DCM LIMITED ANNUAL REPORT

2008 - 2009

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)

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

Registered Office: 6th Floor, 4, Rajendra Place,
Vikrant Tower
New Delhi-110008

NOTICE

Notice is hereby given that the 119th Annual General Meeting of the Company will be held on Thursday the 13th day of August 2009 at 2.30 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, 2009 and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Naresh Kumar Jain, 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 as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Audit Committee of the Board of Directors be and is hereby authorized to fix their remuneration."

SPECIAL BUSINESS

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, 2008 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.
5. To consider and, if thought fit to pass the following resolution with or without modification(s), as an Ordinary Resolution:

   "**RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/ or creating charge on whole or part of its land at Bara Hindu Rao/ Kishan Ganj at Delhi in one or more trenches and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of any of the financial institutions/ banks, to secure rupee term and other loans/debentures raised/to be raised by Purearth Infrastructure Ltd (PIL) {formerly known as DCM Estates & Infrastructure Limited (DEIL)} a company co-promoted by the Company, from such financial institutions/banks together with interest at the respective agreed rates, compound/additional interest, commitment charge, premium on prepayment or on redemption , costs , charges, expenses and all other moneys payable by PIL to the financial institutions/banks in terms of their respective loan agreements/heads of agreement/ letters of sanction / memorandum of terms and conditions , entered into/ to be entered into by PIL in respect of the said term loans/ debentures at any time not exceeding Rs. 300 Crores.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate and finalise with the financial institutions/Banks the documents for creating aforesaid mortgage and/ or charge and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient, for giving effect to this resolution."

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

Place : New Delhi
Date : June 26, 2009

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 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 August 5, 2009 to August 13, 2009 (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.
10. a) Item Number 5 of the Notice requires consent of the Shareholders through Postal Ballot pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

    b) The Board of Directors has appointed Mr. M L Arora, Company Secretary in whole time practice as Scrutinizer for conducting the Postal Ballot process in fair and transparent manner.

    c) Members desiring to exercise their vote by Postal Ballot are requested to read carefully the instructions printed on the Postal Ballot form (enclosed herewith) and return the same duly completed in the attached self addressed Business reply envelope (the postage of which shall be borne by the Company) so as to reach the Scrutinizer at 6th Floor, Vikrant Tower, 4, Rajendra Place, New Delhi 110008 not later than the close of business hours on August 10, 2009 to be eligible for being considered, failing which, it shall be treated as if no reply has been received from the member.

    d) The Scrutinizer shall submit the report to the Chairman after completion of Scrutiny and the result of Postal Ballot shall be announced by the Chairman/a Director of the Company on Thursday, the 13th day of August 2009 at the venue of Annual General Meeting of the Company.

11. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays and Sundays, between 14.00 hrs to 16.00 hrs. upto August 12, 2009

(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 22, 2008, 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 a Member of Gem & Jewellery Export Promotion Council.

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

ITEM NUMBER 5

A resolution under Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, was approved by the Shareholders of the Company in its Annual General Meeting held on 23rd November 1994 to mortgage and / or create charge on whole or part of the land at Bara Hindu Rao/ Kishan Ganj at Delhi (Project Land) in one or more trenches for securing rupee term and other loans, debentures raised / to be raised by Purearth Infrastructure Ltd (PIL) {formerly known as DCM Estates & Infrastructure Limited (DEIL)} a company co-promoted by the Company, to the extent of Rs.150 Crores for development of Real Estate Project at the Project Land.

Pursuant to the said shareholders' resolution DCM Limited has created mortgage on land at Bara Hindu Rao / Kishan Ganj in favour of lenders of Purearth Infrastructure Limited, from time to time to the extent of Rs.138 Crores. Out of the said loan, the lenders have opted to convert major portion of their restructured loan into rights in property, but as per the understanding, mortgage on property will continue till constructed property is delivered.

Further, PIL is in discussion with Financial Institutions/Banks for raising fresh construction loan primarily for residential project namely Park Place at Kishan Ganj, Delhi.

In connection with the above additional funds requirement by PIL for development of Project, the Board of directors at its meeting held on 20th May 2009 has, subject to approval of members, resolved to enhance the said limit of Rs.150 Crores (approved in 1994) for creation of mortgage under section 293(1)(a) to Rs. 300 Crores.

Since, the mortgaging and/ or creation of charge on whole or part of its land at Bara Hindu Rao/ Kishan Ganj at Delhi in one or more trenches and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of any of the financial institutions/ banks, amounts to disposal of the whole or substantially the whole of a undertaking of a Company, the necessary fresh approval of the members under Section 293(1) (a) of the companies Act, 1956 is required.

Accordingly, pursuant to Section 293(1)(a) read with Section 192A of the companies Act, 1956, consent of the Members is solicited to pass an Ordinary resolution through postal ballot as detailed in the notice. Your Directors recommend the Ordinary Resolution as set out in the Notice for approval by the Members through Postal Ballot.

None of the directors of the company is interested or concerned in the aforesaid resolution.

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

Place : New Delhi
Date : June 26, 2009

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 119th Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2009.

FINANCIAL DATA Rs. / Crores

	Financial Year ended March 31, 2009	Financial Year ended March 31, 2008
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	**22.86**	13.38
Less: – Interest – Depreciation	**7.51** **8.22**	6.91 7.39
Profit/(Loss) before tax	**7.13**	(0.92)
Less –Provision for tax	**1.06**	0.59
Profit/(Loss) after tax	**6.07**	(1.51)
Add –Profit/(Loss) brought forward	**(20.64)**	(18.83)
Add –Adjustment on account of employee benefits	–	(0.30)
Profit/(Loss) carried to the Balance Sheet	**(14.57)**	(20.64)

OPERATIONS OVERVIEW

Textile Division

The Textile Division of the company is located at Hisar in Haryana with a capacity of 72036 spindles. During the year under review, the production of yarn increased to 14888 MT from 12845 MT in last year with 16%(approx) growth in volume. The Division earned profit before tax of Rs. 688 lacs as against Rs. 40 lacs in the previous year. The timely stocking of cotton was the main contributor to higher profits in first half of the year as second half profits dipped considerably due to bad worldwide economic scenario. Rupee depreciation and interest rate subvention on export credit by Govt. helped to save yarn exports, even then the export volumes fell in second half of the year.

The Indian textile industry is facing a series of protectionist measures from importing countries including Turkey, Peru, Egypt and Brazil which is impacting severally on cotton yarn exports. According to WTO, the global trade this year is feared to witness the biggest contraction since the Second World War. Major markets such as US and EU continued to show depressing trends in imports of textiles and clothing.

Today, India's cotton economy is facing multiple challenges such as high cost of raw cotton on account of a sharp increase of over 40% in the Minimum Support Price (MSP) and unwarranted incentives being provided to exporters of raw cotton. As a result, investments made by the industry in technology upgradation and creation of additional manufacturing capacities in recent times are fast turning out to be non-performing assets (NPAs).

However, after the removal of quotas in January 2005, there is tremendous scope for all the major Textile & Cotton exporters of India.

IT Division

The mortgage crisis in USA, and its cascading effect on the global financial markets has during the year, precipitated into a global economic slowdown unprecedented in the last couple of decades. This economic slow down across the world, led to severe liquidity crunch, business closures, bankruptcies, layoffs, and caused wide spread panic amongst decision makers. Most IT services companies both in US and India, have been affected on account of cut backs, order cancellations and freeze on IT budgets.

The IT division had to cope with multiple premature closure of orders, increase in the order cycle and customers asking for discounts, resulting in severe pressure on margins. Order cycles have become longer because of the "wait and watch" approach in the market and more stakeholders getting involved in the decision making process.

Despite the financial crisis and severe recessionary condition in the global markets, the division was able to maintain its onsite operations and grow its India centric businesses. The Division has earned Profit Before Tax of Rs. 33 lacs as against a loss of Rs.148 lacs. Profitability of the division improved as a consequence of the business consolidation and cost saving measures initiated in the previous year and also due to the favorable foreign exchange impact. A new opening was created for long-term strategic relationship with some large IT Service providers, which is expected to result in multiple business opportunities in future.

The division has also successfully rolled out the Remote Infrastructure Management support facility from its Gurgaon center. This center is now operational and provides services to clients both in the US and India.

REDEMPTION OF DEBENTURES

During the year the company has fully Redeemed the 19.50% Non Convertible Debentures(19.5% NCDs) issued on private placement basis in accordance with the provisions contained in the Scheme of Restructuring and Arrangement (SORA) approved by the Hon'ble High Court of Delhi as may be modified. The unclaimed/un-encashed amounts with respect to 19.50% NCDs have been deposited in a separate no-lien Bank account in the name of State Bank of Patiala (SBOP), the Debenture Trustees for these Debentures in terms of Trust Deed. Any Debentureholder whose investment in 19.50% NCDs has remained unclaimed /un-encashed may lodge their claim with the Company by surrender of debenture certificates/unencashed payment warrants etc at the Registered office of the company.

Further, redemption/ repayments of 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 as may be modified. In pursuance to SORA the Company has already paid Rs. 36.98 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. The company has paid all the fixed deposit holders in terms of the provisions of the Scheme of Restructuring and Arrangements approved by the Hon'ble High Court of Delhi as may be modified, other than unclaimed deposit and legal cases. (refer to note 3.4 of Notes to accounts in schedule 12 of Accounts annexed).

DIRECTORS

The Board of the Company on October 22, 2008 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2008 to December 19, 2009. His appointment shall be placed for the approval and ratification of shareholders at the AGM to be held on August 13, 2009.

Mr. Naresh Kumar Jain, also retires by rotation in the ensuing Annual General Meeting and, being eligible, offers himself for reappointment as Director of the company. His re-appointment is placed before the shareholders of the company at the Annual General Meeting for the financial year 2008-09.

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, 2009 or within 6 months thereof, the disclosures required to be made in terms of Accounting Standard (AS)-27 "Financial Reporting of interest in joint venture" for the current year have been made on the basis of joint venture's latest available financial statements for the year ended March 31, 2008. 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, 2009. (Refer Note 19 of Notes to Accounts in Schedule 12 of Accounts annexed). Further, in absence of required information of joint venture company, the same have not been considered for consolidation in the Consolidated Financial Statements (Refer Note 1 of Notes to Accounts in Schedule 12 of Consolidated Accounts annexed).

Reference para 4(g) 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 Mawana Sugars Limited (formerly known as 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 13 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, 2009 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 Mr. Jitendra Tuli, Chairman, Prof. Joginder Singh Sodhi and Mr. S. K. Das.

AUDITORS
The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 119th 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 954 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 its campus at Hissar. There are 500 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 26, 2009 — (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 temperature controller, MEI Impeller pneumafil and cyclic timer in speed frame. The replacements of the conventional tubes/bulbs with CFLs are also continued all over the organization. The division was also rewarded with energy conservation award by State Govt.

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	9044.54
Foreign Exchange Outgo	2908.08

FORM –A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY: 2008-09

Particulars	2008-2009 (12 Months)	2007-2008 (12 Months)
A. POWER AND FUEL CONSUMPTION	44685271	40935855
1. **Electricity (KWH) (a)**		
a) Purchased:-		
Unit (KWH)	44636460	38267280
– Total Amount (Lac/Rs.)	1993.77	1688.99
– Rate per unit (Rs.)	4.47	4.41
b) Own Generation:		
i) Through Generator		
– Unit (KWH)	48811	2668575
– Unit per Lt. of F.O./ L.D.O./HSD	2.54	3.43
– Cost /unit (Rs./KWH)	24.95	7.50
ii) Through Steam Turbine/ Generator	NIL	NIL
2. **Coal**		NIL
3. **Furnace Oil (LDO&HSD)**		
– Quantity (K.Ltr.)	19217	776747
– Total Amount(Lac/Rs)	12.18*	200.33
– Average Rate(Rs/K/Lt.)	63.39	25.79
4. **Others (LPG)**	NIL	NIL
– Quantity (K.Lt.)		
– Total /Cost (Rs/Lac)		
– Rate/Unit (Rs/Mt)		
B. CONSUMPTION PER UNIT OF PROD.		
Particulars Standard (if any)		
– Electricity (KWH)		
– Furnace Oil/HSD(Ltrs)	3.00	3.19
– Coal	–	–
– Others (LPG)		

**Due to the fall in price of FO and HSD, the Company valued the closing stock at market rates and eventually it resulted in increase of the cost of fuel consumed during the year by Rs. 6.00 Lacs.*

FORM-B

FORM FOR DISCLOSURE OF PARTICULATRS WITH RESPECT TO TECHNOLOGY ABSORPTION-2008-09

RESEARCH & DEVELOPMENT

1. **SPECIFIC AREAS IN, WHICH R&D CARRIED OUT BY THE COMPANY**
Textile Division : NIL
IT Division : NIL

2. **BENEFITS DERIVED**
Textile Division : NIL
IT Division : NIL

3. **FUTURE PLAN OF ACTION**
Textile Division : NIL
IT Division : NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts made & Benefits

Textile Division : NIL

IT Division : The Division is operating in the fast evolving field of information technology. This necessitates regular technological upgradation of skills and training of employees in the latest developments in the field.

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

Employed 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)	Qualification	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	Chief Operating & Financial Officer	Corporate Office	50.28	B.S.(Math & Comp. Sc), MS(IA)	18	43	1-Aug-91	DCM Technologies Ltd.
2	Mr. Sumant Bharat Ram	President Corporate Affairs	Corporate Office	64.30	B.A(H)-Eco., MBA	17	42	4-Oct-95	DCM Reality Investment & Consulting Limited
3	Mr. Ashwani Singhal	Executive Vice President (Acs & Fin)	Corporate Office	34.98	B. Com(H), FCA, Ph D.	29	52	5- Feb-93	Modi Rubbers Ltd.
4.	Mr. Ashok Agarwal	Executive Vice President (Legal)	Corporate Office	30.93	B. Sc, LLB, Dip in Corp. Law & Secretarial Practice, Labour Law, Taxation	30	53	20-Sept-82	Advocate Delhi High Court.
5.	Mr. Rakesh Goel	Chief Executive Officer	DCM Textile, Hissar	35.78	M.B.A.	29	52	23-Nov-90	Hafed Spinning Mills

Employed for a part of the year under review and were in receipt of remuneration for any part of the period, at a rate which in aggregate was not less than Rs. 2 lacs per month.

S. No	Name	Designation and Nature of Duties	Unit/ Division	Remuneration received (Rs./Lacs)	Qualification	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
	NIL								

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF DCM LIMITED

We have examined the compliance of conditions of Corporate Governance by DCM limited for the year ended March 31, 2009, as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

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

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

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

For **A. F. Ferguson & Co.**
Chartered Accountants

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : June 26, 2009

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, 2008 to March 31, 2009 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, 2009 the Board comprised of five (5) Directors, namely, Dr. Surender Nath Pandey, Chairman; Mr. Naresh Kumar Jain, Managing Director; Mr. Samir Kumar Das; 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 is the Nominee Director of UTI . The composition of the Board is in conformity with the Listing Agreements. All the directors bring with them rich and varied experience in different facets of the corporate functioning. They play an active role in the meetings of the Board. None of the directors have any pecuniary relationship with the Company except for receiving of sitting fee for attending meetings of the Board and the committees thereof.

B. Tenure:

Tenure of directorship of Mr. Naresh Kumar Jain, Managing Director, who has been longest in office, is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 119th Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Naresh Kumar Jain was re-appointed as Managing Director by the Board of Directors on October 22, 2008 for a period of one year i.e. with effect from December 20, 2008 to December 19, 2009. His appointment is placed for the approval and ratification of shareholders at the ensuing AGM.

