BOARD OF DIRECTORS

Dr. Surendra Nath Pandey	*Chairman*
Mr. Naresh Kumar Jain	*Managing Director*

Mr. Jitendra Tuli

Prof. J.S. Sodhi

Mr. S.K. Das
(Nominee - UTI)

Mr. S.C. Kapur
(Nominee - LIC)

COMPANY SECRETARY

Mr. Bhabagrahi Pradhan

BANKERS

Punjab National Bank

State Bank of Bikaner and Jaipur

AUDITORS

A.F Ferguson & Co.

New Delhi

REGISTERED OFFICE

Vikrant Tower,
4, Rajendra Place,
New Delhi-110 008
Tel : 91-11-25719967-70
Fax : 91-11-25765214

SHARE TRANSFER AGENT

MCS Limited
Sri Venkatesh Bhawan
W-40, Okhla Industrial Area
Phase-II, New Delhi-110 020
Tel : 91-11-41406149
Fax : 91-11-41709881

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

NOTICE

Notice is hereby given that the 118th Annual General Meeting of the Company will be held on Wednesday the 23rd day of July 2008 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, 2008 and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Jitendra Tuli, who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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 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:

4. 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, 2007 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 : June 12, 2008

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 BLANK FORM OF PROXY IS ENCLOSED.
2. The Register of Members of the Company will remain closed from 17th July 2008 to 23rd July 2008 (both days inclusive).
3. Shareholders are requested to notify change in their address along with PIN Codes, to the Company at its Registered Office quoting their folio numbers.
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.

(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 30, 2007 had reappointed 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 is 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 : June 12, 2008

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 118th Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2008.

FINANCIAL DATA

Rs./Crores

	Current Year (12 Months)	Previous Year (9 Months)
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	13.38	21.93
Less : – Interest	6.91	3.34
– Depreciation	7.39	3.54
Profit/(Loss) before tax	(0.92)	15.05
Less : Provision for tax	0.59	2.05
Profit/(Loss) after tax	(1.51)	13.00
Add : Profit/(Loss) brought forward	(18.83)	(31.83)
Add : Adjustment on account of employee benefits	(0.30)	–
Profit/(Loss) carried to the Balance Sheet	(20.64)	(18.83)

OPERATIONS OVERVIEW

Textile Division

The Textile Division of the company is located at Hisar in Haryana with a capacity of 72036 spindles (15408 spindles capacity is added during the year). With addition of new capacities, the division has been able to increase its exports considerably to a level of 41% of the total production in the year 2007-08. But despite abundant cotton supply in India, cotton prices went up by 25% in the last quarter of this year mainly because of export demand. The interest cost went up due to fresh borrowing for capacity expansion and increase in size of operation. Workmen wages have also gone up by approx. 1% as the Government increased minimum wages in Haryana. Further, the yarn prices dipped due to the rupee appreciation and severe competition caused by over capacity in each and every segment of the industry. Consequently profit margin was squeezed from both cost and revenue side.

However, after the WTO agreement, quota regime on textile exports was done away with. As a result, a huge demand of textile goods is emerging worldwide. The benefits from it are yet to accrue. The demand in domestic market is also expected to go up because the Indian economy is growing fast and per capita consumption of yarn of 2.3 kg. per annum in India is far below the world average of 8.0 kg. per capita.

Also, the Government of India has started giving special attention for the development and growth of the textile industry especially on technology front. The Government of India initiated the Technology Up-gradation Fund Scheme (TUFs) for the modernization and up-gradation of the sector and Technology Mission on Cotton (TMC) to improve the productivity and quality of cotton. A new scheme has been launched for integrated textile parks to provide the textile industry with world-class infrastructure facilities for setting up textile units. The readymade garments, hosiery and knitwear from the SSI Sector have been de-reserved. 100% Foreign Direct Investment is allowed in the textile sector under the automatic route and the fiscal duty structure has been rationalized to achieve growth and maximum value addition within the country. Hence the textile division has great potential and better outlook in the times to come.

IT Division

The IT Division has nearly a decade of expertise in Systems and Storage Administration domain and is the largest IBM focused infrastructure services providers with highly skilled, experienced and certified consultants having global exposure in 9 countries with major clientele in USA. It has also a support network in India covering all the metro cities.

Now the Division initiated leveraging the domain expertise acquired overseas in the domestic market also to handle the customers' needs, relating to skilled resources on IBM AIX and IBM Tivoli.

In the current financial year, the fiscal disturbance in US economy and hardening of the rupee against USD has badly hit the margins. Further the IT operations are passing through the consolidation phase. Hence, various corrective measures were initiated such as: a) strengthening the on site business by diversifying into new customer accounts at higher margins, b) the operational and Business model were revamped to reduce operating cost. c) Steps taken to build relationships beyond onsite operations with local primaries, for export of services on IBM technologies. d) Steps have been initiated to build relationships with MNCs, and Indian IT Companies to penetrate more and develop the domestic exposure of the division. e) Planning initiated to reduce dependence on the US onsite market in long run and en-cash on the off shoring trend from India. f) Executed pilot projects on remote infrastructure management during the year.

A new opening was created for long-term strategic relationship and to create annuity based revenue visibility by entering into a long-term Data Center Management capabilities in India. This has opened a new opportunity of offering specialized services to medium and large enterprises in India for their specialized Data Center Management requirements.

The initiates taken by the division would stabilize the business model and benefit the company in the long run.

REDEMPTION OF DEBENTURES

Redemption/repayment to the holders of 19.5% Non Convertible Debentures issued on private placement basis and 16% Partly Convertible Debentures are being made in accordance with the provisions contained in the Scheme of Restructuring and Arrangement (SORA) approved by the Hon'ble High Court of Delhi. In pursuance to SORA the company has already paid Rs. 34.88 Crores (approx.) to 19.5% Non-Convertible Debenture Holders and Rs. 23.13 Crores (approx.) to 16% Party Convertible Debenture Holders (refer to note 3.4 of Notes to accounts in schedule 12 of Accounts annexed).

FIXED DEPOSITS

The Company Law Board (CLB) had passed an order dated September 10, 1998 rescheduling the repayments to fixed deposit holders, which now constitutes part of Scheme of Restructuring and Arrangement approved by Hon'ble High Court. In pursuance to the said order, the company has paid a sum of Rs. 30.40 Crores (approx.) to various categories of depositors including payments in hardship cases. The balance amount would be paid to the deposit holders in terms of the provisions of the Scheme of Restructuring and Arrangements approved by the Hon'ble High Court of Delhi (refer to note 3.4 of Notes to accounts in schedule 12 of Accounts annexed).

DIRECTORS

The Board of the Company on October 30, 2007 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2007 to December 19, 2008. His appointment shall be placed for the approval and ratification of shareholders at the AGM to be held on 23rd July, 2008.

The appointment of Mr. Jitendra Tuli, who retires by rotation and, being eligible, offers himself for reappointment as Director of the company be placed before the shareholders of the company at the Annual General Meeting for the financial year 2007-08.

DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

Management response to the various 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(d) of the Auditors' Report

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2008 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 last available financial statements for the period ended March 31, 2007. 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, 2008. (Note 22 of Notes to Accounts in Schedule 12 of Accounts annexed).

Reference para 4(g)(i) of the Auditors' Report

The Company has, in general, followed the accrual basis of accounting for preparing its accounts. However, interest on certain borrowings is accounted for on cash basis due to delay in approval of Scheme of Restructuring and Arrangement (SORA) and consequent hardship/practical difficulties involved in obtaining relevant tax exemption/credit etc. specially in case of retail investors. In view of the fact that any other practice would have adversely affected a large number of retail investors, it was felt that the present practice would be prudent in the current situation and payments to Depositors and Debenture-holders will be made and accounted for in accordance with the plan approved by Hon'ble High Court under Scheme of Restructuring & Arrangement and subsequent proposed modification of the Schedule of repayment subject to the approval of the Hon'ble High Court of Delhi due to delay in implementation of the SORA on account of pendency of modification of charges/withdrawal of legal action against the Company by certain Financial Institution. (refer Note 11 of Notes to Accounts in Schedule 12 of Accounts annexed)

Reference para 4(g)(ii) 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 15 of Notes to Accounts in Schedule 12 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

The Directors did not propose any dividend for the year under report, keeping in view the current financial position.

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. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended March 31, 2008 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. However, as per the requirement of Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries.

AUDIT COMMITTEE

The Audit Committee of the company consists of Prof. Joginder Singh Sodhi, Chairman, Mr. S.C Kapur, Mr. Jitendra Tuli and Mr. S. K. Das.

AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 118th Annual General Meeting and are eligible for re-appointment. Your Board recommends their reappointment.

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 Senior Secondary and DCM Girls Senior Secondary Schools which cater to the lower income strata of the society. The schools are recognised and affiliated to the Central Board of Secondary Education; there are 913 students on the rolls in both the schools in different classes. The Textiles Division of the Company is also running a school upto 10th standard in the campus at Hissar. There are over 395 students on the rolls 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

Sd/-
Place : New Delhi — Surender Nath Pandey
Date : June 12, 2008 — 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 MEI Impeller and festo blower impeller. The replacements of the conventional chokes 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

	Rs. In Lacs
Foreign Exchange Earned	5286.45
Foreign Exchange Outgo	696.23

FORM –A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY: 2007-08

Particulars	2007-2008 (12 Months)	2006-2007 (9 Months)
A. POWER AND FUEL CONSUMPTION	40935855	22684218
1. Electricity (KWH)(a)		
a) Purchased:-		
Unit (KWH)	38267280	16703700
- Total Amount (Lac/Rs.)	1688.99	707.42
- Rate per unit (Rs.)	4.41	4.24
b) Own Generation:		
i) Through Generator		
- Unit (KWH)	2668575	5980518
- Unit per Lt. of F.O./ L.D.O./HSD	3.43	3.42
- Cost /unit (Rs./KWH)	7.50	6.22
ii) Through Steam Turbine/Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil (LDO&HSD)		
- Quantity (K.Ltr.)	776747	1748816
- Total Amount(Lac/Rs)	200.33	371.99
- Average Rate(Rs/K/Lt.)	25.79	21.27
4. Others (LPG)	Nil	Nil
- Quantity (K.Lt.)		
- Total /Cost (Rs/Lac)		
- Rate/Unit (Rs/Mt)		

Particulars	2007-2008 (12 Months)	2006-2007 (9 Months)
B. CONSUMPTION PER UNIT OF PRODUCTION		
Particulars Standard (if any)		
- Electricity (KWH)	3.19	3.39
- Furnace Oil/HSD(Ltrs)	–	–
- Coal	–	–
- Others (LPG)	–	–

FORM-'B'

FORM FOR DISCLOSURE OF PARTICULATRS WITH RESPECT TO TECHNOLOGY ABSORPTION-2007-08

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 technical 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) Employeed throughout the year under review and who were in receipt of remuneration, which in aggregate was not less than Rs. 2.00 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	Chief Operating & Financial Officer	Corporate Office	48.28	B.SC. MSIA	16	42	1-Aug-91	DCM Technologies Ltd.
2	Mr. Sumant Bharat Ram	President - Corporate Affirs	Corporate Office	56.39	B.A(H)-Eco., MBA	11	41	4-Oct-95	DCM Realty Investment & Consulting Limited
3	Mr. Rakesh Goel	Chief Executive Officer	DCM Textile, Hissar	31.44	MBA	28	51	23-Nov-90	Hafed Spinning Mills

(B) Employeed 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. 2 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	Ms. Meena Gupta	Executive in HR Department	Corporate Affairs	3.42	M.A. (Hindi)	35	58	1-July-72	

Note: Remuneration includes basic salary, contributation to provident and superannuation funds, allowances and taxable value of perqusites.

CERTIFICATE

TO THE MEMBERS OF DCM LIMITED

We have examined the compliance of conditions of Corporate Governance by DCM limited for the period ended March 31, 2008, 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 in respect of investor's grievances received during the period ended March 31, 2008, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further 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.

For A. F. Ferguson & Co.
Chartered Accountants
Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : June 12, 2008

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, 2007 to March 31, 2008 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, 2008 the Board comprised of six (6) Directors, namely, Dr. Surender Nath Pandey, Chairman; Mr. Naresh Kumar Jain, Managing Director; Mr. Samir Kumar Das; Mr. Subhash Chander Kapur; 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. Samir Kumar Das and Mr. Subhash Chander Kapur are the Nominee Directors of UTI and LIC respectively. 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 meeting of the Board and the committees thereof.

B. Tenure:

Tenure of directorship of Mr. Jitendra Tuli, Director, who is longest in office is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 118th Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Naresh Kumar Jain was appointed as Managing Director by the Board of Directors on October 30, 2007 for a period of one year i.e. with effect from December 20, 2007 to December 19, 2008. His appointment is placed for the approval and ratification of shareholders at the ensuing AGM.

C. Board Meetings:

During the period April 01, 2007 to March 31, 2008, Seven (7) meetings of the Board of Directors were held on May 30, 2007, June 28, 2007, July 30, 2007, August 27, 2007, October 30, 2007, December 21, 2007 and January 30, 2008. The attendance of each Director at these meetings was as under.

S. No.	Name	Type of Director	No. of meeting held during 2007-08	No. of meeting attended	Last AGM (on 27.08.07) attended	Appointed as director on	Ceased to be director on
1.	Mr. Naresh Kumar Jain	Executive	7	7	Yes	20.12.05	—
2.	Dr. Surender Nath Pandey	Non-Executive	7	7	Yes	10.12.01	—
3.	Prof. Joginder Singh Sodhi	Non-Executive	7	6	Yes	10.12.01	—
4.	Mr. S. K. Das (Nominee)	Non-Executive	7	5	Yes	22.02.02	—
5.	Mr. S. C. Kapur (Nominee)	Non-Executive	7	6	Yes	09.05.03	—
6.	Mr. Jitendra Tuli	Non-Executive	7	7	Yes	20.12.05	—

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. Risk Management

The Company has laid down procedures to inform the Board members about the Risk Assessment and Risk Minimization procedures. These procedures are being revised from time to time to ensure appropriate Risk Management and control.

F. Service Contract and Severance Fees

The appointment of Mr. Naresh Kumar Jain, Managing Director and Dr. Surender 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, 2007 to March 31, 2008 are as under:

(Rs./Lacs)

S. No.	Name	Sitting Fees	Salary & Perquisites
1.	Mr. Naresh Kumar Jain	0.28	Nil
2.	Dr. Surender Nath Pandey	0.34	Nil
3.	Prof. Joginder Singh Sodhi	0.42	Nil
4.	Mr. Jitendra Tuli	0.32	Nil
5.	Mr. S.K. Das (Nominee)	0.22	Nil
6.	Mr. S.C. Kapur (Nominee)	0.26	Nil
TOTAL		1.84	Nil

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

G. 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, 2008 the Compensation Committee comprised of Dr. S.N. Pandey, Prof. Joginder Singh Sodhi and Mr. Jitendra Tuli.

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.

H. Number of Directorships / Chairmanship held:

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. S.N.Pandey	Nil	Nil	Nil	Nil
3.	Prof. Joginder Singh Sodhi	Nil	Nil	Nil	Nil
4.	Mr. S. K. Das (Nominee)	1	Nil	Nil	Nil
5.	Mr. S. C. Kapur (Nominee)	Nil	Nil	Nil	Nil
6.	Mr. Jitendra Tuli	1	Nil	Nil	Nil

I. 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 any 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

(J) Audit Committee.

As on March 31, 2008, the Audit Committee of the Board comprised of Prof. Joginder Singh Sodhi, Mr. Jitendra Tuli, Mr. S. K. Das and Mr. S. C. Kapur. 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. S. K. Das, Nominee Director of UTI, 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 period, six (6) Audit Committee meetings have taken place on May 30, 2007, June 28, 2007, July 30, 2007, October 30, 2007, December 21, 2007 and January 30, 2008.

S. No.	Name	Designation	No. of meetings held during the tenure	Number of Committee meeting attended
1.	Prof. Joginder Singh Sodhi	Chairman	6	5
2.	Mr. Jitendra Tuli	Member	6	5
3.	Mr. S. K. Das	Member	6	4
4.	Mr. S.C. Kapur	Member	6	5

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.

K. 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 Committee" which consists of following members:

S. No.	Name	Designation	No. of meetings held during the tenure
1.	Prof Joginder Singh Sodhi	Chairman	7
2.	Dr. Surender Nath Pandey	Member	7
3.	Mr. N. K. Jain	Member	7

Information relating to Shareholders'/Investors' Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2008 is as under:

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

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

L. Compliance Officer

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

M. 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.

Shri 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 is placed before the Company's Board.

N. Related Party Transaction

Related party transactions as per AS-18 have been dealt with in note 21 of the schedule 12 (Notes to the Accounts). These transactions are not in conflict with the interest of the company.

O. Disclosures

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.

P. Compliances

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.

Q. Management Information System

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 forming part of the Annual Report is enclosed.

R. CEO/CFO Certification

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

S. 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 as per Listing Agreement and are also forwarded to the Stock Exchanges. The results are put up on their web-site(s) by the Stock Exchanges. 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.

