Group.

6. Earnings per share:	Current Year	Previous Year
(a) Profit after taxation as per profit and loss account (Rs./lacs)	3755.13	6,560.94
(b) Number of equity shares (face value of Rs. 10 per share)	173,79,037	173,79,037
(c) Basic and diluted earning per share (Rs. Per share)	21.61	37.76

7. During the financial period 1992–93, DCM Limited revalued its land pertaining to its unit Hissar Textile Mills, Hissar, as of April 1, 1990, the date when DCM Limited was re–organised, on the basis of valuation carried out by an approved valuer. This revaluation resulted in a surplus of Rs. 969 lacs, which was credited to the revaluation reserve, already adjusted in previous years.
8. The Collector, Hissar in the year 1989–90 had ordered resumption of 250 acres of land of the closed unit at Hissar and had served a notice on DCM Limited to start textile operations on the remaining 129.5 acres of land at Hissar within a specified period failing which that land would also be resumed. DCM Limited has since setup a spinning mill at this location and had filed a writ petition in the Punjab and Haryana High Court challenging the order and the notice. During the year, DCM Limited's writ petition has been decided in favour of DCM Limited.
9. Capital work in progress includes unsecured advances, considered good, Rs. 870.55 lacs (Previous year Rs. 295 lacs) paid during the previous years to a party to acquire certain property under construction at New Delhi. The construction was a matter of litigation between the builder and the local authorities. The High Court of Delhi has allowed the builder to construct the property subject to certain conditions. The management is confident that the advance paid to acquire the property is good and fully recoverable.
10. In the previous years, DCM Limited's claim for the refund of an Inter Corporate Deposit amounting to Rs.100 lacs against a body corporate was settled by the body corporate by issuing, in terms of an arbitration award, 0% non–cumulative, non–voting, redeemable preference shares of Rs.100 each to DCM Limited, redeemable within 20 years. The management is confident that the investment acquired by DCM Limited in preference shares of the body corporate is good and fully recoverable.
11. The Group's significant operating lease arrangements, entered into subsequent to March 31, 2001, are in respect of premises (residential, office, stores, godown, etc.). These leasing arrangements, which are cancellable, are renewable at mutually agreeable terms. The lease rentals charged as rent aggregate Rs. 190.83 lacs (Previous year Rs. 99.15 lacs) under schedule 10.
12. The business of DCM Limited was reorganised under a Scheme of Arrangement sanctioned by the High Court of Delhi, New Delhi vide its order dated April 16, 1990, effective from April 1, 1990 under the provisions of sections 391/394 of the Companies Act, 1956 and all the units of DCM Limited existing at that time were re–organised under four separate companies namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited (formerly known as Siel Limited). There are various issues relating to sales tax, income–tax, etc., arising/risen out of the reorganisation arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and memorandum of understanding between the companies as and when the liabilities/benefits are fully determined.
- The demands aggregating Rs 451 lacs raised by the Income–tax Authority during the year 1994–95, in relation to the above matters, have either been decided in favour of DCM Limited or have been adjusted against the carried forward losses. However, the matters are disputed by the Income–tax Authorities in appeal.
13. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous year Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous year Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous year Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous year Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous year Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous year Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.86 lacs (Previous year Rs. 279.86 lacs) {(Maximum amount outstanding Rs. 279.86 lacs (Previous year Rs. 279.86 lacs)}.
14. Based upon the information available with the Group, the balance due to the Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. 594.55 lacs (Previous year Rs. 0.04 lac). Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.

15. SEGMENT REPORTING

- a) The business segments comprise the following:
- Textiles – Yarn manufacturing
 - IT Services – IT Infrastructure services and software development.
 - Real Estate – Development at DCM Limited's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.
 - Grey Iron Castings – Grey iron casting manufacturing
 - Other – Leasing / financing, investing & others.
- b) Business segments have been identified based on the nature and class of products and services, their customers and assessment of the differential risks and returns and financial reporting system within the Group.
- c) The geographical segments considered for disclosure are based on location of customers, broadly as under:
- within India – outside India
- d) Segment accounting policies;
- In addition to the significant accounting policies, applicable to the business as set out in note 2 above, the accounting policies in relation to segment accounting are as under:
- (i) Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amounts of certain assets/liabilities pertaining to two or more segments are allocated to the segments on reasonable basis.
- (ii) Segment revenue and expenses: Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.
- (iii) Inter segment sales: : Inter-segment sales are accounted for at cost and are eliminated in consolidation.