C. Board Meetings:

During the year April 01, 2008 to March 31, 2009, five (5) meetings of the Board of Directors were held on May 01, 2008, June 12, 2008, July 30, 2008, October 22, 2008 and January 23, 2009. The attendance of each Director at these meetings and the last Annual General Meeting was as under.

S. No	Name	Type of Director	No. of meetings held during 2008-09	No. of Meetings attended	Last AGM (on 23.07.2008) attended	Appointed as director on	Ceased to be director on
1.	Mr. Naresh Kumar Jain	Executive	5	5	Yes	17.02.01	–
2.	Dr. Surender Nath Pandey	Non-Executive	5	5	Yes	10.12.01	—
3.	Prof. Joginder Singh Sodhi	Non–Executive	5	5	Yes	10.12.01	—
4.	Mr. S. K. Das (Nominee)	Non-Executive	5	4	Yes	22.02.02	—
5.	Mr. Subhash Chander Kapur * (Nominee)	Non-Executive	5	5	Yes	09.05.03	20.03.2009 *
6.	Mr. Jitendra Tuli	Non-Executive	5	4	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, 2008 to March 31, 2009 are as under:

S. No.	Name	Sitting Fees (Rs./lacs)	Salary & Perquisites (Rs./lacs)
1.	Mr. Naresh Kumar Jain	0.28	Nil
2.	Dr. Surender Nath Pandey	0.70	Nil
3.	Prof. Joginder Singh Sodhi	0.84	Nil
4.	Mr. Jitendra Tuli	0.67	Nil
5.	Mr. S. K. Das (Nominee)	0.50	Nil
6.	*Mr. S. C. Kapur (Nominee)	0.58	Nil
	TOTAL	3.57	Nil

** Nomination of Mr. S.C.Kapur was withdrawn on 20-03-2009.*

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, 2009 the Compensation Committee comprised of Dr. S.N. Pandey, Mr. N.K Jain 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 in other Companies as on March 31, 2009:

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)	Nil	Nil	Nil	Nil
5.	Mr. Jitendra Tuli	1	Nil	Nil	1

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 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, 2009, the Audit Committee of the Board comprised of Mr. Jitendra Tuli, Prof. Joginder Singh Sodhi, and Mr. S. K. Das. All the members of Audit Committee are Independent Directors. The terms of reference of Audit Committee include inter-alia systematic review of Accounting policies & practices, financial reporting process, adequacy of internal control systems and internal audit function, quarterly/half-yearly financial statements and risk management policies. It also recommends appointment of Statutory Auditors, Internal Auditors, Cost Auditors and fixation of audit fees. Mr. Jitendra Tuli and 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 year 2008-09, five (5) Audit Committee meetings have taken place on May 01, 2008, June 12, 2008, July 30, 2008, October 22, 2008, and January 23, 2009.

S. No	Name	Designation	No. of meetings held during 2008-09	No. of Committee meeting attended
1.	Mr. Jitendra Tuli *	Chairman	5	4
2.	Prof. Joginder Singh Sodhi	Member	5	5
3.	Mr. S. K. Das	Member	5	4
4.	Mr. S.C. Kapur **	Member	5	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.

**Mr. Jitendra Tuli was appointed as Chairman of the Audit Committee by the Board in its meeting held on October 22, 2008.*

*** Mr. S C Kapur remained director of the company till 20.03.2009.*

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" which consists of following members:

S. No.	Name	Designation	No. of meetings held during 2008-09
1.	Dr. Surender Nath Pandey	Chairman	5
2.	Mr. Jitendra Tuli	Member	5
3.	Prof. Joginder Singh Sodhi	Member	5

The Share Transfer, Finance Facilities and Shareholders'/ Investors' Grievance Committee was reconstituted in the Board Meeting dated October 22, 2008 to the effect that Mr. Jitendra Tuli was appointed as member of the said committee in place of Mr. Naresh Kumar Jain.

Information relating to Shareholders/ Investors Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2009 is as under:

No. of Complaints Received	No. of Complaints not solved to the satisfaction of shareholders / Investors	No. of pending Complaints
262	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 is appointed as Director on the Board of DCM Engineering Ltd, a Material Unlisted subsidiary of the Company. All minutes of the meetings of DCM Engineering Ltd. are placed before the Company's Board regularly. All significant transactions and arrangements entered into by the unlisted subsidiary company are brought to the attention of Company's Board.

N. Related Party Transaction

Related party transactions as per AS-18 have been dealt with in note 18 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. Naresh Kumar Jain retires by rotation at the ensuing Annual General Meeting.

Qualification/ Experience of Mr. Naresh Kumar Jain:

Mr. Naresh Kumar Jain is a Bachelor of Arts and also holds a Masters degree in Business Administration. He is with the company since February 17,2001. He has more than 40 years of business experience He is the President of Punjab Merchants' Chamber and Member of Gem & Jewellery Export Promotion Council.

GENERAL SHAREHOLDER INFORMATION

a. **Annual General Meeting:**

Date	August 13, 2009
Time	2.30 PM
Place	MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi

b.

Book Closure Date	August 5, 2009 to August 13, 2009 (both days inclusive)

c.

Period	April 01 to March 31

d. **Financial Calendar**

Financial reporting for the Quarter ending June'09	End of July '09
Financial reporting for the Quarter ending September'09	End of Oct '09
Financial reporting for the Quarter ending December' 09	End of Jan' 10
Financial reporting for the financial year ending March'10	End of Jun' 10

e.

Dividend Payment	Board did not recommend any dividend for the year ending March 31, 2009.

f.

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

g.

Registrar & Share Transfer Agent	MCS Limited, F–65 Okhla Industrial Area, Phase I, New Delhi 110 020 Telephone No: 011- 41406149

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

i. **Listing:**
Shares of Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fee for the year April 01, 2008 to March 31, 2009 has been paid to both Stock Exchanges.

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

Bombay Stock Exchange Ltd. : 502820

National Stock Exchange of India Limited : DCM

k. **Dematerialisation of Shares:**

The Shares of the Company are compulsorily tradable in Dematerialised form by all categories of investors and placed under rolling settlement by SEBI. The Company has signed agreement with NSDL & CDSL for dematerialization of shares. ISIN No. of Company for dematerialization of equity shares is INE 498A01018. As on March 31, 2009, 81.51% of issued share capital of the Company has been dematerialized.

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

m. **Details of last three AGMs**

Year	Location	Date	Time	Special Resolutions passed
2008	118th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	23.07.08	12:30 P.M	Nil
2007	117th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	27.08.07	11:30 A.M.	Nil
2006	116th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	27.12.06	10.30 A.M.	– 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

n. **Distribution of shareholding as on March 31, 2009**

Category	No. of Shares	% of Share-holding
Promoters, Directors & Relatives	7915188	45.54
Mutual fund/UTI/FIs/Banks/Central Govt./State Govt./Insurance Companies	2973893	17.11
Bodies Corporate	1075411	6.20
NRI/Trust	98007	0.56
Individuals	5316538	30.59
TOTAL	17379037	100.00

Shareholdings	No. of folios	No. of Shares	% of Shareholding
Up to 5000	50397	4252008	24.47
5001–10000	82	586462	3.37
10001 – 50000	57	1413955	8.14
50001–100000	6	409765	2.36
Above 100000	18	10716847	61.66
Total	50560	17379037	100.00

o. **Deposits:**
The Company has not raised any funds from the public during the financial year 2008-09

p. **Outstanding ADRs/ GDRs:**
The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument during the financial year 2008-09.

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.

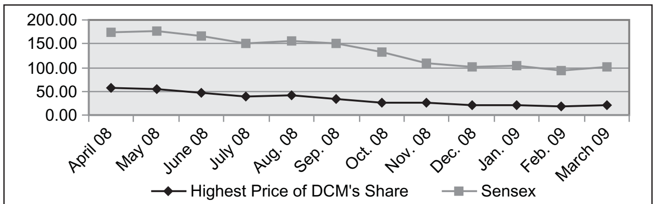
r. **Postal Ballot**
During the year under review the Company has not passed any Resolution through Postal Ballot. However, an Ordinary Resolution is proposed as item No-5 of the Notice to the AGM to be passed, Pursuant to Section 293(1)(a) read with Section 192A of the Companies Act 1956 in relation to enhancement of limits from Rs. 150 Crores to Rs. 300 Crores for mortgage and / or to create charge on whole or part of the land at Bara Hindu Rao/ Kishan Ganj at Delhi (Project Land) as set out in the resolution as the said item.

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 2008	56.50	42.60	17480.74	15297.96
May 2008	55.00	43.05	17735.70	16196.02
June 2008	45.90	30.55	16632.72	13405.54
July 2008	39.85	27.50	15130.09	12514.02
August 2008	42.00	32.15	15579.78	14002.43
September 2008	34.65	20.05	15107.01	12153.55
October 2008	26.50	15.15	13203.86	7697.39
November 2008	25.95	18.00	10945.41	8316.39
December 2008	21.00	17.45	10188.54	8647.43
January 2009	21.40	16.05	10469.72	8631.60
February 2009	18.50	14.00	9274.87	8619.22
March 2009	19.71	14.40	10127.09	8047.17

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

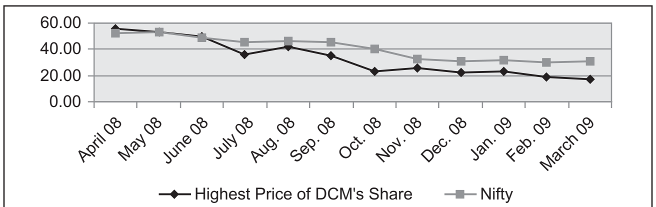


b) **DCM LIMITED vs NIFTY**

	DCM LIMITED		NIFTY	
	High	Low	High	Low
April 2008	56.00	43.00	5230.75	4628.75
May 2008	53.25	43.25	5298.85	4801.90
June 2008	49.75	31.00	4908.80	4021.70
July 2008	36.00	28.10	4539.45	3790.20
August 2008	41.90	32.50	4649.85	4201.85
September 2008	34.80	20.80	4558.00	3715.05
October 2008	23.50	15.60	4000.50	2252.75
November 2008	26.00	17.65	3240.55	2502.90
December 2008	22.05	17.60	3110.45	2570.70
January 2009	23.45	16.00	3147.20	2661.65
February 2009	19.00	14.05	2969.75	2677.55
March 2009	17.50	14.00	3123.35	2539.45

Source: BSE and NSE websites

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



NON-MANDATORY REQUIREMENTS

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

For and on behalf of the Board
Sd/-
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

Textile Division

Industry Structure and Developments

The global textile industry witnessed increased restructuring, relocation and mergers and acquisition activities in the last couple of years. The textile industry is one of the largest segments of Indian economy accounting for over one fifth of the industrial production. Removal of quota restrictions by EU and USA w.e.f. 2005 has provided huge opportunities to Indian textile industry.

At present the contribution of the textile industry to GDP is about 4%. The textile industry provides direct employment to more than 35 million people and is the second largest employment provider in India after agriculture.

After the removal of quotas in 2005, there is tremendous scope for all the major Textiles and cotton exporters of India.

Outlook

The spinning industry is undergoing the severe crisis due to higher cotton prices as a result of 40% rise in MSP (minimum support price) of raw cotton by Govt. However, the depreciation of rupee vis-à-vis US Dollar has given some relief to the exporters, which has reduced supply pressure in domestic market.

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. However, labour availability is not as comfortable now and wage rates are increasing.

The capacity growth of spinning industry in India is now curtailed and will work favorably for the existing units.

Financial and Operational Performance

The Textile division of the company is not an exception to the domino effect of recession in the west. The market sentiment during the second half of the year was quite slow. However, the division has focused more on domestic market and explored other dormant markets to fully utilize the capacity in the new unit of 28800 spindles, fully operational from last year. As a result the sales volume was increased by 24% (approx) during the year as compared to the last year. In Money terms the turnover of the division is increased by about 35% as compared to last year registering Profit Before Tax of Rs. 6.88 Crores.

The performance of the Textile business for the year ended 31st March 2009 is as follows-

S. No.	Particulars	12 months (2008-09)	12 months (2007-08)
1	Sales in Quantity (MT)	15392	12430
2	Production (MT)	14888	12845
3	Sales & other Income (Rs in lacs)	18338	13603
4	Total Expenditure (Rs in lacs)	16279	12280
5	Interest (Rs in lacs)	628	632
6	Depreciation (Rs in lacs)	743	650
7	Profit before Tax (Rs in lacs)	688	40

Manpower Development

The knowledge, competency and skills of people are being continuously developed to support the employees to become effective leaders. The Division is emphasizing towards improving the efficiency and skills by adopting Total Quality Management Techniques. This will enhance the competency and analytical skills and help in resolving the problems through pro-active approach. TQM Consultants are guiding the employees from time to time. Initiatives like cross functional teams to improve processes, autonomous maintenance to improve machine condition and 3 Mu to remove waste from the processes are underway.

Risk & Concerns

Rupee appreciation , further rise in Minimum Support Price (MSP) of raw cotton and low demand due to recessionary trend in US and Europe are the major concerns for textile industry. Continuous labour and power shortages will also make the things more difficult. However, the Textile Division has been taking several initiatives/ majors like improving productivity/yarn yield by autonomous maintenance, rationalization of workforce, TQM, Employee training and development, more focus on emerging markets etc.

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 that meets periodically to assess the safety of the plant and health of their employees. The workers participation in SHE committee is helping in formulation and effective implementation of safety and health programmes.

Environment

The division is very conscious of its responsibility towards creating, maintaining and ensuring safe and clean environment. It adheres to 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 500 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 focus on creating a paper less work environment has increased productivity, de-risked operation and reduced errors as data is captured at the point of transaction. The internal control systems are supplemented by Internal Audits and review of the same by Audit committee at corporate level.

IT DIVISION

Industry Overview

In today's volatile business world, enterprises face significant challenges in scaling and managing their global IT infrastructure. The availability, reliability, manageability and scalability requirements of IT infrastructure are today an omni-present necessity for enterprises to support their business growth. To meet these challenges, IT division of the company offers focused solutions in core infrastructure areas for building and managing the IT infrastructure comprising of system administration, storage management, data administration, security, and performance monitoring & audit.

The year gone by was unparalleled in recent history, with the unfolding of an unprecedented financial crisis on Wall Street. This was preceded by a significant drop in property prices, which sparked off the sub prime crisis in the housing mortgage sector in USA, and later had a cascading effect on the financial markets across the world. The global financial scenario continues to remain uncertain, with liquidity crunch and negative growth rates in most of the industrialized economies. It now appears that the recession will be much deeper and the recovery will take much longer than anticipated earlier. The growth prospects of emerging economies like India have also been undermined by the ongoing crisis, with evidence of slowdown in the economy, including manufacturing, services and IT sectors.

Despite the economic slowdown, the IT Infrastructure Management services (IMS) continues to remain a lucrative vertical for Indian IT companies. According to a recent study by Nasscom, the addressable remote IMS business (RIM) is estimated to be $ 96 - $ 104 billion globally. Of this 70-75% of Infrastructure management activities can be off shored and India stands at an opportunity to realize $26 - $28 billion by 2013, with a CAGR of over 30%. Several critical data centers in the US, the UK, France or China are already being monitored and maintained by Indian engineers in Noida, Bangalore, Chennai and Gurgaon.

