BOARD OF DIRECTORS

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

Mr. Jitendra Tuli

Prof. J.S. Sodhi

Mr. Sudhin Roy Chowdhury
(Nominee - LIC)

COMPANY SECRETARY

Mr. Bhabagrahi Pradhan

BANKERS

Punjab National Bank

State Bank of Bikaner and Jaipur

AUDITORS

A.F Ferguson & Co.

Chartered Accountants

New Delhi

REGISTERED OFFICE

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

SHARE TRANSFER AGENT

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

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

NOTICE

Notice is hereby given that the 120th Annual General Meeting of the Company will be held on Friday, the 30th day of July, 2010 at 12.30 P.M, at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110 054 for transacting the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts as at March 31, 2010 and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Surender Nath Pandey, 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, 2009 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 of the Company be and is hereby authorized to take necessary steps, acts and actions to the above resolution".

By the order of the Board
For **DCM Limited**
Sd/-
Place : New Delhi **B. Pradhan**
Date : May 28, 2010 Company Secretary

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 July 24, 2010 to July 30, 2010 (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. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays and Sundays, between 14.00 hrs to 16.00 hrs. upto July 29, 2010

(ANNEXURE TO NOTICE)

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

ITEM NUMBER 4

The Board of Directors in their meeting held on October 28, 2009 had reappointed Mr. Naresh Kumar Jain as the Managing Director of the Company. He is an Arts Graduate and also holds Master Degree in Business Administration. He is the President of Punjab Merchants Chamber and Member of Gem & Jewellery Export Promotion Council.

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

By the order of the Board
For **DCM Limited**
Sd/-
Place : New Delhi **B. Pradhan**
Date : May 28, 2010 Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 120th Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2010.

FINANCIAL DATA **Rs./Crores**

	Financial Year ended March 31, 2010	Financial Year ended March 31, 2009
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	**27.74**	22.86
Less: – Interest	**7.72**	7.51
– Depreciation	**7.84**	8.22
Exceptional Item	**46.66**	–
Profit/(Loss) before tax	**58.84**	7.13
Less -Provision for tax	**(6.85)**	1.06
Profit/(Loss) after tax	**65.69**	6.07
Add -Profit/(Loss) brought forward	**(14.57)**	(20.64)
Add –Debenture Redemption Reserve Written Back	**24.28**	–
Profit/(Loss) carried to the Balance Sheet	**75.40**	(14.57)

OPERATIONS OVERVIEW

Textile Division

The Textile Division of the company is located at Hisar in Haryana. It is a ISO9001 certified unit with a cotton yarn capacity of 74436 spindles. During the year under review, the production of yarn increased to 15827 MT from 14888 MT last year recording a growth of 6.31% (approx) in volume. The Division earned profit before tax of Rs. 19.84 Crores as against Rs. 6.88 Crores in the previous year with a bottom line growth of 188%. The Profitability is increased because of operational efficiency and picking up of demand leading to strong yarn prices during the second half of the financial year.

The division is now exporting its product to around 25 countries. Efforts are being made to expand the export market by introducing some value added products in the niche segment and penetrate more into domestic market by developing direct customers. During the year, the division has initiated modernization projects of its plant to enhance efficiency and add further value to its products.

IT Division

After the widespread economic volatility and uncertainty over the previous years, some semblance of stability returned in the corporate world towards the end of last year. The IT industry is expected to stabilize and return to growth from 2010 onwards. Despite the pressure in the global markets, especially USA and Europe the division was able to grow its onsite operations and establish its India centric businesses. Operational Profitability of the division has improved despite pressure on rates & consequently margins. However, the net profit was affected adversely due to adverse foreign exchange impact of Rs 68 Lacs during the year as against favorable impact of Rs 137 Lacs during the previous year.

The domestic IT Infrastructure services have shown a healthy growth during the year due to the Customer associations with most large IT Service providers have matured now and regular orders are being received. The remote support facility is now fully operational and caters to clients both in the USA and India.

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

ONE TIME SETTLEMENT OF DUES OF UTI

During the year, DCM Ltd, DCM Engineering Ltd and 4 promoter group companies have agreed for One Time Settlement (OTS) of dues of UTI {now succeeded by Specified undertaking of UTI (SUUTI) and UTI Mutual Fund (UTIMF)}. The Company has made full and final payment of said OTS dues of UTI and has been issued no dues certificate(s). Consequent to the said settlement interest liabilities of Rs. 46.66 Crores accrued in the books have been written back during the year and shown as an exceptional item in the books of accounts.

REDEMPTION OF DEBENTURES

The redemption/ repayments of 16% Partly Convertible Debentures (PCDs) 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. The outstanding dues of these PCD holders aggregating to Rs. 29.81 Crs (approx) comprising of principal and interest would be paid as per said SORA as may be modified by court. (refer to note 3.4 of Notes to accounts in schedule 13 of Accounts annexed).

Pursuant to redemption of dues of 19.5% Non Convertible Debentures during last financial year 2008-09, the unclaimed/un-encashed amount with respect of the said 19.5% Non Convertible Debentures were deposited in a separate no-lien Bank account opened in the name of State Bank of Patiala, being the Debenture Trustees. Any investor whose investment in 19.5% NCDs remained unclaimed /un-encashed may lodge their claim at the registered office of the Company and/or to the Debenture Trustees.

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 other than unclaimed/ legal cases aggregating to Rs. 15.96 lacs 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. (refer to note 3.4 of Notes to accounts in schedule 13 of Accounts annexed).

The said amount of unclaimed / legal cases has been deposited in a separate bank account to earmark the funds for the payment of these unclaimed / legal cases.

DIRECTORS

The Board of the Company on October 28, 2009 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2009 to December 19, 2010. His appointment shall be placed for the approval and ratification of shareholders at the AGM to be held on July 30, 2010.

Dr. Surendra Nath Pandey, 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 2009-10.

DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

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

Reference para 4(iv) of the Auditors' Report

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2010 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, 2009. 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, 2010. (Note 17 of Notes to Accounts in Schedule 13 of Accounts annexed). Further, in absence of required information of joint venture Company, the same have not been considered for consolidation in the Consolidated Financial Statements (Note 1 of Notes to Accounts in Schedule 13 of Consolidated Accounts annexed).

Reference para 4(vi) of the Auditors' Report

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

There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and Memorandum of Understanding between the companies involved, when the liabilities/benefits are finally determined. The final liability, when determined, would in case of the Company, be limited only to one third of the total liability (Note 12 of Notes to Accounts in Schedule 13 of Accounts annexed).

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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

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

DIVIDEND

The Directors did not propose any dividend for the year under report, keeping in view the requirement to plough back the funds for internal growth / closure of liabilities under SORA.

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, 2010 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 notified in the Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries.

AUDIT COMMITTEE

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

AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 120th 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 994 students on the rolls in both the schools in different classes. The Textiles Division of the Company is also running a school upto 10th standard in the campus at Hissar. There are 550 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 : May 28, 2010 — **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 division is continuously endeavoring to develop most energy efficient process and to upgrade into latest energy efficient devices. Recently the division has installed temperature controller, cyclic timer and optimizing WCS of Blow Room. 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	9581.90
Foreign Exchange Outgo	3431.31

FORM –A

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

Particulars	2009-2010 (12 Months)	2008-2009 (12 Months)
A. POWER AND FUEL CONSUMPTION	**44628260**	44685271
1. Electricity (KWH)(a)		
a) Purchased:-		
– Unit (KWH)	**40424670**	44636460
– Total Amount (Lac/Rs.)	**1777.62**	1993.77
– Rate per unit (Rs.)	**4.40**	4.47
b) Own Generation:		
i) Through Generator		
– Unit (KWH)	**4203590**	48811
– Unit per Lt. of F.O./ L.D.O./HSD	**3.44**	2.54
– Cost /unit (Rs./KWH)	**8.06**	24.95*
ii) Through Steam Turbine/ Generator	**NIL**	NIL
2. Coal	**NIL**	NIL
3. Furnace Oil (LDO&HSD)		
– Quantity (K.Ltr.)	**1220405**	19217
– Total Amount(Lac/Rs)	**338.38**	12.18*
– Average Rate(Rs/K.Ltr.)	**27.73**	63.39*
4. Others (LPG)	**NIL**	NIL
– Quantity (K.Ltr.)		
– Total /Cost (Rs/Lac)		
– Rate/Unit (Rs/Mt)		

Particulars	2009-2010 (12 Months)	2008-2009 (12 Months)
B. CONSUMPTION PER UNIT OF PROD		
Particulars Standard (if any)-		
– Electricity (KWH)	**2.82**	3.00
– Furnace Oil/HSD(Ltrs)	–	–
– Coal	–	–
– Others (LPG)	–	–

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

FORM-'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION-2009-10

RESEARCH & DEVELOPMENT

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

   Textile Division : NIL

   IT Division : NIL

2. BENEFITS DERIVED

   Textile Division : NIL

   IT Division : NIL

3. FUTURE PLAN OF ACTION

   Textile Division : NIL

   IT Division : NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts made & Benefits

Textile Division : NIL

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

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

(A) Employed throughout the year under review and who were in receipt of remuneration, which in aggregate was not less than Rs. 2.00 lacs per month.

S. No.	Name	Designation and Nature of Duties	Unit/Division	Remuneration received (Rs./Lacs)	Qualifications	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	Chief Operating & Financial Officer	Corporate Office	72.80	BS (Math & Comp. Sc) MS (IA)	19	44	1-Aug-91	DCM Technologies Ltd.
2	Mr. Sumant Bharat Ram	President - Corporate Affairs	Corporate Office	77.61	B.A(H)-Eco., MBA	18	43	4-Oct-95	DCM Realty Investment & Consulting Limited
3	Mr. Ashwani Singhal	Executive Vice President (Acs & Fin)	Corporate Office	38.83	B. Com (H), FCA, Ph.D.	30	53	5-Feb-93	Modi Rubbers Ltd.
4	Mr. Ashok Agarwal	Executive Vice President (Legal)	Corporate Office	40.40	B.Sc. LLB, Dip. in Corp. Law & Sec. Practice Labour Law, Taxation	31	54	20-Sept-82	Adocate Delhi High Court
5	Mr. Rakesh Goel	Chief Executive Officer	DCM Textile, Hissar	46.41	M.B.A.	30	53	23-Nov-90	Hafed Spinning Mills
6	Mr. Varun Sarin	Chief Executive Officer	DCM Data Systems, Gurgaon	30.18	B. Com., CA	23	48	8-Mar-99	PT Indorama, Indonesia

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

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

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

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, 2009 to March 31, 2010 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, 2010 the Board comprised of Six (6) Directors, namely, Dr. Surender Nath Pandey, Chairman; Mr. Naresh Kumar Jain, Managing Director; Mr. Samir Kumar Das; Mr. Sudhin Roy Chowdhury; 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 a Nominee Director of UTI and Mr. Sudhin Roy Chowdhury is a Nominee Director of LIC. Mr. Sudhin Roy Chowdhury was nominated by LIC and appointed by the board with effect from October 28, 2009. 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 Dr. Surender Nath Pandey, who has been longest in office, is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 120th 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 28, 2009 for a period of one year i.e. with effect from December 20, 2009 to December 19, 2010. His appointment is placed for the approval and ratification of shareholders at the ensuing AGM.

The Board of Directors at its meeting held on 28th October 2009 has inducted Mr. Sudhin Roy Chowdhury as nominee director, as per nomination received from Life Insurance Corporation of India. He will not be liable to retire by rotation under Section 255 of the Companies Act, 1956.

(C) Board Meetings:

During the year April 01, 2009 to March 31, 2010, five (5) meetings of the Board of Directors were held on May 20, 2009, June 26, 2009, July 29, 2009, October 28, 2009, and January 29, 2010. The attendance of each Director at these meetings and the last Annual General Meeting was as under.