e. Primary Segment information (Business Segments)

Rs./Lacs

Particulars	Textiles		IT Services		Real Estate		Gray Iron Castings		Other		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1 Segment revenue																
– External sales/services	26,812.15	19,617.61	4,297.68	4,252.81	–	–	41,025.61	–	9.58	2.32	72,145.02	23872.74	–	–	72,145.02	23,872.74
– Other income	370.66	607.84	16.86	62.38	–	–	255.72	–	2.34	3.52	645.58	673.74	–	–	645.58	673.74
– Inter segment sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue	27,182.81	20,225.45	4,314.54	4,315.19	–	–	41,281.33	–	11.92	5.84	72790.60	24546.48	–	–	72,790.60	24,546.48
2 Segment results	5,750.74	2,548.97	23.91	40.02	–	–	2,924.07	–	4.13	(2.19)	8,702.85	2586.80			8,702.85	2,586.80
Unallocated corporate expenses/ income (net of unallocated income/ expenses)													(473.64)	(598.82)	(473.64)	(598.82)
Profit before interest and tax															8,229.21	1,987.98
Interest expense													2,013.97	772.17	2,013.97	772.17
3 Profit before tax and exceptional items															6,215.24	1,215.81
Liabilities no longer required written back													–	4,666.31	–	4,666.31
4 Profit before tax															6,215.24	5,882.12
Provision for taxation													2,069.50	(678.82)	2,069.50	(678.82)
5 Profit after taxation															4,145.74	6,560.94
6 Other information																
(a) Segment assets	30,548.14	19,434.89	1,222.29	1,331.44	9,688.82	10,874.48	17,925.88	–	335.37	336.53	59,720.50	31977.34	–	–	59,720.50	31,977.34
Investments													3,295.58	6,533.22	3,295.58	6,533.22
Other unallocated assets													7,215.68	5,700.60	7,215.68	5,700.60
Total Assets															70,231.76	44,211.16
(b) Segment liabilities	1,258.42	672.06	412.49	534.59	4,975.53	5,285.35	4,258.93	–	2.58	7.05	10,907.95	6499.05			10,907.95	6,499.05
Share capital and reserves													19,052.80	13,836.90	19,052.80	13,836.90
Minority interest													2,443.68	0.01	2,443.68	0.01
Loan funds													31,496.45	18,301.20	31,496.45	18,301.20
Other unallocated liabilities													6,330.87	5,574.00	6,330.87	5,574.00
Total liabilities															70,231.76	44,211.16
(c) Capital expenditure	1,362.45	860.13	9.83	32.88	–	–	681.77	–	–	–	2,054.05	893.01	26.06	8.29	2,080.11	901.30
(d) Depreciation	913.33	735.86	24.88	31.62	–	–	1,072.06	–	0.01	0.01	2,010.28	767.49	19.08	16.15	2,029.36	783.64
(e) Non-cash expenditure other than depreciation	2.60	8.91	14.69	47.05	–	–	71.31	–	–	–	88.60	55.96	32.12	–	120.72	55.96

f) Secondary segment information (Geographical segments)]

Particular	Current Year Rs.lacs	Previous Year Rs.lacs
Segment revenue (Including excise duty)		
– Revenue within India	54,665.65	14,672.57
– Revenue outside India	18,124.95	9,873.91
Total segment revenue	72,790.60	24,546.48
Segment assets		
– Within India	58,950.55	31,125.03
– Outside India	769.95	852.31
Total segment assets	59,720.50	31,977.34
Capital expenditure		
– Within India	2,080.11	892.46
– Outside India	–	0.55
Total segment capital expenditure	2,080.11	893.01

16. Related party disclosures under Accounting Standard (AS) 18

A. Names of related party and nature of related party relationship

I. Subsidiary (enterprise where control exists):

DCM Engineering Limited (DEL) (Refer note 1(ii) above)