Opportunities & Outlook

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

Our comprehensive portfolio of infrastructure management services guarantees high reliability, round-the-clock availability, remote manageability, and optimum scalability.

The fundamentals of the IMS business remain as strong as ever with the key drivers of business being:

1. The need to manage efficiently huge IT Infrastructure of enterprises on 24*7 basis, which is a difficult and expensive proposition to handle in-house, hence most companies prefer outsourcing to specialized service providers, this can be done by having resources on–site or at specialized secure centers at offshore location thousands of miles away.
2. The Division has over the years, been working on system administration and system management domains in USA and has also started leveraging the same skills in the Indian market, to handle the domestic customers needs. With highly skilled, 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 fastest growing specialized Infrastructure services companies.

Financial & Operations Overview:

The businesses world-wide, including IT services, faced challenges in 2008-09. The down-turn across the world, led to pumping out of liquidity from the markets, business closures / bankruptcies, layoffs & excess supply of resources, and caused wide spread panic amongst decision makers. This resulted in premature closure of orders, increase in the order cycle and customers asking for discounts, resulting in severe pressure on margins. Order cycles have become longer because of the "wait and watch" approach in the market and more stakeholders getting involved in the decision making process.

Despite the financial crisis, severe recessionary trends and slow down in the global markets, the division was able to maintain its onsite operations and grow its India centric businesses. Profitability of the division improved as a consequence of the business consolidation and cost saving measures initiated in the previous year and also due to the favorable exchange impact. Relationships have been built in India with most large IT Service companies to develop the domestic business and export capabilities of the division. The plan is to reduce dependence on the onsite market and en-cash on the off shoring trend from India. The division has also successfully rolled out the RIM support facility from its Gurgaon center. This center is now operational and provides services to clients both in the US and India.

A new opening was created for long-term strategic relationship 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.

S. No	Particulars	(12 months) 2008-09 (Rs in Lacs)	(12 months) 2007-08 (Rs in Lacs)
1.	Sales & Other Income	3725	3272
2.	Total Expenditure	3582	3279
3.	Profit before Interest, depreciation, amortisation & Tax	143	(7)
4.	Interest	50	45
5.	Depreciation & amortisation	60	96
6.	Profit before tax	33	(148)

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

The business environment risk is perhaps the most critical risk today, given the deteriorating economic scenario through the past year.

The dependence on some customers for major part of business both in US and India is another concern area, though over the years the unit has consciously diversified its customer base so as to insulate its revenues and profitability from changes in fortunes or business policies of its customers.

The Onsite business in US, is dependent upon changes in the regulations relating to travel, work permits etc of that country and changes can directly affect the business.

Similarly, any restrictions/ dis-incentives on off shoring if imposed by the US government, might have some impact on the business of the division.

The exchange rate fluctuation has a direct and significant impact on the profitability of the division, since a major part of the transactions are in foreign exchange.

Skilled manpower attrition also continues to remain a major concern area for us, as for most IT companies.

The division operates in a dynamic technology environment, which makes it imperative that we continuously upgrade and evolve resources and processes - technological obsolescence is a risk that we need to manage.

Adequacy of Internal Control Systems

The Operations of the division are spread across different geographies, including India and the USA, hence commensurate Internal controls have been instituted 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, 2009 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 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 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 19 of Schedule 12 have been made on the basis of last available financial statements of joint venture for the year ended March 31, 2008;*

   (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, 2009 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) *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 13 of Schedule 12. The effect of these on the accounts is not ascertainable at this stage;*

The matters referred to in paragraph (g) above, to the extent covered herein above, were also subject matter for qualifications in our audit report on the financial statements for the year ended March 31, 2008.

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, 2009;

ii in the case of the profit and loss account, of the profit 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

Manjula Banerji
Partner
Membership No. 086423

Place : New Delhi
Dated : June 26, 2009

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, 2009.

(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 and having regard to the view taken by the Company that the transactions which are subject to the provisions of sub-section 6 of Section 299 of the Companies Act, 1956 (the Act), are not, required to be entered in the register maintained in pursuance of Section 301of the Act, there were no transactions during the year that were required to be entered in this register. Notwithstanding the Company`s view regarding the provisions of sub- section 6 of Section 299 of the Act in respect of certain transactions exceeding the value of Rs. 5 lacs entered into during the year with the parties listed under the provisions of sub-section 3 of Section 301 of the Act, these have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion, after considering the information and explanations given to us that the Order dated September 10, 1998 of the Company Law Board issued under Section 58A(9) of the Companies Act, 1956 (the Act) is an integral part of the Scheme of Restructuring and Arrangement (SORA) sanctioned by the Delhi High Court vide its Order dated October 29, 2003, 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 and protection fund, employees' state insurance, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it and has generally been regular in depositing undisputed statutory due including tax deducted at source and service tax with the appropriate authorities. 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, 2009 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	Deputy Commissioner of Commercial Taxes (Appeals)	22.24	3.98	1998-99
		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, 1961	Income-tax	Commissioner of Income Tax (Appeals)	97.41	51.25	Assessment year 2000-01

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 Act, 1961	Income- tax	Delhi High Court	595.27	Assessment Years 1980-81 to 1990-91.
Income Tax Act, 1961	Income- tax	Appellate Tribunal	853.32	Assessment Year 2004-05

(x) According to the information and explanations given to us, without considering the items mentioned in para 4 (g) of our main report, the effect of which has not been determinable, the Company's accumulated losses at the end of the financial year ended March 31, 2009, are less than fifty percent of its net worth. The Company has not incurred any cash losses during the financial year ended March 31, 2009 and in the immediately preceding financial year ended March 31, 2008.

(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. 525.19 lacs due since January 2, 2005, Rs. 878.52 lacs due since January 2, 2006, Rs. 1,920.67 lacs due since January 2, 2007, Rs. 3,493.04 lacs due since January 2, 2008 and

Rs. 2,238.88 lacs due since January 2, 2009 to non-convertible portion of 16% Secured Partly Convertible debenture holders are pending for payments.

In respect of 19.5% Secured Non Convertible Debentures aggregating Rs.203.53 lacs (including interest Rs.45.14 lacs), an amount equivalent thereto has been deposited in a 'No lien account/ fixed deposit account' pledged with a scheduled bank which is a trustee for these debenture holders under the debenture trust deed.

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 course of our audit for the year ended March 31, 2009.

For **A. F. Ferguson & Co.**
Chartered Accountants

Manjula Banerji
Partner
Membership No. 086423

Place : New Delhi
Dated : June 26, 2009

Balance Sheet as at March 31, 2009

	Schedule	As at March 31, 2009 Rs. /Lacs	As at March 31, 2008 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		**18,061.01**	23,102.31
Unsecured		**1,230.17**	1,247.11
		19,291.18	24,349.42
Total		**27,954.96**	33,013.20
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**14,095.06**	14,156.49
Less : Depreciation		**6,607.58**	5,848.34
Net block		**7,487.48**	8,308.15
Capital work-in-progress		**470.15**	483.08
		7,957.63	8,791.23
Investments	5	**6,583.50**	6,583.50
Current assets, loans and advances	6		
Inventories		**5,320.66**	7,038.59
Sundry debtors		**17,686.57**	20,288.37
Cash and bank balances		**1,325.69**	998.83
Loans and advances		**3,181.75**	4,299.24
		27,514.67	32,625.03
Less : Current liabilities and provisions	7		
Current liabilities		**14,162.02**	15,483.65
Provisions		**1,395.89**	1,567.47
Net current assets		**11,956.76**	15,573.91
Profit and loss account		**1,457.07**	2,064.56
Total		**27,954.96**	33,013.20
Notes to accounts	12		

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

MANJULA BANERJI
Partner
Membership No: 086423

Place: New Delhi
Date: June 26, 2009

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Profit and Loss Account for the year ended March 31, 2009

	Schedule	For the year ended March 31, 2009 Rs./Lacs	For the year ended March 31, 2008 Rs./Lacs
Gross sales/services	9	21,394.74	16,355.80
Less: Excise duty		9.03	0.92
Net sales		21,385.71	16,354.88
Other income	9A	1,368.23	1,151.25
		22,753.94	17,506.13
Manufacturing and other expenses	10	20,467.46	16,134.03
Depreciation	4	822.30	738.81
Interest	11	751.21	690.88
Miscellaneous expenditure written off	8	–	34.41
Total expenditure		22,040.97	17,598.13
Profit / (loss) before taxation for the year		712.97	(92.00)
Taxes for the year			
– Current tax (including foreign tax Rs. 10.26 lacs; previous year Rs. 19.98 lacs)		90.97	19.98
– Income-tax adjustment for earlier year (including foreign tax Rs. (6.17) lacs; previous year Rs. 20.31 lacs)		(6.17)	20.31
– Fringe benefit tax		20.68	18.75
Profit / (loss) after tax for the year		607.49	(151.04)
Balance brought forward from the previous year		(2,064.56)	(1,883.23)
Adjustment on account of employee benefits		–	(30.29)
Balance carried to balance sheet		(1,457.07)	(2,064.56)
Basic and diluted earning per share (Rs. Per share of Rs. 10 each)		3.50	(0.87)
Notes to accounts	12		

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

MANJULA BANERJI
Partner
Membership No: 086423

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place: New Delhi
Date : June 26, 2009

Cash flow statement for the year ended March 31, 2009

		For the year ended March 31, 2009 Rs./Lacs	For the year ended March 31, 2008 Rs./Lacs
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit/(loss) before tax	712.97	(92.00)
	Adjustments for :		
	Depreciation	822.30	738.81
	Loss/(Profit) on sale of fixed assets	5.81	7.76
	Interest expense	751.21	690.88
	Miscelleneous expenditure written off	–	34.41
	Interest income	(145.35)	(94.42)
	Dividend income	(0.60)	(0.45)
	Operating profit before working capital changes	2,146.34	1,284.99
	Adjustments for changes in :		
	– Trade and other receivables	3,790.19	240.40
	– Inventories	1,717.93	(1,899.43)
	– Trade payables	(1,279.18)	(858.61)
	Cash generated / (used) from operations	6,375.28	(1,232.65)
	Direct taxes paid	(91.13)	(195.13)
	Net cash generated / (used) from operating activities	6,284.15	(1,427.78)
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets	(74.21)	(1,848.70)
	Sale of fixed assets	79.68	11.58
	Sale of long term non-trade investments	–	0.49
	Dividend received	0.35	0.45
	Interest received	148.43	114.99
	Net cash used in investing activities	154.25	(1,721.19)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from long term borrowings	33.70	1,514.16
	Repayment of long term borrowings	(2,327.87)	(2,515.49)
	Changes in working capital borrowings	(2,764.07)	4,446.28
	Dividend paid	–	(1.88)
	Interest paid	(1,053.30)	(801.28)
	Net cash from financing activities	(6,111.54)	2,641.79
	Net increase / (decrease) in cash and cash equivalents	326.86	(507.18)
	Cash and cash equivalents (opening balance) * Cash and bank balances	998.83	1,506.01
	Cash and cash equivalents (closing balance) * Cash and bank balances	1,325.69	998.83
		326.86	(507.18)

* Includes Rs. 467.92 lacs (Previous yea r Rs. 137.78 lacs) as security with Debenture Trustees and Rs. 384.77 lacs (Previous year Rs. 549.33 lacs) for specific uses.

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

MANJULA BANERJI
Partner
Membership No: 086423

Place: New Delhi
Date : June 26, 2009

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

1. SHARE CAPITAL

	As at March 31, 2009 Rs./Lacs	As at March 31, 2008 Rs./Lacs
Authorised Capital		
Ordinary shares 60,000,000 of Rs. 10 each	**6,000.00**	6,000.00
6th Cumulative redeemable preference shares 320,000 (previous year 320,000) of Rs. 25 each - 9.5%	**80.00**	80.00
Preference shares 3,680,000 (previous year 3,680,000) of Rs. 25 each	**920.00**	920.00
Cumulative convertible preference shares 1,000,000 (previous year 1,000,000) of Rs. 100 each	**1,000.00**	1,000.00
	8,000.00	8,000.00
Issued, Subscribed and Paid-up Capital		
Ordinary shares 17,379,037 (previous year 17,379,037) of Rs. 10 each, fully paid-up.	**1,737.90**	1,737.90
Less : Calls in arrear	**0.31**	0.31
	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, 2008 Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2009 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 14 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, 2009 Rs. /Lacs	As at March 31, 2008 Rs. /Lacs
Secured		
Debentures		
Principal amount - gross	**9,186.32**	11,005.20
Less : Calls in arrear	**5.24**	5.24
	9,181.08	10,999.96
Banks		
Cash credits/overdrafts	**4,327.50**	4,474.99
Working capital demand loans	**–**	2,616.58
Term loans	**4,475.00**	4,950.00
Others - Long term	**77.43**	60.78
	18,061.01	23,102.31
Unsecured		
Deposits		
Fixed	**9.50**	25.66
Others	**371.67**	372.45
Term loans		
Long term	**777.65**	777.65
Short term	**71.35**	71.35
	1,230.17	1,247.11
	19,291.18	24,349.42

SECURED

1. **Debentures**

a) 8,635,591 (Previous year: 8,878,114) - aggregating Rs. 9,027.93 lacs (Previous year Rs. 10,999.97 lacs) Part-B of Rs. 135 each being the non-convertible portion of 16% Secured Partly Convertible Debentures, as restructured in terms of the Scheme of Restructuring and Arrangement (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 on the Real Estate receivables due from Purearth Infrastructure Limited (PIL). 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) 16,586 (Previous year: 90,602) 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. In respect of these debentures aggregating Rs. 158.39 lacs, an amount equivalent thereto has been deposited in a 'No lien account / Fixed deposit account' pledged with a scheduled bank, the Trustee for these debentures, in terms of the Trust Deed.

2. **Banks**

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

– cash credit/overdraft facilities aggregating Rs. 3,934.48 lacs (Previous year Rs. 4,115.88 lacs) and other non-fund based facilities from banks, 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. 393.02 lacs (Previous year Rs. 359.11 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. Nil (Previous year Rs. 2,616.58 lacs) are secured by way of pledge of cotton stocks and hypothecation of movable and equitable mortgage of immovable assets, both present and future, pertaining to the Textile Division at Hissar.
- term loan of Rs. 4,475.00 lacs (Previous year Rs. 4,950.00 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. 552.00 lacs, Previous year Rs. 475.00 lacs).

3. **Others - Long term**

Rs. 77.43 lacs (Previous year: Rs. 60.78 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. (Rs. 21.38 lacs due within a year. Previous year: Rs. 14.58 lacs).

4. **UNSECURED**

a) Fixed deposits aggregating Rs. 0.55 lac (Previous year Rs. 1.58 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. 248.23 lacs (Previous year Rs. 520.68 lacs) 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)

Description	Gross Block				Depreciation				Net Block	
	As at March 31, 2008	Additions	Deductions	As at March 31, 2009	Upto March 31, 2008	For the year	On sales/disposal	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
Freehold Land *	977.48	–	–	977.48	–	–	–	–	977.48	977.48
Buildings	1,796.63	7.10	74.34	1,729.39	396.32	57.85	0.86	453.31	1,276.08	1,400.31
Plant and machinery	10,609.73	33.24	43.53	10,599.44	4,839.02	728.72	41.22	5,526.52	5,072.92	5,770.71
Furniture and fittings	321.43	4.48	8.00	317.91	232.05	12.89	5.75	239.19	78.72	89.38
Vehicles	171.32	42.32	22.70	190.94	101.05	22.84	15.23	108.66	82.28	70.27
<u>Intangible assets</u>										
Intellectual property rights	279.90	–	–	279.90	279.90	–	–	279.90	–	–
Current Year	14,156.49	87.14	148.57	14,095.06	5,848.34	822.30	63.06	6,607.58	7,487.48	
Previous 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
Capital work-in-progress (Refer to note 10 of schedule 12 also)									470.15	483.08
									7,957.63	8,791.23

Capital commitments outstanding at the close of the year, net of capital advances, Rs. 145.63 lacs (Previous year Rs. 145.00 lacs).
* Includes Rs. 969 lacs added in 1992-93 on revaluation.