S. No.	Name	Type of Director	No. of meeting held during 2009-10	No. of meeting attended	Last AGM (on 13.08.09) 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	4	No	10.12.01	—
3.	Prof. Joginder Singh Sodhi	Non-Executive	5	3	Yes	10.12.01	—
4.	Mr. S. K. Das (Nominee)*	Non-Executive	5	4	Yes	22.02.02	—
5.	Mr. Sodhin Roy Chowdhury** (Nominee)	Non-Executive	5	1	N.A.	28.10.09	—
6.	Mr. Jitendra Tuli	Non-Executive	5	5	Yes	20.12.05	—

** Mr. S. K. Das has resigned from directorship on April 20, 2010 pursuant to withdrawal of nomination by UTI.*

*** Mr. Sudhin Roy Chowdhury was appointed as Nominee Director of Life Insurance Corporation of India w.e.f 28th October 2009.*

(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 appointments. 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, 2009 to March 31, 2010 are as under: (Rs./Lacs)

S. No.	Name	Sitting Fees	Salary & Perquisites
1.	Dr. Surender Nath Pandey	0.71	Nil
2.	Mr. Naresh Kuman Jain	0.46	Nil
3.	Prof. Joginder Singh Sodhi	0.66	Nil
4.	Mr. Jitendra Tuli	0.85	Nil
5.	Mr. S.K. Das (Nominee)	0.65	Nil
6.	Mr. Sudhin Roy Chowdhury (Nominee)	0.05	Nil
TOTAL		**3.38**	**Nil**

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

(G) Compensation Committee

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

As on March 31, 2010 the Compensation Committee comprised of Dr. Surender Nath Pandey, Mr. N.K Jain and Mr. Jitendra Tuli. Dr. Surender Nath Pandey is the Chairman of Compensation Committee.

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, 2010:

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. Surender Nath 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
6.	Mr. Sudhin Roy Chowdhury (Nominee)	NIL	Nil	Nil	Nil

(I) Important items discussed at the Board Meetings:

The Board of the Company is provided with detailed notes along with the agenda papers in advance in respect of various items discussed in the Board meetings including:

1. Annual Business Plan including financial and operational plan
2. Quarterly financial results/Annual financial statements.
3. Appointment of senior executives.
4. Review of operation of units.
5. Investment proposals.
6. Quarterly statutory compliance report.
7. Progress on restructuring plan of the Company.
8. Capital budgets and 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, 2010, the Audit Committee of the Board comprised of Mr. Jitendra Tuli, Prof. Joginder Singh Sodhi, Dr. Surender Nath Pandey 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, 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 financial year 2009-10, five (5) Audit Committee meetings have taken place on May 20, 2009, June 26, 2009, July 29, 2009, October 28, 2009, and January 29, 2010.

S. No.	Name	Designation	No. of meetings held during 2009-2010	Number of Committee meeting attended
1.	Mr. Jitendra Tuli	Chairman	5	5
2.	Prof. Joginder Singh Sodhi	Member	5	3
3.	Mr. S. K. Das	Member	5	4
4.	Dr. S. N. Pandey*	Member	5	3

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.

**Dr. Surender Nath Pandey was admitted as Member of the Audit Committee by the Board with effect from June 22, 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 2009-2010	Number of Committee meeting attended
1.	Dr. S. N. Pandey	Chairman	5	5
2.	Mr. Jitendra Tuli	Member	5	5
3.	Prof. Joginder Singh Sodhi	Member	5	4
4.	Mr. N. K. Jain	Member	5	5

The Share Transfer, Finance Facilities and Shareholders'/ Investors' Grievance Committee was reconstituted in the Board Meeting dated June 26, 2009 to the effect that Mr. Naresh Kumar Jain was appointed as member of the said committee.

Information relating to Shareholders/ Investors Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2010 is as under:

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

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

(L) Compliance Officer

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

(M) Subsidiary Company

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

Shri Jitendra Tuli, Independent Director of the Company, has been appointed as Director on the Board of DCM Engineering Ltd, a Material Unlisted subsidiary of the Company. All minutes of the board 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 16 of the schedule 13 (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 report forming part of the Annual Report is enclosed.

(R) CEO/CFO Certification

The certificate in compliance with Clause 49 V 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 and are also forwarded to the Stock Exchanges as per Listing Agreement. The results are put up on their web-site(s) by the Stock Exchanges. The 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.

Dr. Surender Nath Pandey retires by rotation at the ensuing Annual General Meeting.

Qualification/ Experience of Dr. Surender Nath Pandey:

Dr. Surender Nath Pandey, MA, LLB from Patna University, was associated with Tata Iron & Steel Company Limited for about 38 years. He was also a visiting faculty at XLRI, Jamshedpur & resident faculty of IIM, Calcutta. Dr. Pandey is one of the founder Members of IIPM and NIPM. At present he is working as a consultant to a number of major enterprises.

GENERAL SHAREHOLDER INFORMATION

a. **Annual General Meeting:**
Date : Friday, July 30, 2010
Time : 12.30 P.M.
Place : MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi

b. **Book Closure Date** : July 24, 2010 to July 30, 2010 (both days inclusive)

c. **Period** : April 01 to March 31

d. **Financial Calendar**

Financial reporting for the Quarter ending June 2010	Before mid Aug., 2010
Financial reporting for the Quarter ending Sep., 2010	Before mid Nov., 2010
Financial reporting for the Quarter ending Dec., 2010	Before mid Feb., 2011
Financial reporting for the financial year ending Mar., 2011	End of May, 2011

e. **Dividend Payment** : Board did not recommend any dividend for the year ended March 31, 2010

f. **Registered Office** : DCM LIMITED, Vikrant Tower, 4 Rajendra Place, New Delhi-110008. Ph. : 011-41539177-80

g. **Registrar & Share Transfer Agent**
: MCS Limited, F–65 Okhla Industrial Area, Phase I, New Delhi 110 020 Ph. : 011- 41406149

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

i. **Listing:**
Shares of Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fee for the year upto April 01, 2010 to March 31, 2011 has been paid to both the 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, 2010, 81.67% of issued share capitals of the company have been dematerialized.

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

m. **Details of last three AGMs**

Year	Location	Date	Time	Special Resolutions passed
2009	119th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	13.08.09	2.30pm	Nil
2008	118th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	23.07.08	12.30pm	- Nil
2007	117th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	27.08.07	11.30am	- Nil

n. **Distribution of shareholding :** as on March 31, 2010

Category	No. of Shares	% of Shareholding
Promoters, Directors & Relatives	7917290	45.56
Mutual fund/UTI/FIs/Banks/Central Govt./State Govt./Insurance Companies	1830958	10.54
Bodies Corporate	2232030	12.84
NRI/Trust	91604	0.53
Individuals	5307155	30.53
TOTAL	**17379037**	**100.00**

Shareholdings	No. of folios	No. of Shares	% of Shareholding
Up to 5000	49629	4261121	24.52
5001-10000	109	785207	4.52
10001 – 50000	77	1727988	9.94
50001-100000	7	473565	2.72
Above 100000	21	10131156	58.30
TOTAL	**49843**	**17379037**	**100.00**

o. **Deposits:**
The Company has not raised any funds from the public during the financial year 2009-10

p. **Outstanding ADRs/ GDRs:**
The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument during the financial year 2009-10.

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

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

s. **Postal Ballot**
During the year under review the Company has not passed any special resolution through postal ballot. However, an Ordinary Resolution under 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) was passed at the 119th Annual General Meeting. At the ensuing Annual General Meeting there is no resolution proposed to be passed through postal ballot.

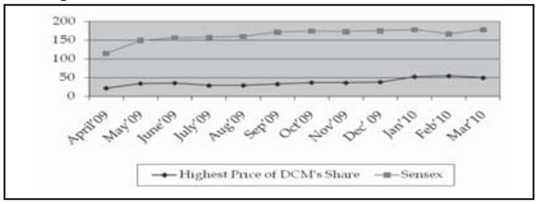
t. **Stock Market Data and Share price performance in comparison to broad base indices**

a) **DCM LIMITED vs SENSEX**

	DCM LIMITED		SENSEX	
	High	Low	High	Low
April-2009	22.00	15.60	11,492.10	9,546.29
May-2009	34.50	17.50	14,930.54	11,621.30
June-2009	35.80	21.05	15600.30'	14016.95
July-2009	29.00	22.25	15732.81	13219.99
August-2009	29.40	24.00	16002.46	14684.45
September-2009	33.00	27.55	17142.52	15356.72
October-2009	36.90	28.85	17493.17	15805.20
November-2009	36.45	27.80	17290.48	15330.56
December-2009	38.35	30.05	17530.94	16577.78

	DCM LIMITED		SENSEX	
	High	Low	High	Low
January-2010	52.80	36.00	17790.33	15982.08
February-2010	54.90	41.00	16669.25	15651.99
March-2010	49.85	39.60	17793.01	16438.45

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

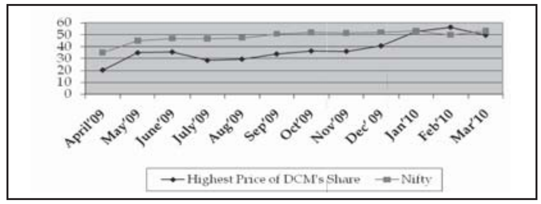


b) DCM LIMITED vs NIFTY

	DCM LIMITED		NIFTY	
	High	Low	High	Low
April-2009	20.50	15.65	3517.25	2965.70
May-2009	35.00	17.15	4509.40	3478.70
June-2009	35.70	21.65	4693.20	4143.25
July-2009	28.65	22.05	4669.75	3918.75
August-2009	29.70	23.55	4743.75	4359.40
September-2009	34.00	27.50	5087.60	4576.60
October-2009	36.50	28.50	5181.95	4687.50
November-2009	36.25	28.25	5138.00	4538.50
December-2009	40.80	30.50	5221.85	4943.95
January-2010	52.95	36.55	5310.85	5167.10
February-2010	56.40	41.90	4992.00	4757.25
March-2010	49.75	41.20	5329.55	4935.35

Source: BSE and NSE websites

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



NON-MANDATORY REQUIREMENTS

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

For and on behalf of the Board
Sd/-

Place: New Delhi
Date: May 28, 2010

Surender Nath Pandey
(Chairman)

Chief Executive Officer Declaration

I, Vinay Bharat Ram, Chief Executive Officer of DCM LIMITED declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the year ended March 31, 2010.

Sd/-

Place: New Delhi
Date: May 28, 2010

Dr. Vinay Bharat-Ram
Chief Executive Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF DCM LIMITED

We have examined the compliance of conditions of Corporate Governance by DCM Limited for the year ended March 31, 2010, 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
(Registration No. 112066W)

Place : New Delhi
Dated : May 28, 2010

Manjula Banerji
Partner
(Membership No. : 086423)

MANAGEMENT DISCUSSION AND ANALYSIS :

TEXTILE DIVISION

Industry Structure and Developments

The spinning industry is continuously getting relocated/concentrated in South Asia and China in the last couple of years and is becoming growth engine of these economies.

At present the contribution of the Indian textile industry to its 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. It is also estimated that, the industry will generate 12 million new jobs by the year 2012.

After the removal of quotas in 2005 and because of TUF interest subsidy, huge capacity expansions have taken place in Textile industry in India.

Outlook

The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. It is being modernized by an exclusive scheme TUF, which has set aside USD 5 billion for investment towards improvement of machinery. The projected value of the Indian textile industry is estimated to grow to USD 115 billion by the year 2012, comprising domestic of USD 60 billion and exports of USD 55 billion. Textiles sector has been identified as one of the priority sectors having high growth potential and higher multiplier effects for employment generation. Textile industry plays a dominant role in the country's economy.

The growth of spinning industry in Tamil Nadu, which houses 45% of total spindles of India, has almost ruined because of labour and power shortage. New additions of capacity has started happening in other parts of India after recent spurts in yarn prices.