II. Joint venture:

Purearth Infrastructure Limited (PIL)

III. Key management personnel and/or Individuals having direct or indirect control or significant influence, and their relatives:

- a. Mr. Naresh Kumar Jain – Managing Director
- b. Dr. Vinay Bharat Ram – Chief Executive Officer
- c. Mr. Hemant Bharat Ram – President – Textiles
- d. Mr. Sumant Bharat Ram – Chief Operating and Financial Officer
- e. Mr. J. K. Menon – Managing Director - DEL

B. Transactions with related parties referred to in A above.

i) Transactions with subsidiaries and Joint venture

(Rs. Lacs)

Particulars		Subsidiary		Joint venture		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Services rendered	– DEL	–	1.50	–	–	–	1.50
Expenses recovered	– PIL	–	–	49.08	39.41	49.08	39.41
Investment in equity shares	– PIL	–	–	259.87	219.82	259.87	219.82
Balance outstanding at the year end:							
a) Sundry debtors	– PIL	–	–	8,672.39	9,672.39	8,672.39	9,672.39
b) Advance / consideration for purchase of rights in flats	– PIL	–	–	672.79	672.79	672.79	672.79
c) Deposit payable	– PIL	–	–	300.00	300.00	300.00	300.00
d) Advances recoverable / (Payable)	– PIL	–	–	(59.96)	141.66	(59.96)	141.66

ii) Transactions with key managerial personnel

Current Year
Rs. LacsPrevious Year
Rs.Lacs**Remuneration ***

– Dr. Vinay Bharat Ram	130.01	–
– Mr. Hemant Bharat Ram	89.86	79.97
– Mr. Sumant Bharat Ram	90.04	78.77
– Mr. J K Menon	72.06	–

Sitting fees

– Mr. N K Jain	0.47	0.46
----------------	------	------

Balance outstanding at the year end:**Payables:**

– Dr. Vinay Bharat Ram	0.92	0.92
– Mr. Hemant Bharat Ram	3.35	1.97
– Mr. Sumant Bharat Ram	38.91	2.11
– Mr J K Menon	17.09	–

Guarantees given on behalf of the Company by:

– Dr. Vinay Bharat Ram	–	0.55
– Mr. Sumant Bharat Ram	1,000.00	2,000.00

* Does not include provision for leave salary and contribution / provision towards gratuity, since the provision / contribution is made for the Company as a whole on actuarial basis.

17. Disclosures related to joint venture:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2011	March 31, 2010
Purearth Infrastructure Limited	India	Equity share Holding	15.99%	14.27%

The Group's investment in the above joint venture is shown as Long Term Investment – Trade, under Schedule – 5. Due to non availability of financial statements of the aforesaid joint venture for year ended March 31, 2011 or within 6 months thereof, the disclosures required to be made in terms of Accounting Standard (AS) –27 “Financial Reporting of interest in Joint Venture” for the current year have been made on the basis of Joint Venture's latest available 'standalone' financial statements for the year ended March 31, 2010. However, the Group's share of Assets, Liabilities, Income and Expenses, etc. (without elimination of the effect of transactions between the Group and the joint venture) has been determined on the basis of Group's shareholding in Joint Venture as of March 31, 2011.

(Rs. Lacs)

	As at March 31, 2010 (Based on ownership interest of 14.27%)	As at March 31, 2009 (Based on ownership interest of 14.27%)
ASSETS		
Fixed assets	20.35	25.95
Investments	216.30	216.55
Deferred tax assets	–	–
Current assets, loans and advances		
a) Inventories	6,910.60	6,179.25
b) Sundry debtors	44.84	23.77
c) Cash and bank balances:	628.78	793.25
d) Loans and advances	299.58	290.89
LIABILITIES		
Loans		
Secured loans	899.97	173.01
Current Liabilities and provisions:		
a) Liabilities	4,647.00	5,355.09
b) Provisions	75.23	39.12
Employees stock options outstanding	56.12	47.48
Misc. Expenditure not written off	–	0.86
	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME		
Real Estate Operations	850.22	1,594.86
Other income	57.23	95.24
EXPENSES		
Cost of sales	625.15	1,418.17
Personnel expenses	27.71	26.24
Operating & other expenses	141.43	154.10
Depreciation/amortisation	4.41	4.83
Financial expenses	6.59	0.28
Provision for taxation	53.04	22.38
OTHER MATTERS		
Contingent liabilities	72.89	77.21