5. INVESTMENTS - LONG TERM

	As at March 31, 2009 Rs. /Lacs	As at March 31, 2008 Rs. /Lacs
AT COST UNLESS OTHERWISE STATED		
Trade investments - Unquoted		
Equity shares :		
Fully paid-up		
Purearth Infrastucture Limited @		
10,991,050 (Previous year - 10,991,050) of Rs. 10 each.	2,004.00	2,004.00
Non trade - Quoted		
Equity shares :		
Fully paid-up		
SRF Limited		
5,000 (Previous year - 5,000) of Rs. 10 each	1.60	1.60
Carried over	2,005.60	2,005.60

5. INVESTMENTS - LONG TERM continued

		As at March 31, 2009 Rs. /Lacs		As at March 31, 2008 Rs. /Lacs
Brought forward		2,005.60		2,005.60
DCM Financial Services Limited				
69,258 (Previous year - 69,258) of Rs. 10 each		2.80		2.80
Daewoo Motors (India) Limited				
59,584 (Previous year - 59,584) of Rs. 10 each, {# Rs.1/-)	16.34		16.34	
Less - Provision for diminution in value of investment	(16.34)	#	(16.34)	#
ICICI Bank Limited				
8 (Previous year - 8) of Rs.10 each {* Rs. 368}		*		*
Non trade - Unquoted				
Non-cumulative redeemable preference shares:				
Fully paid-up				
Combine Overseas Limited (Refer to note 11 of schedule 12)				
100,000 (Previous year - 100,000) 0%Non-cumulative redeemable preference shares, fully paid up, of Rs.100 each		100.00		100.00
In subsidiaries -				
Non trade - Unquoted				
Equity shares :				
Fully paid-up				
DCM Finance & Leasing Limited				
49,996 (Previous year - 49,996) of Rs. 10 each		5.00		5.00
DCM Realty Investment & Consulting Limited				
2,550,020 (Previous year - 2,550,020) of Rs. 10 each		255.00		255.00
DCM Tools & Dies Limited				
50,000 (Previous year - 50,000) of Rs. 10 each		5.00		5.00
DCM Engineering Limited				
15,049,988 (Previous year - 15,049,988) of Rs. 10 each		4,205.00		4,205.00
13.5 % Redeemable cumulative preference shares :				
Fully paid-up				
DCM Finance & Leasing Limited				
100 (Previous year - 100) - of Rs. 100 each		0.10		0.10
Trade - Unquoted				
Equity shares :				
Fully paid-up				
DCM Textiles Limited				
50,000 (Previous year - 50,000) of Rs. 10 each		5.00		5.00
		6,583.50		6,583.50

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

1.

	Book Value (Rs. Lacs)		Market Value (Rs. Lacs)	
	Current Year	Previous Year	Current Year	Previous Year
Quoted	4.40	4.40	5.25	9.56
Unquoted	6579.10	6579.10		
	6583.50	6583.50		

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

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2009 Rs. /Lacs	As at March 31, 2008 Rs. /Lacs
Current assets		
Inventories		
Stores , spares and components (valued at cost or under)	106.59	145.66
Stock in trade *		
Raw materials	3,712.52	4,852.60
Process stocks	226.49	262.58
Finished goods	275.06	777.75
Land (for development)	1,000.00	1,000.00
	5,320.66	7,038.59
Sundry debtors @		
Debts over six months		
Secured – good	309.45	308.95
Unsecured – good	15,178.22	17,315.70
– doubtful	96.95	84.94
Other debts		
Secured – good	3.00	3.00
Unsecured – good @@	2,195.90	2,660.72
	17,783.52	20,373.31
Less : Provision for doubtful debts	96.95	84.94
	17,686.57	20,288.37
Cash and bank balances		
Cash and cheques on hand	7.00	8.23
With scheduled banks on :		
– Current accounts	332.50	139.08
– Deposit accounts #	963.15	841.07
With non-scheduled banks on : ##		
– Current accounts Bank of America, USA	22.81	9.88
– Deposit account Bank of America, USA	0.23	0.57
	1,325.69	998.83
Loans and advances		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good $	1,665.66	2,443.33
Considered doubtful $$	897.17	899.65
	2,562.83	3,342.98
Less: Provision for doubtful advances	897.17	899.65
	1,665.66	2,443.33
Deposits	440.96	459.57
With customs, excise and port trust authorities etc.	57.33	449.43
Taxation	1,000.01	926.29
Income accrued on investments and deposits	17.79	20.62
	3,181.75	4,299.24
	27,514.67	32,625.03

* 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. 15,374.89 lacs (Previous year Rs. 17,471.91 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. 16.23 lacs (Previous year Rs. 41.19 lacs) on account of unbilled services.

\# Includes Rs. 6.06 lacs (Previous year Rs. 49.91 lacs) provided as security for bank guarantees/letters of credit, Rs. 467.92 lacs (Previous year Rs. 137.78 lacs) as security with Debenture Trustees and Rs. 384.77 lacs (Previous year Rs. 549.33 lacs) for specific uses.

## Maximum balance outstanding during the year:	**Rs. /Lacs**	Rs. /Lacs
Current account		
Bank of America, USA	**135.85**	164.33
Deposit account		
Bank of America, USA	**25.86**	44.19

$ Include Rs. 399.14 lacs (Previous year Rs. 759.14 lacs) as advances for purchase of rights in flats.

$$ Include Rs. 150.22 lacs (Previous year Rs. 150.22 lacs) as inter corporate deposits.

7. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2009 Rs. /Lacs	As at March 31, 2008 Rs. /Lacs
Current Liabilities		
Acceptances	**–**	437.82
Sundry creditors		
– Outstanding dues of micro and small enterprises (Refer to note 16 of schedule 12)	**0.40**	0.02
– Others	**7,145.26**	7,731.50
Due to subsidiary companies	**2.44**	3.69
Investor Education and Protection Fund *		
– Unclaimed application money on debentures, due for refund including interest thereon	**1.21**	1.20
– Unclaimed matured fixed deposits including interest thereon	**59.05**	53.67
– Unclaimed matured debentures including interest thereon	**154.41**	154.41
Interest accrued but not due (Refer to note 3.4 of schedule 12 and foot note 5 on schedule 3)	**6,799.25**	7,101.34
	14,162.02	15,483.65
Provisions		
Income-tax	**457.04**	368.97
Gratuity	**308.44**	266.20
Leave encashment	**127.46**	108.97
Contingencies (Refer to note 3.2 (a) of schedule 12)	**502.95**	823.33
	1,395.89	1,567.47

* No amount is due for transfer under Investor Education and Protection Fund in view of the SORA, pursuant to which certain past dues have been rescheduled for payment (refer to note 3.4 of Schedule 12).

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

	As at March 31, 2009 Rs. /Lacs	As at March 31, 2008 Rs. /Lacs
Deferred revenue expenses		
Voluntary retirement compensation	–	34.41
Less : Written off during the year		
Voluntary retirement compensation	–	34.41
	–	–

9. GROSS SALES/SERVICES

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Sale of products	17,891.03	13,197.62
Income from services/software development	3,503.71	3,158.18
	21,394.74	16,355.80

9A. OTHER INCOME

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Special rebates, incentives, etc.	300.71	308.35
Dividend on long term non trade investments	0.60	0.45
Rent	33.57	67.35
Profit on sale of fixed assets	2.02	0.02
Provision for doubtful debts and advances written back	0.48	257.82
Provisions and liabilities no longer required, written back (Refer to note 3.6 of Schedule 12)	621.68	312.79
Interest on:		
– Income tax refunds	–	2.00
– Deposits etc. #	145.35	92.42
Miscellaneous ##	263.82	110.05
	1,368.23	1,151.25

Income-tax deducted at source Rs. 21.31 lacs (Previous year Rs. 28.28 lacs).
Includes Rs. 187.04 lacs (Previous year Nil) as gain due to fluctuations in foreign exchange rates.

10. MANUFACTURING AND OTHER EXPENSES

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Raw materials consumed	11,004.13	8,455.02
Stores, spares and components consumed	535.90	500.16
Power, fuel, etc.	2,039.66	1,915.44
Repairs		
Buildings	30.59	41.04
Plant and machinery	23.40	28.36
Jobs on contract	14.37	20.51
Salaries, wages, commission, etc.	4,053.04	3,560.85
Bonus	105.94	94.79
Gratuity	27.99	31.41
Carried over	17,835.02	14,647.58

10. MANUFACTURING AND OTHER EXPENSES continued

		Current Year Rs. /Lacs		Previous Year Rs. /Lacs
Brought forward		17,835.02		14,647.58
Provision for gratuity and leave liability		60.73		90.04
Provident and other funds		367.02		323.98
Welfare		33.37		38.57
Rent		111.55		122.50
Insurance		35.14		37.87
Rates and taxes		21.13		19.03
Auditors' remuneration #				
As auditors				
– Audit fees		8.00		5.00
In other capacity				
– Verification of statements and other reports		8.01		5.10
– Limited review of unaudited financial results		8.25		5.40
Out-of-pocket expenses		0.33		0.30
Directors' fee		3.57		1.84
Provision for doubtful debts and advances		49.95		1.95
Doubtful debts and advances written off	76.45		39.90	
Less : Provision already held	39.68	36.77	21.99	17.91
Loss on sale of fixed assets		7.83		7.78
Freight and transport		484.97		392.88
Commission to selling agents (other than sole selling)		226.61		222.64
Brokerage, discount (other than trade discount),etc.		69.58		47.84
Sales expenses		60.18		42.82
Travelling and conveyance		143.64		163.80
Legal and professional fees		142.06		172.19
Land development expenses	101.90		260.06	
Less : Adjusted against provision held {Refer to note 3.2 (a)}	101.90	–	260.06	–
Miscellaneous expenses ##		214.97		275.57
		19,928.68		16,642.59
(Increase) / Decrease of finished and process stocks				
Closing stock				
Process stocks		226.49		262.58
Finished goods		275.06		777.75
Land (for development)		1,000.00		1,000.00
		1,501.55		2,040.33
Less : Opening 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
		538.78		(508.56)
		20,467.46		16,134.03

Excluding service tax
Includes Rs. Nil (Previous year Rs. 49.85 lacs) as loss due to fluctuations in foreign exchange rates.

11. INTEREST

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Interest on @		
– Debentures and other fixed loans	443.15	341.96
– Others	308.06	348.92
	751.21	690.88

@ In addition, interest amounting to Rs. Nil (Previous year Rs. 36.40 lacs) has been transferred to fixed assets and Rs. 0.95 lac (Previous year Rs. 0.88 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.

b) Use of Estimates:

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

c) Fixed assets:

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

d) Impairment:

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

e) Depreciation:

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

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

a) Vehicles, office and other equipment – 33.33%
(Other than computers)

b) Assets acquired upto June 30, 1986

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

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

iv) Depreciation has been calculated on a pro-rata basis in respect of acquisition/installation of all assets of the IT Division and on plant and machinery in other cases. Depreciation on remaining assets is provided for full year / period irrespective of the date of acquisition.

v) Leasehold improvements are amortised over the balance of the primary lease period.

vi) The intellectual property rights are amortized on a straight-line basis, based on management estimates of useful life varying from 1 to 5 years, commencing from the month in which the asset is available to the Company for use.

f) Investments:

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

g) Inventories:

i) Stores, spares and components are valued at cost or under.

ii) Raw materials, process stocks and finished goods are valued at lower of cost and net realisable value.

iii) Land (for development) on conversion into stock-in-trade from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relatable thereto.

Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis. Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.

h) Revenue recognition:

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.

i) Excise Duty:

Excise duty on sales is being deducted from gross sales and any increase/ decrease in excise duty on finished goods is being shown separately in the statement of profit and loss account.

j) Research and development expenditure:

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

k) Employees' Benefits:

i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.

l) Taxes on Income:

Income tax comprises current tax, fringe benefit tax and deferred tax. Current tax and fringe benefit tax is the amount expected to be paid for the year as determined in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

m) Foreign exchange transactions:

i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

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

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

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts, is amortised as income or expense over the life of the contract and the exchange difference on such contracts, i.e., difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception of contract / the last reporting date, is recognised as income / expense for the period except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets. Derivatives not covered in AS -11 are marked to market at balance sheet date and resulting loss, if any, is recognized in the profit and loss account in view of the principle of prudence.

(ii) In respect of financial statements of integral foreign operations of foreign branches, fixed assets are recorded at cost, based on the exchange rate prevailing on the date of transactions. Current assets and current liabilities are reported using the exchange rates on the date of the balance sheet. Incomes and expenses are translated at the average of monthly closing rates of exchange. The resultant exchange gains / losses are recognised in the profit and loss account.

n) 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:

Defined contribution plans

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

	Current Year Rs. lacs	Previous Year Rs. lacs
Company's contribution to provident fund	**114.88**	102.79
Company's contribution to superannuation fund	**23.59**	22.59
Company's contribution to employees' state insurance scheme	**33.19**	32.46

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

	Gratuity		**Earned and sick leaves**	
	Current year	Previous year	**Current year**	Previous year
Change in present value of obligation				
Present value of obligation as at the beginning of the year	**266.20**	214.14	**108.97**	87.15
Current service cost	**29.73**	19.56	**15.84**	12.70
Interest cost	**18.63**	18.96	**7.63**	8.07
Actuarial (gain) / loss	**21.87**	44.95	**6.36**	17.21
Benefits paid	**27.99**	31.41	**11.34**	16.16
Present value of obligation as at the end of the year	**308.44**	266.20	**127.46**	108.97
Change in plan assets	**Not applicable**	Not applicable	**Not applicable**	Not applicable
Plan assets at the beginning of the year				
Expected return on plan assets				
Contribution by the Company				
Benefits paid				

	Gratuity		Earned and sick leaves	
	Current year	Previous year	**Current year**	Previous year
Actuarial gain / (loss)				
Plan assets at the end of the year				
Liability recognised in the financial statement				
Cost for the year				
Current service cost	**29.73**	19.56	**15.84**	12.70
Interest cost	**18.63**	18.96	**7.63**	8.07
Return on plan assets	**–**	–	**–**	–
Actuarial (gain) / loss	**21.87**	44.95	**6.36**	17.21
Net cost	**70.23**	83.47	**29.83**	37.98
Constitution of plan assets Other than equity, debt, property and bank a/c Funded with LIC	**Not applicable**	Not applicable	**Not applicable**	Not applicable
Main actuarial assumptions				
Discount rate	**7.00%**	8.00%	**7.00%**	8.00%
Rate of increase in compensation levels	**4.50%**	5.50%	**4.50%**	5.50%

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

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 / Kishan Ganj, 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.502.95 lacs (Previous year Rs. 823.33 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. 320.38 lacs (Previous year Rs. 260.93 lacs) have been utilized / adjusted during the year out of the above provision for contingencies.

b) the outstanding as at March 31, 2009 from PIL on account of sale of development rights aggregate Rs. 15,374.89 lacs (Previous year Rs. 17,471.91 lacs), against which the Company holds a security deposit of Rs.300 lacs (Previous year 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. 14,875 lacs (Previous year Rs. 12,972 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 year Rs. 777.65 lacs) due since March 2, 2004 towards a financial institution and Rs. 525.19 lacs (Previous year Rs. 646.60 lacs) due since January 2, 2005, Rs. 878.52 lacs (Previous year Rs. 944.01 lacs) due since January 2, 2006, Rs. 1,920.67 lacs (Previous year Rs. 3,597.55 lacs) due since January 2, 2007, Rs. 3,493.04 lacs (Previous year Rs. 3,760.81 lacs) due since January 2, 2008 and Rs. 2,238.88 lacs due since January 2, 2009 towards holders of Part–B of non-convertible potion of 16% Secured Partly Convertible Debentures are pending for payment.