Financial and Operational Performance

The Textile division of the company has done well in this year as cotton yarn prices jumped up considerably from November 2009 onwards due to picking up of demand.

The performance of the Textile business for the year ended 31st March 2010 is as follows-

S. No.	Particulars	2009-10 (12 months)	2008-09 (12 months)
1.	Sales in Quantity (MT)	**15629**	15392
2.	Production (MT)	**15827**	14888
3.	Sales & other Income (Rs in lacs)	**20212**	18328
4.	Total Expenditure (Rs in lacs)	**16922**	16269
5.	Interest (Rs in lacs)	**571**	628
6.	Depreciation (Rs in lacs)	**735**	744
7.	Profit before Tax (Rs in lacs)	**1984**	688

Manpower Development

The industrial relation of the management with workers remained cordial. Training of the employees is a continuous and integrated process of the division. Prior to training, competency of each employee is being assessed to identify potential of individuals. Training and mentoring programs are designed accordingly. The belief behind investing today in training is to create tomorrow's leader. Continuous experimentation with ways to improve the quality and productivity of the process is going on under TQM umbrella, so as to promote the culture of excellence.

Risk & Concerns

Rupee appreciation, Change in Policy of the Govt, shortage of work force and inadequate grid power supply are the major concerns for the division. However, the Division has been taking several initiatives like improving productivity by autonomous maintenance, rationalization of workforce, TQM, Employee training and development 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. The division ensures that the employees use proper Personal Protective Equipment (PPE) while at work.

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 550 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

After the widespread economic volatility and uncertainty over the previous years, some semblance of stability returned in the Corporate world towards the end of last year. The IT industry is expected to stabilize and return to growth from 2010 onwards.

The National Association of Software and Service Companies (NASSCOM), the apex body for software services in India, in its 'Strategic Review 2010' has forecast that the India IT/ITES industry is estimated to aggregate revenues of US$ 73.1 billion in FY 2010, with the IT software and services industry accounting for US$ 63.7 billion of revenue. Moreover, according to a study by Springboard Research published in February 2010, the Indian information technology (IT) market is expected to grow at around 15.5 per cent in 2010, on the back of growing investor confidence and favourable initiatives taken by the government.

The data centre services market in the country, is forecast to grow at a compound annual growth rate (CAGR) of 22.7 per cent between 2009 and 2011, to touch close to US$ 2.2 billion by the end of 2011, according to research firm IDC India's report published in March 2010. These services include not only the services needed around the making of data centers but also the administering of the same whether in-house or outsourced to a third party. The IDC India report has projected that the overall India data centre services market in 2009 was estimated at US$ 1.39 billion.

India is a preferred destination for overseas companies looking to offshore their IT and back-office functions. It also retains its low-cost advantage and is a financially attractive location when viewed in combination with the business environment it offers and the availability of skilled people. According to the NASSCOM Strategic Review 2010, IT services exports from India are estimated to grow by 5.8% in fiscal 2010, to record revenues of US $27.3 billion.

Opportunities & Outlook

As the recession hovering towards its end, the IT industry expects to grow in 2010; however the market is not expected to recover to 2008 growth levels till 2012, keeping in view the uncertainty of recovery in US and crisis in European

Union. The Year 2010 is about balancing the focus on cost, risk, and growth, which will then lead to gradual improvement in 2011.

The Indian government's focus on Infrastructure Projects with thrust on IT dimension is likely to be a strong driver for overall IT growth within the country. Despite the global economic crisis India's economy recorded a GDP growth of more than 6 per cent and this has helped to sustain the IT Industry, driven largely by domestic consumption when the western world was experiencing recessionary pressures.

Going forward, the division expect this year, to be the year when *cloud* computing moves from the discovery phase to small pilots, as part of organizations' desire to move from owned to shared IT Infrastructure for non critical applications like email in case of "public clouds". There might be companies trying out "private clouds" for some applications like Dealer Management systems, where dealers of a company can just go on to the "cloud" and access their applications. For critical applications where security can be a major issue the "cloud" is still a long way. That is one of the reasons why enterprise application companies like SAP and Oracle are subdued in their announcements on the "cloud". While the "cloud" is an opportunity for making IT a Utility (like Power, Water supply etc.) it is also throwing up a lot of challenges & opportunities, especially for companies' like ours. Over the next 3 years the division would need to come out with services which are rendered around and for the "cloud"

Three additional issues that were important in 2009 will continue to dominate IT leaders' agendas in 2010. These include:

- **Business Intelligence** – Users will continue to expand their investments in this area with the focus moving from 'in here to 'out there'
- **Virtualization** – IT leaders should not just invest in the server and data center environment, but in the entire infrastructure. In 2010, users will create the cornerstone for the cloud infrastructure. They will enable the infrastructure to move from owned to shared.
- **Social Media** – Organizations are starting to scale their efforts in this space. The technologies are improving and organizations realize that this is not only about digital natives. It's about all client segments and all generations

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

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

Financial & Operations Overview

Despite the financial crisis and severe recessionary trends in the global markets, especially USA, the division was able to grow its onsite operations and establish its India centric businesses. Profitability of the division improved despite pressure on rates & consequently margins, and adverse exchange impact of Rs 68 Lacs during the year as against favorable impact of Rs 137 Lacs during the previous year.

The India centric, IT Infrastructure services have shown a healthy growth, during the year. Customer associations with most large IT Service providers have matured and recurring orders are now being received. The remote support facility is now fully operational and caters to clients both in the USA and India.

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

S. No.	Particulars	**2009-2010 (12 months) (Rs. in Lacs)**	2008-2009 (12 months) (Rs. in Lacs)
1.	Sales & Other Income	**4315**	3606
2.	Total Expenditure	(4175)	(3600)
3.	Profit before Interest, Depreciation, Amortisation, Tax & Exchange Impact	**140**	6
4.	Interest	(54)	(50)
5.	Depreciation & Amortisation	(32)	(60)
6.	Profit Before Tax and exchange impact	54	(104)
7.	Exchange Fluctuation Loss(-)/gain	(68)	137
6.	Profit before Tax & after exchange impact	(14)	33

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 dependence on some customers for major part of business both in US and India is a concern area, though over the years the Division 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 labour, travel, work permits etc of that country - changes have a direct impact upon business.
- Similarly, any restrictions/ dis-incentives on off shoring if imposed by the US government might have some impact on the business of the Division.
- The exchange rate fluctuation has a direct and significant impact on the profitability 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 also for most IT companies.
- The division operates in a dynamic technology environment, which makes it imperative that we continuously upgrade and evolve resources and processes - technological obsolescence is a risk that we need to manage.

Adequacy of Internal Control Systems

The Operations of the division are spread across different geographies, including India and the USA, hence commensurate Internal controls have been instituted 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 ("the Company") as at March 31, 2010, the profit and loss account and the cash flow statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:

   i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii) the balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;

   iv) the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. *except that disclosures in terms of Accounting Standard (AS)-27 "Financial Reporting of Interest in Joint Ventures" for the reasons stated in note 17 of Schedule 13 have been made on the basis of last available financial statements of joint venture for the year ended March 31, 2009;*

   v) attention is invited to note 3 of Schedule 13 which explains in detail the position of the "Scheme of Restructuring and Arrangement" (SORA), sanctioned by the High Court of Delhi and the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result in to any adverse impact on the financials of the Company or on the successful implementation of the SORA;

   vi) *various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 12 of schedule 13. The effect of these on the accounts is not ascertainable at this stage;*

   The matters referred to in paragraphs 4 (iv) and (vi) to the extent covered here above were also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2009.

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

   a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;

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

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

5. On the basis of written representations received from the directors and taken on record by the Board of Directors and after considering the facts stated in note 3.4 of Schedule 13 that in terms of the 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, 2010 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.

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

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 28, 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

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

(i) In respect of its fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. However, in respect of certain raw materials, the inventories were verified by the management on a visual estimation which has been relied upon by us.

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

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) According to the information and explanations given to us, during the year, the particulars of contracts / arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section. For this purpose, the Company has taken the view that the transactions which are subjected to the provisions of section 299(6) of the Act are not required to be entered in this register. There are no transactions in excess of Rs.5 lacs in respect of any party, listed in the register maintained under section 301 of the Companies Act, 1956, during the year.

(vi) In our opinion, after considering the information and explanations given to us that the Order dated September 10, 1998 of the Company Law Board issued under Section 58A(9) of the Companies Act, 1956 (the Act) is an integral part of 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, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues and after considering 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:

(a) The Company has been regular in depositing undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and generally been regular in depositing dues in case of tax deducted at source with the appropriate authorities. There were no undisputed statutory dues outstanding for a period of more than six months from the date they become payable as at the year end.

(b) Details of dues of excise duty, customs duty, income-tax and sales tax matters which have not been deposited as on March 31, 2010 by the Company on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where pending	Total Amount involved* (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Period to which the amount relates
Customs Act	Customs Duty	Commissioner of Customs (Appeals)	12.55	–	1988-89
Income Tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	59.04	59.04	Assessment year 2002-03 2006-07 2007-08
Sales Tax Laws	Sales tax	Deputy Commissioner of Commercial Taxes (Appeals)	22.24	3.98	1998-99
		Haryana Tax Tribunal	13.17	13.17	2000-01
		Joint Commissioner Excise and Taxation (appeals)	13.72	13.72	2003-04

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

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

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

Name of the Statute	Nature of the dues	Forum where pending	Amount (Rs. in lacs)	Period to which the amount relates
Income-Act, 1961	Income-tax	Delhi High Court	595.27	Assessment Years 1980-81 to 1990-91
Income Tax Act, 1961	Income-tax	Appellate Tribunal	97.41	Assessment Year 2000-01

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

(xi) According to the information and explanations given to us, the Company, in view of the non fulfillment /compliance of the conditions as per the terms of SORA by financial institutions, had 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 13. In view of the above, certain amounts, as envisaged in SORA comprising Rs. 126.29 lacs due since January 2, 2005, Rs. 38.89 lacs due since January 2, 2006, Rs. 59.93 lacs due since January 2, 2007, Rs. 8.04 lacs due since January 2, 2008 and Rs. 870.79 lacs due since January 2, 2009 and Rs. 337.13 lacs due since January 2, 2010 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.186.89 lacs (including interest Rs.34.36 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.

(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 have been applied for the purposes for which they were obtained.

(xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that funds raised on short term basis have not been used for long term investments.

(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 money by way of public issue during the year.