T. Disclosure regarding appointment or re-appointment of Directors.

Mr. Jitendra Tuli retires by rotation at the ensuing Annual General Meeting.

Qualification/ Experience of Mr. Jitendra Tuli

Mr. Jitendra Tuli holds a Bachelors degree in Commerce from Shriram College of Commerce. He started his career in Journalism with Hindustan Times in the year 1964. In 1971, he joined IBM as Communication Officer. He is an editorial and communications consultant with World Health Organization where he served as public Information Officer for 19 years till 1996. He is a founder member of Cancer Sahyog. He is member of Audit Committee, Review Committee and Compensation Committee. He is also a nominee of the company on the Board of DCM Engineering Limited.

GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting :

Date	:	Wednesday, July 23, 2008
Time	:	12.30 p.m.
Place	:	MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110054

b. Book Closure Date : July 17, 2008 to July 23, 2008 (both days inclusive)

c. Period : April 01, 2007 to March 31, 2008

d. Financial Calendar

Financial reporting for the Quarter ending June'08	End of July '08
Financial reporting for the Quarter ending September'08	End of Oct '08
Financial reporting for the Quarter ending Dec'08	End of Jan'09
Financial reporting for the financial year end March'09	End of June '09

e. Dividend Payment date : Board did not recommend any dividend for the year ending March 31, 2008.

f. Registered Office : DCM LIMITED
Vikrant Tower,
4 Rajendra Place,
New Delhi-110008.
Ph. : 011-25719967-70

g. Registrar & Share Transfer Agent:
MCS Limited
Sri Venkatesh Bhawan
W-40, Okhla Industrial Area,
Phase-II, New Delhi 110020
Ph. : 011- 41406149, 41406151, 41406152
Fax : 011-41709881

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 April 01, 2007 to March 31, 2008 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. Dematerialization 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, 2008, 81.34% of issued share capital of the company have been dematerialized.

l. Location of Works:
Textile Division; Mela Ground Hissar (Haryana)
IT Division; Gurgaon (Haryana)

m. Details of last three AGMs

Year	Location	Date	Time	Special Resolutions passed
2007	117th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	27.08.07	11.30am	Nil
2006	116th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	27.12.06	10.30am	- Revision of Remuneration to Chief Operating & Financial Officer - Appointment of MD w.e.f 20.12.2005 - Appointment of MD w.e.f 20.12.2006
2005	115th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	28.09.05	10.30am	- Appointment of Auditors - Payment of remuneration to Chief Operating & Financial Officer

n. Distribution of shareholding : as on March 31, 2008

Category	No. of Shares	% of Shareholding
Promoters, Directors & Relatives	73,68,200	42.40
FIs/Banks/UTI/Central Govt./State Govt.	35,33,381	20.33
Bodies Corporate	12,42,906	7.15
NRI/Trust	1,10,911	.63
Individuals	51,23,639	29.49
TOTAL	1,73,79,037	100.00

Number of shares	No. of Shareholders	% of Shareholding
Up to 5000	43,13,309	24.82
5001-10000	5,65,654	3.26
10001 – 50000	12,22,113	7.03
50001-100000	5,05,627	2.91
Above 100000	1,07,72,334	61.98

o. Deposits:
The Company has not raised any funds from the public during the last 5 years.

p. Outstanding ADRs/ GDRs:
The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument.

q. 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@dcmds.co.in.

r. Postal Ballot:
Pursuant to Clause 293(1)(a) read with Section 192A of the Companies Act 1956, an Ordinary Resolution was passed by shareholders in relation to Mortgaging and/or charging of immovable and movable properties of the Company pertaining to its Textile unit at Hissar in favour of Punjab National Bank for working capital facilities through Postal Ballot.

s. 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 2007	60.55	44.20	14383.72	12425.52
May 2007	56.00	49.00	14576.37	13554.34
June 2007	53.65	47.10	14683.36	13946.99
July 2007	50.90	63.55	15868.85	14638.88
August 2007	55.30	43.15	15542.40	13779.88
September 2007	64.35	46.55	17361.47	15323.05
October 2007	56.95	47.00	20238.16	17144.58
November 2007	76.40	48.30	20204.21	18182.83
December 2007	102.20	69.15	20498.11	18886.40
January 2008	106.40	48.30	21206.77	15332.42
February 2008	67.50	51.00	18895.34	16457.74
March 2008	52.00	37.00	17227.56	14677.24

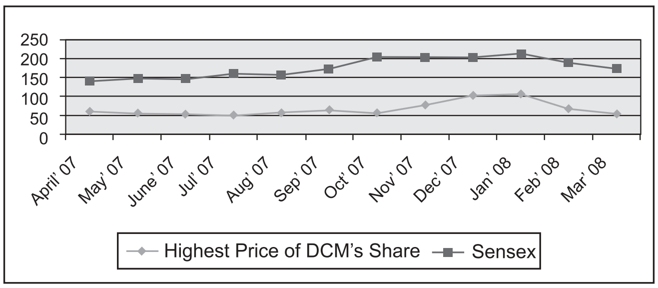
b) DCM LIMITED vs NIFTY

	DCM LIMITED		NIFTY	
	High	Low	High	Low
April 2007	60.90	44.50	4217.90	3617.00
May 2007	56.05	49.25	4306.75	3981.15

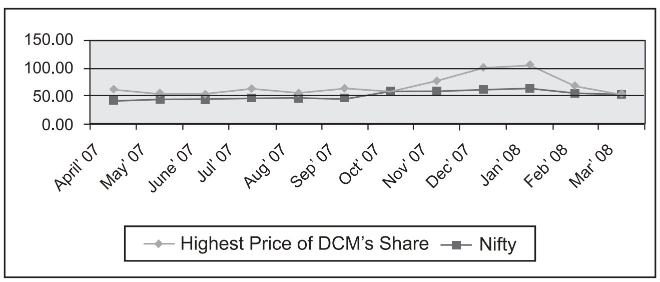
	DCM LIMITED		NIFTY	
	High	Low	High	Low
June 2007	53.85	47.30	4362.95	4100.80
July 2007	63.95	47.00	4647.95	4304.00
August 2007	54.30	45.00	4532.90	4002.20
September 2007	64.00	46.50	5055.80	4445.55
October 2007	58.45	47.90	5976.00	5000.95
November 2007	77.40	48.50	6011.95	5394.35
December 2007	102.00	63.00	6185.40	5676.70
January 2008	105.00	47.05	6357.10	4448.50
February 2008	67.60	51.00	5545.20	4803.60
March 2008	52.40	36.50	5222.80	4468.55

Source: BSE and NSE websites

Comparison of DCM Limited's Share Price with Sensex



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/-
Surender Nath Pandey
(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/-
Dr. Vinay Bharat-Ram
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS OVERVIEW

Textile Division

The year which just passed by was a challenging year for the Textile Industry. The opportunities which were expected out of dismantling of quota regime could not be fully realized. The business environment has become challenging due to rapid expansion in spinning capacity in India and appreciation in value of rupee against USD.

Our volumes have grown as the expected capacity has become fully operational in the year under review. The textile division now has 72036 spindles on which carded, combed yarns and mélange yarns are being produced. With addition of new capacities, the division has been able to increase its exports considerably to a level of 41% of the total production in the year 2007-08. Despite abundant cotton supply in India, its prices went up by 25% in the last quarter of this year mainly because of export demand. On the contrary, the yarn prices dipped due to rupee appreciation and severe competition caused by over capacity in each & every segment of the industry. The interest cost went up due to fresh borrowing for capacity expansion and increase in size of operation . Workmen wages have gone up by approx. 1% as Govt. increased minimum wages in Haryana and bonus limit. Consequently Margins came under severe pressure.

Financial and Operational Performance

The performance of the Textile business for the 12 months period ended 31st March 2008 is as follows-

S. No.	Particulars	12 months (2007-08)	9 months (2006-07)
1.	Sales in Quantity (MT)	12430	6520
2.	Production (MT)	12845	6701
3.	Sales & other Income (Rs in lacs)	13603	7324
4.	Total Expenditure (Rs in lacs)	12280	6157
5.	Interest (Rs in lacs)	632	193
6.	Depreciation (Rs in lacs)	650	277
7.	Profit before Tax (Rs in lacs)	40	697

Industry Structure and Developments

The textile industry is one of the oldest and largest industries in India. The textile industry is divided in four segments i.e. spinning, weaving/knitting, processing and garmenting. With the exception of spinning, other sectors are fragmented.

The Govt. of India realizes the huge potential of this sector and has accorded it the status of sunrise industry, whose development is considered to be a key factor for the economic growth of the country. Worldwide, India is the second largest producer of cotton, the third largest producer of yarn and the fifth largest producer of Synthetic Fiber.

The Govt. of India has started giving special attention for the development and growth of the textile industry. Some of the important initiative taken by the Government of India includes the Technology Up-gradation Fund Scheme (TUFs) for the modernization and up-gradation of the sector and Technology Mission on Cotton (TMC) to improve the productivity and quality of cotton. With a view to provide the industry with world-class infrastructure facilities for setting up their textile units a new scheme for integrated textile park has been launched. The readymade garments, hosiery and knitwear from the SSI Sector has been de-reserved. 100% Foreign Direct investment is allowed in the textile sector under the automatic route and the fiscal duty structure has been generally rationalized to achieve growth and maximum value addition within the country.

Outlook

The Indian textile sector is struggling to survive because of:

1. Increasing Interest cost.
2. Uncontrolled and incentivised export of cotton resulting in steep price increase,
3. High cost of power,
4. Low labour productivity, and,
5. Ever rising value of Indian rupee.

The sub prime losses and slow demand in USA which is the largest importer of textiles in the world has further aggravated problem for Indian textile industry. The spinning industry is very labor intensive and India has competitive advantage on this front vis-à-vis developed countries of the world and hence spinning industry is slowly getting dismantled in developed countries. India along with other Asian 3rd world countries is becoming the main production center of yarn.

Adequate raw material supplies, low labour cost and expected future stability in Indian rupee against USD are to give an edge to Indian spinning industry. The State Govt. is trying to overcome shortage of power by installing more & more power generation capacities. Haryana Govt. is also planning to purchase 2000 MW of power for 25 years from other States. Indian economy is growing at 8% and more. India's current per capita consumption of yarn of 2.3 kg. per annum is far below the world average of 8.0 kg. per capita and therefore potential for increase in demand in textile within India is huge.

The capacity expansion in spinning has slowed down and it is expected that sooner or later it will match with demand growth of yarn leading to restoration of good profitability of this sector.

Manpower Development

The industrial relations of the management with workers are very cordial. The knowledge, competency and skills of people are being continuously developed by practicing TQM principles to support the employees to become effective leaders. Training of the employees is a continuous and integrated process. Prior to training competency of each employee is being assessed to identify potential of individuals. The belief in investing today in training is to create tomorrow's leaders. Continuous experimentation with ways to improve the quality and productivity of our processes is going on, so as to promote the culture of excellence.

Risk & Concerns

Though a bright future is envisaged for the textile industry but it is not immune from the normal business risks and challenges. Industry has witnessed a fierce competition from Bangladesh, Pakistan, whose economy is heavily dependent on textiles. Cotton is the basic raw material of the textile industry. Of late industry has witnessed a trend of wide fluctuation in raw cotton and cotton yarn prices. Fluctuation in the prices of cotton can affect the performance of the company. Besides erratic supply of power, poor infrastructures have been adversely affecting the competitiveness of the Indian textile sector. If rupee further strengthens against the USD, it is likely to adversely affect the profitability of the company.

The company's strategic objective is to capitalize on the growth opportunities that it believes are available in the domestic and global textile industry. At the same time, the company recognizes the competitive nature of the industry, especially with established pressure from Indian sub-continent and Far East Asia and that to maintain growth it must continue to improve production processes and reduce costs. The company actively monitors the foreign exchange market fluctuations and hedges to minimize the impact of rupee appreciation.

Safety

The division accords 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 division has constituted SHE Committee which meets periodically to assess the safety of the plant and health of their employees. The Division ensures that the employees use proper Personal Protective Equipments (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-up of all the employees in the Division is being organized. The workers participation in SHE committee is helping in formulation and effective implementation of safety and health programmes.

Environment

The division is very 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 395 students on the rolls in different classes. The school is permanently 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 division is having a proper and adequate system of Internal Controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. The division has focused on creating a paperless work environment and de-risked operations. The internal control systems are supplemented by Internal Audits and review of the same by Audit committee at corporate level.

IT Division (April 2007 – March 2008)

Industry Overview – IT Infrastructure Services

In an open market global economy, with time zones having lost significance due to 24*7 operations, the global networks with IT infrastructure at its hub, are today an omni-present necessity for enterprises to support their business growth. Exponential growth of electronic communication has put enormous pressure on availability, reliability, manageability and scalability requirements of IT infrastructure.

IT Infrastructure Management includes System Administration, Storage Management, Data Back-up & Recovery, Network Administration Database Administration, Application Management, Security, and Performance Monitoring & Audit. It is the core component of any business enterprise, which entails zero tolerance, and involves regular round the clock monitoring. It is however; not the core competence of the enterprise, and hence can be sub-contracted to specialist IT companies. In addition customers are increasingly encountering skill shortage, price pressure, and security concerns.

IDC estimates that over 75% of infrastructure components can be managed from a remote location. Today, more than ever before, companies are looking at external enterprise service providers to manage IT infrastructure. They offer enterprise customers the promise of higher reliability, reduced risk, and lower IT costs through one-stop management for the entire IT infrastructure.

The IT Infrastructure Management primarily consists of:

- Remote Infrastructure Management
- On-site/ Off-site Data Center Management

The Infrastructure Market size projection for 2008-2013: Gartner: US$ 150 Billion, Nasscom: US$ 96 – 104 Billion. RIM US$ 60 Billion, India Pie (Estimates) us$ 20-25 Billion, Current India Off-shore Business Size: in excess of US$ 3.5 Billion.

Opportunities & Outlook

IT infrastructure is the backbone of a global enterprise, and the biggest challenge is to align IT with business goals. The four key points of IT Infrastructure are-

- Availability
- Reliability
- Manageability
- Scalability

These are often referred to as ARMS of the IT Infrastructure.

Today a reliable IT infrastructure can prove to be a differentiator for any enterprise. IT is not only critical but also an integral part of the core infrastructure of any organization.

Hence, there is an increased focus on related support areas like information security, disaster recovery and information backup. At the same time, organizations are constantly challenged to provide easier and faster access to information, resulting in the need for economical IT Infrastructure services.

The Division has nearly a decade of expertise in Systems and Storage Administration and is in a position to provide services on System Administration, and Storage Management for customers' IT needs. We are in a position to help customers optimize their IT investments through our highly skilled and certified pool of engineers and cost-effective remote management capabilities, backed by robust processes.

The Division has over the years, been working on system administration and system management domains in USA and in the year, has started leveraging the same skills in the Indian market, to handle the customers needs, relating to skilled resources on IBM AIX and IBM Tivoli. With highly skilled and experienced and certified consultants working at global blue-chip clients' sites, global exposure through projects executed in 9 countries and a support network in India covering all the metros, the Division is amongst the largest IBM focused Infrastructure services companies.

Over the year, the division has started working with several blue-chip IT MNCs in India, which the division expects to grow further, given the fact that IT Infrastructure Management is getting continuously outsourced to India.

The IT Division has a production method, which integrates People, Process and Services through use of technology, to meet the high expectations of our enterprise customers. Our managed services leverage economies of scale and expertise that add value and provide benefits over and above cost reduction such as higher SLA, reduced deployment times, and better alignment of IT functions with business goals.

Financial & Operations Overview:

In the current period, the IT operations were consolidated. Corrective measures were initiated to strengthen the on site business by diversifying into new customer accounts at higher margins and by revamping the production model to reduce operating cost. Steps were taken to build relationships beyond onsite operations with local primaries, for export of services on IBM technologies.

Steps have been initiated to build relationships with MNCs, and Indian IT companies to develop the domestic and export capabilities of the division. The plan is to reduce dependence on the US onsite market and en-cash on the off shoring trend from India. Pilot projects on remote management were executed during the period.

A new opening was created for long-term strategic relationship and to create annuity based revenue visibility by entering into a long-term Data Center Management capabilities in India. This has opened a new opportunity of offering specialized services to medium and large enterprises in India for their specialized Data Center Management requirements

For storage segment, we have initiated a partnership with a major Storage Solution Provider for installation and maintenance support in India. This foray is expected to provide the division exposure in growing storage segment. This will further boost our position in the overseas market for off shoring projects. . The focus is now on building upon all possible associated revenue streams around the chosen niche area.

(Rs in Lacs)

S. No	Particulars	Amount (12 months) 2007-2008	Amount (9 months) 2006-2007
1.	Sales & Other Income	3272	2,701
2.	Total Expenditure	3279	2,660
3.	Profit before Interest, Depreciation, Amortisation & Tax	(7)	41
4.	Interest	45	48
5.	Depreciation & Amortisation	96	91
6.	Profit/(Loss) before Tax	(148)	(98)

During the period, the division has successfully restructured its business operations and the cost saving measures initiated, have started yielding results.