In respect of 19.5% Secured Non-Convertible Debentures aggregating Rs. 203.53 lacs (including interest Rs. 45.14 lacs), an amount equivalent thereto has been deposited in a 'No lien account / Fixed deposit account' pledged with a scheduled bank, the Trustee for these debentures, in terms of the Trust Deed.

3.6 During the year, pursuant to a memorandum of understanding (MOU)/ arrangement dated March 27, 2009 entered into with PIL, certain liabilities required to be borne by the Company in relation to the real estate project transferred to PIL under SORA/ Definitive agreement dated February 16, 2004 are no longer payable by the Company in view of the said MOU / arrangement, these will be borne by PIL. Consequently, the Company has written back Rs. 532.17 lacs under the head 'Provisions and liabilities no longer required, written back' in Schedule 9A.

4. Contingent liabilities not provided for:

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Claims not acknowledged as debts: *		
– Income-tax matters	**97.41**	1060.16
– Sales tax matters	**49.49**	30.17
– Customs duty	**12.55**	12.55
– Employees' claims (to the extent ascertained)	**44.52**	45.43
– Others	**204.92**	220.67

* 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 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.

	Current Year Rs. lacs	Previous Year Rs. Lacs
6. Managerial remuneration		
– Directors' sitting fees	**3.57**	1.84

7. Earning per share:	**Current Year**	Previous Year
(a) Profit/(loss) after taxation as per profit and loss account (Rs./lacs)	**607.49**	(151.04)
(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)	**3.50**	(0.87)

8. 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.

9. 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.

10. Capital work in progress includes unsecured advances, considered good, Rs. 295 lacs (Previous year Rs. 295 lacs) paid during the previous years to a party to acquire certain property under construction at New Delhi. The construction was a matter of litigation between the builder and the local authorities. The High Court of Delhi has allowed the builder to construct the property subject to certain conditions. The management is confident that the advance paid to acquire the property is good and fully recoverable.

11. 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.

12. (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. 111.55 lacs (Previous year Rs. 122.50 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. 20.67 lacs (Previous year Rs. 18.37 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	40.59	3.11
Furniture and fittings	34.47	26.38	2.10
Total	127.38	66.97	5.21
Previous Year	127.38	61.76	5.20

(iii) The Company, during the earlier years, has given one of its rented premises on sub-lease under a non-cancellable operating lease. The related lease income of Rs. 12.00 lacs (Previous year Rs. 48.00 lacs) has been recognised in the profit and loss account.

Future minimum lease payments receivables:

Not later than one year – Rs. 19.00 lacs (Previous year Rs. 46.35 lacs)
Later than one year and not later than five years – Rs. Nil (Previous year Rs. Nil)

13. The business of the Company was reorganised under a Scheme of Arrangement sanctioned by the High Court of Delhi, New Delhi vide its order dated April 16, 1990, effective from April 1, 1990 under the provisions of sections 391/394 of the Companies Act, 1956 and all the units of the Company existing at that time were re-organised under four separate companies, including this Company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited (formerly known as 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.

14. An amount of Rs. 1,510 lacs (Previous year Rs. 2,342 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.

15. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous year Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous year Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous year Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous year Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous year Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous year Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.86 lacs (Previous year Rs. 279.86 lacs) {(Maximum amount outstanding Rs. 279.86 lacs (Previous year Rs. 279.86 lacs)}.

16. Based on the information so far available with the Company i.e. up to June 26, 2009, the balance due to the Micro, Small and Medium Enterprises so identified is Rs. 0.40 lac. Further, there are no delays in the payment of dues to such enterprises.

17. SEGMENT REPORTING

a) The business segments comprise the following:

Textiles – Yarn manufacturing
IT Services – IT Infrastructure services and software development.
Real Estate – Development at the Company's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.

b) Business segments have been identified based on the nature and class of products and services, their customers and assessment of the differential risks and returns and financial reporting system within the Company.

c) The geographical segments considered for disclosure are based on location of customers, broadly as under:
– within India
– outside India

d) Segment accounting policies;
In addition to the significant accounting policies, applicable to the business as set out in note 1 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, 2009

		Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
		Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
1	Segment revenue												
	– External sales/services	**17,882.78**	13,197.33	**3,511.96**	3,158.47	–	–	**21,394.74**	16,355.80	–	–	**21,394.74**	16,355.80
	– Other income	**455.18**	405.49	**213.46**	113.95	**532.17**	–	**1,200.81**	519.44	–	–	**1,200.81**	519.44
	– Inter segment sales	–	–	–	–	–	–	–	–	–	–	–	–
	Total Revenue	**18,337.96**	13,602.82	**3,725.42**	3,272.42	**532.17**	–	**22,595.55**	16,875.24	–	–	**22,595.55**	16,875.24
2	Segment results	**1,311.06**	671.56	**83.10**	(102.97)	**532.17**	–	**1,926.33**	568.59			**1,926.33**	568.59
	Unallocated corporate expenses/ income (net of unallocated income/ expenses)									**(462.15)**	30.29	**(462.15)**	30.29
	Profit before interest and tax											**1,464.18**	598.88
	Interest expense									**751.21**	690.88	**751.21**	690.88
	Provision for taxation									**105.48**	59.04	**105.48**	**59.04**
3	Profit/(loss) after taxation											**607.49**	(151.04)
4	Other information												
(a)	Segment assets	**14,450.51**	17,749.17	**1,198.67**	1,192.01	**16,574.37**	18,986.78	**32,223.55**	37,927.96			**32,223.55**	37,927.96
	Investments									**6,583.50**	6,583.50	**6,583.50**	6,583.50
	Other unallocated assets									**3,248.75**	3,488.30	**3,248.75**	3,488.30
	Total Assets											**42,055.80**	47,999.76
(b)	Segment liabilities	**645.65**	1,300.79	**471.80**	486.98	**5,739.34**	6,529.48	**6,856.79**	8,317.25			**6,856.79**	8,317.25
	Share capital and reserves (net of debit balance in profit and loss account)									**7,206.71**	6,599.22	**7,206.71**	6,599.22
	Loan funds									**19,291.18**	24,349.42	**19,291.18**	24,349.42
	Other unallocated liabilities									**8,701.12**	8,733.87	**8,701.12**	8,733.87
	Total liabilities											**42,055.80**	47,999.76
(c)	Capital expenditure	**42.48**	1,749.77	**31.16**	15.83	–	–	**73.64**	1,765.60	**0.57**	83.10	**74.21**	1,848.70
(d)	Depreciation	**744.12**	650.21	**59.61**	61.41	–	–	**803.73**	711.62	**18.57**	27.19	**822.30**	738.81
(e)	Non-cash expenditure other than depreciation	**28.12**	–	**30.50**	54.27	–	–	**58.62**	54.27	**28.10**	–	**86.72**	54.27

f) Secondary segment information (Geographical segments)

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Segment revenue (Including excise duty)		
Revenue within India	**13233.55**	8754.07
Revenue outside India	**9362.00**	8121.17
Total segment revenue	**22595.55**	16875.24
Segment assets		
Within India	**31461.36**	37252.94
Outside India	**762.19**	675.02
Total segment assets	**32223.55**	37927.96
Capital expenditure		
Within India	**72.87**	1763.81
Outside India	**0.77**	1.79
Total segment capital expenditure	**73.64**	1765.60

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

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

I. Subsidiaries (enterprises where control exists):

a. DCM Finance & Leasing Limited (DFL)
b. DCM Textiles Limited (DTL)
c. DCM Engineering Limited (DEL)
d. DCM Tools & Dies Limited (DTDL)
e. DCM Realty Investment & Consulting Limited (DRICL)

II. Joint venture:
Purearth Infrastructure Limited (PIL)

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

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

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

i) Transactions with subsidiaries and Joint venture (Amount in Rs. Lacs)

Particulars			Subsidiary		Joint venture		Total	
			Current year	Previous year	**Current year**	Previous year	**Current year**	Previous year
Services rendered		– DEL	**12.18**	–	**–**	–	**12.18**	–
Expenses recovered		– DEL	**0.11**	–	**–**	–	**0.11**	–
		– DRICL	**1.25**	1.23	**–**	–	**1.25**	1.23
		– PIL	**–**	–	**33.35**	26.15	**33.35**	26.15
Balance outstanding at the year end:								
a)	Sundry debtors	– PIL	**–**	–	**15374.89**	17471.91	**15374.89**	17471.91
		– DEL	**4.69**	–	**–**	–	**4.69**	–
b)	Advance / consideration for purchase of rights in flats	– PIL	**–**	–	**399.14**	399.14	**399.14**	399.14
c)	Deposit payable	– PIL	**–**	–	**300.00**	300.00	**300.00**	300.00
d)	Advances recoverable	– PIL	**–**	–	**38.30**	40.33	**38.30**	40.33
e)	Advances payable	– DRICL	**2.44**	3.69	**–**	–	**2.44**	3.69
f)	Investment in preference shares	– DFL	**0.10**	0.10	**–**	–	**0.10**	0.10

(Amount in Rs. Lacs)

ii) Transactions with key managerial personnel	**Current year**	Previous year
Remuneration *		
– Mr. Hemant Bharat Ram	**59.50**	55.78
– Mr. Sumant Bharat Ram	**66.97**	56.38
Sitting fees		
– Mr. N K Jain	**0.28**	0.28
Balance outstanding at the year end:		
Payables:		
Interest on Fixed deposit		
– Dr. Vinay Bharat Ram	**2.20**	2.20
Others		
– Dr. Vinay Bharat Ram	**0.92**	25.92
– Mr. Hemant Bharat Ram	**2.11**	2.21
– Mr. Sumant Bharat Ram	**2.51**	2.02
Guarantees given on behalf of the Company by:		
– Dr. Vinay Bharat Ram	**778.20**	779.23

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

19. Disclosures related to joint venture:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2009	March 31, 2008
Purearth Infrastructure Limited	India	Equity share Holding	**14.27%**	14.27%

The Company's investment in the above joint venture is shown as Long Term Investment – Trade, under Schedule – 5. Due to non availability of financial statements of the aforesaid joint venture, for year ended March 31, 2009 or within 6 months thereof, the disclosures required to be made in terms of Accounting Standard (AS) –27 "Financial Reporting of interest in Joint Venture" for the current year have been made on the basis of Joint Venture's latest available 'standalone' financial statements for the year ended March 31, 2008. 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, 2009.

	As at March 31, 2008 (Rs./ Lacs) (Based on ownership interest of 14.27%)	As at March 31, 2007 (Rs./ Lacs) (Based on ownership interest of 14.27%)
ASSETS		
Fixed assets	**34.20**	15.42
Investments	**347.60**	322.51
Deferred tax assets	**–**	55.92
Current assets, loans and advances		
a) Inventories	**5830.10**	7054.53
b) Sundry debtors	**9.42**	–
c) Cash and bank balances:	**664.34**	425.20
d) Loans and advances	**335.27**	240.07
LIABILITIES		
Loans		
Secured loans	**326.75**	320.45
Current Liabilities and provisions:		
a) Liabilities	**5765.57**	6639.75
b) Provisions	**36.88**	2.95
Employees stock options outstanding	**33.75**	15.13
Misc. Expenditure not written off	**2.33**	12.67
	For the year ended March 31, 2008 (Rs. / Lacs)	For 6 months ended March 31, 2007 (Rs. / Lacs)
INCOME		
Real Estate Operations	**2311.58**	–
Other income	**83.61**	34.58
EXPENSES		
Cost of sales	**2241.49**	–
Personnel expenses	**26.55**	9.53
Operating & other expenses	**149.76**	15.09
Depreciation/amortisation	**6.03**	1.83
Financial expenses	**0.06**	5.84
Provision for taxation	**59.00**	0.16
OTHER MATTERS		
Contingent liabilities	**70.66**	94.02
Capital commitments	**–**	1.08

20. 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, 2009 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	Deputy Commissioner of Commercial Taxes (Appeals)	22.24	3.98	1998-99
		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, 1961	Income-tax	Commissioner of Income Tax (Appeals)	97.41	51.25	Assessment Year 2000-01

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 Act, 1961	Income-tax	Delhi High Court	595.27	Assessment Years 1980-81 to 1990-91.
		Appellate Tribunal	853.32	Assessment Year 2004-05

21. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency			Amount in Rs. Lacs	
	Current Year	Previous Year	Current Year	Previous Year		Current Year	Previous Year	Current Year	Previous Year
Forward Contract	**8**	–	**Hedge**	–	US$	**722,792**	–	**371.42**	–

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

Particulars	**Current Year**			Previous Year		
	Amount in Foreign currency		**Amount in Rs. Lacs**	Amount in Foreign currency		Amount in Rs. Lacs
Debtors	**US$**	**1,898,801**	**962.91**	US$	2,264,925	896.64
	Sing$	**–**	**–**	Sing$	390	0.11
Cash and Bank	**US$**	**45,405**	**23.04**	US$	26,364	10.45
Loans and Advances	**US$**	**163,509**	**82.95**	US$	253,997	100.71
Current Liabilities	**US$**	**361,492**	**181.83**	US$	454,137	180.13
Provisions	**US$**	**22,200**	**11.26**	US$	81,732	32.41

22. Statement of Additional information

I. Particulars of capacity and production

Description	Unit	**Capacity**				**Production**		
		Licensed @		**Installed #**				
		Current Year	Previous Year	**Current Year**	Previous Year	Unit	**Current Year**	Previous Year
Textiles - yarn	Spindles Nos.	—	—	**72,036**	72,036	M.T.	**14,888**	12,845

@ 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				Sales #	
		Opening		Closing			
		Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Textiles - yarn	M.T.	**791**	376	**287**	791	**15,392**	12,430
	Rs./Lacs	**777.75**	347.16	**275.06**	777.75	**16,789.67**	12,464.27
Others (including computers' peripherals, components, etc. @)	Rs./Lacs	**–**	1.18	**–**	–	**1,101.36**	733.35
		777.75	348.34	**275.06**	777.75	**17,891.03**	13,197.62

* With regard to Clause 3(ii) of Part-II of Schedule VI to the Companies Act, 1956, the Company is of the view that, in respect of the 'land development project' activity, the Company is not a 'manufacturing', a 'trading' or a 'service' Company falling under sub-clause (a), (b) and (c) thereof, but is another Company falling under sub-clause (e) thereof.
# Sales quantities are net of items taken back , capitalised, cannibalised and internal transfers.
@ In view of considerable number of items, diverse in size and nature, it is not feasible to provide quantitative details.