(xxi) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 28, 2010

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
SOURCES OF FUNDS			
Share capital	1	**1,737.59**	1,737.59
Reserves and surplus	2	**12,038.72**	6,926.19
		13,776.31	8,663.78
Loans	3		
Secured		**18,182.60**	18,061.01
Unsecured		**452.57**	1,230.17
		18,635.17	19,291.18
Total		**32,411.48**	27,954.96
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**14,317.59**	14,095.06
Less : Depreciation		**7,368.71**	6,607.58
Net block		**6,948.88**	7,487.48
Capital work-in-progress		**1,123.64**	470.15
		8,072.52	7,957.63
Investments	5	**6,803.32**	6,583.50
Deferred tax assets (net)	6	**566.31**	–
Current assets, loans and advances	7		
Inventories		**8,971.45**	5,320.66
Sundry debtors		**13,168.31**	17,686.57
Cash and bank balances		**940.09**	1,325.69
Loans and advances		**5,622.72**	3,181.75
		28,702.57	27,514.67
Less : Current liabilities and provisions	8		
Current liabilities		**9,203.93**	14,162.02
Provisions		**2,529.31**	1,395.89
Net current assets		**16,969.33**	11,956.76
Profit and loss account		–	1,457.07
Total		**32,411.48**	27,954.96
Notes to accounts	13		

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

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

Profit and Loss Account for the year ended March 31, 2010

	Schedule	For the year ended March 31, 2010 Rs. /Lacs	For the year ended March 31, 2009 Rs. /Lacs
Gross sales/services	9	**23,870.42**	21,394.74
Less: Excise duty		**13.71**	9.03
Net sales		**23,856.71**	21,385.71
Other income	9A	**772.90**	1,368.23
		24,629.61	22,753.94
Manufacturing and other expenses	10	**21,855.80**	20,467.46
Depreciation	4	**783.63**	822.30
Interest	11	**772.17**	751.21
Total expenditure		**23,411.60**	22,040.97
Profit before taxation and exceptional items		**1,218.01**	712.97
Exceptional item:			
Liabilities no longer required written back			
(Refer to note 3.5 of Schedule 13)		**4,666.31**	–
Profit before taxation for the year		**5,884.32**	712.97
Provision for taxation	12	**(685.28)**	105.48
Profit after tax for the year		**6,569.60**	607.49
Balance brought forward from the previous year		**(1,457.07)**	(2,064.56)
Debenture redemption reserve written back		**2,428.27**	-
Balance carried to balance sheet		**7,540.80**	(1,457.07)
Basic and diluted earning per share (Rs. Per share of Rs. 10 each)		**37.81**	3.50
Notes to accounts	13		

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

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

Cash flow statement for the year ended March 31, 2010

		For the year ended March 31, 2010 Rs. /Lacs	For the year ended March 31, 2009 Rs. /Lacs
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit before tax	**5,884.32**	712.97
	Adjustments for :		
	Depreciation	**783.63**	822.30
	Loss/(Profit) on sale of fixed assets	**3.59**	5.81
	Interest expense	**772.17**	751.21
	Interest income	**(152.13)**	(145.35)
	Dividend income	**(0.70)**	(0.60)
	Liabilities no longer required written back #	**(4,666.31)**	-
	Operating profit before working capital changes	**2,624.57**	2,146.34
	Adjustments for changes in :		
	– Trade and other receivables	**4,021.08**	3,790.19
	– Inventories	**(3,650.79)**	1,717.93
	– Trade payables	**(116.16)**	(1,279.18)
	Cash generated / (used) from operations	**2,878.70**	6,375.28
	Direct taxes paid	**(696.97)**	(91.13)
	Net cash generated / (used) from operating activities	**2,181.73**	6,284.15
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets	**(897.35)**	(74.21)
	Sale of fixed assets	**3.90**	79.68
	Purchase of long term non-trade investments	**(219.82)**	-
	Dividend received	**0.60**	0.35
	Interest received	**156.61**	148.43
	Net cash used in investing activities	**(956.06)**	154.25
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from long term borrowings	**2,415.92**	33.70
	Repayment of long term borrowings	**(9,301.69)**	(2,327.87)
	Proceeds from short term borrowing	**1,000.00**	-
	Changes in working capital borrowings	**5,237.83**	(2,764.07)
	Interest paid	**(963.33)**	(1,053.30)
	Net cash from financing activities	**(1,611.27)**	(6,111.54)
	Net (decrease) / increase in cash and cash equivalents	**(385.60)**	326.86
	Cash and cash equivalents (opening balance) *		
	Cash and bank balances	**1,325.69**	998.83
	Cash and cash equivalents (closing balance) *		
	Cash and bank balances	**940.09**	1,325.69
		(385.60)	326.86

Refer to note 3.5 of Schedule 13

* Includes Rs. 450.25 lacs (Previous year Rs. 467.92 lacs) as security with Debenture Trustees and Rs. 429.91 lacs (Previous year Rs. 470.14 lacs) for specific uses.

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

MANJULA BANERJI
Partner
(Membership No. 086423)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

1. SHARE CAPITAL	As at March 31, 2010 Rs./Lacs	As at March 31, 2009 Rs./Lacs
Authorised Capital		
Ordinary shares	**6,000.00**	6,000.00
60,000,000 (previous year 60,000,000) of Rs. 10 each		
6th Cumulative redeemable preference shares		
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, 2009 Rs./Lacs	Additions Rs./Lacs	Deductions Rs./Lacs	As at March 31, 2010 Rs./Lacs
Capital reserve *	24.90	–	–	**24.90**
Share premium	3,767.00	–	–	**3,767.00**
Capital redemption	130.00	–	–	**130.00**
Debenture redemption	3,004.29	–	**2,428.27 ****	**576.02**
Profit and loss account	–	**7,540.80**	–	**7,540.80**
	6,926.19	**7,540.80**	**2,428.27**	**12,038.72**

* Represents Central/State Government subsidy.
** Transferred to Profit and Loss account

3. LOANS

	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
Secured		
Debentures		
Principal amount - gross	**1,228.31**	9,186.32
Less : Calls in arrear	**5.24**	5.24
	1,223.07	9,181.08
Banks		
Cash credits/overdrafts	**6,565.33**	4,327.50
Working capital demand loans	**3,000.00**	–
Term loans	**4,324.98**	4,475.00
Others – Long term	**2,069.22**	77.43
– Short term	**1,000.00**	–
Carried over	**18,182.60**	18,061.01

3. LOANS (Contd...)

	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
Brought forward	**18,182.60**	18,061.01
Unsecured		
Deposits		
– Fixed	**9.45**	9.50
– Others	**371.77**	371.67
Term loans		
Long term*	**–**	777.65
Short term	**71.35**	71.35
	452.57	1,230.17
	18,635.17	19,291.18

Secured

1. **Debentures**

   a) 3,717,971 (Previous year: 8,635,591) - aggregating Rs. 1,075.78 lacs (Previous year Rs. 9,027.93 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 6 and note 3.4 of Schedule 13). 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 13).

   b) 16,000 (Previous year: 16,586) 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. 152.53 lacs (Previous year 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 and working capital demand loan facilities aggregating Rs. 8,125.75 lacs (Previous year Rs. 3,934.48 lacs) and other non-fund based facilities from a bank, are secured by way of hypothecation of stocks / stores and book debts, both present and future. These are further secured by equitable mortgage of immovable assets, both present and future, and first charge, ranking pari-passu, by way of hypothecation of existing as well as future block of movable assets pertaining to the Textile Division at Hissar.

   — working capital demand loan of Rs. 1000.00 lacs (Previous year Rs. Nil) from a bank is secured by way of pledge of cotton stocks, pertaining to the Textile Division at Hissar.

   — cash credit facilities relating to IT Division, aggregating Rs. 439.62 lacs (Previous year Rs. 393.02 lacs) and other non-fund based facilities from a bank, are secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the Division (both present and future), and by way of first charge on office property at Hyderabad. The above facility is further secured by way of first charge created / to be created on other fixed assets of the Division.

   — term loans aggregating Rs. 4,324.98 lacs (Previous year Rs. 4,475.00 lacs) are 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. 643.50 lacs, Previous year Rs. 552.00 lacs).

3. **Others - Long term**

   — Rs. 2,000.00 lacs (Previous year: Rs. NIL) secured by registered mortgage of farm house land situated at Rajokri, New Delhi, admeasuring 3.71 acres, owned by a promoter group company and is also guaranteed by the President (Corporate Affairs) of the Company. (due within a year: Rs. 1,000.00 lacs).

   — Rs. 69.22 lacs (Previous year: Rs. 77.43 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. (due within a year: Rs. 25.88 lacs, Previous year: Rs. 21.38 lacs).

4. **Others - Short term**

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

5. **Unsecured**

   a) Fixed deposits aggregating Rs. 0.55 lac (Previous year Rs. 0.55 lacs) are guaranteed by the Chief Executive Officer of the Company.

   b) Long term loan Rs. Nil (Previous year Rs. 777.65 lacs) is guaranteed by the Chief Executive Officer of the Company. (due within a year: Rs. Nil, Previous year: refer to note 3.4 of Schedule 13).

   * Refer to note 3.5 of Schedule 13

6. Also refer to note 3.4 of Schedule 13 regarding the proposed reschedulement of various payment terms of loans from financial institutions and debentures. Interest accrued amounting to Rs. 406.17 lacs (Previous year Rs. 248.23 lacs) included under "interest accrued but not due" under current liabilities in Schedule 8, 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 Schedule 13.

4. FIXED ASSETS

(Amounts in Rs. Lacs)

	Gross Block				Depreciation				Net Block	
Description	As at March 31, 2009	Additions	Deductions	As at March 31, 2010	Upto March 31, 2009	For the year	On sales/ disposal	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Freehold Land *	977.48	–	–	**977.48**	–	–	–	–	**977.48**	977.48
Buildings	1,729.39	**22.76**	–	**1,752.15**	453.31	**54.58**	–	**507.89**	**1,244.26**	1,276.08
Plant and machinery	10,599.44	**201.12**	**9.19**	**10,791.37**	5,526.52	**695.93**	**8.14**	**6,214.31**	**4,577.06**	5,072.92
Furniture and fittings	317.91	**14.26**	**9.77**	**322.40**	239.19	**21.49**	**5.98**	**254.70**	**67.70**	78.72
Vehicles	190.94	**14.39**	**11.04**	**194.29**	108.66	**11.63**	**8.38**	**111.91**	**82.38**	82.28
Intangible assets										
Intellectual property rights	279.90	–	–	**279.90**	279.90	–	–	**279.90**	–	–
Current Year	14,095.06	**252.53**	**30.00**	**14,317.59**	6,607.58	**783.63**	**22.50**	**7,368.71**	**6,948.88**	
Previous Year	14,156.49	87.14	148.57	14,095.06	5,848.34	822.30	63.06	6,607.58		7,487.48
Capital work-in-progress (Refer to note 9 of Schedule 13 also)									**1,123.64**	470.15
									8,072.52	7,957.63

Capital commitments outstanding at the close of the year, net of capital advances, Rs. 912.19 lacs (Previous year Rs. 145.63 lacs).

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

5. INVESTMENTS - LONG TERM

		As at March 31, 2010 Rs. /Lacs		As at March 31, 2009 Rs. /Lacs
AT COST UNLESS OTHERWISE STATED				
Trade investments - Unquoted				
Equity shares :				
Purearth Infrastucture Limited @				
Fully paid-up				
10,991,050 (Previous year - 10,991,050) of Rs. 10 each		**2,004.00**		2,004.00
Partly paid-up				
4,396,420 (Subscribed under rights issue during the year) of Rs. 10 each, Rs. 5/- paid up		**219.82**		–
Non trade - Quoted				
Equity shares :				
Fully paid-up				
SRF Limited				
5,000 (Previous year - 5,000) of Rs. 10 each		**1.60**		1.60
DCM Financial Services Limited				
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 10 of Schedule 13)				
100,000 (Previous year - 100,000) 0%Non-cumulative redeemable preference shares, fully paid up, of Rs.100 each		**100.00**		100.00
Carried Over		**2,328.22**		2,108.40

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

	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
Brought forward	**2,328.22**	2,108.40
In subsidiaries -		
Non trade - Unquoted		
Equity shares :		
Fully paid-up		
DCM Finance & Leasing Limited		
49,996 (Previous year - 49,996) of Rs. 10 each	**5.00**	5.00
DCM Reality Investment & Consulting Limited		
2,550,020 (Previous year - 2,550,020) of Rs. 10 each	**255.00**	255.00
DCM Tools & Dies Limited		
50,000 (Previous year - 50,000) of Rs. 10 each	**5.00**	5.00
DCM Engineering Limited		
15,049,988 (Previous year - 15,049,988) of Rs. 10 each	**4,205.00**	4,205.00
13.5 % Redeemable cumulative preference shares:		
Fully paid-up		
DCM Finance & Leasing Limited		
100 (Previous year - 100) - of Rs. 100 each	**0.10**	0.10
Trade - Unquoted		
Equity shares :		
Fully paid-up		
DCM Textiles Limited		
50,000 (Previous year - 50,000) of Rs. 10 each	**5.00**	5.00
	6,803.32	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) Current year	Book Value (Rs. Lacs) Previous year	Market Value (Rs. Lacs) Current year	Market Value (Rs. Lacs) Previous year
Quoted	**4.40**	4.40	**12.14**	5.25
Unquoted	**6,798.92**	6,579.10		
	6,803.32	6,583.50		

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.
3. 2,000,000 (Previous year; Nil) fully paid up equity shares of Rs. 10 each of DCM Engineering Limited have been pledged with a body corporate.