Manpower Development /Industrial Relations

The division's business model is based on 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 manpower to meet the business requirements. A Competence Center has therefore been set up to impart hands on training to employees in the IT Infrastructure domain.

Risks and Concerns

In US the bulk of the business is from a single client and any changes in the fortunes or business policies of this customer directly impacts our revenues and profitability. If the predicted recession in USA happens, then it may affect the business. The Onsite business in US, is dependent upon changes in the regulations relating to travel, work permits etc of that country and changes can directly affect the business. The exchange rate fluctuation also has a direct impact on the profitability. Skilled manpower attrition also continues to remain a major concern for us, as for most IT companies.

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 and 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.

Auditors' Report

TO THE MEMBERS OF DCM LIMITED

1. We have audited the attached balance sheet of DCM Limited as at March 31, 2008 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date, 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we annex hereto 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:
   - (a) 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;
   - (b) in our opinion, *subject to paragraph 4 (g)(i) below*, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
   - (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   - (d) the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the mandatory 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 22 of Schedule 12 have been made on the basis of last available financial statements of joint venture for the year ended March 31, 2007;*
   - (e) on the basis of written representations received from the directors and taken on record by the Board of Directors and after considering the facts stated in note 3.4 of Schedule 12 that in terms of the "Scheme of Restructuring and Arrangement" (SORA), in case of delays in the scheduled inflow of funds, the debt settlement envisages linkage to funds inflow from the concerned assets and, therefore, to that extent there will be differences in the time periods for repayment of debts and the scheduled terms of repayments as per SORA, and having regard to the legal advice taken in the matter, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.
   - (f) attention is invited to note 3 of Schedule 12 which explains in detail the position of the SORA, sanctioned by the High Court of Delhi 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;

(g) (i) interest liability relating to certain borrowings is being accounted for on a payment basis. Had such liability been accounted for on an accrual basis, the loss for the year would have been higher by Rs. 8 lacs and the debit balance in the profit and loss account would have been higher by Rs. 149 lacs and the profit for the previous period would have been lower by Rs. 17 lacs and the debit balance in the profit and loss account at the end of the previous period would have been higher by Rs. 229 lacs (Refer to note 11of Schedule 12);

(ii) 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 15 of Schedule 12. The effect of these on the accounts is not ascertainable at this stage;

We further report that, without considering the items mentioned at paragraph 4 (g) (ii) above, the effect of which is not ascertainable, had the observation made by us in paragraph 4 (g) (i) above been considered, the loss for the year would have been higher by Rs. 8 lacs and the debit balance in the profit and loss account would have been higher by Rs. 149 lacs and the profit for the previous period would have been lower by Rs. 17 lacs and the debit balance in the profit and loss account at the end of the previous period would have been higher by Rs.229 lacs.

The matters referred to in paragraphs g (i) to (ii) above, to the extent covered herein above, were also subject matters for qualifications in our audit report on the financial statements for the 9 months period ended March 31, 2007.

Subject to the foregoing and our comments in para 4(d) above, in our opinion and to the best of our information and according to the explanations given to us, the 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:

i in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2008;

ii in the case of the profit and loss account, of the loss for the year ended on that date; and

iii in the case of the cash flow statement, of the cash flows for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants

Place : New Delhi
Dated : June 12, 2008

Manjula Banerji
Partner
(Membership No. : 086423)

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of DCM Limited on the accounts for the year ended March 31, 2008.

(i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, a part of the fixed assets has been physically verified by the management in accordance with a phased programme of verification to cover all the fixed assets over a period of three years adopted by the Company. No major discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its fixed assets.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

(ii) (a) During the year, the inventories have been physically verified by the management. 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. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of inventories, we are of the opinion that the Company is maintaining proper records of 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) (a) According to the information and explanations given to us, the Company has, during the year, neither granted nor taken any loans, secured or unsecured, to/from the firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paras 4 (iii) (b) to (g) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

(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 for the purchase of inventories and fixed assets and with regard to sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control system.

(v) According to the information and explanations given to us the Company has not entered into any contracts or arrangements with the parties referred in the section 301 of the Companies Act, 1956 which need to be entered in the register maintained under that section.

(vi) According to the information and explanations given to us, 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 the Scheme of Restructuring and Arrangement (SORA) sanctioned by the Delhi High Court vide its Order dated October 29, 2003. As indicated in note 3.4 of Schedule 12 in terms of SORA, in case of delays in the scheduled inflow of funds, the debt settlement envisages linkage to funds inflow from the concerned assets and, therefore, to that extent there will be differences in the time periods for repayment of debts and the scheduled terms of repayments as per SORA.

In our opinion, after considering the aforesaid, 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 and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records have been prescribed 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 not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and the records of the Company examined by us and after considering the Scheme of Restructuring and Arrangement sanctioned by the Delhi High Court vide its Order dated October 29, 2003, pursuant to which certain past dues have been rescheduled for payment, the Company has been regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales tax, wealth tax, customs duty, service tax, excise duty, cess and other material statutory dues applicable to it. We are informed that there are no undisputed statutory dues as at the period end outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of wealth tax, service tax, excise duty and cess, which have not been deposited. The details of disputed dues as at March 31, 2008 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
Sales Tax Laws	Sales tax	- Joint Commissioner of Commercial Taxes (Appeals)	2.92	1.47	2000-01
		- Haryana Tax Tribunal	13.53	13.17	2000-01
		- Joint Commissioner Excise and Taxation (Appeals)	13.72	13.72	2003-04
Customs Act	Customs Duty	- Commissioner of Customs (Appeals)	12.55	—	1988-89
Income Tax Act	Income tax	- Commissioner of Income Tax (Appeals)	97.41	51.25	Assessment year 2000-01
			853.32	324.68	Assessment year 2004-05
			109.43	59.83	Assessment year 2005-06

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. Lacs)	Period to which the amount relates
Income-Tax Laws	Income-tax	- Delhi High Court	604.08	Assessment year 1980-81 to 1990-91

(x) According to the information and explanations given to us, without considering the items mentioned in para 4 (g) (ii) of our main report, the effect of which has not been determined, and after considering the effect of observation made by us in para 4 (g) (i) of our main report, the Company's accumulated losses at the end of the financial year ended March 31, 2008, are less than fifty percent of its net worth. The Company has not incurred any cash losses during the financial year ended March 31, 2008 and in the immediately preceding 9 months period ended March 31, 2007.

(xi) According to the information and explanations given to us, the Company, in view of the non fulfilment /compliance of the conditions as per the terms of SORA by financial institutions, has filed an application under Section 392(1) of the Companies Act, 1956 in the Delhi High Court, requesting for a revision of the schedule of repayment, to the extent the implementation of the SORA is delayed due to non fulfilment of conditions by financial institutions as detailed in Note 3.4 of Schedule 12. In view of the above, certain amounts, as envisaged in SORA comprising Rs.777.65 lacs due since March 2, 2004 to a financial institution and Rs. 646.60 lacs due since January 2, 2005, Rs. 944.01 lacs due since January 2, 2006, Rs. 3597.55 lacs due since January 2, 2007 and Rs. 3760.81 lacs due since January 2, 2008 to debenture holders are pending for payments.

According to the records of the Company examined by us and the information and explanations given to us, the Company, during the year has not defaulted in the repayment of dues to the bank.

(xii) 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.

(xiii) According to the information and explanations given to us, the provisions of any special statute as specified under paragraph 4 (xiii) of the Order, are not applicable.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) 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.

(xvi) In our opinion and according to the information and explanations given to us, the term loans taken during the year were applied for the purpose for which such loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the short term funds have not been used to finance long term investments.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year ended March 31, 2008.

For A. F. Ferguson & Co.
Chartered Accountants
Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : June 12, 2008

Balance Sheet as at March 31, 2008

	Schedule	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
SOURCES OF FUNDS			
Share capital	1	1,737.59	1,737.59
Reserves and surplus	2	6,926.19	6,926.19
		8,663.78	8,663.78
Loans	3		
Secured		23,102.31	19,453.48
Unsecured		1,247.11	1,450.99
		24,349.42	20,904.47
Total		33,013.20	29,568.25
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		14,156.49	10,753.93
Less : Depreciation		5,848.34	5,138.42
Net block		8,308.15	5,615.51
Capital work-in-progress		483.08	2,085.17
		8,791.23	7,700.68
Investments	5	6,583.50	6,583.99
Current assets, loans and advances	6		
Inventories		7,038.59	5,139.16
Sundry debtors		20,288.37	21,326.63
Cash and bank balances		945.32	1,506.01
Loans and advances		4,299.24	3,372.65
		32,571.52	31,344.45
Less : Current liabilities and provisions	7		
Current liabilities		15,430.14	16,256.12
Provisions		1,567.47	1,722.39
Net current assets		15,573.91	13,365.94
Miscellaneous expenditure (to the extent not written off or adjusted)	8	–	34.41
Profit and loss account		2,064.56	1,883.23
Total		33,013.20	29,568.25
Notes to accounts	12		

Per our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : June 12, 2008

Profit and Loss Account for the year ended March 31, 2008

	Schedule	For the year ended March 31, 2008 Rs. /Lacs	For 9 months ended March 31, 2007 Rs. /Lacs
Gross sales/services	9	16,355.80	9,798.90
Less: Excise duty		0.92	—
Net sales		16,354.88	9,798.90
Other income	9A	1,151.25	1,618.07
		17,506.13	11,416.97
Manufacturing and other expenses	10	16,134.03	9,187.01
Depreciation	4	738.81	353.76
Interest	11	690.88	334.28
Miscellaneous expenditure written off	8	34.41	36.51
Total expenditure		17,598.13	9,911.56
Profit / (loss) before taxation for the year / period		(92.00)	1,505.41
Taxes for the year / period			
– Current tax (including foreign tax Rs. 19.98 lacs; previous period Rs. 24.85 lacs)		19.98	191.85
– Income-tax adjustment for earlier year (including foreign tax Rs. 20.31 lacs; previous year Rs. Nil)		20.31	—
– Fringe benefit tax		18.75	13.25
Profit / (loss) after tax for the year/period		(151.04)	1,300.31
Balance brought forward from the previous period		(1,883.23)	(3,183.54)
Adjustment on account of employee benefits (Refer note 2 of schedule 12)		(30.29)	—
Balance carried to balance sheet		(2,064.56)	(1,883.23)
Basic and diluted earning per share (Rs. Per share of Rs. 10 each)		(0.87)	7.48
Notes to accounts	12		

Per our report attached to the balance sheet
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : June 12, 2008

	For the year ended March 31, 2008 Rs. /Lacs	For 9 months ended March 31, 2007 Rs. /Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	(92.00)	1,505.41
Adjustments for :		
Depreciation	738.81	353.76
Profit on sale of long term non-trade investments	—	(2.00)
Loss/(Profit) on sale of fixed assets	7.76	(1,251.70)
Interest expense	690.88	334.28
Miscelleneous expenditure written off	34.41	36.51
Interest income	(94.42)	(112.75)
Dividend income	(0.45)	(0.15)
Operating profit before working capital changes	1,284.99	863.36
Adjustments for changes in :		
- Trade and other receivables	240.40	3,265.45
- Inventories	(1,899.43)	(2,352.38)
- Trade payables	(912.12)	(15.83)
Cash generated from operations	(1,286.16)	1,760.60
Direct taxes paid	(195.13)	(459.61)
Net cash used for operating activities	(1,481.29)	1,300.99
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,848.70)	(3,816.67)
Sale of fixed assets	11.58	1,499.20
Sale of long term non-trade investments	0.49	2.00
Dividend received	0.45	0.15
Interest received	114.99	74.77
Net cash used in investing activities	(1,721.19)	(2,240.55)

	For the year ended March 31, 2008 Rs. /Lacs	For 9 months ended March 31, 2007 Rs. /Lacs
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	1,514.16	2,955.41
Repayment of long term borrowings	(2,515.49)	(1,521.88)
Repayment of short term borrowings	—	(5.06)
Changes in working capital borrowings	4,446.28	1,142.79
Dividend paid	(1.88)	—
Interest paid	(801.28)	(705.68)
Net cash from financing activities	2,641.79	1,865.58
Net (decrease) / increase in cash and cash equivalents	(560.69)	926.02
Cash and cash equivalents (opening balance)		
Cash and bank balances	1,506.01	579.99
Cash and cash equivalents (closing balance)		
Cash and bank balances	945.32	1,506.01
	(560.69)	926.02

Per our report attached to the balance sheet
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : June 12, 2008

1. SHARE CAPITAL

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Authorised Capital		
Ordinary shares	6,000.00	6,000.00
60,000,000 of Rs. 10 each		
6th Cumulative redeemable preference shares		
320,000 (previous period 320,000) of Rs. 25 each - 9.5%	80.00	80.00
Preference shares		
3,680,000 (previous period 3,680,000) of Rs. 25 each	920.00	920.00
Cumulative convertible preference shares		
1,000,000 (previous period 1,000,000) of Rs. 100 each	1,000.00	1,000.00
	8,000.00	8,000.00
Issued, Subscribed and Paid-up Capital		
Ordinary shares		
17,379,037 (Previous period 17,379,037) of Rs. 10 each, fully paid-up.	1,737.90	1,737.90
Less : Calls in arrear	0.31	0.31
	1,737.59	1,737.59

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, 2007 Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2008 Rs./Lacs
Capital reserve *	24.90	—	—	24.90
Share premium	3,767.00	—	—	3,767.00
Capital redemption	130.00	—	—	130.00
Debenture redemption (Refer to note 16 of schedule 12)	3,004.29	—	—	3,004.29
	6,926.19	—	—	6,926.19

* Represents Central/State Government subsidy.

3. LOANS

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Secured		
Debentures		
Principal amount - gross	11,005.20	12,931.36
Less : Calls in arrear	5.24	5.24
	10,999.96	12,926.12
Banks		
Cash credits/overdrafts	4,474.99	2,645.29
Working capital demand loans	2,616.58	—
Term loans	4,950.00	3,819.93
Others - Long term	60.78	62.14
	23,102.31	19,453.48
Unsecured		
Deposits		
Fixed	25.66	234.77
Others	372.45	367.22
Term loans		
Long term	777.65	777.65
Short term	71.35	71.35
	1,247.11	1,450.99
	24,349.42	20,904.47

SECURED

1. Debentures

a) 8,878,114 (Previous period: 8,895,967) - 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 (SORA) and are redeemable, with interest, over a period of seven years, from the effective date of approval of the SORA, i.e. January 02, 2004. As per SORA, the repayment of these debentures is linked to the real estate inflows and therefore, to the extent there will be difference in the time periods and the terms of repayment (also refer to foot note 5 and note 3.4 of Schedule 12). These debentures are secured by first mortgage and charge created on the Company's property at district Gandhinagar (originally Mehsana), Gujarat and also first pari-passu charge alongwith the 19.5% Non -Convertible Debentures on the Real Estate receivables due from Purearth Infrastructure Limited (formerly known as DCM Estates & Infrastructure Limited). Further, in terms of the SORA, no interest would be payable on these debentures for the period after December 31, 1998. (due within a year; refer to note 3.4 of Schedule 12).

b) 90,602 (Previous period: 97,610) 19.5% Secured Non-Convertible Debentures of Rs. 1,000 each allotted with effect from February 20, 1997 on a private - placement basis, as restructured in terms of the SORA and are redeemable, with interest, over a period of 5 years from the effective date of approval of the SORA, i.e. January 02, 2004. As per SORA, the repayment of these debentures is linked to the real estate inflows and therefore, to the extent there will be difference in the time periods and the terms of repayment (also refer to foot note 5 and note 3.4 of Schedule 12). These debentures are secured by way of charges created / to be created on the Real Estate receivables due from Purearth Infrastructure Limited (formerly known as DCM Estates & Infrastructure Limited), ranking pari-passu with the charge created in favour of Partly Convertible Debenture holders and second charge by way of mortgage created / to be created on the freehold land measuring 52 acres being developed under the Land Development Project and the Company's property at district Gandhinagar (originally Mehsana), Gujarat (due within a year; refer to note 3.4 of Schedule 12).

2. Banks

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

— cash credit/overdraft facilities aggregating Rs. 4,115.88 lacs (Previous period Rs. 2,320.72 lacs), 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.

— cash credit facilities relating to IT Division, aggregating Rs. 359.11 lacs (Previous period Rs. 324.57 lacs) and other non-fund based facilities from banks, 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.

— working capital demand loans aggregating Rs. 2,616.58 lacs (Previous period Rs. Nil) are secured by way of pledge of cotton stocks and hypothecation of movable and immovable assets, both present and future, pertaining to the Textile Division at Hissar.

— term loan of Rs. 4,950.00 lacs (Previous period Rs. 3,769.93 lacs) is secured by first charge, 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. 475.00 lacs, Previous period Rs. 300.00 lacs).