III. Particulars of raw materials consumed

Description	Unit	Current Year		Previous Year	
		Quantity	**Value Rs. /Lacs**	Quantity	Value Rs. /Lacs
Cotton	M.T.	**18,529**	**11,004.13**	16,379	8,455.02
Total			**11,004.13**		8,455.02

IV. Other Additional Information

	Description	**Current Year Rs. /Lacs**		Previous Year Rs. /Lacs	
(a)	Value of imports on CIF basis				
	Components and spare parts	**4.05**		9.24	
	Capital goods	**–**		589.52	
(b)	Expenditure in foreign currency				
	Commission, travel etc.	**108.92**		104.74	
	Overseas offices expenses	**2,795.11**		2,539.23	
(c)	Earnings in foreign exchange				
	– Direct export of goods on FOB basis/ as per contracts where FOB value not readily ascertainable	**5,962.19**		5,134.54	
	– Software / Services export	**26.61**		2.66	
	– Overseas offices income	**3,054.12**		2,861.68	
	– Other earnings	**1.53**		–	
(d)	Value of imports/indigenous raw materials, components and stores and spares consumed				
	(i) Raw materials				
	Imported	**–**	**–**	–	–
	Indigenous	**11,004.13**	**100.00%**	8,455.02	100.00%
		11,004.13	**100.00%**	8,455.02	100.00%
	(ii) Stores , spares parts and components				
	Imported	**4.05**	**0.76%**	9.68	1.94%
	Indigenous	**531.85**	**99.24%**	490.48	98.06%
		535.90	**100.00%**	500.16	100.00%

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place: New Delhi
Date: June 26, 2009

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 2009

II. Capital raised during the period (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
2795496	2795496

Sources of Funds

Paid-Up Capital	Reserves & Surplus
173759	692619
Secured Loans	Unsecured Loans
1806101	123017

Application of Funds

Net Fixed Assets	Investments
795763	658350
Net Current Assets	Misc. Assets/Exp.
1195676	NIL
Accumulated Losses	
145707	

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

	Turnover		Total Expenditure
	2275394		2204097
+/-	Profit/Loss Before Tax	+/-	Profit/Loss After Tax
+	712.97	+	60749
	Earning per share in Rs.		Dividend Rate %
	3.50		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
BHABAGRAHI PRADHAN Company Secretary	**ASHWANI SINGHAL** Executive Vice President (Finance & Accounts)

Place: New Delhi
Date: June 26, 2009

Statement Pursuant to Section 212 of the Companies Act, 1956

	Name of the Subsidiary		DCM Engineering Ltd.	DCM Tools & Dies Ltd.	DCM Textiles Ltd.	DCM Finance & Leasing Ltd.	DCM Realty Investment & Consulting Ltd.
1	Financial year of the Subsidiary		31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009
2	Extent of interest in the Subsidiary Company						
	– Fully paid Equity Shares	Nos.	15,049,988	50,000	50,000	49,996	2,550,020
	– % of total Equity Shares	%	75.06%	100%	100%	99.99%	99.99%
	– Fully paid Pref. Shares	Nos.	Nil	Nil	Nil	100	Nil
	– % of total Pref. shares	%	Nil	Nil	Nil	100%	Nil
3	Net aggregate amount of the profit/(loss) of the Subsidiary Company so far as it concerns to the members of DCM Ltd.:						
	a. dealt with in the accounts of the Company						
	– for the financial year of the Subsidiary	Rs./Lacs	Nil	Nil	Nil	Nil	Nil
	– for the previous financial years since it became subsidiary of the Company	Rs./Lacs	Nil	Nil	Nil	Nil	Nil
	b. not dealt with in the accounts of the Company						
	– for the financial year of the Subsidiary	Rs./Lacs	(663.30)	0.15	0.13	0.98	(0.36)
	– for the previous financial years since it became subsidiary of the Company	Rs./Lacs	1271.79	0.31	(0.09)	(236.78)	33.59
4	Additional information u/s 212 (5)		N.A.	N.A.	N.A.	N.A.	N.A.

Subsidiary Companies' Particulars - As at March 31, 2009

Pursuant to letter no. 47/233/2009-CL-III dated 13th April 2009 from Ministry of Corporate Affairs.

Amount in Rs./ Lacs

Name of the Subsidary 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	0.42	5.62	5.62	0.39	0.32	0.17	0.15	–
DCM Textiles Limited	5.00	0.04	5.19	5.19	0.35	0.28	0.15	0.13	–
DCM Realty Investment & Consulting Limited	255.01	64.39	327.64	327.64	8.18	(0.28)	0.08	(0.36)	–
DCM Engineering Limited	2,005.00	4,208.49	16,610.81	16,610.81	27,734.71	(975.19)	(311.89)	(663.30)	–
DCM Finance & Leasing Limited	5.10	4.35	9.83	9.83	1.27	1.16	0.18	0.98	–

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

LongTerm	**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, 2009 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. 345.84 lacs as at March 31, 2009 and total revenues of Rs. 10.20 lacs and the net cash inflows amounting to Rs.1.70 lacs for the year ended on that date as considered in the Consolidated Accounts. 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 into 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. *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 14 of Schedule 12. The effect of these on the accounts is not ascertainable at this stage.*

The matters referred to in paragraphs 6 and 7 above, to the extent covered herein above, were also subject matters for qualifications in our audit report on the financial statements for the year ended March 31, 2008.

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, 2009;

(b) in the case of the consolidated profit and loss account, of the profit 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

Place: New Delhi
Dated: June 26, 2009

Manjula Banerji
Partner
(Membership No. : 086423)

Consolidated Balance Sheet as at March 31, 2009

	Schedule	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
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		**18,061.01**	23,102.31
Unsecured		**1,230.17**	1,247.11
		19,291.18	24,349.42
Total		**27,985.20**	33,043.44
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**14,097.37**	14,158.80
Less : Depreciation		**6,609.87**	5,850.62
Net block		**7,487.50**	8,308.18
Capital work-in-progress		**470.15**	483.08
		7,957.65	8,791.26
Investments	5	**6,313.40**	6,313.40
Current assets, loans and advances	6		
Inventories		**5,320.66**	7,038.59
Sundry debtors		**17,686.57**	20,288.37
Cash and bank balances		**1,360.21**	1,031.65
Loans and advances		**3,493.05**	4,610.79
		27,860.49	32,969.40
Less : Current liabilities and provisions	7		
Current liabilities		**14,160.13**	15,480.57
Provisions		**1,404.26**	1,576.49
Net current assets		**12,296.10**	15,912.34
Profit and loss account		**1,418.05**	2,026.44
Total		**27,985.20**	33,043.44
Notes to accounts	12		

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

MANJULA BANERJI
Partner
Membership No: 086423

Place: New Delhi
Date: June 26, 2009

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Consolidated Profit and Loss Account for the year ended March 31, 2009

	Schedule	For the year ended March 31, 2009 Rs. /Lacs	For the year ended March 31, 2008 Rs. /Lacs
Gross sales/services	9	**21,400.83**	16,358.21
Less: Excise duty		**9.03**	0.92
Net sales		**21,391.80**	16,357.29
Other income	9A	**1,372.35**	1,153.32
		22,764.15	17,510.61
Manufacturing and other expenses	10	**20,476.18**	16,142.61
Depreciation	4	**822.31**	738.82
Interest	11	**751.21**	690.88
Miscellaneous expenditure written off	8	**–**	34.41
Total expenditure		**22,049.70**	17,606.72
Profit / (loss) before taxation and Minority interest		**714.45**	(96.11)
Taxes for the year			
– Current tax (including foreign tax Rs. 10.26 lacs; Previous year Rs. 19.98 lacs)		**91.38**	20.29
– Income-tax adjustment for earlier years (including foreign tax Rs. (6.17) lac; Previous year Rs. 20.31 lacs)		**(6.08)**	20.42
– Fringe benefit tax		**20.76**	18.75
Profit / (loss) after tax for the year but before minority interest		**608.39**	(155.57)
Minority interest (# Rs. 100; Previous year Rs. 93)		**#**	#
Profit/(loss) for the year		**608.39**	(155.57)
Balance brought forward from the previous year		**(2,026.44)**	(1,840.58)
Adjustment on account of employee benefits		**–**	(30.29)
Balance carried to balance sheet		**(1,418.05)**	(2,026.44)
Basic and diluted earning per share (Rs. Per share of Rs. 10 each)		**3.50**	(0.90)
Notes to accounts	12		

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

MANJULA BANERJI
Partner
Membership No: 086423

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place: New Delhi
Date : June 26, 2009

Consolidated Cash flow statement for the year ended March 31, 2009

		For the year ended March 31, 2009 Rs./Lacs	For the year ended March 31, 2008 Rs./Lacs
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit before tax	714.45	(96.11)
	Adjustments for :		
	Depreciation	822.31	738.82
	Loss/(Profit) on sale of fixed assets	5.81	7.76
	Interest expense	751.21	690.88
	Miscelleneous expenditure written off	–	34.41
	Interest income	(148.33)	(96.49)
	Dividend income	(0.60)	(0.45)
	Operating profit before working capital changes	2,144.85	1,278.82
	Adjustments for changes in :		
	– Trade and other receivables	3,791.00	246.21
	– Inventories	1,717.93	(1,899.43)
	– Trade payables	(1,278.25)	(855.98)
	Cash generated/(used) from operations	6,375.53	(1,230.38)
	Direct taxes paid	(91.91)	(195.62)
	Net cash generated/(used) from operating activities	6,283.62	(1,426.00)
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets	(74.21)	(1,848.70)
	Sale of fixed assets	79.68	11.58
	Sale of long term non-trade investments	–	0.49
	Dividend received	0.35	0.45
	Interest received	150.66	116.62
	Net cash generated/(used) from operations	156.48	(1,719.56)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from long term borrowings	33.70	1,514.16
	Repayment of long term borrowings	(2,327.87)	(2,515.49)
	Changes in working capital borrowings	(2,764.07)	4,446.28
	Dividend paid	–	(1.88)
	Interest paid	(1,053.30)	(801.28)
	Net cash from financing activities	(6,111.54)	2,641.79
	Net increase /(decrease) in cash and cash equivalents	328.56	(503.77)
	Cash and cash equivalents (opening balance) * Cash and bank balances	1,031.65	1,535.42
	Cash and cash equivalents (closing balance) * Cash and bank balances	1,360.21	1,031.65
		328.56	(503.77)

* Includes Rs. 467.92 lacs (Previous year Rs. 137.78 lacs) as security with Debenture Trustees and Rs. 384.77 lacs (Previous year Rs. 549.33 lacs) for specific uses.

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

MANJULA BANERJI
Partner
Membership No: 086423

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place: New Delhi
Date : June 26, 2009

1. SHARE CAPITAL

	As at March 31, 2009 Rs./Lacs	As at March 31, 2008 Rs./Lacs
Authorised Capital		
Ordinary shares 60,000,000 (Previous year 60,000,000) of Rs. 10 each	**6,000.00**	6,000.00
6th Cumulative redeemable preference shares 320,000 (Previous year 320,000) of Rs. 25 each - 9.5%	**80.00**	80.00
Preference shares 3,680,000 (Previous year 3,680,000) of Rs. 25 each	**920.00**	920.00
Cumulative convertible preference shares 1,000,000 (Previous year 1,000,000) of Rs. 100 each	**1,000.00**	1,000.00
	8,000.00	8,000.00
Issued, Subscribed and Paid-up Capital		
Ordinary shares 17,379,037 (Previous year 17,379,037) of Rs. 10 each, fully paid-up.	**1,737.90**	1,737.90
Less : Calls in arrear	**0.31**	0.31
	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, 2008 Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2009 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 15 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, 2009 Rs./Lacs	As at March 31, 2008 Rs./Lacs
Secured		
Debentures		
Principal amount - gross	**9,186.32**	11,005.20
Less : Calls in arrear	**5.24**	5.24
	9,181.08	10,999.96
Banks		
Cash credits/overdrafts	**4,327.50**	4,474.99
Working capital demand loans	–	2,616.58
Term loans	**4,475.00**	4,950.00
Others - Long term	**77.43**	60.78
	18,061.01	23,102.31
Unsecured		
Deposits		
Fixed	**9.50**	25.66
Others	**371.67**	372.45
Term loans		
Long term	**777.65**	777.65
Short term	**71.35**	71.35
	1,230.17	1,247.11
	19,291.18	24,349.42

SECURED

1. **Debentures**

a) 8,635,591 (Previous year: 8,878,114) - aggregating Rs. 9,027.93 lacs (Previous year Rs. 10,999.97 lacs) Part-B of Rs. 135 each being the non-convertible portion of 16% Secured Partly Convertible Debentures, as restructured in terms of the Scheme of Restructuring and Arrangement (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 4.4 of Schedule 12). These debentures are secured by first mortgage and charge created on the Group's property at district Gandhinagar (originally Mehsana), Gujarat and also first pari-passu charge on the Real Estate receivables due from Purearth Infrastructure Limited (PIL). 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 4.4 of Schedule 12).

b) 16,586 (Previous year: 90,602) 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. In respect of these debentures aggregating Rs. 158.39 lacs, an amount equivalent thereto has been deposited in a 'No lien account / Fixed deposit account' pledged with a scheduled bank, the Trustee for these debentures, in terms of the Trust Deed.

2. **Banks**

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

– cash credit/overdraft facilities aggregating Rs. 3,934.48 lacs (Previous year Rs. 4,115.88 lacs) and other non-fund based facilities from banks, 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. 393.02 lacs (Previous year Rs. 359.11 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. Nil (Previous year Rs. 2,616.58 lacs) are secured by way of pledge of cotton stocks and hypothecation of movable and equitable mortgage of immovable assets, both present and future, pertaining to the Textile Division at Hissar.

– term loan of Rs. 4,475.00 lacs (Previous year Rs. 4,950.00 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. 552.00 lacs, Previous year Rs. 475.00 lacs).

3. **Others - Long term**
Rs. 77.43 lacs (Previous year: Rs. 60.78 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. (Rs. 21.38 lacs due within a year. Previous year: Rs. 14.58 lacs).

4. **UNSECURED**
a) Fixed deposits aggregating Rs. 0.55 lac (Previous year Rs. 1.58 lacs) are guaranteed by the Chief Executive Officer of DCM Limited.
b) Long term loan is guaranteed by the Chief Executive Officer of DCM Limited. (due within a year: refer to note 4.4 of Schedule 12).

5. Also refer to note 4.4 of Schedule 12 regarding the proposed reschedulement of various payment terms of loans from financial institutions and debentures. Interest accrued amounting to Rs. 248.23 lacs (Previous year Rs. 520.68 lacs) 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 4.4 of Schedule12.

4. FIXED ASSETS

(Amounts in Rs. Lacs)

Description	Gross Block				Depreciation				Net Block	
	As at March 31, 2008	**Additions**	**Deductions**	**As at March 31, 2009**	Upto March 31, 2008	**For the year**	**On sales/disposal**	**As at March 31, 2009**	**As at March 31, 2009**	As at March 31, 2008
Freehold Land *	977.47	–	–	**977.47**	–	–	–	–	**977.47**	977.47
Buildings	1,796.63	**7.10**	**74.34**	**1,729.39**	396.32	**57.85**	**0.86**	**453.31**	**1,276.08**	1,400.31
Plant and machinery	10,609.73	**33.24**	**43.53**	**10,599.44**	4,839.02	**728.72**	**41.22**	**5,526.52**	**5,072.92**	5,770.71
Furniture and fittings	323.75	**4.48**	**8.00**	**320.23**	234.33	**12.90**	**5.75**	**241.48**	**78.75**	89.42
Vehicles	171.32	**42.32**	**22.70**	**190.94**	101.05	**22.84**	**15.23**	**108.66**	**82.28**	70.27
Intangible assets										
Intellectual property rights	279.90	–	–	**279.90**	279.90	–	–	**279.90**	–	–
Current year	14,158.80	**87.14**	**148.57**	**14,097.37**	5,850.62	**822.31**	**63.06**	**6,609.87**	**7,487.50**	
Previous 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
Capital work-in-progress (refer to note 11 of Schedule 12 also)									**470.15**	483.08
									7,957.65	8,791.26

Capital commitments outstanding at the close of the year, net of capital advances, Rs. 145.63 lacs (Previous year Rs. 145.00 lacs).
* Includes Rs. 969 lacs added in 1992-93 on revaluation.