6. DEFERRED TAX ASSETS (NET)

	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
Deferred tax assets on:		
Unabsorbed depreciation	**610.89**	–
Accrued expenses, deductible on payment	**529.90**	–
Provision for doubtful debts and advances	**43.55**	–
	1,184.34	–
Less: Deferred tax liability on:		
Accelerated depreciation	**618.03**	–
	566.31	–

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
Current assets		
Inventories		
Stores , spares and components (valued at cost or under)	125.82	106.59
Stock in trade *		
Raw materials	6,970.06	3,712.52
Process stocks	348.65	226.49
Finished goods	526.92	275.06
Land (for development)	1,000.00	1,000.00
	8,971.45	5,320.66
Sundry debtors @		
Debts over six months		
Secured – good	309.45	309.45
Unsecured – good	9,468.45	15,178.22
– doubtful	118.92	96.95
Other debts		
Secured – good	2.07	3.00
Unsecured – good @@	3,388.34	2,195.90
	13,287.23	17,783.52
Less : Provision for doubtful debts	118.92	96.95
	13,168.31	17,686.57
Cash and bank balances		
Cash and cheques on hand	9.87	7.00
With scheduled banks on :		
– Current accounts #	198.89	332.50
– Deposit accounts ##	729.02	963.15
With non-scheduled banks on : ###		
– Current accounts		
Bank of America, USA	2.31	22.81
– Deposit account		
Bank of America, USA	–	0.23
	940.09	1,325.69
Loans and advances		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good $	1,931.01	1,665.66
Considered doubtful $$	825.97	897.17
	2,756.98	2,562.83
Less:Provision for doubtful advances	825.97	897.17
	1,931.01	1,665.66
Deposits	419.67	440.96
With customs, excise and port trust authorities etc.	310.45	57.33
MAT credit entitlement	1,220.67	–
Taxation	1,727.51	1,000.01
Income accrued on investments and deposits	13.41	17.79
	5,622.72	3,181.75
	28,702.57	27,514.67

* 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. 9,672.39 lacs (Previous year Rs. 15,374.89 lacs) on account of real estate receivables to be received in terms of the SORA / definitive agreement.(Refer to note 3.2(b) of Schedule 13)

@@ Includes Rs. 41.44 lacs (Previous year Rs. 16.23 lacs) on account of unbilled services.

Includes Rs. 164.65 lacs (Previous year Rs. 85.37 lacs) for specific uses.

Includes Rs. 8.87 lacs (Previous year Rs. 6.06 lacs) provided as security for bank guarantees/letters of credit, Rs. 450.25 lacs (Previous year Rs. 467.92 lacs) as security with Debenture Trustees and Rs. 265.26 lacs (Previous year Rs. 384.77 lacs) for specific uses.

### Maximum balance outstanding during the year :	**Rs. /Lacs**	Rs. /Lacs
Current accounts		
Bank of America, USA	**143.80**	135.85
Deposit account		
Bank of America, USA	**19.19**	25.86

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

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

8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2010 Rs. /Lacs	As at March 31, 2009 Rs. /Lacs
Current Liabilities		
Acceptances	**55.26**	–
Sundry creditors		
– Outstanding dues of micro and small enterprises (Refer to note 14 of Schedule 13)	**0.04**	0.40
– Others	**6,766.36**	7,145.26
Due to subsidiary companies	**1.20**	2.44
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	**128.42**	59.05
– Unclaimed matured debentures including interest thereon	**301.58**	154.41
Interest accrued but not due (Refer to note 3.4 of Schedule 13 and foot note 6 on schedule 3)	**1,949.86**	6,799.25
	9,203.93	14,162.02
Provisions		
Income-tax	**1,589.27**	457.04
Gratuity	**382.02**	308.44
Leave encashment	**155.68**	127.46
Contingencies (Refer to note 3.2 (a) of Schedule 13)	**402.34**	502.95
	2,529.31	1,395.89

* 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 13)

9. GROSS SALES/SERVICES

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Sale of products	**19,670.17**	17,891.03
Income from services/software development	**4,200.25**	3,503.71
	23,870.42	21,394.74

9A. OTHER INCOME

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Special rebates, incentives, etc.	**485.25**	300.71
Dividend on long term non trade investments	**0.70**	0.60
Rent	**24.08**	33.57
Profit on sale of fixed assets	**0.90**	2.02
Provision for doubtful debts and advances written back	–	0.48
Provisions and liabilities no longer required, written back	**31.66**	621.68
Interest on:		
– Income tax refunds	**43.09**	–
– Deposits etc. #	**109.04**	145.35
Miscellaneous ##	**78.18**	263.82
	772.90	1,368.23

Income-tax deducted at source Rs.12.10 Lacs (Previous year Rs. 21.31 lacs).
Includes Rs. 44.78 lacs (Previous year Rs.187.04 lacs) as gain due to fluctuations in foreign exchange rates.

10. MANUFACTURING AND OTHER EXPENSES

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Raw materials consumed	**12,421.49**	11,004.13
Stores, spares and components consumed	**502.50**	535.90
Power, fuel, etc.	**2,161.42**	2,039.66
Repairs		
Buildings	**23.46**	30.59
Plant and machinery	**24.42**	23.40
Jobs on contract	**23.82**	14.37
Salaries, wages, commission, etc.	**4,774.24**	4,053.04
Bonus	**96.96**	105.94
Gratuity paid	**21.34**	27.99
Provision for gratuity and leave liability	**101.80**	60.73
Provident and other funds	**406.97**	367.02
Welfare	**42.19**	33.37
Rent	**97.93**	111.55
Insurance	**33.46**	35.14
Rates and taxes	**17.71**	21.13
Carried over	**20,749.71**	18,463.96

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

		Current Year Rs. /Lacs		Previous Year Rs. /Lacs
Brought forward		**20,749.71**		18,463.96
Auditors' remuneration #				
As auditors				
– Audit fees		**9.00**		8.00
In other capacity				
– Verification of statements and other reports		**4.75**		8.01
– Limited review of unaudited financial results		**10.50**		8.25
Out-of-pocket expenses		**-**		0.33
Directors' fee		**3.38**		3.57
Provision for doubtful debts and advances		**49.61**		49.95
Doubtful debts and advances written off	**102.93**		76.45	
Less : Provision already held	**96.58**	**6.35**	39.68	36.77
Loss on sale of fixed assets		**4.49**		7.83
Freight and transport		**352.68**		484.97
Commission to selling agents (other than sole selling)		**230.71**		226.61
Brokerage, discount (other than trade discount),etc.		**118.96**		69.58
Sales expenses		**48.69**		60.18
Travelling and conveyance		**108.09**		143.64
Legal and professional fees		**214.85**		142.06
Land development expenses	**99.87**		101.90	
Less : Adjusted against provision held	**99.87**	**–**	101.90	–
Miscellaneous expenses ##		**318.05**		214.97
		22,229.82		19,928.68
(Increase) / Decrease of finished and process stocks				
Closing stock				
Process stocks		**348.65**		226.49
Finished goods		**526.92**		275.06
Land (for development)		**1,000.00**		1,000.00
		1,875.57		1,501.55
Less : Opening 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
		(374.02)		538.78
		21,855.80		20,467.46

Excluding service tax
Includes Rs. 67.74 lacs (Previous year Rs. Nil) 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	424.65	443.15
– Others	347.52	308.06
	772.17	751.21

@ In addition, interest amounting to Rs. 0.56 lac (Previous year Rs. Nil) has been transferred to fixed assets and Rs.0.74 lac (Previous year Rs. 0.95 lac) has been adjusted against contingency provision.

12. PROVISION FOR TAXATION

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Current tax (including foreign tax Rs. 11.31 lacs; previous year Rs. 10.26 lacs)	**1,101.70**	90.97
MAT credit entitlement	**(1,220.67)**	–
Deferred tax (benefit)	**(566.31)**	–
Income-tax adjustment for earlier year (including foreign tax Rs. Nil; previous year Rs. (6.17) lacs)	–	(6.17)
Fringe benefit tax	–	20.68
	(685.28)	105.48

13. NOTES TO THE ACCOUNTS

1. Significant accounting policies

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

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

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

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

e) Depreciation:

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

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

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

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

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

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

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

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

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

g) Inventories:

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

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

iii) Land (for development) on conversion into stock-in-trade from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relatable thereto.
Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis.
Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.

h) Revenue recognition:

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 liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961.
Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.
Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

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

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	**121.68**	114.88
Company's contribution to superannuation fund	**29.78**	23.59
Company's contribution to employees' state insurance scheme	**37.12**	33.19

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	**308.44**	266.20	**127.46**	108.97
Current service cost	**32.61**	29.73	**17.76**	15.84
Interest cost	**23.13**	18.63	**9.56**	7.63
Actuarial (gain) / loss	**39.18**	21.87	**13.49**	6.36
Benefits paid	**21.34**	27.99	**12.59**	11.34
Present value of obligation as at the end of the year	**382.02**	308.44	**155.68**	127.46
Change in plan assets	**Not applicable**	Not applicable	**Not applicable**	Not applicable
Plan assets at the beginning of the year	–	–	–	–
Expected return on plan assets				
Contribution by the Company				
Benefits paid				
Actuarial gain / (loss)				
Plan assets at the end of the year	–	–	–	–
Liability recognised in the financial statement				
Cost for the year				
Current service cost	**32.61**	29.73	**17.76**	15.84
Interest cost	**23.13**	18.63	**9.56**	7.63
Return on plan assets	–	–	–	–
Actuarial (gain) / loss	**39.18**	21.87	**13.49**	6.36
Net cost	**94.92**	70.23	**40.81**	29.83
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	**7.50%**	7.00%	**7.50%**	7.00%
Rate of increase in compensation levels	**5.00%**	4.50%	**5.00%**	4.50%

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 7.

Consequent to the above, in terms of the SORA and the definitive agreements referred to as above, all rights and obligations with respect to development of freehold land have been taken over by PIL including the obligation towards advances aggregating Rs. 460.55 lacs received by the Company in the previous years against sale of flats on instalment payment basis, which have been written back during the year 2003-04, as no longer payable. Further, the provisions for contingencies aggregating Rs.402.34 lacs (Previous Year Rs. 502.95 lacs) to cover the expenses to be incurred in relation to the above project have been carried forward as "Contingencies" under the head Provisions in Schedule 8. Amounts aggregating Rs.100.61 lacs (Previous Year Rs. 320.38 lacs) have been utilized / adjusted during the year out of the above provision for contingencies.

b) the outstanding as at March 31, 2010 from PIL on account of sale of development rights aggregate Rs. 9,672.39 lacs (Previous Year Rs. 15,374.89 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. 9,672.39 lacs (Previous Year Rs. 14,874.89 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.

3.4 As per the terms of SORA, repayment obligations of the Company were 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. However, 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. Further, subsequent to the approval of SORA, certain financial institutions delayed modification/ vacation of charges, which was 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 During the year, the Company has entered into a One Time Settlement with a financial institution, pursuant to which liabilities aggregating Rs. 4,666.31 lacs has been written back under the head exceptional item in profit and loss account. Consequent to such settlement, the Company has settled liability with the financial institutions and banks referred to in 3.4 above.