— working capital term loan of Rs. Nil (Previous period: Rs 50.00 lacs) is secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the IT 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. (due within a year Rs. Nil; Previous period: Rs. 50 lacs)

3. Others - Long term

Rs. 60.78 lacs (Previous period: Rs. 62.14 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. (Rs. 14.58 lacs due within a year; Previous period: Rs. 17.27 lacs).

4. UNSECURED

a. Fixed deposits aggregating Rs. 1.58 lacs (Previous period Rs. 11.42 lacs) are guaranteed by the Chief Executive Officer of the Company.

b. Long term loan is guaranteed by the Chief Executive Officer of the Company. (due within a year: refer to note 3.4 of Schedule 12).

5. Also refer to note 3.4 of Schedule 12 regarding the proposed reschedulement of various payment terms of loans from financial institutions and debentures. Interest accrued amounting to Rs. 520.68 lacs (Previous period Rs. 573.92 lacs) (also refer to note 11 of Schedule 12) included under “interest accrued but not due” under current liabilities in Schedule 7, which, in terms of SORA, was scheduled to be due and payable, has not been transferred to “interest accrued and due” under this schedule in view of reasons explained in Note 3.4 of Schedule12.

4. FIXED ASSETS

(Amounts in Rs. Lacs)

	Gross Block				Depreciation				Net Block	
Description	As at March 31, 2007	Additions	Deductions	As at March 31, 2008	Upto March 31, 2007	For the year	On sales/ disposal	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Land*	977.48	—	—	977.48	—	—	—	—	977.48	977.48
Buildings	1,271.26	525.37	—	1,796.63	336.10	60.22	—	396.32	1,400.31	935.16
Plant and machinery	7,751.53	2,875.11	16.91	10,609.73	4,223.50	630.64	15.12	4,839.02	5,770.71	3,528.03
Furniture and fittings	313.77	9.25	1.59	321.43	217.08	16.29	1.32	232.05	89.38	96.69
Vehicles	159.99	41.06	29.73	171.32	81.84	31.66	12.45	101.05	70.27	78.15
Intangible assets										
Intellectual property rights	279.90	—	—	279.90	279.90	—	—	279.90	—	—
Current Year	10,753.93	3,450.79	48.23	14,156.49	5,138.42	738.81	28.89	5,848.34	8,308.15	
Previous Period	7,676.12	3,416.39	338.58	10,753.93	4,875.75	353.76	91.09	5,138.42		5,615.51
Capital work-in-progress (Refer to note 12 of schedule 12 also)									483.08	2,085.17
									8,791.23	7,700.68

Capital commitments outstanding at the close of the current year, net of capital advances, Rs. 145.00 lacs (Previous period Rs. 2617.50 lacs).

* Includes Rs. 969 lacs added in 1992-93 on revaluation of the freehold land.

5. INVESTMENTS - LONG TERM

		As at March 31, 2008 Rs. /Lacs		As at March 31, 2007 Rs. /Lacs
AT COST UNLESS OTHERWISE STATED				
Trade investments - Unquoted				
Equity shares :				
Fully paid-up				
Purearth Infrastucture Limited @				
10,991,050 (Previous period - 10,991,050) of Rs. 10 each.		2,004.00		2,004.00
DCM Data Products Private Limited				
Nil (Previous period - 3,900) of Rs. 10 each (3900 shares sold during the year)		—		0.39
Non-cumulative redeemable preference shares:				
Fully paid-up				
DCM Data Products Private Limited				
Nil (Previous period - 100) - 13.5% Redeemable Preference shares of Rs. 100 each (100 shares sold during the year)		—		0.10
Non trade - Quoted				
Equity shares :				
Fully paid-up				
SRF Limited				
5,000 (Previous period - 5,000) of Rs. 10 each		1.60		1.60
DCM Financial Services Limited				
69,258 (Previous period - 69,258) of Rs. 10 each		2.80		2.80
Daewoo Motors (India) Limited				
59,584 (Previous period - 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				
8 (Previous period - 8) of Rs.10 each {* Rs. 368}		*		*
Non trade - Unquoted				
Non-cumulative redeemable preference shares:				
Fully paid-up				
Combine Overseas Limited (Refer to note 13 of schedule 12)				
100,000 (Previous period - 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 Finance & Leasing Limited				
49,996 (Previous period - 49,996) of Rs. 10 each		5.00		5.00
DCM Reality Investment & Consulting Limited				
2,550,020 (Previous period - 2,550,020) of Rs. 10 each		255.00		255.00
DCM Tools & Dies Limited				
50,000 (Previous period - 50,000) of Rs. 10 each		5.00		5.00
DCM Engineering Limited				
15,049,988 (Previous period - 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 period - 100) - of Rs. 100 each		0.10		0.10
Trade - Unquoted				
Equity shares :				
Fully paid-up				
DCM Textiles Limited				
50,000 (Previous period - 50,000) of Rs. 10 each		5.00		5.00
		6,583.50		6,583.99

@ 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 Period	Current year	Previous Period
Quoted	4.40	4.40	9.56	9.00
Unquoted	6579.10	6579.59		
	6583.50	6583.99		

2. 59,584 (Previous period; 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.

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Current assets		
Inventories		
Stores , spares and components (valued at cost or under)	145.66	185.09
Stock in trade @		
Raw materials	4,852.60	3,422.30
Process stocks	262.58	183.43
Finished goods	777.75	348.34
Land (for development)	1,000.00	1,000.00
	7,038.59	5,139.16
Sundry debtors #		
Debts over six months		
Secured - good	308.95	308.95
Unsecured - good	17,315.70	19,044.06
- doubtful	84.94	105.80
Other debts		
Secured - good	3.00	2.00
Unsecured - good	2,660.72	1,971.62
	20,373.31	21,432.43
Less : Provision for doubtful debts	84.94	105.80
	20,288.37	21,326.63
Cash and bank balances		
Cash and cheques on hand	8.23	7.43
With scheduled banks on :		
- Current accounts	621.12	1,325.92
- Deposit accounts*	305.52	155.60
With non-scheduled banks on : ##		
- Current accounts		
Bank of America, USA	9.88	16.14
Bank of Tokyo Mitsubishi, Japan	—	0.43
- Deposit account		
Bank of America, USA	0.57	0.49
	945.32	1,506.01

6. CURRENT ASSETS, LOANS AND ADVANCES (Continued)

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Loans and advances		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good **	2,443.33	1,942.28
Considered doubtful $	899.65	1,156.65
	3,342.98	3,098.93
Less:Provision for doubtful advances	899.65	1,156.65
	2,443.33	1,942.28
Deposits	459.57	340.36
With customs, excise and port trust authorities etc.	449.43	271.83
Taxation	926.29	777.00
Income accrued on investments and deposits	20.62	41.18
	4,299.24	3,372.65
	32,571.52	31,344.45

@ 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. 17471.91 lacs (previous period Rs. 19156.02 lacs) on account of real estate receivables to be received in terms of the SORA / definitive agreement (Refer to note 3.2(b) of the Schedule 12).

* Includes Rs. 49.91 lacs (Previous period Rs. 5.11 lacs) provided as security for bank guarantees/letters of credit.

## Maximum balance outstanding during the year/period :	Rs. /Lacs	Rs. /Lacs
Current accounts		
Bank of America, USA	164.33	160.15
Bank of Tokyo Mitsubishi, Japan	—	0.46
Deposit account		
Bank of America, USA	44.19	39.60

** Includes Rs. 759.14 lacs (Previous period Rs. 509.14 lacs) as advances for purchase of rights in flats.

$ Includes Rs. 150.22 lacs (Previous period Rs. 150.22 lacs) as inter corporate deposits.

7. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Current Liabilities		
Acceptances	437.82	—
Sundry creditors		
- Outstanding dues of small scale industrial undertakings #	—	—
- Outstanding dues of micro and small enterprises (Refer to note 19 of schedule 12)	0.02	—
- Others	7,887.27	9,037.58
Due to subsidiary companies	3.69	4.92
Payable under Investor Education and Protection Fund *	—	—
Unpaid dividend	—	1.88
Interest accrued but not due (Refer to note 3.4 of schedule 12 and foot note 5 on schedule 3)	7,101.34	7,211.74
	15,430.14	16,256.12
Provisions		
Income-tax	368.97	355.76
Gratuity	266.20	214.14
Leave encashment	108.97	68.23
Contingencies (Refer to note 3.2 (a) of schedule 12)	823.33	1,084.26
	1,567.47	1,722.39

* Amount payable under Investor Education and Protection Fund is Rs. Nil in view of the SORA, pursuant to which certain past dues have been rescheduled for payment.

Pursuant to amendments to Schedule VI of the Companies Act, 1956, vide notification no. GSR 719 (E) dated Novemeber 16, 2007, the dues of Micro and Small Enterprises have to be disclosed against the earlier disclosure requirements of dues of Small Scale Industrial Undertakings.

8. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Deferred revenue expenses		
Voluntary retirement compensation	34.41	70.92
Less : Written off during the year / period		
Voluntary retirement compensation (Refer to note 17 of schedule 12)	34.41	36.51
	—	34.41

9. GROSS SALES/SERVICES

	Current Year Rs. /Lacs	Previous Period Rs. /Lacs
Sale of products	13,197.62	7,158.95
Income from services/software development	3,158.18	2,639.95
	16,355.80	9,798.90

9A. OTHER INCOME

		Current Year Rs. /Lacs		Previous Period Rs. /Lacs
Special rebates, incentives, etc.		308.35		101.92
Dividend on long term non trade investments		0.45		0.15
Rent		67.35		27.85
Profit on sale of fixed assets		0.02		1,259.92
Provision for doubtful debts and advances written back		257.82		1.68
Provision for diminution in the value of long term non trade investments written back on sale	—		396.87	
Less: Loss on sale of long term non trade investments	—	—	394.87	2.00
Provisions and liabilities no longer required, written back		312.79		29.97
Interest on:				
- Income tax refunds		2.00		62.08
- Deposits etc. #		92.42		50.67
Miscellaneous		110.05		81.83
		1,151.25		1,618.07

Income-tax deducted at source Rs. 28.28 lacs (Previous period Rs. 7.43 lacs).

10. MANUFACTURING AND OTHER EXPENSES

	Current Year Rs. /Lacs	Previous Period Rs. /Lacs
Raw materials consumed	8,455.02	3,958.45
Stores, spares and components consumed	500.16	323.98
Power, fuel, etc.	1,915.44	1,134.33
Repairs		
Buildings	41.04	46.62
Plant and machinery	28.36	8.93
Jobs on contract	20.51	14.13
Salaries, wages, commission, etc.	3,560.85	2,581.23
Bonus	94.79	32.88
Gratuity	31.41	25.78
Provision for gratuity and leave liability	90.04	—
Provident and other funds	323.98	216.11
Welfare	38.57	32.58
Rent	122.50	95.95
Insurance	37.87	26.45
Rates and taxes	19.03	8.62
Donations	—	0.10
Auditors' remuneration		
As auditors		
— Audit fees	5.00	5.00
In other capacity		
— Tax accounts	—	2.00
— Verification of statements and other reports	5.10	7.45
— Limited review of unaudited financial results	5.40	7.90
Out-of-pocket expenses	0.30	0.31
Directors' fee	1.84	1.46
Provision for doubtful debts and advances	1.95	11.30
Carried over	15299.16	8541.56

10. MANUFACTURING AND OTHER EXPENSES

		Current Year Rs. /Lacs		Previous Period Rs. /Lacs
Brought forward		15299.16		8541.56
Doubtful debts and advances written off	39.90		29.10	
Less : Provision already held	21.99	17.91	19.63	9.47
Loss on sale of fixed assets		7.78		8.22
Freight and transport		392.88		216.29
Commission to selling agents (other than sole selling)		222.64		184.72
Brokerage, discount (other than trade discount),etc.		47.84		32.07
Sales expenses		42.82		23.95
Travelling and conveyance		163.80		118.93
Legal and professional fees		152.04		86.06
Land development expenses	260.06		89.01	
Less : Adjusted against provision held {Refer to note 3.2 (a)}	260.06	—	89.01	—
Miscellaneous expenses #		295.72		241.61
		16,642.59		9,462.88
Increase of finished and process stocks				
Closing stock				
Process stocks		262.58		183.43
Finished goods		777.75		348.34
Land (for development)		1,000.00		1,000.00
		2,040.33		1,531.77
Less : Opening stock				
Process stocks		183.43		89.01
Finished goods		348.34		166.89
Land (for development)		1,000.00		1,000.00
		1,531.77		1,255.90
		(508.56)		(275.87)
		16,134.03		9,187.01

Includes Rs. 49.85 lacs (Previous period Rs. 28.58 lacs) as loss due to fluctuations in foreign exchange rates.

11. INTEREST

	Current Year Rs. /Lacs	Previous Period Rs. /Lacs
Interest on @		
— Debentures and other fixed loans	341.96	177.25
— Others	348.92	157.03
	690.88	334.28

@ In addition, interest amounting to Rs. 36.40 lacs (Previous period Rs. 34.93 lacs) has been transferred to fixed assets and Rs. 0.88 lac (Previous period Rs. 0.06 lac) has been adjusted against contingency provision.

12. 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, except for accounting of interest on certain borrowings on a payment basis as referred to in note 11 below.

b) 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.

c) 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 (Other than computers) - 33.33%

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 year/period, 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.

d) Investments:

Long-term investments are valued at cost unless there is a permanent fall in the value thereof.

e) 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.

f) 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.

g) 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.

h) Research and development expenditure:

The revenue expenditure on research and development is expensed out in the year / period in which it is incurred. Expenditure, which results in creation of capital assets, is treated as similar to expenditure on other fixed assets.

i) Employee's 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.

j) Income-tax:

The income-tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

k) 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.

(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.

l) Miscellaneous expenditure (to the extent not written off or adjusted):
The compensation paid to the employees under voluntary retirement scheme is written off on a monthly pro rata basis over a period of three years.

2. Disclosures required under Accounting Standard – 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006, are given below:
With effect from April 01, 2007, the Company has adopted Accounting Standard (AS) 15 (Revised 2005) “Employee Benefits”, notified by the Companies (Accounting Standards) Rules, 2006. Pursuant to the adoption of this standard the additional obligations of the Company with respect to defined benefits up to March 31, 2007, amounting to Rs. 30.29 lacs (net of deferred tax asset of Rs. Nil) has been shown as ‘Adjustment on account of employee benefits’ in the profit and loss account.

Defined contribution plans

Contributions to defined contribution plans charged off for the year are as under:	Current Year Rs. lacs	Previous Period Rs. lacs
Company’s contribution to provident fund	102.79	58.44
Company’s contribution to superannuation fund	22.59	13.09
Company’s contribution to employees’ state insurance scheme	32.46	18.73

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

	As at March 31, 2008	
	Gratuity	Earned and sick leaves
Change in present value of obligation		
Present value of obligation as at the beginning of the year	214.14	87.15
Current service cost	19.56	12.70
Interest cost	18.96	8.07
Actuarial (gain) / loss	44.95	17.21
Benefits paid	31.41	16.16
Present value of obligation as at the end of the year	266.20	108.97
Change in plan assets	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	19.56	12.70
Interest cost	18.96	8.07
Return on plan assets	—	—
Actuarial (gain) / loss	44.95	17.21
Net cost	83.47	37.98
Constitution of plan assets	Not applicable	Not applicable
Other than equity, debt, property and bank a/c Funded with LIC		
Main actuarial assumptions		
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%

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

3. Scheme of Restructuring and Arrangement (SORA):

3.1 The Company's Scheme of Restructuring and Arrangement (SORA), under sections 391 and 394, sanctioned by the Delhi High Court vide its Order dated October 29, 2003, became effective on January 2, 2004 on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies. The SORA, inter-alia, focussed on financial restructuring and debt reduction of the Company by divestment/sale of certain business/assets of the Company and merger of a fully owned subsidiary with the Company, under a separate Scheme, and application of the proceeds thereof towards repayments of borrowings, in the manner and as per the terms and conditions indicated in the SORA.

Consequent to the effectuation of the SORA, Engineering Business was spun off with effect from April 1, 2001 and accounted for during the year ended March 31, 2002.

3.2 a) SORA, sanctioned by the Delhi High Court, envisages that -

i) The Company would convey to Purearth Infrastructure Limited (PIL), a Company co-promoted by it, all development rights in freehold and leasehold land at Bara Hindu Rao, and PIL would undertake the development of the entire project and would be responsible for the construction and completion of the project. All rights and obligations, under sale agreements entered into by the Company and the builders with purchasers, would also be assigned to PIL.

ii) The total approximate consideration payable by PIL to the Company for the above would be Rs.28,820 lacs, including Rs.3,400 lacs on account of leasehold land out of which Rs.2,400 lacs would be subject to certain minimum profits being earned by PIL from such leasehold land.

iii) The total consideration of Rs.28,820 lacs has been determined by including the outstanding of Rs.10,962.08 lacs against the sales in the previous years and the expenses to be incurred to get the project started, estimated to be approximately Rs.8,020 lacs. Any difference between actual expenses and the estimated amount would be to the Company's account.

iv) The consideration shall be receivable in installments, as per an agreed schedule, as envisaged in the SORA.

v) The above arrangements are subject to the definitive agreements, which have been entered into between the Company and PIL on February 16, 2004. The status of the above arrangements, in accordance with the terms of the definitive 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 6.