5. **INVESTMENTS - LONG TERM**

		As at March 31, 2009 Rs. /Lacs		As at March 31, 2008 Rs. /Lacs
AT COST UNLESS OTHERWISE STATED				
Trade investments - Unquoted				
Equity shares :				
Fully paid-up				
Purearth Infrastucture Limited @				
10,991,050 (Previous year- 10,991,050) of Rs. 10 each.		**2,004.00**		2,004.00
Non trade - Quoted				
Equity shares :				
Fully paid-up				
SRF Limited				
5,000 (Previous year- 5,000) of Rs.10 each.		**1.60**		1.60
DCM Financial Services Limited				
69,258 (Previous year- 69,258) of Rs. 10 each		**2.80**		2.80
Daewoo Motors (India) Limited				
59,584 (Previous year- 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 year- 8) of Rs.10 each {* Rs. 368}		*		*
Non trade - Unquoted				
Non-cumulative redeemable preference shares:				
Fully paid-up				
Combine Overseas Limited (Refer to note 12 of schedule 12)				
100,000 (Previous year- 100,000) 0% Non-cumulative redeemable preference shares, fully paid up, of Rs.100 each		**100.00**		100.00
In subsidiaries -				
Non trade - Unquoted				
Equity shares :				
Fully paid-up				
DCM Engineering Limited (Refer to note 1 of schedule 12)				
15,049,988 (Previous year- 15,049,988) of Rs. 10 each		**4,205.00**		4,205.00
		6,313.40		6,313.40

@ In terms of the SORA, 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 Year	**Current Year**	Previous Year
Quoted	**4.40**	4.40	**5.25**	9.56
Unquoted	**6309.00**	6309.00		
	6313.40	6313.40		

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

6. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2009 Rs./Lacs	As at March 31, 2008 Rs./Lacs
Current assets		
Inventories		
Stores, spares and components (valued at cost or under)	**106.59**	145.66
Stock in trade *		
Raw materials	**3,712.52**	4,852.60
Process stocks	**226.49**	262.58
Finished goods	**275.06**	777.75
Land (for development)	**1,000.00**	1,000.00
	5,320.66	7,038.59
Sundry debtors @		
Debts over six months		
Secured – good	**309.45**	308.95
Unsecured – good	**15,178.22**	17,315.70
– doubtful	**96.95**	84.94
Other debts		
Secured – good	**3.00**	3.00
Unsecured – good @@	**2,195.90**	2,660.72
	17,783.52	20,373.31
Less : Provision for doubtful debts	**96.95**	84.94
	17,686.57	20,288.37
Cash and bank balances		
Cash and cheques on hand	**7.10**	8.39
With scheduled banks on :		
– Current accounts	**335.85**	146.33
– Deposit accounts #	**994.22**	866.48
With non–scheduled banks on : ##		
– Current accounts Bank of America, USA	**22.81**	9.88
– Deposit account Bank of America, USA	**0.23**	0.57
	1,360.21	1,031.65
Loans and advances		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good $	**1,964.38**	2,742.86
Considered doubtful $$	**897.17**	899.65
	2,861.55	3,642.51
Less: Provision for doubtful advances	**897.17**	899.65
	1,964.38	2,742.86
Deposits	**440.96**	459.57
With customs, excise and port trust authorities etc.	**57.33**	449.43
Taxation	**1,011.12**	937.59
Income accrued on investments and deposits	**19.26**	21.34
	3,493.05	4,610.79
	27,860.49	32,969.40

* 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. 15,374.89 lacs (Previous year Rs. 17,471.91 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. 16.23 lacs (Previous year Rs. 41.19 lacs) on account of unbilled services.

\# Includes Rs. 6.06 lacs (Previous year Rs. 49.91 lacs) provided as security for bank guarantees/letters of credit, Rs. 467.92 lacs (Previous year Rs. 137.78 lacs) as security with Debenture Trustees and Rs. 384.77 lacs (Previous year Rs. 549.33 lacs) for specific uses.

## Maximum balance outstanding during the year :	**Rs. /Lacs**	Rs. /Lacs
Current accounts		
Bank of America, USA	**135.85**	164.33
Deposit account		
Bank of America, USA	**25.86**	44.19

$ Include Rs. 672.79 lacs (Previous year Rs. 1,032.79 lacs) as advances for purchase of rights in flats.

$$ Include Rs. 150.22 lacs (Previous year Rs. 150.22 lacs) as inter corporate deposits.

7. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2009 Rs./Lacs	As at March 31, 2008 Rs./Lacs
Current Liabilities		
Acceptances	**–**	437.82
Sundry creditors		
– Outstanding dues of micro and small enterprises (Refer to note 17 of schedule 12)	**0.40**	0.02
– Others	**7,145.81**	7,732.11
Investor Education and Protection Fund *		
– Unclaimed application money on debentures, due for refund including interest thereon	**1.21**	1.21
– Unclaimed matured fixed deposits including interest thereon	**59.05**	53.66
– Unclaimed matured debentures including interest thereon	**154.41**	154.41
Interest accrued but not due (Refer to note 4.4 of Schedule 12 and foot note 5 of Schedule 3)	**6,799.25**	7,101.34
	14,160.13	15,480.57
Provisions		
Income-tax	**461.91**	374.22
Gratuity	**308.62**	266.36
Leave encashment	**127.46**	108.97
Non-performing assets	**3.32**	3.61
Contingencies (Refer to note 4.2 (a) of Schedule 12)	**502.95**	823.33
	1,404.26	1,576.49

* No amount is due for transfer under Investor Education and Protection Fund in view of the SORA, pursuant to which certain past dues have been rescheduled for payment (refer to note 4.4 of Schedule 12).

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

	As at March 31, 2009 Rs./Lacs	As at March 31, 2008 Rs./Lacs
Deferred revenue expenses		
Voluntary retirement compensation	–	34.41
Less : Written off during the year		
Voluntary retirement compensation	–	34.41
	–	–

9. GROSS SALES/SERVICES

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Sale of products	17,891.03	13,197.63
Income from services / software development	3,503.71	3,158.18
Income from housing finance activity	6.09	2.40
	21,400.83	16,358.21

9A. OTHER INCOME

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Special rebates, incentives, etc.	300.71	308.35
Dividend on long term non trade investments	0.60	0.45
Rent	33.58	67.35
Profit on sale of fixed assets	2.02	0.02
Provision for doubtful debts and advances written back	0.48	257.82
Provisions and liabilities no longer required, written back (Refer to note 4.6 of Schedule 12)	621.97	312.79
Interest on:		
– Income tax refunds	–	2.00
– Deposits etc. #	148.33	94.49
Miscellaneous ##	264.66	110.05
	1,372.35	1,153.32

Income-tax deducted at source Rs. 21.63 lacs (Previous year Rs. 28.55 lacs).

Includes Rs. 187.04 lacs (Previous year Nil) as gain due to fluctuations in foreign exchange rates.

10. MANUFACTURING AND OTHER EXPENSES

		Current Year Rs. /Lacs		Previous Year Rs. /Lacs
Raw materials consumed		**11,004.13**		8,455.02
Stores, spares and components consumed		**535.90**		500.16
Power, fuel, etc.		**2,039.66**		1,915.44
Repairs				
Buildings		**30.59**		41.04
Plant and machinery		**23.40**		28.36
Jobs on contract		**14.37**		20.51
Salaries, wages, commission, etc.		**4,059.48**		3,565.68
Bonus		**105.94**		94.79
Gratuity paid		**27.99**		31.41
Provision for gratuity and leave liability		**60.76**		90.20
Provident a nd other funds		**367.02**		323.98
Welfare		**33.37**		38.57
Rent		**112.77**		123.72
Insurance		**35.14**		37.87
Rates and taxes		**21.13**		19.03
Auditors' remuneration #				
As auditors				
– Audit fees		**8.20**		5.22
In other capacity				
– Verification of statements and other reports		**8.04**		5.13
– Limited review of unaudited financial results		**8.25**		5.40
Out-of-pocket expenses		**0.34**		0.31
Directors' fee		**3.57**		1.84
Provision for doubtful debts and advances		**49.95**		3.19
Doubtful debts and advances written off	**76.53**		39.90	
Less : Provision already held	**39.68**	**36.85**	21.99	17.91
Loss on sale of fixed assets		**7.83**		7.78
Freight and transport		**484.97**		392.88
Commission to selling agents (other than sole selling)		**226.61**		222.64
Brokerage, discount (other than trade discount), etc.		**69.58**		47.84
Sales expenses		**60.18**		42.82
Travelling and conveyance		**143.76**		163.89
Legal and professional fees		**142.20**		172.40
Land development expenses	**101.90**		260.06	
Less : Adjusted against provision held {Refer to note 4.2 (a) of Schedule 12}	**101.90**	**–**	260.06	–
Miscellaneous expenses ##		**215.42**		276.14
		19,937.40		16,651.17
(Increase) / Decrease of finished and process stocks				
Closing stock				
Process stocks		**226.49**		262.58
Finished goods		**275.06**		777.75
Land (for development)		**1,000.00**		1,000.00
		1,501.55		2,040.33

10. MANUFACTURING AND OTHER EXPENSES continued

Less : Opening 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
	538.78	(508.56)
	20,476.18	16,142.61

Excluding service tax

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

11. INTEREST

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Interest on @		
– Debentures and other fixed loans	**443.15**	341.96
– Others	**308.06**	348.92
	751.21	690.88

@ In addition, interest amounting to Rs. Nil (Previous year Rs. 36.40 lacs) has been transferred to fixed assets and Rs. 0.95 lac (Previous year Rs. 0.88 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", 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, 2009 (%)
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.

The group has a joint venture entity Purearth Infrastructure Limited (PIL). Since "fit for consolidation" accounts of PIL could not be made available, the same have not been considered for consolidation by the Company in these consolidated financial statements although required in terms of Accounting Standard (AS) – 27 "Financial Reporting of interests in Joint Ventures".

2. **Significant accounting policies**

a) Accounting convention:

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

b) Use of Estimates:

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

c) Fixed assets:

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

d) Impairment:

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

e) Depreciation:

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

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

a) Vehicles, office and other equipment - 33.33%
(Other than computers)

b) Assets acquired upto June 30, 1986
- Plant and machinery – Rates prescribed under the Income-tax Rules, 1962, at the time of acquisition of such assets.
– Factory buildings – 3.39%
– Other buildings – 1.64%

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

iv) Depreciation has been calculated on a pro-rata basis in respect of acquisition/installation of all assets of the IT Division and on plant and machinery in other cases. Depreciation on remaining assets is provided for full year / period irrespective of the date of acquisition.

v) Leasehold improvements are amortised over the balance of the primary lease period.

vi) The intellectual property rights are amortized on a straight-line basis, based on management estimates of useful life varying from 1 to 5 years, commencing from the month in which the asset is available for use.

f) Investments:

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

g) Inventories:

i) Stores, spares and components are valued at cost or under.

ii) Raw materials, process stocks and finished goods are valued at lower of cost and net realisable value.

iii) Land (for development) on conversion into stock-in-trade from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relatable thereto.

Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis. Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.

h) Revenue recognition:
   i) Sale of goods is recognised at the point of despatch of finished goods to customers. Sales are inclusive of excise duty and exclusive of sales tax.
   ii) Revenue from software development contracts is recognised on the basis of milestone achieved, as provided in the contract.
   iii) Revenue on maintenance contracts is recognised on pro-rata basis linked with the period of contract.
   iv) Services income is recognised on accrual basis, as provided in the contracts.
   v) In respect of Land Development Project, sale of rights on outright basis is recognised in the year of such sale.
   vi) Interest on housing loans:
   Repayment of housing loan by the customers is by way of equated monthly 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.

i) Excise Duty:
Excise duty on sales is being deducted from gross sales and any increase/ decrease in excise duty on finished goods is being shown separately in the statement of profit and loss account.

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

k) Employees' Benefits:
   i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
   ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Profit and Loss Account.

l) Taxes on Income:
Income tax comprises current tax, fringe benefit tax and deferred tax. Current tax and fringe benefit tax is the amount expected to be paid for the year as determined in accordance with the provisions of the Income tax Act, 1961.
Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.
Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

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

n) 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:

Defined contribution plans

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

	Current Year Rs. lacs	Previous Year Rs. lacs
Contribution to provident fund	**114.88**	102.79
Contribution to superannuation fund	**23.59**	22.59
Contribution to employees' state insurance scheme	**33.19**	32.46

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

	Gratuity		Earned and sick leaves	
	Current year	Previous year	**Current year**	Previous year
Change in present value of obligation				
Present value of obligation as at the beginning of the year	**266.36**	214.14	**108.97**	87.15
Current service cost	**29.75**	19.72	**15.84**	12.70
Interest cost	**18.63**	18.96	**7.63**	8.07
Actuarial (gain) / loss	**21.87**	44.95	**6.36**	17.21
Benefits paid	**27.99**	31.41	**11.34**	16.16
Present value of obligation as at the end of the year	**308.62**	266.36	**127.46**	108.97
Change in plan assets	**Not applicable**	Not applicable	**Not applicable**	Not applicable
Plan assets at the beginning of the year				
Expected return on plan assets				
Contribution by the Company				
Benefits paid				
Actuarial gain / (loss)				
Plan assets at the end of the year				
Liability recognised in the financial statement				
Cost for the year				
Current service cost	**29.75**	19.72	**15.84**	12.70
Interest cost	**18.63**	18.96	**7.63**	8.07
Return on plan assets	–	–	–	–
Actuarial (gain) / loss	**21.87**	44.95	**6.36**	17.21
Net cost	**70.25**	83.63	**29.83**	37.98
Constitution of plan assets Other than equity, debt, property and bank a/c Funded with LIC	**Not applicable**	Not applicable	**Not applicable**	Not applicable
Main actuarial assumptions				
Discount rate	**7.00%**	8.00%	**7.00%**	8.00%
Rate of increase in compensation levels	**4.50%**	5.50%	**4.50%**	5.50%

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

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 the 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 / Kishan Ganj, 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.502.95 lacs (Previous year Rs. 823.33 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. 320.38 lacs (Previous year Rs. 260.93 lacs) have been utilized / adjusted during the year out of the above provision for contingencies.

b) the outstanding as at March 31, 2009 from PIL on account of sale of development rights aggregate Rs. 15,374.89 lacs (Previous year Rs. 17,471.91 lacs), against which DCM Limited holds a security deposit of Rs.300 lacs (Previous year 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. 14,875 lacs (Previous year Rs. 12,972 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 year Rs. 777.65 lacs) due since March 2, 2004 towards a financial institution and Rs. 525.19 lacs (Previous year Rs. 646.60 lacs) due since January 2, 2005, Rs. 878.52 lacs (Previous year Rs. 944.01 lacs) due since January 2, 2006, Rs. 1,920.67 lacs (Previous year Rs. 3,597.55 lacs) due since January 2, 2007, Rs. 3,493.04 lacs (Previous year Rs. 3,760.81 lacs) due since January 2, 2008 and Rs. 2,238.88 lacs due since January 2, 2009 towards holders of Part–B of non-convertible potion of 16% Secured Partly Convertible Debentures are pending for payment.
In respect of 19.5% Secured Non-Convertible Debentures aggregating Rs. 203.53 lacs (including interest Rs. 45.14 lacs), an amount equivalent thereto has been deposited in a 'No lien account / Fixed deposit account' pledged with a scheduled bank, the Trustee for these debentures, in terms of the Trust Deed.