3.6 In view of 3.4 above, certain amount, as envisaged in SORA comprising of Rs. Nil (Previous Year Rs. 777.65 lacs) due since March 2, 2004 towards a financial institution and Rs. 126.29 lacs (Previous Year Rs. 525.19 lacs) due since January 2, 2005, Rs. 38.89 lacs (Previous Year Rs. 878.52 lacs) due since January 2, 2006, Rs. 59.93 lacs (Previous Year Rs. 1,920.67 lacs) due since January 2, 2007, Rs. 8.04 lacs (Previous Year Rs. 3,493.04 lacs) due since January 2, 2008, Rs. 870.79 lacs (Previous Year Rs. 2,238.88 lacs) due since January 2, 2009 and Rs. 337.13 lacs due since January 2, 2010 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. 186.89 lacs (Previous Year Rs. 203.53 lacs) (including interest Rs. 34.36 lacs; previous year 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. Contingent liabilities not provided for:

	Current Year Rs.lacs	Previous Year Rs.lacs
Claims not acknowledged as debts: *		
– Income-tax matters	**59.04**	97.41
– Sales tax matters	**49.13**	49.49
– Customs duty	**12.55**	12.55
– Employees' claims (to the extent ascertained)	**44.52**	44.52
– Property tax	**800.62**	–
– Others	**224.96**	204.92
– Uncalled liability on shares partly paid	**219.82**	–

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

5. Managerial remuneration

	Current Year Rs.lacs	Previous Year Rs.lacs
– Directors' sitting fees	**3.38**	3.57

6. Earnings per share:

	Current Year Rs.lacs	Previous Year Rs.lacs
(a) Profit after taxation as per profit and loss account (Rs./lacs)	**6,569.60**	607.49
(b) Number of equity shares (face value of Rs. 10 per share)	**173,79,037**	173,79,037
(c) Basic and diluted earning per share (Rs. Per share)	**37.81**	3.50

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

8. The Collector, Hissar in the year 1989-90 had ordered resumption of 250 acres of land of the closed unit at Hissar and had served a notice on the Company to start textile operations on the remaining 129.5 acres of land at Hissar within a specified period failing which that land would also be resumed. The Company has 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.

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

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

11. (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. 97.93 lacs (Previous Year Rs. 111.55 lacs) under schedule 10.

(ii) The Company had, during the previous years, given one of its properties under a non-cancellable operating lease, the said lease has been terminated effective March 15, 2010. The related lease income of Rs. 23.00 lacs (Previous Year Rs. 20.67 lacs) has been recognised in the profit and loss account. Details of the lease arrangement were as under:

	Gross block (Rs. lacs)	Accumulated Depreciation (Rs. Lacs)	Depreciation for the year (Rs. lacs)
Building	92.91	43.70	3.11
Furniture and fittings	34.47	28.48	2.10
Total	**127.38**	**72.18**	**5.21**
Previous Year	127.38	66.97	5.21

(iii) The Company, during the earlier years, had given one of its rented premises on sub-lease under a non-cancellable operating lease. The related lease income of Rs. Nil (Previous Year Rs. 12.00 lacs) has been recognised in the profit and loss account.
Future minimum lease payments receivables:
Not later than one year – Rs. Nil (Previous Year Rs. 19.00 lacs)
Later than one year and not later than five years – Rs. Nil (Previous Year Rs. Nil)

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

13. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous Year Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous Year Rs. 155.46 lacs)}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous Year Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous Year Rs. 22.22 lacs)}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous Year Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous Year Rs. 84.25 lacs)} and iv) DCM Employees Welfare Trust Rs. 279.90 lacs (Previous Year Rs. 279.90 lacs) {(Maximum amount outstanding Rs. 279.90 lacs (Previous Year Rs. 279.90 lacs)}.

14. Based upon the information available with the Company, the balance due to the Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. 0.04 lac (Previous Year Rs. 0.40 lac). Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.

15. SEGMENT REPORTING

a) The business segments comprise the following:
Textiles – Yarn manufacturing
IT Services – IT Infrastructure services and software development.
Real Estate – Development at the Company's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.

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

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

d) Segment accounting policies:
In addition to the significant accounting policies, applicable to the business as set out in note 1 of Schedule 13 '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, 2010 Amount (Rs. lacs)

Particulars	Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
1 Segment revenue												
– External sales/services	**19,617.61**	17,882.78	**4,252.81**	3,511.96	**–**	–	**23,870.42**	21,394.74	**–**	–	**23,870.42**	21,394.74
– Other income	**607.84**	455.18	**62.38**	213.46	**–**	532.17	**670.22**	1,200.81	**–**	–	**670.22**	1,200.81
– Inter segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total Revenue	**20,225.45**	18,337.96	**4,315.19**	3,725.42	**–**	532.17	**24,540.64**	22,595.55	**–**	–	**24,540.64**	22,595.55

e. Primary Segment information (Business Segments) for the year ended March 31, 2010 (Contd...) Amount (Rs. lacs)

Particulars	Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
2 Segment results Unallocated corporate expenses/ income (net of unallocated income/expenses)	**2,548.97**	1,311.06	**40.02**	83.10	**–**	532.17	**2,588.99**	1,926.33	 **(598.81)**	 (462.15)	**2,588.99** **(598.81)**	1,926.33 (462.15)
Profit before interest, exceptional item and tax											**1,990.18**	1,464.18
Interest expense									**772.17**	751.21	**772.17**	751.21
3 Profit before tax and exceptional items											**1,218.01**	712.97
Liabilities no longer required written back									**4,666.31**	–	**4,666.31**	–
4 Profit before tax											**5,884.32**	712.97
Provision for taxation									**(685.28)**	105.48	**(685.28)**	**105.48**
5 Profit after taxation											**6,569.60**	607.49
6 Other information (a) Segment assets Investments Other unallocated assets	**19,434.89**	14,450.51	**1,331.44**	1,198.67	**10,874.48**	16,574.37	**31,640.81**	32,223.55	 **6,803.32** **5,700.59**	 6,583.50 3,248.75	**31,640.81** **6,803.32** **5,700.59**	32,223.55 6,583.50 3,248.75
Total Assets											**44,144.72**	42,055.80
(b) Segment liabilities Share capital and reserves (net of debit balance in profit and loss account) Loan funds Other unallocated liabilities	**672.06**	645.65	**534.59**	471.80	**5,285.35**	5,739.34	**6,492.00**	6,856.79	 **13,776.31** **18,635.17** **5,241.24**	 7,206.71 19,291.18 8,701.12	**6,492.00** **13,776.31** **18,635.17** **5,241.24**	6,856.79 7,206.71 19,291.18 8,701.12
Total liabilities											**44,144.72**	42,055.80
(c) Capital expenditure (d) Depreciation (e) Non-cash expenditure other than depreciation	**860.13** **735.86** **8.91**	42.48 744.12 28.12	**32.88** **31.62** **47.05**	31.16 59.61 30.50	**–** **–** **–**	– – –	**893.01** **767.48** **55.96**	73.64 803.73 58.62	**8.29** **16.15** **–**	0.57 18.57 28.10	**901.30** **783.63** **55.96**	74.21 822.30 86.72

f) Secondary segment information (Geographical segments)

	Current Year Rs.lacs	Previous Year Rs.lacs
Segment revenue (Including excise duty) – Revenue within India – Revenue outside India	 **14,666.73** **9,873.91**	 13,233.55 9,362.00
Total segment revenue	**24,540.64**	22,595.55
Segment assets – Within India – Outside India	 **30,788.50** **852.31**	 31,461.36 762.19
Total segment assets	**31,640.81**	32,223.55
Capital expenditure – Within India – Outside India	 **892.46** **0.55**	 72.87 0.77
Total segment capital expenditure	**893.01**	73.64

16. Related party disclosures under Accounting Standard (AS) 18
    A. Names of related party and nature of related party relationship
        I. Subsidiaries (enterprises where control exists):
            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 (Rs. Lacs)

Particulars		Subsidiary		Joint venture		Total	
		Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Services rendered	– DEL	**1.50**	12.18	**–**	–	**1.50**	12.18
Expenses recovered	– DEL	**–**	0.11	**–**	–	**–**	0.11
	– DRICL	**1.24**	1.25	**–**	–	**1.24**	1.25
	– PIL	**–**	–	**39.41**	33.35	**39.41**	33.35
Investment in equity shares	– PIL	**–**	–	**219.82**	–	**219.82**	–
Balance outstanding at the year end:							
a) Sundry debtors	– PIL	**–**	–	**9,672.39**	15,374.89	**9,672.39**	15,374.89
	– 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 / (Payable)	– PIL	**–**	–	**141.66**	38.30	**141.66**	38.30
e) Advances payable	– DRICL	**1.20**	2.44	**–**	–	**1.20**	2.44
f) Investment in preference shares	– DFL	**0.10**	0.10	**–**	–	**0.10**	0.10

ii) Transactions with key managerial personnel.

	Current Year Rs.lacs	Previous Year Rs.lacs
Remuneration *		
– Mr. Hemant Bharat Ram	**79.97**	59.50
– Mr. Sumant Bharat Ram	**78.77**	66.97
Sitting fees		
– Mr. N K Jain	**0.46**	0.28
Balance outstanding at the year end:		
Payables:		
Interest on Fixed deposit		
– Dr. Vinay Bharat Ram	**–**	2.20
Others		
– Dr. Vinay Bharat Ram	**0.92**	0.92
– Mr. Hemant Bharat Ram	**1.97**	2.11
– Mr. Sumant Bharat Ram	**2.11**	2.51
Guarantees given on behalf of the Company by:		
– Dr. Vinay Bharat Ram	**0.55**	778.20
– Mr. Sumant Bharat Ram	**2,000.00**	–

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

17. Disclosures related to joint venture:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2010	March 31, 2009
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, 2010 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, 2009. 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, 2010.

	As at March 31, 2009 (Rs. Lacs) (Based on ownership interest of 14.27%)	As at March 31, 2008 (Rs. Lacs) (Based on ownership interest of 14.27%)
ASSETS		
Fixed assets	**25.95**	34.20
Investments	**216.55**	347.60
Deferred tax assets	–	–
Current assets, loans and advances		
a) Inventories	**6,179.25**	5,830.10
b) Sundry debtors	**23.77**	9.42
c) Cash and bank balances:	**793.25**	664.34
d) Loans and advances	**290.89**	335.27
LIABILITIES		
Loans		
Secured loans	**173.01**	326.75
Current Liabilities and provisions:		
a) Liabilities	**5,355.09**	5,765.57
b) Provisions	**39.12**	36.88
Employees stock options outstanding	**47.48**	33.75
Misc. Expenditure not written off	**0.86**	2.33
	For the year ended March 31, 2009 (Rs. Lacs)	For the year ended March 31, 2008 (Rs. Lacs)
INCOME		
Real Estate Operations	**1,594.86**	2,311.58
Other income	**95.24**	83.61
EXPENSES		
Cost of sales	**1,418.17**	2,241.49
Personnel expenses	**26.24**	26.55
Operating & other expenses	**154.10**	149.76
Depreciation/amortisation	**4.83**	6.03
Financial expenses	**0.28**	0.06
Provision for taxation	**22.38**	59.00
OTHER MATTERS		
Contingent liabilities	**77.21**	70.66
Capital commitments	–	–

18. 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, 2010 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	13.17	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)	59.04	59.04	Assessment year 2002-03 2006-07 2007-08

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

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

Name of the Statute	Nature of the Dues	Forum where pending	Amount (Rs. Lacs)	Period to which the amount relates
Income Tax Act, 1961	Income- tax	– Delhi High Court	595.27	Assessment Years 1980-81to 1990-91
Income Tax Act, 1961	Income- tax	– Appellate Tribunal	97.41	Assessment Year 2000-01

19. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency (in US$)		Amount in Rs. Lacs	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Forward Contract	**21**	8	**Hedge**	Hedge	**3,255,032**	722,792	**1,478.69**	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$**	**1,892,763**	**849.85**	US$	1,898,801	962.91
Cash and Bank	**US$**	**5,136**	**2.31**	US$	45,405	23.04
Loans and Advances	**US$**	**104,375**	**46.86**	US$	163,509	82.95
	Euro	**8,874**	**5.43**	–	–	–
Current Liabilities	**US$**	**441,836**	**197.00**	US$	361,492	181.83
Provisions	**US$**	**46,200**	**20.74**	US$	22,200	11.26

20. 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.	–	–	**74,436**	72,036	M.T.	**15,827**	14,888

@ Licensed capacity is no more applicable to the textile industry.
# Installed capacity is as certified by the officials of the Company and relied upon by the Auditors, being a technical matter .
* Varies based on production mix and specification.