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.823.33 lacs (Previous period Rs. 1,084.26 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 7. Amounts aggregating Rs. 260.93 lacs (Previous period Rs. 89.08 lacs) have been utilised during the year out of the above provision for contingencies.

b) the outstanding as at March 31, 2008 from PIL on account of sale of development rights aggregate Rs. 17,472 lacs (Previous period Rs. 19,156 lacs), against which the Company holds a security deposit of Rs.300 lacs (Previous period Rs.300 lacs). The above outstandings would be recovered in installments, as per the schedule in terms of the SORA/ definitive agreements. However, the amounts aggregating Rs. 12,972 lacs (Previous period Rs. 10,956 lacs), which became due till the year end have not been realised due to circumstances stated in para 3.4 below.

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 (Refer note 3.2(a)(v) above) 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.

3.3 In the previous years, the Company considered 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 with effect from January 1, 1999, as envisaged in the SORA approved by the High Court of Delhi. Further, one of the loans in schedule 3 is subject to confirmation by a financial institution, as the concerned financial institution has raised demand without taking effect of the Order of the High Court approving the SORA. Management has confirmed to the auditors that it does not expect any differences with the financial institution as per SORA in this regard.

3.4 As per the terms of SORA, repayment obligations of the Company are linked with encashment of respective assets and are subject to certain conditions including withdrawal/ non-pursuance of legal action by the lenders against the Company and modification/vacation of charges on the assets of the Company.

Prior to approval of SORA, some of the financial institutions/ banks who had provided the loan facilities to a company, who is responsible to develop and sell the real estate project, took recourse to recover their dues independent of SORA and obtained stay orders. Subsequent to the approval of SORA, certain financial institutions delayed modification/ vacation of charges, which is vital precondition and integral part of SORA. Another financial institution filed modification applications/ proceedings in Debt Recovery Tribunal after approval of SORA and had also taken stay orders. These acts and omissions on the part of said financial institutions/ banks prevented and/ or delayed the realization/ disposal of specified assets and also prevented the promoters to arrange the scheduled amount in terms of the SORA and consequently prevented the Company from discharging its obligations. However, in order to avoid any litigation at various forums/ courts, the Company was forced to file an application under section 392 of the Companies Act, 1956 in the Delhi High Court requesting for revision in the schedule of payment.

In view of the above facts in relation to the delays in encashment of specified assets and the difference in time periods for repayment of debts linked with the disposal of said assets and as legally advised, the Company has complied with the debts repayment obligations including in respect of debentures, deposits, loans and related interest.

3.5 In view of the position stated in para 3.4 above, certain amounts, as envisaged in SORA, comprising Rs.777.65 lacs (Previous period Rs. 777.65 lacs) due since March 2, 2004 towards a financial institution and Rs. 646.60 lacs (Previous period Rs. 1,546.42 lacs) due since January 2, 2005, Rs. 944.01 lacs (Previous period Rs. 1,817.70 lacs) due since January 2, 2006, Rs. 3,597.55 lacs (Previous period Rs. 3,706.10 lacs) due since January 2, 2007 and Rs. 3760.81 lacs due since January 2, 2008 towards debenture holders are pending for payment.

4. Contingent liabilities not provided for:

	Current Year Rs.lacs	Previous Period Rs.lacs
Claims not acknowledged as debts: *		
— Income-tax matters	1060.16	853.32
— Sales tax matters	30.17	282.92
— Customs duty	12.55	12.55
— Employees' claims (to the extent ascertained)	45.43	43.96
— Others	220.67	220.28

* 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. In view of the Company's claims on a party and it's counter claims on the Company, the amounts due and payable to the party, in accordance with earlier settlement, has not been paid. The Company is in the process of negotiation with the party. Any liability / recovery arising after negotiation will be accounted for on completion of the negotiation, which, as per the management, is not expected to be significant. However, principal amounts due, without considering interest on overdue amounts, as per earlier settlement, have been fully provided for in these accounts.

6. In view of substantial brought forward losses and unabsorbed depreciation and in the absence of virtual certainty of future taxable income, the Company has not recorded the net deferred tax assets arising on account of timing differences, as stipulated in Accounting Standard 22- "Accounting for Taxes on Income" notified in the Companies (Accounting Standards) Rules, 2006.

7. Managerial remuneration

	Current Year Rs.lacs	Previous Period Rs.lacs
Directors' sitting fees	1.84	1.46

8. Earning per share:

	Current Year Rs.lacs	Previous Period Rs.lacs
(a) Profit/(loss) after taxation as per profit and loss account (Rs./lacs)	(151.04)	1300.31
(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)	(0.87)	7.48

9. 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.

10. 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 filed a writ petition in the Punjab and Haryana High Court challenging the order and the notice.

Pending final decision, the High Court has ordered status quo regarding the land, which continues to be in the possession of the Company. The Company has since setup a spinning mill at this location.

11. Company has decided to account for interest amounting to Rs. 149 lacs (Previous period Rs. 258 lacs) on certain borrowings on a payment basis. Had the interest been accounted for on an accrual basis, the loss after tax for the year would have been higher by Rs. 7.97 lacs (Previous period Rs. 17 lacs) and the debit balance in the profit and loss account carried forward would have been higher by Rs. 149 lacs (Previous period Rs. 229 lacs).

12. Capital work in progress includes unsecured advances, considered good, Rs.295 lacs (Previous period 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.

13. 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.

14. (i) 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. 122.50 lacs (Previous period Rs. 95.95 lacs) under schedule 10.

(ii) The Company has, during the previous years, given one of its properties under a non-cancellable operating lease. The related lease income of Rs. 18.37 lacs (Previous period Rs. 10.90 lacs) has been recognised in the profit and loss account. Details of the lease arrangement are as under:

	Gross block (Rs. lacs)	Accumulated Depreciation (Rs. lacs)	Depreciation for the year (Rs. lacs)
Building	92.91	37.49	3.10
Furniture and fittings	34.47	24.27	2.10
Total	127.38	61.76	5.20
Previous period	127.38	56.56	3.90

(iii) The Company, during the previous period, has given one of its rented premises on sub-lease under a non-cancellable operating lease. The related lease income of Rs. 48.00 lacs (Previous period Rs. 9.95 lacs) has been recognised in the profit and loss account.
Future minimum lease payments receivables:
Not later than one year - Rs. 46.35 lacs (Previous period Rs. 47.89 lacs)
Later than one year and not later than five years - Rs. Nil (Previous period Rs. 35.25 lacs)

15. 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 Siel 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.

16. An amount of Rs. 2,342 lacs (Previous period Rs. 3,218 lacs) required to be transferred to Debenture Redemption Reserve in terms of the Debenture Trust Deed/Guidelines issued by the Ministry of Finance, has not been transferred either due to no profit or inadequate profit having been earned by the Company.

17. Amounts aggregating Rs. 146.02 lacs paid during the year 2004-05, as compensation to certain employees of IT Business as a part of the voluntary retirement scheme, have been treated as deferred revenue expenditure, to be charged off over 36 months. Accordingly, during the year, Rs. 34.41 lacs (Previous period Rs. 36.51 lacs) have been charged off to profit and loss account on a pro-rata basis.

18. 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 period Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous period Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous period Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous period Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous period Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous period Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.86 lacs (Previous period Rs. 279.86 lacs) {(Maximum amount outstanding Rs. 279.86 lacs (Previous period Rs. 279.86 lacs)}.

19. The Company has initiated the process of obtaining confirmation from suppliers who are registered under the “The Micro, Small and Medium Enterprises Development Act, 2006”. Based on the information so far available with the Company i.e. up to June 12, 2008, the balance due to the Micro, Small and Medium Enterprises so identified is Rs. 0.02 lac. Further, there are no delays in the payment of dues to such enterprises.

20. 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 Kishanganj / Bara Hindu Rao, 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 of Schedule 12 ’Notes to the Accounts’; 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) for the year ended March 31, 2008 (Amount in Rs./Lacs)

	Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
1. Segment revenue												
– External sales/services	13,197.33	7,157.17	3,158.47	2,641.73	—	—	16,355.80	9,798.90	—	—	16,355.80	9,798.90
– Other income	405.49	166.78	113.95	59.74	—	—	519.44	226.52	—	—	519.44	226.52
– Inter segment sales	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue	13,602.82	7,323.95	3,272.42	2,701.47	—	—	16,875.24	10,025.42	—	—	16,875.24	10,025.42

(Amount in Rs./Lacs)

	Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
2. Segment results	671.56	890.13	(102.97)	(49.79)	—	—	568.59	840.34			568.59	840.34
Unallocated corporate expenses/ income (net of unallocated income/ expenses)									30.29	999.35	30.29	999.35
Profit before interest and tax											598.88	1,839.69
Interest expense									690.88	334.28	690.88	334.28
Provision for taxation									59.04	205.10	59.04	205.10
3. Profit/(loss) after taxation											(151.04)	1,300.31
4 Other information												
(a) Segment assets	17,749.17	13,344.91	1,192.01	1,379.38	18,986.78	20,689.04	37,927.96	35,413.33			37,927.96	35,413.33
Investments									6,583.50	6,583.99	6,583.50	6,583.99
Other unallocated assets									3,434.79	3,666.21	3,434.79	3,666.21
Total Assets											47,946.25	45,663.53
(b) Segment liabilities	1,300.79	1,668.77	486.98	525.97	6,529.48	6,789.84	8,317.25	8,984.58			8,317.25	8,984.58
Share capital and reserves (net of debit balance in profit and loss account)									6,599.22	6,780.55	6,599.22	6,780.55
Loan funds									24,349.42	20,904.47	24,349.42	20,904.47
Other unallocated liabilities									8,680.36	8,993.93	8,680.36	8,993.93
Total liabilities											47,946.25	45,663.53
(c) Capital expenditure	1,749.77	3,657.03	15.83	11.10	—	—	1,765.60	3,668.13	83.10	148.54	1,848.70	3,816.67
(d) Depreciation	650.21	277.11	61.41	54.81	—	—	711.62	331.92	27.19	21.84	738.81	353.76
(e) Non-cash expenditure other than depreciation	—	—	34.41	36.51	—	—	34.41	36.51	—	—	34.41	36.51

f) Secondary segment information (Geographical segments)

	Current year Rs. Lacs	Previous period Rs. Lacs
Segment revenue (Including excise duty)		
— Revenue within India	8754.07	5040.33
— Revenue outside India	8121.17	4985.09
Total segment revenue	16875.24	10025.42
Segment assets		
— Within India	37252.94	34651.39
— Outside India	675.02	761.94
Total segment assets	37927.96	35413.33
Capital expenditure		
— Within India	1763.81	3667.40
— Outside India	1.79	0.73
Total segment capital expenditure	1765.60	3668.13

21. RELATED PARTIES

I. Subsidiaries (enterprises where control exists):
   - a. DCM Finance & Leasing Limited
   - b. DCM Textiles Limited
   - c. DCM Engineering Limited
   - d. DCM Tools & Dies Limited
   - e. DCM Realty Investment & Consulting Limited

II. Associates (Shareholding of the Company on its own or alongwith subsidiaries, is 20% or more), where transactions have taken place during the current accounting year:
   DCM Data Products Private Limited (for part of the year)

III. Joint venture:
   Purearth Infrastructure Limited

IV. Key management personnel and/or Individuals having direct or indirectcontrol or significant influence, and their relatives:
   - a. Mr. Naresh Kumar Jain
   - b. Dr. Vinay Bharat Ram
   - c. Mr. Hemant Bharat Ram
   - d. Mr. Sumant Bharat Ram

- Disclosure of transactions between the Company and related parties during the year and outstanding balances as at March 31, 2008

(Amounts in Rs. lacs)

Refer note above	Subsidiaries Refer note 21.I		Associates Refer note 21.II		Joint Ventures Refer note 21.III		Key management personnel Refer note 21.IV	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
1 Expenses recovered	1.23	0.92	—	—	26.15	17.07	—	—
2 Remuneration paid	—	—	—	—	—	—	112.16	64.97
3 Advances received back	—	—	—	—	9.54	105.81	—	—
4 Outstanding balances								
- Deposit payable	—	—	—	—	300.00	300.00	—	—
- Sundry debtors	—	—	—	—	17,471.91	19,156.02	—	—
- Advance/ consideration for purchase of rights in flats	—	—	—	—	399.14	399.14	—	—
- Investment in shares and debentures	4,475.10	4,475.10	—	0.49	2,004.00	2,004.00	—	—
- Advances recoverable	—	—	—	0.16	40.33	49.87	—	—
- Advances payable	3.69	4.92	—	—	—	—	—	—

22. DISCLOSURES RELATED TO JOINT VENTURE:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2008	March 31, 2007
Purearth Infrastructure Limited	India	Equity Share Holding	14.27%	16.65%

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, 2008 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 last available financial statements for the period ended March 31, 2007. 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, 2008.

	As at March 31, 2007 (Rs./Lacs) (Based on ownership interest of 14.27%)	As at September 30, 2006 (Rs./ Lacs) (Based on ownership interest of 16.65%)
ASSETS		
Fixed Assets	15.42	13.90
Investments	322.50	332.53
Deferred tax assets	55.92	61.46
Current assets, loans and advances		
a) Inventories	7054.53	7865.54
b) Cash and bank balances	425.20	221.25
c) Loans and advances	251.78	180.77
LIABILITIES		
Loans		
Secured loans	320.45	292.38
Current Liabilities and provisions:		
a) Liabilities	6639.75	7091.42
b) Provisions	8.89	5.07
Share application money pending allotment	15.13	140.76
Misc. Expenditure not written off	6.89	8.04

	For the 6 months ended March 31, 2007 (Rs. / Lacs)	For the year ended September 30, 2006 (Rs. / Lacs)
INCOME		
Other Income	34.58	73.84
EXPENSES		
Project expenditure, administrative and other expenses	345.60	632.97
(Increase) / decrease in Real Estate Development work-in-progress	(313.31)	(588.49)
Provision for taxation	0.16	2.79
OTHER MATTERS		
Contingent liabilities	94.02	77.26
Capital commitments	1.08	7.74

23. There are no disputed dues of wealth tax, excise duty, service tax and cess, which have not been deposited by the Company. The details of disputed dues as of March 31, 2008 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
Sales Tax Laws	Sales tax	- Joint Commissioner of Commercial Taxes (Appeals)	2.92	1.47	2000-01
		- Haryana Tax Tribunal	13.53	13.17	2000-01
		- Joint Commissioner Excise and Taxation (appeals)	13.72	13.72	2003-04
Customs Act	Customs Duty	- Commissioner of Customs (Appeals)	12.55	—	1988-89
Income Tax Act	Income tax	- Commissioner of Income Tax (Appeals)	97.41	51.25	Assessment Year 2000-01
			853.32	324.68	Assessment Year 2004-05
			109.43	59.83	Assessment Year 2005-06

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	Forum where pending	Amount (Rs. lacs)	Period to which the amount relates
Income-tax Laws	Income-tax	- Delhi High Court	604.08	Assessment Years 1980-81 to 1990-91.

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

Particulars	Current year			Previous period		
	Amount in Foreign currency		Amount in Rs. (Lacs)	Amount in Foreign currency		Amount in Rs. (Lacs)
Debtors	US$	5,502,949	2191.71	US$	4,022,983	1760.28
	Sing$	390	0.11	Sing$	3,666	1.00
Cash and Bank	US$	26,364	10.45	US$	40,143	17.28
Loans and Advances	US$	253,997	100.71	US$	234,956	101.12
	Euro	—	—	Euro	327,884	194.51
Bills Discounted	US$	3,242,434	1295.07	US$	1,842,452	822.25
Current Liabilities	US$	454,137	180.13	US$	375,179	161.80
Provisions	US$	81,732	32.41	US$	96,408	41.49

25. Statement of Additional information

I. Particulars of capacity and production

Description	Unit	Capacity: Licensed @ Current year	Capacity: Licensed @ Previous period	Capacity: Installed # Current year	Capacity: Installed # Previous period	Production: Unit	Production: Current year	Production: Previous period
Textiles - yarn	Spindles Nos.	—	—	72,036	56,628	M.T.	12,845	6,701

@ 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. Installed capacity varies based on production mix and specification.