18. There are no disputed dues of wealth tax, excise duty, service tax and cess, which have not been deposited by the Group. The details of disputed dues as of March 31, 2011 in respect of sales tax, customs duty and income tax that have not been deposited by the Group, are as follows: –

Name of the statute	Nature of the dues	Forum where pending	Total amount involved (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Period to which the amount relates
Central Excise Law	Excise Duty	– Customs Excise and Service Tax Appellate Tribunal	186.30	1.00	1996–1998 2002–2005 2006–2009 2005–2007
		– Commissioner (Appeals)	5.70	–	
Customs Act	Custom Duty	– Commissioner of Customs (Appeals)	12.55	–	1988-89
Income–tax Act, 1961	Income–tax	– Income Tax Appellate Tribunal	36.24	36.24	Assessment year 2002–03
		– Commissioner of Income Tax (Appeals)	18.09	18.09	2007–08 2008–09
Finance Act, 1994	Service Tax	– Customs Excise and Service Tax Appellate Tribunal	6.08	–	2005–06 to 2008–09
		– Commissioner (Appeals)	5.38	–	2007–08 to 2009–10

For the above purposes, statutory dues payable in India have been considered. Further, the demands raised and already set off by the Income–tax Authorities against the carried forward losses of the Group or the refunds due to the Group, being no longer due for payment, have not been considered.

The following matters which have been excluded from the above table, have been decided in favour of the Group, although the concerned regulatory authority has preferred appeal at a higher level:

Name of the Statute	Nature of the Dues	Forum where pending	Amount (Rs. Lacs)	Period to which the amount relates (Rs. Lacs)
Income Tax Act, 1961	Income– tax	Delhi High Court	510.44	Assessment Years 1981–82 to 1990–91
Income Tax Act, 1961	Income– tax	Income Tax Appellate Tribunal	11.17	2007–08

19. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency (in US\$)		Amount in Rs. Lacs	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Forward Contract	3	21	Hedge	Hedge	355546	3255032	166.66	1478.69

Foreign currency exposure of the Group that is not hedged by derivative instruments or otherwise is as follows:–

Particulars	Current Year			Previous Year		
	Amount in Foreign currency		Amount in Rs. Lacs	Amount in Foreign currency		Amount in Rs. Lacs
Debtors	US\$	3,609,227	1605.69	US\$	1,892,763	849.85
	GBP	4,469	3.02	GBP	–	–
Cash and Bank	US\$	72,174	32.10	US\$	5,136	2.31
Loans and Advances	US\$	288,844	127.90	US\$	104,375	46.86
	Euro	141,380	88.13	Euro	8,874	5.43
	GBP	4,561	3.24	–	–	–
Current Liabilities	US\$	639,193	285.55	US\$	441,836	197.00
	Euro	122,395	78.47	–	–	–
Provisions	US\$	5,000	2.22	US\$	46,200	20.74

20. In view of reasons explained in note 1 (ii) above the figures of current year are not directly comparable with those of previous year. The figures of the previous year have been regrouped / recast to conform to the current year's classification.
21. Schedules one to thirteen form an integral part of the balance sheet, profit and loss account and cash flow statement.

Signatures to Schedules 1 to 13

Place : New Delhi
Date : May 25, 2011

NARESH KUMAR JAIN
Managing Director
BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director
ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)



DCM Limited

Regd. Office : 6th Floor, Vikrant Tower, 4, Rajendra place,
New Delhi - 110 008.