II. **Particulars of stocks and sales ***

Description	Unit	Stocks				Sales #	
		Opening		Closing			
		Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Textiles - yarn	M.T. Rs./Lacs	**287** **275.06**	791 777.75	**485** **526.92**	287 275.06	**15,629** **18,601.09**	15,392 16,789.67
Others (including computers' peripherals, components, etc. @)	Rs./Lacs	**–**	–	**–**	–	**1,069.08**	1,101.36
		275.06	777.75	**526.92**	275.06	**19,670.17**	17,891.03

* 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	Current Year		Previous Year	
	Quantity (M.T.)	**Value (Rs. Lacs)**	Quantity (M.T.)	Value (Rs. Lacs)
Cotton	**19,462**	**12,421.49**	18,529	11,004.13
Total		**12,421.49**		11,004.13

IV. **Other Additional Information**

Description	**Current Year Rs. Lacs**		Previous Year Rs. Lacs	
(a) Value of imports on CIF basis				
Raw materials	**24.47**		–	
Components and spare parts	**8.32**		4.05	
(b) Expenditure in foreign currency				
Commission, travel etc.	**95.32**		108.92	
Overseas offices expenses	**3,303.20**		2,795.12	
(c) Earnings in foreign exchange				
– Direct export of goods on FOB basis/ as per contracts where FOB value not readily ascertainable	**5,949.50**		5,962.19	
– Software / Services export	**36.01**		26.61	
– Overseas offices income	**3,596.39**		3,054.12	
– Other earnings	**–**		1.53	
(d) Value of imports/indigenous raw materials, components and stores and spares consumed				
(i) Raw materials				
Imported	**12.30**	**0.10%**	–	–
Indigenous	**12,409.19**	**99.90%**	11,004.13	100.00%
	12,421.49	**100.00%**	11,004.13	100.00%
(ii) Stores , spares parts and components				
Imported	**9.31**	**1.85%**	4.05	0.76%
Indigenous	**493.19**	**98.15%**	531.85	99.24%
	502.50	**100.00%**	535.90	100.00%

21. The figures of the previous year have been regrouped / recast to conform to the current year's classification.
22. Schedules one to thirteen form an integral part of the balance sheet, profit and loss account and cash flow statement.

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

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

I. Registration Details

Registration No.	4
Balance Sheet Date	31 03 2010
State Code	55

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

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

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

Total Liabilities	3241148
Total Assets	3241148

Sources of Funds

Paid-Up Capital	173759
Reserves & Surplus	1203872
Secured Loans	1818260
Unsecured Loans	45257

Application of Funds

Net Fixed Assets	807252
Investments	680332
Net Current Assets	1696933
Deferred Tax Assets (Net)	56631
Accumulated Losses	NIL

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

Turnover		2462961
Total Expenditure		2341160
Profit/Loss Before Tax	+/- +	588432
Profit/Loss After Tax	+/- +	656960
Earning per share in (Rs.)		37.81
Dividend Rate (%)		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 : May 28, 2010

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		31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
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	2,107.89	0.23	0.23	(1.12)	(8.01)
	– for the previous financial years since it became subsidiary of the Company	Rs./Lacs	608.39	0.46	0.04	(235.80)	34.43
4	Additional information u/s 212 (5)		N.A.	N.A.	N.A.	N.A.	N.A.

Subsidiary Companies' Particulars - As at March 31, 2010

Pursuant to letter no. 47/149/2010-CL-III Dated March 3, 2010 from Ministry of Corporate Affairs.

(Amount in Rs. Lacs)

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
DCM Engineering Limited	2,005.00	6,316.38	17,863.89	9,542.51	28,887.74	2,815.10	707.21	2,107.89	–
DCM Realty Investment & Consulting Limited	255.01	56.38	317.29	5.90	4.51	(3.30)	4.71	(8.01)	–
DCM Tools & Dies Limited	5.00	0.69	6.01	0.32	0.41	0.36	0.13	0.23	–
DCM Textiles Limited	5.00	0.27	5.57	0.30	0.41	0.36	0.13	0.23	–
DCM Finance & Leasing Limited	5.10	3.24	8.87	0.53	0.52	0.38	1.50	(1.12)	–

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

Long Term	**(Rs. Lacs)**
Non-trade - Quoted	
SRF Limited	
1,80,850 equity shares of Rs. 10/- each fully paid of	503.74
Non-trade - Unquoted	
Purearth Infrastructure Limited	
16,65,000 equity shares of Rs. 10/- each fully paid of	166.50
8,01,135 equity shares of Rs. 10/- each, Rs. 5/- paid of	40.05

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

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

1. We have audited the attached Consolidated Balance Sheet of **DCM LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As stated in note 1 of Schedule 13, 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 Financial Statements", notified in the Companies (Accounting Standards) Rules, 2006.

4. We did not audit the financial statements of the subsidiary viz., DCM Finance & Leasing Limited, DCM Textiles Limited, DCM Tools & Dies Limited and DCM Realty Investment & Consulting Limited, whose financial statements reflect total assets of Rs. 329.49 lacs as at March 31, 2010, total revenues of Rs. 5.85 lacs and net cash inflow amounting to Rs. 2.59 lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

5. Attention is invited to note 4 of Schedule 13 which explains in detail the position of the "Scheme of Restructuring and Arrangement" (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 in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006, *except that in the absence of requisite information the Company's interest in its joint venture company, viz., Purearth Infrastructure Limited has not been reported in these financial statements using the proportionate consolidation method, as required in terms of Accounting Standard (AS)-27, "Financial Reporting of interests in Joint Ventures". (Refer to note 1 of Schedule 13);*

7. *Various matters arising/arisen out of reorganisation will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 13 of Schedule 13. The effect of these on the accounts is not ascertainable at this stage.*

   The matters referred to in paragraphs 6 and 7 above, to the extent covered herein above, were also subject matter of qualifications in our audit report on the Consolidated Financial Statements for the year ended March 31, 2009.

8. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries and to the best of our information and according to the explanations given to us and *subject to our comment in paragraphs 6 and 7 above*, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India:

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;

   b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 28, 2010

Consolidated Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
SOURCES OF FUNDS			
Share capital	1	**1,737.59**	1,737.59
Reserves and surplus	2	**12,099.31**	6,956.42
		13,836.90	8,694.01
Minority interest		**0.01**	0.01
Loans	3		
Secured		**18,182.60**	18,061.01
Unsecured		**452.57**	1,230.17
		18,635.17	19,291.18
Total		**32,472.08**	27,985.20
APPLICATION OF FUNDS			
Fixed assets	4		
Gross block		**14,319.90**	14,097.37
Less : Depreciation		**7,371.01**	6,609.87
Net block		**6,948.89**	7,487.50
Capital work-in-progress		**1,123.64**	470.15
		8,072.53	7,957.65
Investments	5	**6,533.22**	6,313.40
Deferred tax assets (net)	6	**566.31**	-
Current assets, loans and advances	7		
Inventories		**8,971.45**	5,320.66
Sundry debtors		**13,168.31**	17,686.57
Cash and bank balances		**977.20**	1,360.21
Loans and advances		**5,922.14**	3,493.05
		29,039.10	27,860.49
Less : Current liabilities and provisions	8		
Current liabilities		**9,203.31**	14,160.13
Provisions		**2,535.77**	1,404.26
Net current assets		**17,300.02**	12,296.10
Profit and loss account		-	1,418.05
Total		**32,472.08**	**27,985.20**
Notes to accounts	13		

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

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

	Schedule	**For the year ended March 31, 2010 Rs. Lacs**	For the year ended March 31, 2009 Rs. Lacs
Gross sales/services	9	**23,872.74**	21,400.83
Less: Excise duty		**13.71**	9.03
Net sales		**23,859.03**	21,391.80
Other income	9A	**776.43**	1,372.35
		24,635.46	22,764.15
Manufacturing and other expenses	10	**21,863.84**	20,476.18
Depreciation	4	**783.64**	822.31
Interest	11	**772.17**	751.21
Total expenditure		**23,419.65**	22,049.70
Profit before taxation and exceptional item		**1,215.81**	714.45
Exceptional item:			
Liabilities no longer required written back (Refer to note 4.5 of Schedule 13)		**4,666.31**	—
Profit before taxation and Minority interest for the year		**5,882.12**	714.45
Provision for taxation	12	**(678.82)**	106.06
Profit after tax for the year but before Minority interest		**6,560.94**	608.39
Minority interest (# Rs. 76 Previous year Rs. 100)		**#**	#
Profit for the year		**6,560.94**	608.39
Balance brought forward from the previous year		**(1,418.05)**	(2,026.44)
Debenture redemption reserve written back		**2,428.27**	—
Balance carried to balance sheet		7,571.16	(1,418.05)
Basic and diluted earning per share (Rs. Per share of Rs. 10 each)		**37.76**	3.50
Notes to accounts	13		

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

MANJULA BANERJI
Partner
(Membership No. 086423)

NARESH KUMAR JAIN
Managing Director

BHABAGRAHI PRADHAN
Company Secretary

JITENDRA TULI
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

Consolidated Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 Rs. Lacs	For the year ended March 31, 2009 Rs. Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit/(loss) before tax	**5,882.12**	714.45
Adjustments for :		
Depreciation	**783.64**	822.31
Loss/(Profit) on sale of fixed assets	**3.59**	5.81
Interest expense	**772.17**	751.21
Interest income	**(155.09)**	(148.33)
Dividend income	**(0.70)**	(0.60)
Liabilities no longer required written back #	**(4,666.31)**	-
Operating profit before working capital changes	**2,619.42**	2,144.85
Adjustments for changes in :		
– Trade and other receivables	**4,025.36**	3,791.00
– Inventories	**(3,650.79)**	1,717.93
– Trade payables	**(115.32)**	(1,278.25)
Cash generated / (used) from operations	**2,878.67**	6,375.53
Direct taxes paid	**(697.47)**	(91.91)
Net cash generated / (used) from operating activities	**2,181.20**	6,283.62
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	**(897.35)**	(74.21)
Sale of fixed assets	**3.90**	79.68
Purchase of long term non-trade investments	**(219.82)**	-
Dividend received	**0.60**	0.35
Interest received	**159.73**	150.66
Net cash used in investing activities	**(952.94)**	156.48
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings	**2,415.92**	33.70
Repayment of long term borrowings	**(9,301.69)**	(2,327.87)
Proceeds from short term borrowing	**1,000.00**	-
Changes in working capital borrowings	**5,237.83**	(2,764.07)
Interest paid	**(963.33)**	(1,053.30)
Net cash from financing activities	**(1,611.27)**	(6,111.54)
Net (decrease) / increase in cash and cash equivalents	**(383.01)**	328.56
Cash and cash equivalents (opening balance) *		
Cash and bank balances	**1,360.21**	1,031.65
Cash and cash equivalents (closing balance) *		
Cash and bank balances	**977.20**	1,360.21
	(383.01)	328.56

#Refer to note 4.5 of Schedule 13

*Includes Rs. 450.25 lacs (Previous year Rs. 467.92 lacs) as security with Debenture Trustees and Rs. 429.91 lacs (Previous year Rs. 470.14 lacs) for specific uses.