II. Particulars of stocks and sales *

Description	Unit	Stocks: Opening Current year	Stocks: Opening Previous period	Stocks: Closing Current year	Stocks: Closing Previous period	Sales # Current year	Sales # Previous period
Textiles - yarn	M.T.	376	195	791	376	12,430	6,520
	Rs./Lacs	347.16	164.73	777.75	347.16	12,464.27	6,851.78
Others (including computers' peripherals, components, etc. @)	Rs./Lacs	1.18	2.16	—	1.18	733.35	307.17
		348.34	166.89	777.75	348.34	13,197.62	7,158.95

* 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 Quantity	Current year Value Rs. /Lacs	Previous period Quantity	Previous period Value Rs. /Lacs
Cotton	M.T.	16,379	8,455.02	8,427	3,958.45
Total			8,455.02		3,958.45

IV. Other Additional Information

Description	Current year Rs. /Lacs	Previous period Rs. /Lacs
(a) Value of imports on CIF basis		
Components and spare parts	9.24	9.98
Capital goods	589.52	541.66
(b) Expenditure in foreign currency		
Commission, travel etc.	104.74	75.63
Overseas offices expenses	2,539.23	2,026.27
(c) Earnings in foreign exchange		
— Direct export of goods on FOB basis/as per contracts where FOB value not readily ascertainable	5,134.54	2,592.10
— Software / Services export	2.66	27.36
— Overseas offices income	2,861.68	2,371.63
— Other earnings	—	2.37

IV. Other Additional Information (Continued)

Description		Current year Rs. /Lacs		Previous period Rs. /Lacs
(d) Value of imports/indigenous raw materials, components and stores and spares consumed				
(i) Raw materials				
Imported	—	—	—	—
Indigenous	8,455.02	100.00%	3,958.45	100.00%
	8,455.02	100.00%	3,958.45	100.00%
(ii) Stores , spares parts and components				
Imported	9.68	1.94%	10.10	3.12%
Indigenous	490.48	98.06%	313.88	96.88%
	500.16	100.00%	323.98	100.00%

26. The figures of the previous period have been regrouped/ recast to conform to the current year's classification. The current financial year is for a period of 12 months from April 1, 2007 to March 31, 2008, whereas the corresponding figures for the previous period were for 9 months from July 1, 2006 to March 31, 2007. Therefore , the current year figures are not directly comparable with those of the previous period.

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

Signatures to Schedules 1 to 12 and Statement of Additional Information

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

Place : New Delhi
Date : June 12, 2008

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Part-IV Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	4	State Code	55
Balance Sheet Date	31 03 2008		

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

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

Total Liabilities	Total Assets
3301320	3301320

Sources of Funds

Paid-Up Capital	Reserves & Surplus
173759	692619
Secured Loans	**Unsecured Loans**
2310231	124711

Application of Funds

Net Fixed Assets	Investments
879123	658350
Net Current Assets	**Misc. Assets/Exp.**
1557391	–
Accumulated Losses	
206456	

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

	Turnover		Total Expenditure
	1750613		1759813
+/-	Profit/Loss Before Tax	+/-	Profit/Loss After Tax
–	–9200	–	–15104
	Earning per share in (Rs.)		Dividend Rate (%)
–	–0.87		NIL

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

Item Code No. (ITC Code)	520511
Product Description	Cotton Yarn
Item Code No. (ITC Code) Product Description	IT Infrastructure Services
Item Code No. (ITC Code) Product Description	Real Estate Development

	NARESH KUMAR JAIN Managing Director	JITENDRA TULI Director
Place : New Delhi Date : June 12, 2008	BHABAGRAHI PRADHAN Company Secretary	ASHWANI SINGHAL Executive Vice President (Finance & Accounts)

	Name of the Subsidiary		DCM Tools & Dies Ltd.	DCM Textiles Ltd.	DCM Finance & Leasing Ltd.	DCM Engineering Ltd.	DCM Realty Investment & Consulting Ltd.
1	Financial year of the Subsidiary		31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008
2	Extent of interest in the Subsidiary Company						
	- Fully paid Equity Shares	Nos.	50,000	50,000	49,996	15,049,988	2,550,020
	- % of total Equity Shares	%	100%	100%	99.99%	75.06%	99.99%
	- Fully paid Pref. Shares	Nos.	Nil	Nil	100	Nil	Nil
	- % of total Pref. shares	%	Nil	Nil	100%	Nil	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	0.16	0.13	0.06	579.87	(4.90)
	- for the previous financial years since it became subsidiary of the Company	Rs./Lacs	0.15	(0.22)	(236.85)	711.16	38.50
4	Additional information u/s 212 (5)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Subsidiary Companies' Particulars - As at March 31, 2008

Pursuant to letter no. 47/265/2008-CL-III dated 7th May, 2008 from 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 Tools & Dies Limited	5.00	0.31	5.63	5.63	0.33	0.28	0.12	0.16	—
DCM Textiles Limited	5.00	(0.09)	5.20	5.20	0.29	0.23	0.10	0.13	—
DCM Realty Investment & Consulting Limited	255.01	64.76	328.22	328.22	3.44	(4.90)	—	(4.90)	—
DCM Engineering Limited	2,005.10	4,871.79	18,184.05	18,184.05	29,748.51	1,100.26	520.39*	579.87	—
DCM Finance & Leasing Limited	5.10	3.37	9.05	9.05	0.40	0.26	0.20	0.06	—

* Inclusive of deferred tax for prior periods Rs. 144.89 Lacs.

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

Long Term	(Rs. Lacs)
Non-trade - Quoted	
1,80,850 equity shares of Rs. 10/- each fully paid of SRF Limited	503.74
Non-trade - Unquoted	
16,65,000 equity shares of Rs. 10/- each fully paid of Purearth Infrastructure Limited	166.50

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.

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF DCM LIMITED (THE COMPANY) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DCM LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated balance sheet of DCM Limited and its subsidiaries (the Group) as at March 31, 2008 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the management of DCM Limited and have been prepared by the management on the basis of 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

3. As stated in note 1 of Schedule 12, the Company, in view of its intention to dispose off substantial part of its investment in its subsidiary Company, viz, DCM Engineering Limited, has not considered the same for the purposes of consolidation in these accounts in accordance with the Accounting Standard (AS)-21, "Consolidated Financials Statements", notified in the Companies (Accounting Standards) Rules, 2006.

4. We did not audit the financial statements of subsidiaries, i.e., 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. 338.45 lacs as at March 31, 2008 and total revenues of Rs. 4.48 lacs and the net cash inflows amounting to Rs. 3.41 lacs for the year ended on that date (these figures include intragroup balances and intragroup transactions eliminated on consolidation). These financial statements and other financial information 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 reports of other auditors.

5. Attention is invited to note 4 of Schedule 12 which explains in detail the position of the "Scheme of Restructuring and Arrangement" (SORA), sanctioned by the High Court of Delhi 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's management in accordance with the requirements of Accounting Standard (AS)-21, "Consolidated Financial Statements", notified in 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 of Schedule 12);*

7. *(i) interest liability relating to certain borrowings is being accounted for on a payment basis. Had such liability been accounted for on an accrual basis, the loss for the year would have been higher by Rs. 8 lacs and the debit balance in the profit and loss would have been higher by Rs. 149 lacs and the profit for the previous period would have been lower by Rs. 17 lacs and the debit balance in the profit and loss account at the end of the previous period would have been higher by Rs. 229 lacs (Refer to note 12 of Schedule12); and*

   (ii) 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 16 of Schedule 12. The effect of these on the accounts is not ascertainable at this stage.

   We further report that, without considering the items mentioned in paragraphs 6 and 7 (ii) above, the effect of which is not ascertainable, had the observation made by us in paragraph 7 (i) above been considered, the loss for the year would have been higher by Rs. 8 lacs and the debit balance in the profit and loss account would have been higher by Rs. 149 lacs and the profit for the previous period would have been lower by Rs. 17 lacs and the debit balance in the profit and loss account at the end of the previous period would have been higher by Rs. 229lacs.

   The matters referred to in paragraphs 6 and 7 above, to the extent covered herein above, were also subject matters for qualifications in our audit report on the financial statements for the nine months period ended March 31, 2007.

   Subject to our comments in paragraphs 6 and 7 above, on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of DCM Limited and its subsidiaries, in our opinion, the consolidated financial statements give a true and fair view in conformity with the 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, 2008;

   (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date, and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For A. F. Ferguson & Co.
Chartered Accountants
Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : June 12, 2008

Consolidated Balance Sheet as at March 31, 2008

	Schedule	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
SOURCES OF FUNDS			
Share capital	1	1,737.59	1,737.59
Reserves and surplus	2	6,956.42	6,956.42
		8,694.01	8,694.01
Minority interest		0.01	0.01
Loans	3		
Secured		23,102.31	19,453.48
Unsecured		1,247.11	1,450.99
		24,349.42	20,904.47
Total		33,043.44	29,598.49
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		14,158.80	10,756.24
Less : Depreciation		5,850.62	5,140.69
Net block		8,308.18	5,615.55
Capital work-in-progress		483.08	2,085.17
		8,791.26	7,700.72
Investments	5	6,313.40	6,313.89
Current assets,loans and advances	6		
Inventories		7,038.59	5,139.16
Sundry debtors		20,288.37	21,326.63
Cash and bank balances		978.15	1,535.42
Loans and advances		4,610.79	3,689.30
		32,915.90	31,690.51
Less : Current liabilities and provisions	7		
Current liabilities		15,427.07	16,251.78
Provisions		1,576.49	1,729.84
Net current assets		15,912.34	13,708.89
Miscellaneous expenditure (to the extent not written off or adjusted)	8	—	34.41
Profit and loss account		2,026.44	1,840.58
Total		33,043.44	29,598.49
Notes to accounts	12		

Per our report attached

For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : June 12, 2008

Consolidated Profit and Loss Account for the year ended March 31, 2008

	Schedule	For the year ended March 31, 2008 Rs. /Lacs	For 9 months ended March 31, 2007 Rs. /Lacs
Gross sales/services	9	16,358.21	9,800.95
Less: Excise duty		0.92	—
Net sales		16,357.29	9,800.95
Other income	9A	1,153.32	1,619.60
		17,510.61	11,420.55
Manufacturing and other expenses	10	16,142.61	9,192.05
Depreciation	4	738.82	353.78
Interest	11	690.88	334.28
Miscellaneous expenditure written off	8	34.41	36.51
Total expenditure		17,606.72	9,916.62
Profit / (loss) before taxation and Minority interest		(96.11)	1,503.93
Taxes for the year / period			
- Current tax (including foreign tax Rs. 19.98 lacs; previous period Rs. 24.85 lacs)		20.29	192.16
- Income-tax adjustment for earlier years (including foreign tax Rs. 20.31 lacs; previous year Rs. Nil)		20.42	—
- Fringe benefit tax		18.75	13.28
Profit / (loss) after tax for the year/period but before minority interest		(155.57)	1,298.49
Minority interest (# Rs. 93; previous period Rs. -4)		#	#
Profit for the year / period		(155.57)	1,298.49
Balance brought forward from the previous period		(1,840.58)	(3,139.07)
Adjustment on account of employee benefits		(30.29)	—
(Refer note 3 of schedule 12)			
Balance carried to balance sheet		(2,026.44)	(1,840.58)
Basic and diluted earning per share			
(Rs. Per share of Rs. 10 each)		(0.90)	7.47
Notes to accounts	12		

Per our report attached to the balance sheet
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : June 12, 2008

Consolidated Cash Flow Statement for the year ended March 31, 2008

	For the year ended ended March 31, 2008 Rs. /Lacs	For 9 months ended March 31, 2007 Rs. /Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	(96.11)	1,503.93
Adjustments for :		
Depreciation	738.82	353.78
Profit on sale of long term non-trade investments	—	(2.00)
Loss on sale of fixed assets	7.76	(1,251.70)
Interest expense	690.88	334.28
Miscelleneous expenditure written off	34.41	36.51
Interest income	(96.49)	(113.85)
Dividend income	(0.45)	(0.15)
Operating profit before working capital changes	1,278.82	860.80
Adjustments for changes in :		
– Trade and other receivables	246.21	3,269.21
– Inventories	(1,899.43)	(2,352.38)
– Trade payables	(909.48)	(13.59)
Cash generated from operations	(1,283.88)	1,764.04
Direct taxes paid	(195.62)	(460.60)
Net cash (used) for operating activities	(1,479.50)	1,303.44
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,848.70)	(3,816.67)
Sale of fixed assets	11.58	1,499.20
Sale of long term non-trade investments	0.49	2.00
Dividend received	0.45	0.15
Interest received	116.62	75.80
Net cash used in investing activities	(1,719.56)	(2,239.52)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	1,514.16	2,955.40
Repayment of long term borrowings	(2,515.49)	(1,521.88)
Repayment of short term borrowings	—	(5.06)
Changes in working capital borrowings	4,446.28	1,142.79
Dividend paid	(1.88)	—
Interest paid	(801.28)	(705.68)
Net cash from financing activities	2,641.79	1,865.57
Net (decrease) / increase in cash and cash equivalents	(557.27)	929.49
Cash and cash equivalents (opening balance)		
Cash and bank balances	1,535.42	605.93
Cash and cash equivalents (closing balance)		
Cash and bank balances	978.15	1,535.42
	(557.27)	929.49

Per our report attached to the balance sheet
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : June 12, 2008

1. SHARE CAPITAL

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Authorised Capital		
Ordinary shares 60,000,000 (Previous period 60,000,000) of Rs. 10 each	6,000.00	6,000.00
6th Cumulative redeemable preference shares 320,000 (Previous period 320,000) of Rs. 25 each - 9.5%	80.00	80.00
Preference shares 3,680,000 (Previous period 3,680,000) of Rs. 25 each	920.00	920.00
Cumulative convertible preference shares 1,000,000 (Previous period 1,000,000) of Rs. 100 each	1,000.00	1,000.00
	8,000.00	8,000.00
Issued, Subscribed and Paid-up Capital		
Ordinary shares 17,379,037 (Previous period 17,379,037) of Rs. 10 each, fully paid-up.	1,737.90	1,737.90
Less : Calls in arrear	0.31	0.31
	1,737.59	1,737.59

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, 2007 Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2008 Rs./Lacs
Capital reserve *	24.90	—	—	24.90
Share premium	3,767.00	—	—	3,767.00
Capital redemption	130.00	—	—	130.00
Debenture redemption (Refer to note 17 of schedule 12)	3,004.29	—	—	3,004.29
Reserve Fund #	0.27	—	—	0.27
Special Reserve (As per Income tax Act, 1961)	29.96	—	—	29.96
	6,956.42	—	—	6,956.42

* Represents Central/State Government subsidy.

\# As per Reserve Bank of India Act, 1934.

3. LOANS

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Secured		
Debentures		
Principal amount - gross	11,005.20	12,931.36
Less : Calls in arrear	5.24	5.24
	10,999.96	12,926.12
Banks		
Cash credits/overdrafts	4,474.99	2,645.29
Working capital demand loans	2,616.58	—
Term loans	4,950.00	3,819.93
Others - Long term	60.78	62.14
	23,102.31	19,453.48
Unsecured		
Deposits		
Fixed	25.66	234.77
Others	372.45	367.22
Term loans		
Long term	777.65	777.65
Short term	71.35	71.35
	1,247.11	1,450.99
	24,349.42	20,904.47

SECURED

1. Debentures

a) 8,878,114 (Previous period: 8,895,967) - 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 (SORA) and are redeemable, with interest, over a period of seven years, from the effective date of approval of the SORA, i.e. January 02, 2004. As per SORA, the repayment of these debentures is linked to the real estate inflows and therefore, to the extent there will be difference in the time periods and the terms of repayment (also refer to foot note 5 and note 3.4 of Schedule 12). These debentures are secured by first mortgage and charge created on the Company's property at district Gandhinagar (originally Mehsana), Gujarat and also first pari-passu charge alongwith the 19.5% Non -Convertible Debentures on the Real Estate receivables due from Purearth Infrastructure Limited (formerly known as DCM Estates & Infrastructure Limited). Further, in terms of the SORA, no interest would be payable on these debentures for the period after December 31, 1998. (due within a year; refer to note 3.4 of Schedule 12).

b) 90,602 (Previous period: 97,610) 19.5% Secured Non-Convertible Debentures of Rs. 1,000 each allotted with effect from February 20, 1997 on a private - placement basis, as restructured in terms of the SORA and are redeemable, with interest, over a period of 5 years from the effective date of approval of the SORA, i.e. January 02, 2004. As per SORA, the repayment of these debentures is linked to the real estate inflows and therefore, to the extent there will be difference in the time periods and the terms of repayment (also refer to foot note 5 and note 3.4 of Schedule 12). These debentures are secured by way of charges created / to be created on the Real Estate receivables due from Purearth Infrastructure Limited (formerly known as DCM Estates & Infrastructure Limited), ranking pari-passu with the charge created in favour of Partly Convertible Debenture holders and second charge by way of mortgage created / to be created on the freehold land measuring 52 acres being developed under the Land Development Project and the Company's property at district Gandhinagar (originally Mehsana), Gujarat (due within a year; refer to note 3.4 of Schedule 12).

2. Banks

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

— cash credit/overdraft facilities aggregating Rs. 4,115.88 lacs (Previous period Rs. 2,320.72 lacs), 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.

— cash credit facilities relating to IT Division, aggregating Rs. 359.11 lacs (Previous period Rs. 324.57 lacs) and other non-fund based facilities from banks, 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.

— working capital demand loans aggregating Rs. 2,616.58 lacs (Previous period Rs. Nil) are secured by way of pledge of cotton stocks and hypothecation of movable and immovable assets, both present and future, pertaining to the Textile Division at Hissar.