4.6 During the year, pursuant to a memorandum of understanding (MOU) / arrangement dated March 27, 2009 entered into with PIL, certain liabilities required to be borne by DCM Limited in relation to the real estate project transferred to PIL under SORA/ Definitive agreement dated February 16, 2004 are no longer payable by DCM Limited as in view of this MOU, these will be borne by PIL. Consequently, DCM Limited has written back Rs. 532.17 lacs under the head 'Provisions and liabilities no longer required, written back' in Schedule 9A.

		Current Year Rs. Lacs	Previous Year Rs. Lacs
5.	Contingent liabilities not provided for:		
	Claims not acknowledged as debts: *		
–	Income–tax matters	**97.41**	1060.16
–	Sales tax matters	**49.49**	30.17
–	Customs duty	**12.55**	12.55
–	Employees' claims (to the extent ascertained)	**44.52**	45.43
–	Others	**204.92**	220.67

* 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 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.

		Current Year Rs. Lacs	Previous Year Rs. Lacs
7.	Managerial remuneration		
	Directors' sitting fees	**3.57**	1.84

		Current Year	Previous Year
8.	Earning per share:		
(a)	Profit/(loss) after taxation as per profit and loss account (Rs./lacs)	**608.39**	(155.57)
(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)	**3.50**	(0.90)

9. During the financial period 1992-93, DCM Limited revalued its land pertaining to its unit Hissar Textile Mills, Hissar, as of April 1, 1990, the date when DCM Limited was re-organised, on the basis of valuation carried out by an approved valuer. This revaluation resulted in a surplus of Rs. 969 lacs, which was credited to the revaluation reserve, already adjusted in previous years.

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 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.

11. Capital work in progress includes unsecured advances, considered good, Rs.295 lacs (Previous year Rs.295 lacs) paid during the previous years to a party to acquire certain property under construction at New Delhi. The construction was a matter of litigation between the builder and the local authorities. The High Court of Delhi has allowed the builder to construct the property subject to certain conditions. The management is confident that the advance paid to acquire the property is good and fully recoverable.

12. In the previous years, the DCM Limited's claim for the refund of an Inter Corporate Deposit amounting to Rs.100 lacs against a body corporate was settled by the body corporate by issuing, in terms of an arbitration award, 0% non-cumulative, non-voting, redeemable preference shares of Rs.100 each to DCM Limited, redeemable within 20 years. The management is confident that the investment acquired in preference shares of the body corporate is good and fully recoverable.

13. (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. 112.77 lacs (Previous year Rs. 123.72 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. 20.67 lacs (Previous year Rs. 18.37 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	40.59	3.11
Furniture and fittings	34.47	26.38	2.10
Total	127.38	66.97	5.21
Previous Year	127.38	61.76	5.20

(iii) The Group, during the earlier years, has given one of its rented premises on sub-lease under a non-cancellable operating lease. The related lease income of Rs. 12.00 lacs (Previous year Rs. 48.00 lacs) has been recognised in the profit and loss account.
Future minimum lease payments receivables:

Not later than one year - Rs. 19.00 lacs (Previous year Rs. 46.35 lacs)
Later than one year and not later than five years - Rs. Nil (Previous year Rs. Nil)

14. 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 Mawana Sugars Limited (formerly known as 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.

15. An amount of Rs. 1,510 lacs (Previous year Rs. 2,342 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 DCM Limited.

16. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous year Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous year Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous year Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous year Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous year Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous year Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.86 lacs (Previous year Rs. 279.86 lacs) {(Maximum amount outstanding Rs. 279.86 lacs (Previous year Rs. 279.86 lacs)}.

17. Based on the information so far available with the Group i.e. up to June 26, 2009, the balance due to the Micro, Small and Medium Enterprises so identified is Rs. 0.40 lac. Further, there are no delays in the payment of dues to such enterprises.

18. SEGMENT REPORTING

a) The business segments comprise the following:

Textiles – Yarn manufacturing
IT Services – IT Infrastructure services and software development.
Real Estate – Development at DCM Limited's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.
Other – Leasing / financing, investing & others.

b) Business segments have been identified based on the nature and class of products and services, their customers and assessment of the differential risks and returns and financial reporting system within the Group.

c) The geographical segments considered for disclosure are based on location of customers, broadly as under:
– within India
– outside India

d) Segment accounting policies;
In addition to the significant accounting policies, applicable to the business as set out in note 2 above, the accounting policies in relation to segment

accounting are as under:

(i) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amounts of certain assets/liabilities pertaining to two or more segments are allocated to the segments on reasonable basis.

(ii) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

(iii) Inter segment sales:

Inter-segment sales are accounted for at cost and are eliminated in consolidation.

e) Primary Segment information (Business Segments) for the year ended March 31, 2009

Amount in Rs./Lacs

	Textiles		IT Services		Real Estate		Other		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
1 Segment revenue														
– External sales/services	**17,882.78**	13,197.33	**3,511.96**	3,158.47	**–**	–	**6.09**	2.41	**21400.83**	16358.21	**–**	–	**21400.83**	16358.21
– Other income	**455.18**	405.49	**213.46**	113.95	**532.17**	–	**4.11**	2.06	**1204.92**	521.50	**–**	–	**1204.92**	521.50
– Inter segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total Revenue	**18,337.96**	13,602.82	**3,725.42**	3,272.42	**532.17**	–	**10.20**	4.47	**22605.75**	16879.71	**–**	–	**22605.75**	16879.71
2 Segment results	**1,311.06**	671.56	**83.10**	(102.97)	**532.17**	–	**1.47**	(4.13)	**1927.80**	564.46			**1927.80**	564.46
Unallocated corporate expenses/ income (net of unallocated income/ expenses)											**(462.14)**	30.31	**(462.14)**	30.31
Profit before interest and tax													**1465.66**	594.77
Interest expense											**751.21**	690.88	**751.21**	690.88
Provision for taxation											**106.06**	59.46	**106.06**	59.46
3 Profit/(loss) after taxation													**608.39**	(155.57)
4 Other information														
(a) Segment assets	**14,450.51**	17,749.17	**1,198.67**	1,192.01	**16,574.37**	18,986.78	**348.28**	348.10	**32571.83**	38276.06			**32571.83**	38276.06
Investments											**6313.40**	6313.40	**6313.40**	6313.40
Other unallocated assets											**3246.31**	3484.60	**3246.31**	3484.60
Total Assets													**42131.54**	48074.06
(b) Segment liabilities	**645.65**	1,300.79	**471.80**	486.98	**5,739.34**	6,529.48	**8.93**	9.64	**6865.72**	8326.89			**6865.72**	8326.89
Share capital and reserves (net of debit balance in profit and loss account)											**7275.96**	6667.57	**7275.96**	6667.57
Minority interest											**0.01**	0.01	**0.01**	0.01
Loan funds											**19291.18**	24349.42	**19291.18**	24349.42
Other unallocated liabilities											**8698.67**	8730.17	**8698.67**	8730.17
Total liabilities													**42131.54**	48074.06
(c) Capital expenditure	**42.48**	1,749.77	**31.16**	15.83	**–**	–	**–**	–	**73.64**	1765.60	**0.57**	83.10	**74.21**	1848.70
(d) Depreciation	**744.12**	650.21	**59.61**	61.41	**–**	–	**0.01**	0.01	**803.74**	711.63	**18.57**	27.19	**822.31**	738.82
(e) Non–cash expenditure other than depreciation	**28.12**	–	**30.50**	54.27	**–**	–	**0.08**	–	**58.70**	54.27	**28.10**	–	**86.80**	54.27

f) Secondary segment information (Geographical segments)

Amount in Rs./Lacs

	Current Year	Previous Year
Segment revenue (Including excise duty)		
Revenue within India	**13243.75**	8758.54
Revenue outside India	**9362.00**	8121.17
Total segment revenue	**22605.75**	16879.71
Segment assets		
Within India	**31809.64**	37601.04
Outside India	**762.19**	675.02
Total segment assets	**32571.83**	38276.06
Capital expenditure		
Within India	**72.87**	1763.81
Outside India	**0.77**	1.79
Total segment capital expenditure	**73.64**	1765.60

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

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

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

II. **Joint venture:**
Purearth Infrastructure Limited (PIL)

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

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

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

i) Transactions with subsidiaries and Joint venture (Rs. Lacs)

Particulars		Subsidiary		Joint venture		Total	
		Current year	Previous year	**Current year**	Previous year	**Current year**	Previous year
Services rendered	– DEL	**12.18**	–	**–**	–	**12.18**	–
Expenses recovered	– DEL	**0.11**	–	**–**	–	**0.11**	–
	– PIL	**–**	–	**33.35**	26.15	**33.35**	26.15
Balance outstanding at the year end:							
a) Sundry debtors	– PIL	**–**	–	**15374.89**	17471.91	**15374.89**	17471.91
	– DEL	**4.69**	–	**–**	–	**4.69**	–
b) Advance / consideration for purchase of rights in flats	– PIL	**–**	–	**672.79**	672.79	**672.79**	672.79
c) Deposit payable	– PIL	**–**	–	**300.00**	300.00	**300.00**	300.00
d) Advances recoverable	– PIL	**–**	–	**38.30**	40.33	**38.30**	40.33

(Rs. Lacs)

ii) Transactions with key managerial personnel

	Current year	Previous year
Remuneration *		
– Mr. Hemant Bharat Ram	**59.50**	55.78
– Mr. Sumant Bharat Ram	**66.97**	56.38
Sitting fees		
– Mr. N K Jain	**0.28**	0.28
Balance outstanding at the year end:		
Payables:		
Interest on Fixed deposit		
– Dr. Vinay Bharat Ram	**2.20**	2.20
Others		
– Dr. Vinay Bharat Ram	**0.92**	25.92
– Mr. Hemant Bharat Ram	**2.11**	2.21
– Mr. Sumant Bharat Ram	**2.51**	2.02
Guarantees given on behalf of the Group by:		
– Dr. Vinay Bharat Ram	**778.20**	779.23

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

20. 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, 2009 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	– Deputy Commissioner of Commercial Taxes (Appeals)	22.24	3.98	1998-99
		– 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,1961	Income-tax	– Commissioner of Income Tax (Appeals)	97.41	51.25	Assessment Year 2000-01

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	Forum where pending	Amount (Rs. lacs)	Period to which the amount relates
Income-tax Act, 1961	Income-tax	- Delhi High Court - Appellate Tribunal	595.27 853.32	Assessment Years 1980-81 to 1990-91. Assessment Year 2004-05

21. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency			Amount in Rs. Lacs	
	Current Year	Previous Year	**Current Year**	Previous Year		**Current Year**	Previous Year	**Current Year**	Previous Year
Forward Contract	**8**	–	**Hedge**	–	US$	**722,792**	–	**371.42**	–

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

Particulars	**Current Year**			Previous Year		
	Amount in Foreign currency		**Amount in Rs. Lacs**	Amount in Foreign currency		Amount in Rs. Lacs
Debtors	**US$**	**1,898,801**	**962.91**	US$	2,264,925	896.64
	Sing$	–	–	Sing$	390	0.11
Cash and Bank	**US$**	**45,405**	**23.04**	US$	26,364	10.45
Loans and Advances	**US$**	**163,509**	**82.95**	US$	253,997	100.71
Current Liabilities	**US$**	**361,492**	**181.83**	US$	454,137	180.13
Provisions	**US$**	**22,200**	**11.26**	US$	81,732	32.41

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

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

POSTAL BALLOT FORM

1. Name(s) of the Shareholder(s) ______________________
   (In block letters)
   (Including joint holder, if any) ______________________

2. Registered address of the sole/ first
   Named Shareholder ______________________

3. Registered Folio No./DP ID No.
   Client ID No.* ____________ ______________________
   (*Applicable to shareholders holding
   Shares in dematerialized form)

4. Number of Shares held ______________________

5. I/ We hereby exercise my / our vote in respect of the ordinary resolution to be passed through postal ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the tick (_/) mark at the appropriate box below: -

Item No.	**No. of Shares**	**Particulars**	
5 of Notice of 119th AGM		I/ We assent to the resolution	
		I/ We dissent to the resolution	

Place:

Date:

____
(Signature of the Shareholder)

Instructions

1. A Shareholder desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the company in the attached self- addressed envelope. Postage will be borne and paid by the company. However, envelopes containing postal ballots, if sent by courier at the expenses of the registered Shareholder will also be accepted.

2. The self-addressed envelope bears the address of the scrutinizer appointed by the Board of Directors of the company.

3. This form should be completed and signed by the Shareholder. In the case of joint holding, this form should be completed and signed (as per the specimen signature registered with the company) by the first named Shareholder and in his absence, by the next named Shareholder. In the case of Shares held by Companies, Trusts, Societies, etc., a certified true copy of the Board Resolution/Authority should accompany the duly completed Postal Ballot Form.

4. Unsigned Postal Ballot form will be rejected.

5. Duly completed Postal Ballot Form should reach the company not later than the close of working hours on August 10, 2009. Postal Ballot Form received after this date will be strictly treated as if the reply from the Shareholder has not been received.

6. Voting right shall be reckoned on the paid up value of shares registered in the name of the Shareholders on the cut off date i.e June 26, 2009.

7. Shareholders are requested not to send any other paper with the Postal Ballot form in the self-addressed postage prepaid envelope.

8. Votes will be considered invalid on the following grounds:

    - If the members signature does not tally or
    - If the member has marked both in favour and against or
    - If the ballot paper received is torn, defaced or mutilated to the extent that it is difficult for the scrutinizer to identify either the member or number of votes or as to whether the votes or as to whether the votes are in favour or against or if the signature couldn't be checked or in one or more of the abovesaid grounds or;
    - On such grounds which in the opinion of the scrutinizer makes the vote invalid

9. The Scrutinizers decision on the validity of the Postal Ballot shall be final

10. There shall be one postal ballot for every folio/client id, irrespective of no. of joint holders

11. The votes in Postal Ballot cannot be exercised by a Proxy

DCM LIMITED

Registered Office: Vikrant Tower, 4, Rajendra Place, New Delhi-110008

D C M

ADMISSION SLIP

Please compmlete 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 ________	________	________
2 ________	________	________
3 ________	________	________

I HEREBY RECORD MY/OUR PRESENCE AT THE 119th ANNUAL GENERAL MEETING OF **DCM LIMITED** ON THURSDAY, AUGUST 13, 2009 AT 2.30 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 AND COLD DRINKS WILL BE SERVED AT THE MEETING.
3. NO DUPLICATE ATTENDANCE 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

DCM LIMITED

Registered Office: Vikrant Tower, 4, Rajendra Place, New Delhi-110008

D C M

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 ________	________	________
2 ________	________	________
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 119th Annual General Meeting of the Company to be held on THURSDAY, AUGUST 13, 2009 AT 2.30 P.M. and at any adjournment thereof .

Signed this ______________ day of ______________ 2009

1 Rs. Revenue Stamp

*Applicable for investors holding shares in electronic form. Signature______________

Notes: 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.