Dear Sir,

Re : Dividend Electronic Clearing (ECS) Mandate Form & Registration of E Mail ID

I/We hereby give my/our mandate to credit my/our Dividend on the equity shares held by me/us under the Folio mentioned below, directly to my/our bank account through the Electronic Clearing Service (ECS). The details of the Bank Account and Email ID are given below:

ECS MANDATE FORM

1.	Name of the shareholder (In Block Letters)	
2.	Registered Address	
3.	Folio No.	
4.	No. of Shares	
5.	Bank Name	
6.	Branch Name	
7.	Account Number (as appearing on Cheque Book)	
8.	Ledger Folio No. of the Account (If appearing on Cheque Book)	
9.	Account Type (please Tick ✓)	<input type="checkbox"/> Savings Bank <input type="checkbox"/> Current <input type="checkbox"/> Cash Credit
10.	9-Digit MICR Code of the Bank & Branch appearing on the Cheque issued by the Bank	

EMAIL REGISTRATION

11	My Email ID is	
12	I/We agree to receive all future communications from the Company in electronic mode at the above email ID or at any other ID as I may change/register with the company for the purpose (please Tick ✓ your choice)	<input type="checkbox"/> Yes <input type="checkbox"/> No.

I/We enclose a blank cancelled Cheque/Xerox copy of Cheque/Front page of Bank Pass Book to enable you to verify the detail.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company/the user institution/bank responsible. I/We undertake to inform any subsequent changes in the above particulars before the relevant Book Closure Date(s). I/We understand that the above details shall be maintained by you till I/We hold the shares in physical mode under the captioned Folio.

Date : _____

Encl : _____

Signature of the Sole/First Shareholder

IMPORTANT NOTES:

- 1) On registration of the email, all the communication will be sent to the e-mail ID registered in the folio/with the depository.
- 2) Shareholders are requested to keep company informed as and when there is any change in the e-mail address at investors@dcml.in . Unless the email Id given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/ documents to you on the above mentioned email ID.
- 3) If shares held in electronic mode, kindly register your ECS MANDATE & e-mail id with your DP.



DCM LIMITED

Registered Office : Vikrant Tower, 4, Rajendra Place, New Delhi - 110 008



ADMISSION SLIP

Please Complete the Admission slip and hand it over at the entrance of the meeting hall.

L.F. No :		Number of Shares Held :	
DP. Id*		Client ID No*	
1	1	1	
2	2	3	
3	3	3	

I HEREBY RECORD MY/OUR PRESENCE AT THE 121st ANNUAL GENERAL MEETING OF DCM LIMITED ON FRIDAY, JULY 15, 2011 AT 12.30 P.M. AT MPCU SHAH AUDITORIUM, SHREE DELHI GUJRATI SAMAJ MARG, CIVIL LINES, NEW DELHI -110054

*Applicable for investors holding shares in electronic form

.....
SIGNATURE OF THE MEMBER/PROXY

1. SHAREHOLDERS HAVING ANY QUERIES ARE REQUESTED TO SEND THEM 10 DAYS IN ADVANCE TO THE COMPANY TO ENABLE IT TO COLLECT THE RELEVANT INFORMATION.
2. ONLY TEA & COLD DRINK WILL BE SERVED AT THE MEETING.
3. NO DUPLICATE ATTENDANCE SLIP WILL BE ISSUED AT THE ATTENDANCE COUNTER. IF REQUIRED, SAME MAY BE OBTAINED FROM THE REGISTERED OFFICE OF THE COMPANY BEFORE THE DATE OF THE MEETING.
4. NO BAGS, BRIEFCASES, DRINKS AND EATABLES WILL BE ALLOWED TO BE CARRIED INSIDE THE AUDITORIUM.

----- Cut Here -----

DCM LIMITED

Registered Office : Vikrant Tower, 4, Rajendra Place, New Delhi - 110 008



PROXY FORM

L.F. No :		Number of Shares Held :	
DP. Id*		Client ID No*	
I/We;			
Name{s} in full	Father's /Husband's Name	Address as Regd. With the Company	
1	1	1	
2	2	3	
3	3	3	

being a member/members of DCM limited hereby appoint.....of.....in the district of.....or failing him..... ofin the district ofas my/our proxy to attend and vote for me/us on my/our behalf at the 121st Annual General Meeting of the Company to be held on FRIDAY, JULY 15, 2011 AT 12.30 P.M. and at any adjournment thereof .

Signed this day of 2011

*Applicable for investors holding shares in electronic form.

**Re. 1
Revenue
Stamp**

Signature :

Note: The Form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of meeting.