— term loan of Rs. 4,950.00 lacs (Previous period Rs. 3,769.93 lacs) is secured by first charge, 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. 475.00 lacs, Previous period Rs. 300.00 lacs).

— working capital term loan of Rs. Nil (Previous period: Rs 50.00 lacs) is secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the IT 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. (due within a year Rs. Nil; Previous period: Rs. 50 lacs)

3. Others - Long term

Rs. 60.78 lacs (Previous period: Rs. 62.14 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. (Rs. 14.58 lacs due within a year; Previous period: Rs. 17.27 lacs).

4. UNSECURED

a. Fixed deposits aggregating Rs. 1.58 lacs (Previous period Rs. 11.42 lacs) are guaranteed by the Chief Executive Officer of the Company.

b. Long term loan is guaranteed by the Chief Executive Officer of the Company. (due within a year: refer to note 3.4 of Schedule 12).

5. Also refer to note 3.4 of Schedule 12 regarding the proposed reschedulement of various payment terms of loans from financial institutions and debentures. Interest accrued amounting to Rs. 520.68 lacs (Previous period Rs. 573.92 lacs) (also refer to note 11 of Schedule 12) included under “interest accrued but not due” under current liabilities in Schedule 7, which, in terms of SORA, was scheduled to be due and payable, has not been transferred to “interest accrued and due” under this schedule in view of reasons explained in Note 3.4 of Schedule12.

4. FIXED ASSETS

(Amounts in Rs. Lacs)

	Gross Block				Depreciation				Net Block	
Description	As at March 31, 2007	Additions	Deductions	As at March 31, 2008	Upto March 31, 2007	For the year	On sales/ disposal	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
Land*	977.47	—	—	977.47	—	—	—	—	977.47	977.47
Buildings	1,271.26	525.37	—	1,796.63	336.10	60.22	—	396.32	1,400.31	935.16
Plant and machinery	7,751.53	2,875.11	16.91	10,609.73	4,223.50	630.64	15.12	4,839.02	5,770.71	3,528.03
Furniture and fittings	316.09	9.25	1.59	323.75	219.35	16.30	1.32	234.33	89.42	96.74
Vehicles	159.99	41.06	29.73	171.32	81.84	31.66	12.45	101.05	70.27	78.15
Intangible assets										
Intellectual property rights	279.90	—	—	279.90	279.90	—	—	279.90	—	—
Current Year	10,756.24	3,450.79	48.23	14,158.80	5,140.69	738.82	28.89	5,850.62	8,308.18	
Previous Period	7,678.44	3,416.39	338.59	10,756.24	4,878.01	353.78	91.10	5,140.69		5,615.55
Capital work-in-progress (Refer to note 13 of schedule 12 also)									483.08	2,085.17
									8,791.26	7,700.72

Capital commitments outstanding at the close of the current year, net of capital advances, Rs. 145.00 lacs (Previous period Rs. 2617.50 lacs).

* Includes Rs. 969 lacs added in 1992-93 on revaluation of the freehold land.

5. INVESTMENTS - LONG TERM

		As at March 31, 2008 Rs. /Lacs		As at March 31, 2007 Rs. /Lacs
AT COST UNLESS OTHERWISE STATED				
Trade investments - Unquoted				
Equity shares :				
Fully paid-up				
Purearth Infrastucture Limited @ 10,991,050 (Previous period - 10,991,050) of Rs. 10 each		2,004.00		2,004.00
DCM Data Products Private Limited Nil (Previous period - 3,900) of Rs. 10 each (3900 shares sold during the year)		—		0.39
Non-cumulative redeemable preference shares:				
Fully paid-up				
DCM Data Products Private Limited Nil (Previous period - 100) - 13.5% Redeemable Preference shares of Rs. 100 each (100 shares sold during the year)		—		0.10
Non trade - Quoted				
Equity shares :				
Fully paid-up				
SRF Limited 5,000 (Previous period - 185,850) of Rs.10 each		1.60		1.60
DCM Financial Services Limited 69,258 (Previous period - 69,258) of Rs. 10 each		2.80		2.80
Daewoo Motors (India) Limited 59,584 (Previous period - 59,584) of Rs. 10 each {$Re. 1}	16.34		16.34	
Less - Provision for diminution in value of investment	(16.34)	$	(16.34)	$
ICICI Bank Limited 8 (Previous period - 8) of Rs.10 each {* Rs. 368}		*		*
Non trade - Unquoted				
Non-cumulative redeemable preference shares:				
Fully paid-up				
Combine Overseas Limited (Refer to note 14 of schedule 12)				
100,000 (Previous period - 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 of schedule 12) 15,049,988 (Previous period - 15,049,988) of Rs. 10 each		4,205.00		4,205.00
		6,313.40		6,313.89

@ In terms of the SORA, the DCM Limited 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 Period	Current year	Previous Period
Quoted	4.40	4.40	9.56	9.00
Unquoted	6309.00	6309.49		
	6313.40	6313.89		

2. 59,584 (Previous period; 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.

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Current assets		
Inventories		
Stores, spares and components (valued at cost or under)	145.66	185.09
Stock in trade @		
Raw materials	4,852.60	3,422.30
Process stocks	262.58	183.43
Finished goods	777.75	348.34
Land (for development)	1,000.00	1,000.00
	7,038.59	5,139.16
Sundry debtors #		
Debts over six months		
Secured - good	308.95	308.95
Unsecured - good	17,315.70	19,044.06
- doubtful	84.94	105.80
Other debts		
Secured - good	3.00	2.00
Unsecured - good	2,660.72	1,971.62
	20,373.31	21,432.43
Less : Provision for doubtful debts	84.94	105.80
	20,288.37	21,326.63
Cash and bank balances		
Cash and cheques on hand	8.39	7.59
With scheduled banks on :		
— Current accounts	628.39	1,330.59
— Deposit accounts*	330.92	180.18
With non-scheduled banks on :##		
— Current accounts		
Bank of America, USA	9.88	16.14
Bank of Tokyo Mitsubishi, Japan	—	0.43
— Deposit account		
Bank of America, USA	0.57	0.49
	978.15	1,535.42

6. CURRENT ASSETS, LOANS AND ADVANCES (Continued)

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Loans and advances (Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in		
kind or for value to be received		
Considered good **	2,742.86	2,247.61
Considered doubtful $	899.65	1,156.65
	3,642.51	3,404.26
Less:Provision for doubtful advances	899.65	1,156.65
	2,742.86	2,247.61
Deposits	459.57	340.36
With customs, excise and port trust authorities etc.	449.43	271.83
Taxation	937.59	788.03
Income accrued on investments and deposits	21.34	41.47
	4,610.79	3,689.30
	32,915.90	31,690.51

@ 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. 17471.91 lacs (previous period Rs. 19156.02 lacs) on account of real estate receivables to be received in terms of the SORA / definitive agreement (Refer to note 4.2(b) of the Schedule 12).

* Includes Rs. 49.91 lacs (Previous period Rs. 38.91 lacs) provided as security for bank guarantees/letters of credit.

## Maximum balance outstanding during the year/period :	Rs. /Lacs	Rs. /Lacs
Current accounts		
Bank of America, USA	164.33	160.15
Bank of Tokyo Mitsubishi, Japan	—	0.46
Deposit account		
Bank of America, USA	44.19	39.60

** Includes Rs. 1032.79 lacs (Previous period Rs. 782.79 lacs) as advances for purchase of rights in flats.

$ Includes Rs. 150.22 lacs (Previous period Rs. 150.22 lacs) as inter corporate deposits.

7. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Current Liabilities		
Acceptances	437.82	—
Sundry creditors		
— Outstanding dues of small scale industrial undertakings #		
— Outstanding dues of micro and small enterprises (Refer to note 20 of schedule 12)	0.02	—
— Othres	7,887.89	9,038.16
Payable under Investor Education and Protection Fund *	—	—
Unpaid dividend	—	1.88
Interest accrued but not due (Refer to note 4.4 of Schedule 12 and foot note 5 of Schedule 3)	7,101.34	7,211.74
	15,427.07	16,251.78
Provisions		
Income-tax	374.22	360.83
Gratuity	266.36	214.14
Leave encashment	108.97	68.23
Non-performing assets	3.61	2.37
Contingencies (Refer to note 4.2 (a) of Schedule 12)	823.33	1,084.27
	1,576.49	1,729.84

* Amount payable under Investor Education and Protection Fund is Rs. Nil in view of the SORA, pursuant to which certain past dues have been rescheduled for payment.

\# Pursuant to amendments to Schedule VI of the Companies Act, 1956, vide notification no. GSR 719 (E) dated Novemeber 16, 2007, the dues of Micro and Small Enterprises have to be disclosed against the earlier disclosure requirement of dues of Small Scale Industrial Undertakings.

8. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

	As at March 31, 2008 Rs. /Lacs	As at March 31, 2007 Rs. /Lacs
Deferred revenue expenses		
Voluntary retirement compensation	34.41	70.92
Less : Written off during the year / period		
Voluntary retirement compensation (Refer to note 18 of Schedule 12)	34.41	36.51
	—	34.41

9. GROSS SALES/SERVICES

	Current Year Rs. /Lacs	Previous Period Rs. /Lacs
Sale of products	13,197.63	7,158.95
Income from services/software development	3,158.18	2,639.95
Income from housing finance activity	2.40	2.05
	16,358.21	9,800.95

9A. OTHER INCOME

		Current Year Rs. /Lacs		Previous Period Rs. /Lacs
Special rebates, incentives, etc.		308.35		101.92
Dividend on long term non trade investments		0.45		0.15
Rent		67.35		27.85
Profit on sale of fixed assets		0.02		1,259.92
Provision for doubtful debts and advances written back		257.82		1.68
Provision for diminution in the value of long term non trade investments written back on sale	—		396.87	
Less: Loss on sale of long term non trade investments	—	—	394.87	2.00
Provisions and liabilities no longer required, written back		312.79		30.18
Interest on:				
— Income tax refunds		2.00		62.08
— Deposits etc. #		94.49		51.77
Miscellaneous		110.05		82.05
		1,153.32		1,619.60

Income-tax deducted at source Rs. 28.55 lacs (Previous period Rs. 7.64 lacs).

10. MANUFACTURING AND OTHER EXPENSES

	Current Year Rs. /Lacs	Previous Period Rs. /Lacs
Raw materials consumed	8,455.02	3,958.45
Stores, spares and components consumed	500.16	323.98
Power, fuel, etc.	1,915.44	1,134.33
Repairs		
Buildings	41.04	46.62
Plant and machinery	28.36	8.93
Jobs on contract	20.51	14.13
Salaries, wages, commission, etc.	3,565.68	2,582.62
Bonus	94.79	32.88
Gratuity paid	31.41	25.78
Provision for gratuity and leave liability	90.20	—
Provident and other funds	323.98	216.11
Welfare	38.57	32.64
Rent	123.72	96.87
Insurance	37.87	26.45
Rates and taxes	19.03	8.62
Donations	—	0.10
Auditors' remuneration		
As auditors		
— Audit fees	5.22	5.22
In other capacity		
— Tax accounts and tax audit	—	2.00
— Verification of statements and other reports	5.13	7.48
— Limited review of unaudited financial results	5.40	7.90
Out-of-pocket expenses	0.31	0.33
Directors' fee	1.84	1.46
Carried over	15,303.68	8,532.90

10. MANUFACTURING AND OTHER EXPENSES (Continued)

		Current Year Rs. /Lacs		Previous Period Rs. /Lacs
Brought forward		15,303.68		8,532.90
Provision for doubtful debts and advances		3.19		12.36
Doubtful debts and advances written off	39.90		29.12	
Less : Provision already held	21.99	17.91	19.63	9.49
Loss on sale of fixed assets		7.78		8.22
Freight and transport		392.88		216.29
Commission to selling agents (other than sole selling)		222.64		184.72
Brokerage, discount (other than trade discount), etc.		47.84		32.07
Sales expenses		42.82		23.94
Travelling and conveyance		163.89		119.01
Legal and professional fees		152.25		86.97
Land development expenses	260.06		89.01	
Less : Adjusted against provision held {Refer to note 4.2 (a) of Schedule 12}	260.06	—	89.01	—
Miscellaneous expenses #		296.29		241.95
		16651.17		9467.92
Increase of finished and process stocks				
Closing stock				
Process stocks		262.58		183.43
Finished goods		777.75		348.34
Land (for development)		1,000.00		1,000.00
		2,040.33		1,531.77
Less : Opening stock				
Process stocks		183.43		89.01
Finished goods		348.34		166.89
Land (for development)		1,000.00		1,000.00
		1,531.77		1,255.90
		(508.56)		(275.87)
		16,142.61		9,192.05

Includes Rs. 49.85 lacs (Previous period Rs. 28.58 lacs) as loss due to fluctuations in foreign exchange rates.

11. INTEREST

	Current Year Rs. /Lacs	Previous Period Rs. /Lacs
Interest on @		
— Debentures and other fixed loans	341.96	177.25
— Others	348.92	157.03
	690.88	334.28

@ In addition, interest amounting to Rs. 36.40 lacs (Previous period Rs. 34.93 lacs) has been transferred to fixed assets and Rs. 0.88 lac (Previous period Rs. 0.06 lac) has been adjusted against contingency provision.

12. 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", issued by the notified in the Companies (Accounting Standard) Rules, 2006.

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, 2008 (%)
DCM Realty Investment & Consulting Limited	99.99
DCM Tools & Dies Limited	100
DCM Textiles Limited	100
DCM Finance & Leasing Limited	99.99

In terms of SORA, DCM Limited will sell 49% of its equity investment in DCM Engineering Limited in near future. With such disposal of investments, the present holding of DCM Limited in DCM Engineering Limited will stand reduced to 26% from the present 75%. As the investments in DCM Engineering Limited is exclusively with a view to its subsequent disposal in the near future, control is intended to be temporary and hence have not been considered for consolidation in these financial statements. Further, during the year the Company has disposed off it's investment in DCM Data Products Private Limited, which was held exclusively with a view to its subsequent disposal in the near future.

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, except for accounting of interest on certain borrowings on a payment basis as referred to in note 12 below.

b) 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.

c) Depreciation:

(i) The Group 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 year/period, 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 Group for use.

d) Investments:

Long-term investments are valued at cost unless there is a permanent fall in the value thereof.

e) 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.

f) 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 instalments (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.

g) 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.

h) Research and development expenditure:
The revenue expenditure on research and development is expensed out in the year / period in which it is incurred. Expenditure, which results in creation of capital assets, is treated as similar to expenditure on other fixed assets.

i) Employee's 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.

j) Income-tax:
The income-tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

k) 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.
- (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.

l) Miscellaneous expenditure (to the extent not written off or adjusted):
The compensation paid to the employees under voluntary retirement scheme is written off on a monthly pro rata basis over a period of three years.

3. Disclosures required under Accounting Standard – 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006, are given below:
With effect from April 01, 2007, the Group has adopted Accounting Standard (AS) 15[Revised 2005]”Employee Benefits”, notified by the Companies (Accounting Standards) Rules, 2006. Pursuant to the adoption of this standard the additional obligations of the Company with respect to defined benefits up to March 31, 2007, amounting to Rs. 30.29 lacs (net of deferred tax asset of Rs. Nil) has been shown as ‘Adjustment on account of employee benefits’ in profit and loss account.

Defined contribution plans

Contributions to defined contribution plans charged off for the year are as under:	Current Year Rs.lacs	Previous Period Rs.lacs
Company's contribution to provident fund	102.79	58.44
Company's contribution to superannuation fund	22.59	13.09
Company's contribution to employees' state insurance scheme	32.46	18.73

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

	As at March 31, 2008	
	Gratuity	Earned and sick leaves
Change in present value of obligation		
Present value of obligation as at the beginning of the year	214.14	87.15
Current service cost	19.56	12.70
Interest cost	18.96	8.07
Actuarial (gain) / loss	44.95	17.21
Benefits paid	31.41	16.16
Present value of obligation as at the end of the year	266.20	108.97
Change in plan assets	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	19.56	12.70
Interest cost	18.96	8.07
Return on plan assets	—	—
Actuarial (gain) / loss	44.95	17.21
Net cost	83.47	37.98
Constitution of plan assets	Not applicable	Not applicable
Other than equity, debt, property and bank a/c Funded with LIC		
Main actuarial assumptions		
Discount rate	8.00%	8.00%
Rate of increase in compensation levels	5.50%	5.50%

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

4. Scheme of Restructuring and Arrangement (SORA):

4.1 DCM Limited's Scheme of Restructuring and Arrangement (SORA), under sections 391 and 394, sanctioned by the Delhi High Court vide its Order dated October 29, 2003, became effective on January 2, 2004 on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies. The SORA, inter-alia, focussed on financial restructuring and debt reduction of DCM Limited by divestment/sale of certain business/assets of DCM Limited and merger of a fully owned subsidiary with DCM Limited, under a separate Scheme, and application of the proceeds thereof towards repayments of borrowings, in the manner and as per the terms and conditions indicated in the SORA.

Consequent to the effectuation of the SORA, Engineering Business was spun off with effect from April 1, 2001 and accounted for during the year ended March 31, 2002.

4.2 a) SORA, sanctioned by the Delhi High Court, envisages that -

i) DCM Limited would convey to Purearth Infrastructure Limited (PIL), a Company co-promoted by it, all development rights in freehold and leasehold land at Bara Hindu Rao, and PIL would undertake the development of the entire project and would be responsible for the construction and completion of the project. All rights and obligations, under sale agreements entered into by DCM Limited and the builders with purchasers, would also be assigned to PIL.

ii) The total approximate consideration payable by PIL to DCM Limited for the above would be Rs.28,820 lacs, including Rs.3,400 lacs on account of leasehold land out of which Rs.2,400 lacs would be subject to certain minimum profits being earned by PIL from such leasehold land.

iii) The total consideration of Rs.28,820 lacs has been determined by including the outstanding of Rs.10,962.08 lacs against the sales in the previous years and the expenses to be incurred to get the project started, estimated to be approximately Rs.8,020 lacs. Any difference between actual expenses and the estimated amount would be to DCM Limited's account.

iv) The consideration shall be receivable in installments, as per an agreed schedule, as envisaged in the SORA.

v) The above arrangements are subject to the definitive agreements, which have been entered into between DCM Limited and PIL on February 16, 2004. The status of the above arrangements, in accordance with the terms of the definitive 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 6.

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 DCM Limited 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.823.33 lacs (Previous period Rs. 1,084.26 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 7. Amounts aggregating Rs. 260.93 lacs (Previous period Rs. 89.08 lacs) have been utilised during the year out of the above provision for contingencies.

b) the outstanding as at March 31, 2008 from PIL on account of sale of development rights aggregate Rs. 17,472 lacs (Previous period Rs. 19,156 lacs), against which DCM Limited holds a security deposit of Rs.300 lacs (Previous period Rs.300 lacs). The above outstandings would be recovered in installments, as per the schedule in terms of the SORA/ definitive agreements. However, the amounts aggregating Rs. 12,972 lacs (Previous period Rs. 10,956 lacs), which became due till the year end have not been realised due to circumstances stated in para 4.4 below.

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 (Refer note 4.2(a)(v) above) would be complied and would not result in to any adverse impact on the financials of DCM Limited or on the successful implementation of the SORA.

4.3 In the previous years, DCM Limited considered 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 with effect from January 1, 1999, as envisaged in the SORA approved by the High Court of Delhi. Further, one of the loans in schedule 3 is subject to confirmation by a financial institution, as the concerned financial institution has raised demand without taking effect of the Order of the High Court approving the SORA. Management has confirmed to the auditors that it does not expect any differences with the financial institution as per SORA in this regard.

4.4 As per the terms of SORA, repayment obligations of DCM Limited are linked with encashment of respective assets and are subject to certain conditions including withdrawal/ non-pursuance of legal action by the lenders against DCM Limited and modification/vacation of charges on the assets of DCM Limited.

Prior to approval of SORA, some of the financial institutions/ banks who had provided the loan facilities to a company, who is responsible to develop and sell the real estate project, took recourse to recover their dues independent of SORA and obtained stay orders. Subsequent to the approval of SORA, certain financial institutions delayed modification/ vacation of charges, which is vital precondition and integral part of SORA. Another financial institution filed modification applications/ proceedings in Debt Recovery Tribunal after approval of SORA and had also taken stay orders. These acts and omissions on the part of said financial institutions/ banks prevented and/ or delayed the realization/ disposal of specified assets and also prevented the promoters to arrange the scheduled amount in terms of the SORA and consequently prevented DCM Limited from discharging its obligations. However, in order to avoid any litigation at various forums/ courts, DCM Limited was forced to file an application under section 392 of the Companies Act, 1956 in the Delhi High Court requesting for revision in the schedule of payment.

In view of the above facts in relation to the delays in encashment of specified assets and the difference in time periods for repayment of debts linked with the disposal of said assets and as legally advised, DCM Limited has complied with the debts repayment obligations including in respect of debentures, deposits, loans and related interest.

4.5 In view of the position stated in para 4.4 above, certain amounts, as envisaged in SORA, comprising Rs.777.65 lacs (Previous period Rs. 777.65 lacs) due since March 2, 2004 towards a financial institution and Rs. 646.60 lacs (Previous period Rs. 1,546.42 lacs) due since January 2, 2005, Rs. 944.01 lacs (Previous period Rs. 1,817.70 lacs) due since January 2, 2006, Rs. 3,597.55 lacs (Previous period Rs. 3,706.10 lacs) due since January 2, 2007 and Rs. 3760.81 lacs due since January 2, 2008 towards debenture holders are pending for payment.

5. Contingent liabilities not provided for:

	Current Year Rs.lacs	Previous Period Rs.lacs
Claims not acknowledged as debts: *		
— Income-tax matters	1060.16	853.32
— Sales tax matters	30.17	282.92
— Customs duty	12.55	12.55
— Employees' claims (to the extent ascertained)	45.43	43.96
— Others	220.67	220.28

* 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 Group.

6. In view of DCM Limited's claims on a party and it's counter claims on DCM Limited, the amounts due and payable to the party, in accordance with earlier settlement, has not been paid. DCM Limited is in the process of negotiation with the party. Any liability / recovery arising after negotiation will be accounted for on completion of the negotiation, which, as per the management, is not expected to be significant. However, principal amounts due, without considering interest on overdue amounts, as per earlier settlement, have been fully provided for in these accounts.
7. In view of substantial brought forward losses and unabsorbed depreciation and in the absence of virtual certainty of future taxable income, the Group has not recorded the net deferred tax assets arising on account of timing differences, as stipulated in Accounting Standard 22- "Accounting for Taxes on Income" notified in the Companies (Accounting Standards) Rules 2006.
8. Managerial remuneration

	Current Year Rs.lacs	Previous Period Rs.lacs
Directors' sitting fees	1.84	1.46

9. Earning per share:

	Current Year Rs.lacs	Previous Period Rs.lacs
(a) Profit/(loss) after taxation as per profit and loss account (Rs./lacs)	(155.57)	1298.49
(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)	(0.90)	7.47

10. During the financial period 1992-93, DCM Limited revalued the lands pertaining to it's 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.
11. 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 filed a writ petition in the Punjab and Haryana High Court challenging the order and the notice.
Pending final decision, the High Court has ordered status quo regarding the land, which continues to be in the possession of DCM Limited. DCM Limited has since setup a spinning mill at this location.
12. DCM Limited has decided to account for interest amounting to Rs. 149 lacs (Previous period Rs. 258 lacs) on certain borrowings on a payment basis. Had the interest been accounted for on an accrual basis, the loss after tax for the year would have been higher by Rs. 7.97 lacs (Previous period Rs. - 17 lacs) and the debit balance in the profit and loss account carried forward would have been higher by Rs. 149 lacs (Previous period Rs. 229 lacs).
13. Capital work in progress includes unsecured advances, considered good, Rs.295 lacs (Previous period 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.
14. In the previous years, the Group'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 Group, redeemable within 20 years. The management is confident that the investment acquired by the Group in preference shares of the body corporate is good and fully recoverable.
15. (i) 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. 123.72 lacs (Previous period Rs. 96.87 lacs) under schedule 10.
(ii) The Group has, during the previous years, given one of its properties under a non-cancellable operating lease. The related lease income of Rs. 18.37 lacs (Previous period Rs. 10.90 lacs) has been recognised in the profit and loss account. Details of the lease arrangement are as under:

	Gross block (Rs. lacs)	Accumulated Depreciation (Rs. lacs)	Depreciation for the year (Rs. lacs)
Building	92.91	37.49	3.10
Furniture and fittings	34.47	24.27	2.10
Total	127.38	61.76	5.20
Previous period	127.38	56.56	3.90

(iii) The Group, during the previous period, has given one of its rented premises on sub-lease under a non-cancellable operating lease. The related lease income of Rs. 48.00 lacs (Previous period Rs. 9.95 lacs) has been recognised in the profit and loss account.
Future minimum lease payments receivables:
Not later than one year - Rs. 46.35 lacs (Previous period Rs. 47.89 lacs)
Later than one year and not later than five years - Rs. Nil (Previous period Rs. 35.25 lacs)
16. 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, 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 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.

17. An amount of Rs. 2,342 lacs (Previous period Rs. 3,218 lacs) required to be transferred to Debenture Redemption Reserve in terms of the Debenture Trust Deed/Guidelines issued by the Ministry of Finance, has not been transferred either due to no profit or inadequate profit having been earned by the Group.
18. Amounts aggregating Rs. 146.02 lacs paid during the year 2004-05, as compensation to certain employees of IT Business as a part of the voluntary retirement scheme, have been treated as deferred revenue expenditure, to be charged off over 36 months. Accordingly, during the year, Rs. 34.41 lacs (Previous period Rs. 36.51 lacs) have been charged off to profit and loss account on a pro-rata basis.
19. 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 period Rs. 155.46) {(Maximum amount outstanding Rs. 155.46 lacs (Previous period Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous period Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous period Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous period Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous period Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.86 lacs (Previous period Rs. 279.86 lacs) {(Maximum amount outstanding Rs. 279.86 lacs (Previous period Rs. 279.86 lacs)}.
20. The Group has initiated the process of obtaining confirmation from suppliers who are registered under the "The Micro, Small and Medium Enterprises Development Act, 2006". Based on the information so far available with the Group i.e. up to June 12, 2008, the balance due to the Micro, Small and Medium Enterprises so identified is Rs. 0.02 lac. Further, there are no delays in the payment of dues to such enterprises.
21. 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 Kishanganj / Bara Hindu Rao, Delhi.
       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 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 of Schedule 12 'Notes to the Accounts'; 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) for the year ended March 31, 2008

	Textiles		IT Services		Real Services		Other		Segment Total		Unallocated		Total Company	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
1. Segment revenue														
- External sales/services	13,197.33	7,157.17	3,158.47	2,641.73	—	—	2.40	2.05	16358.20	9800.95	—	—	16358.20	9800.95
- Other income	405.49	166.78	113.95	59.74	—	—	2.07	1.53	521.51	228.05	—	—	521.51	228.05
- Inter segment sales	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue	13,602.82	7,323.95	3,272.42	2,701.47	—	—	4.47	3.58	16879.71	10029.00	—	—	16879.71	10029.00
2 Segment results	671.56	890.13	(102.97)	(49.79)	—	—	(4.13)	(1.47)	564.46	838.87			564.46	838.87
Unallocated corporate expenses/ income (net of unallocated income/ expenses)											30.31	999.34	30.31	999.34
Profit before interest and tax													594.77	1838.21
Interest expense											690.88	334.28	690.88	334.28
Provision for tax											59.46	205.44	59.46	205.44
3 Profit/(loss) after tax													(155.57)	1298.49
4 Other information														
(a) Segment assets	17,749.17	13,344.91	1,192.01	1,379.38	18,986.78	20,689.04	344.41	346.12	38272.37	35759.45			38272.37	35759.45
Investments											6313.40	6313.89	6313.40	6313.89
Other unallocated assets											3434.79	3666.19	3434.79	3666.19
Total Assets													48020.56	45739.53

	Textiles		IT Services		Real Estate		Other		Segment Total		Unallocated		Total Company	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
(b) Segment liabilities	1,300.79	1,668.77	486.98	525.97	6,529.48	6,789.84	5.95	8.03	8323.20	8992.61			8323.20	8992.61
Share capital and reserves (net of debit balance in profit and loss account)											6667.57	6853.43	6667.57	6853.43
Minority interest											0.01	0.01	0.01	0.01
Loan funds											24349.42	20904.47	24349.42	20904.47
Other unallocated liabilities											8680.36	9219.15	8680.36	8989.01
Total liabilities													48020.56	45739.53
(c) Capital expenditure	1,749.77	3,657.03	15.83	11.10	—	—	—	—	1765.60	3668.13	83.10	32.80	1848.70	3700.93
(d) Depreciation	650.21	277.11	61.41	54.81	—	—	0.01	0.05	711.63	331.97	27.19	21.81	738.82	353.78
(e) Non-cash expenditure other than depreciation	—	—	34.41	36.51	—	—	—	—	34.41	36.51	—	—	34.41	36.51

f) Secondary segment information (Geographical segments)

	Current year Rs. Lacs	Previous period Rs. Lacs
Segment revenue (Including excise duty)		
— Revenue within India	8758.54	5043.91
— Revenue outside India	8121.17	4985.09
Total segment revenue	16879.71	10029.00
Segment assets		
— Within India	37597.35	34997.51
— Outside India	675.02	761.94
Total segment assets	38272.37	35759.45
Capital expenditure		
— Within India	1763.81	3667.40
— Outside India	1.79	0.73
Total segment capital expenditure	1765.60	3668.13

22. RELATED PARTIES

I. Subsidiaries (enterprises where control exists):
DCM Engineering Limited

II. Associates (Shareholding of DCM Limited on its own or alongwith subsidiaries, is 20% or more), where transactions have taken place during the current accounting period:
DCM Data Products Private Limited (for part of the year)

III. Joint venture:
Purearth Infrastructure Limited

IV. Key management personnel and/or Individuals having direct or indirectcontrol or significant influence, and their relatives:

a. Mr. Naresh Kumar Jain
b. Dr. Vinay Bharat Ram
c. Mr. Hemant Bharat Ram
d. Mr. Sumant Bharat Ram

- Disclosure of transactions between the Group and related parties during the year and outstanding balances as at March 31, 2008

(Amounts in Rs. lacs)

	Subsidiaries		Associates		Joint Ventures		Key management personnel	
Refer note above	Refer note 22.I		Refer note 22.II		Refer note 22.III		Refer note 22.IV	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
1 Expenses recovered	1.23	0.92	—	—	26.15	17.07	—	—
2 Remuneration paid	—	—	—	—	—	—	112.16	64.97
3 Advances received back	—	—	—	—	9.54	105.81	—	—

	Subsidiaries		Associates		Joint Ventures		Key management personnel	
Refer note above	Refer note 22.I		Refer note 22.II		Refer note 22.III		Refer note 22.IV	
	Current year	Previous period	Current year	Previous period	Current year	Previous period	Current year	Previous period
4 Outstanding balances								
- Deposit payable	—	—	—	—	300.00	300.00	—	—
- Sundry debtors	—	—	—	—	17,471.91	19,156.02	—	—
- Advance/ consideration for purchase of rights in flats	—	—	—	—	672.79	672.79	—	—
- Investment in shares and debentures	4,475.10	4,475.10	—	0.49	2,004.00	2,004.00	—	—
- Advances recoverable	—	—	—	0.16	40.33	49.87	—	—

23. 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, 2008 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
Sales Tax Laws	Sales tax	- Joint Commissioner of Commercial Taxes (Appeals)	2.92	1.47	2000-01
		- Haryana Tax Tribunal	13.53	13.17	2000-01
		- Joint Commissioner Excise and Taxation (Appeals)	13.72	13.72	2003-04
Customs Act	Customs Duty	- Commissioner of Customs (Appeals)	12.55	—	1988-89
Income Tax Act	Income tax	- Commissioner of Income Tax (Appeals)	97.41	51.25	Assessment Year 2000-01
			853.32	324.68	Assessment Year 2004-05
			109.43	59.83	Assessment Year 2005-06

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
Income-tax Laws	Income-tax	- Delhi High Court	604.08	Assessment Years 1980-81 to 1990-91.

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

Particulars	Current year			Previous period		
	Amount in Foreign currency		Amount in Rs. (Lacs)	Amount in Foreign currency		Amount in Rs. (Lacs)
Debtors	US$	5502949	2191.71	US$	4022983	1760.28
	Sing$	390	0.11	Sing$	3666	1.00
Cash and Bank	US$	26364	10.45	US$	40143	17.28
Loans and Advances	US$	253997	100.71	US$	234956	101.12
	Euro	—	—	Euro	327884	194.51
Bills Discounted	US$	3242434	1295.07	US$	1842452	822.25
Current Liabilities	US$	454137	180.13	US$	375179	161.80
Provisions	US$	81732	32.41	US$	96408	41.49

25. 'The figures of the previous period have been regrouped/ recast to conform to the current year's classification. The current financial year is for a period of 12 months from April 1, 2007 to March 31, 2008, whereas the corresponding figures for the previous period were for 9 months from July 1, 2006 to March 31, 2007. Therefore, the current year figures are not directly comparable with those of the previous period.

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

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*	

Name{s} in full	Father's /Husband's Name	Address as Regd. With the Company
1	1	1 ....
2	2	3 ....
3	3	3 ....

I HEREBY RECORD MY/OUR PRESENCE AT THE 118th ANNUAL GENERAL MEETING OF DCM LIMITED ON WEDNESDAY, JULY 23, 2008 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

Notes:

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... of ....in the district of ....as my/our proxy to attend and vote for me/us on my/our behalf at the 118th Annual General Meeting of the Company to be held on WEDNESDAY, JULY 23, 2008 AT 12.30 P.M. and at any adjournment thereof .

Signed this...day of......................2008

*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.