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

MANJULA BANERJI
Partner
(Membership No. 086423)

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

Place : New Delhi
Date : May 28, 2010

1. SHARE CAPITAL

	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 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, 2009 Rs. Lacs	Additions Rs. Lacs	Deductions Rs. Lacs	As at March 31, 2010 Rs. Lacs
Capital reserve *	24.90	-	-	**24.90**
Share premium	3,767.00	-	-	**3,767.00**
Capital redemption	130.00	-	-	**130.00**
Debenture redemption	3,004.29	-	**2,428.27** **	**576.02**
Reserve Fund #	0.27	-	-	**0.27**
Special Reserve (As per Income tax Act, 1961)	29.96	-	-	**29.96**
Profit and loss account	-	**7,571.16**	-	**7,571.16**
	6,956.42	**7,571.16**	**2,428.27**	**12,099.31**

* Represents Central/State Government subsidy.

** Transferred to Profit and Loss account

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

3. LOANS

	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
Secured		
Debentures		
Principal amount - gross	**1,228.31**	9,186.32
Less : Calls in arrear	**5.24**	5.24
	1,223.07	9,181.08
Banks		
Cash credits/overdrafts	**6,565.33**	4,327.50
Working capital demand loans	**3,000.00**	–
Term loans	**4,324.98**	4,475.00
Others – Long term	**2,069.22**	77.43
– Short term	**1,000.00**	–
	18,182.60	18,061.01
Unsecured		
Deposits		
Fixed	**9.45**	9.50
Others	**371.77**	371.67
Term loans		
Long term*	–	777.65
Short term	**71.35**	71.35
	452.57	1,230.17
	18,635.17	19,291.18

Secured

1. Debentures

a) 3,717,971 (Previous year: 8,635,591) - aggregating Rs. 1,075.78 lacs (Previous year Rs. 9,027.93 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 6 and note 4.4 of Schedule 13). 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 13).

b) 16,000 (Previous year: 16,586) 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. 152.53 lacs (Previous year 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 and working capital demand loan facilities aggregating Rs. 8,125.71 lacs (Previous year Rs. 3,934.48 lacs) and other non-fund based facilities from a bank, are secured by way of hypothecation of stocks / stores and book debts, both present and future. These are further secured by equitable mortgage of immovable assets, both present and future, and first charge, ranking pari-passu, by way of hypothecation of existing as well as future block of movable assets pertaining to the Textile Division at Hissar.

— working capital demand loan of Rs. 1000.00 lacs (Previous year Rs. Nil) from a bank is secured by way of pledge of cotton stocks, pertaining to the Textile Division at Hissar.

— cash credit facilities relating to IT Division, aggregating Rs. 439.62 lacs (Previous year Rs. 393.02 lacs) and other non-fund based facilities from a bank, are secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the Division (both present and future), and by way of first charge on office property at Hyderabad. The above facility is further secured by way of first charge created / to be created on other fixed assets of the Division.

— term loans aggregating Rs. 4,324.98 lacs (Previous year Rs. 4,475.00 lacs) are 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. 643.50 lacs, Previous year Rs. 552.00 lacs).

3. **Others - Long term**

— Rs. 2,000.00 lacs (Previous year: Rs. NIL) secured by registered mortgage of farm house land situated at Rajokri, New Delhi, admeasuring 3.71 acres, owned by a promoter group company and is also guaranteed by the President (Corporate Affairs) of DCM Limited. (due within a year: Rs. 1,000.00 lacs).

— Rs. 69.22 lacs (Previous year: Rs. 77.43 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. (due within a year: Rs. 25.88 lacs, Previous year: Rs. 21.38 lacs).

4. **Others - Short term**

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

5. **Unsecured**

a) Fixed deposits aggregating Rs. 0.55 lac (Previous year Rs. 0.55 lacs) are guaranteed by the Chief Executive Officer of DCM Limited.

b) Long term loan Rs. Nil (Previous year Rs. 777.65 lacs) is guaranteed by the Chief Executive Officer of DCM Limited. (due within a year: Rs. Nil, Previous year: refer to note 4.4 of Schedule 13).

* Refer to note 4.5 of Schedule 13

6. Also refer to note 4.4 of Schedule 13 regarding the proposed reschedulement of various payment terms of loans from financial institutions and debentures. Interest accrued amounting to Rs. 406.17 lacs (Previous year Rs. 248.23 lacs) included under "interest accrued but not due" under current liabilities in Schedule 8, 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 Schedule 13.

4. FIXED ASSETS

(Amounts in Rs. Lacs)

Description	Gross Block				Depreciation				Net Block	
	As at March 31, 2009	**Additions**	**Deductions**	**As at March 31, 2010**	Upto March 31, 2009	**For the year**	**On sales/ disposal**	**As at March 31, 2010**	**As at March 31, 2010**	As at March 31, 2009
Freehold Land *	977.47	–	–	**977.47**	–	–	–	–	**977.47**	977.47
Buildings	1,729.39	**22.76**	–	**1,752.15**	453.31	**54.58**	-	**507.89**	**1,244.26**	1,276.08
Plant and machinery	10,599.44	**201.12**	**9.19**	**10,791.37**	5,526.52	**695.93**	**8.14**	**6,214.31**	**4,577.06**	5,072.92
Furniture and fittings	320.23	**14.26**	**9.77**	**324.72**	241.48	**21.50**	**5.98**	**257.00**	**67.72**	78.75
Vehicles	190.94	**14.39**	**11.04**	**194.29**	108.66	**11.63**	**8.38**	**111.91**	**82.38**	82.28
<u>Intangible assets</u>										
Intellectual property rights	279.90	–	–	**279.90**	279.90	–	–	**279.90**	–	–
Current Year	14,097.37	**252.53**	**30.00**	**14,319.90**	6,609.87	**783.64**	**22.50**	**7,371.01**	**6,948.89**	
Previous Year	14,158.80	87.14	148.57	14,097.37	5,850.62	822.31	63.06	6,609.87		7,487.50
Capital work-in-progress (Refer to note 10 of Schedule 13 also)									**1,123.64**	470.15
									8,072.53	7,957.65

Capital commitments outstanding at the close of the year, net of capital advances, Rs. 912.19 lacs (Previous year Rs. 145.63 lacs).

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

5. INVESTMENTS - LONG TERM

		As at March 31, 2010 Rs. Lacs		As at March 31, 2009 Rs. Lacs
AT COST UNLESS OTHERWISE STATED				
Trade investments - Unquoted				
Equity shares : Purearth Infrastucture Limited @				
Fully paid-up 10,991,050 (Previous year - 10,991,050) of Rs. 10 each		**2,004.00**		2,004.00
Partly paid-up 4,396,420 (Subscribed under rights issue during the year) of Rs. 10 each, Rs. 5/- paid up		**219.82**		–
Non trade - Quoted				
Equity shares :				
Fully paid-up				
SRF Limited 5,000 (Previous year - 5,000) of Rs. 10 each		**1.60**		1.60
DCM Financial Services Limited 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 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 13) 15,049,988 (Previous year- 15,049,988) of Rs. 10 each		**4,205.00**		4,205.00
		6,533.22		6,313.40

@ 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	**12.14**	5.25
Unquoted	**6,528.82**	6,309.00		
	6,533.22	6,313.40		

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.

3. 2,000,000 (Previous year; Nil) fully paid up equity shares of Rs. 10 each of DCM Engineering Limited have been pledged with a body corporate.

6. DEFERRED TAX ASSETS (NET)

	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
Deferred tax assets on:		
Unabsorbed depreciation	**610.89**	–
Accrued expenses, deductible on payment	**529.90**	–
Provision for doubtful debts and advances	**43.55**	–
	1,184.34	–
Less: Deferred tax liability on:		
Accelerated depreciation	**618.03**	–
	566.31	–

7. CURRENT ASSETS, LOANS AND ADVANCES

	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
Current assets		
Inventories		
Stores , spares and components (valued at cost or under)	**125.82**	106.59
Stock in trade *		
Raw materials	**6,970.06**	3,712.52
Process stocks	**348.65**	226.49
Finished goods	**526.92**	275.06
Land (for development)	**1,000.00**	1,000.00
	8,971.45	5,320.66
Sundry debtors @		
Debts over six months		
Secured – good	**309.45**	309.45
Unsecured – good	**9,468.45**	15,178.22
– doubtful	**118.92**	96.95
Other debts		
Secured – good	**2.07**	3.00
Unsecured – good @@	**3,388.34**	2,195.90
	13,287.23	17,783.52
Less : Provision for doubtful debts	**118.92**	96.95
	13,168.31	17,686.57
Cash and bank balances		
Cash and cheques on hand	**10.06**	7.10
With scheduled banks on :		
– Current accounts#	**207.49**	335.85
– Deposit accounts ##	**757.34**	994.22
With non-scheduled banks on : ###		
– Current accounts Bank of America, USA	**2.31**	22.81
– Deposit account Bank of America, USA	–	0.23
	977.20	1,360.21
Loans and advances		
(Unsecured - considered good unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good $	**2,225.45**	1,964.38
Considered doubtful $$	**825.97**	897.17
	3,051.42	2,861.55
Less:Provision for doubtful advances	**825.97**	897.17
Carried over	**2,225.45**	1,964.38

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

	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
Borught forward	2,225.45	1,964.38
Deposits	419.67	440.96
With customs, excise and port trust authorities etc.	310.45	57.33
MAT credit entitlement	1,220.67	-
Taxation	1,731.17	1,011.12
Income accrued on investments and deposits	14.73	19.26
	5,922.14	3,493.05
	29,039.10	27,860.49

* 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. 9,672.39 lacs (Previous year Rs. 15,374.89 lacs) on account of real estate receivables to be received in terms of the SORA / definitive agreement.(Refer to note 4.2(b) of Schedule 13)

@@ Includes Rs. 41.44 lacs (Previous year Rs. 16.23 lacs) on account of unbilled services.

Includes Rs. 164.65 lacs (Previous year Rs. 85.37 lacs) for specific uses.

Includes Rs. 8.87 lacs (Previous year Rs. 6.06 lacs) provided as security for bank guarantees/letters of credit, Rs. 450.25 lacs (Previous year Rs. 467.92 lacs) as security with Debenture Trustees and Rs. 265.26 lacs (Previous year Rs. 384.77 lacs) for specific uses.

Maximum balance outstanding during the year :

	Rs. Lacs	Rs. Lacs
Current accounts		
Bank of America, USA	143.80	135.85
Deposit account		
Bank of America, USA	19.19	25.86

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

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

8. CURRENT LIABILITIES AND PROVISIONS

	As at March 31, 2010 Rs. Lacs	As at March 31, 2009 Rs. Lacs
Current Liabilities		
Acceptances	55.26	–
Sundry creditors		
– Outstanding dues of micro and small enterprises (Refer to note 15 of Schedule 13)	0.04	0.40
– Others	6,766.94	7,145.81
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	128.42	59.05
– Unclaimed matured debentures including interest thereon	301.58	154.41
Interest accrued but not due (Refer to note 4.4 of Schedule 13 and foot note 6 on schedule 3)	1,949.86	6,799.25
	9,203.31	14,160.13
Provisions		
Income-tax	1,592.65	461.91
Gratuity	382.33	308.62
Leave encashment	155.68	127.46
Non-performing assets	2.77	3.32
Contingencies (Refer to note 4.2 (a) of Schedule 13)	402.34	502.95
	2,535.77	1,404.26

* 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 13)

9. GROSS SALES/SERVICES

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Sale of products	**19,670.17**	17,891.03
Income from services/software development	**4,200.25**	3,503.71
Income from housing finance activity	**2.32**	6.09
	23,872.74	21,400.83

9A. OTHER INCOME

	Current Year Rs. /Lacs	Previous Year Rs. /Lacs
Special rebates, incentives, etc.	**485.25**	300.71
Dividend on long term non trade investments	**0.70**	0.60
Rent	**24.08**	33.58
Profit on sale of fixed assets	**0.90**	2.02
Provision for doubtful debts and advances written back	–	0.48
Provisions and liabilities no longer required, written back	**32.21**	621.97
Interest on:		
– Income tax refunds	**43.09**	-
– Deposits etc. #	**112.00**	148.33
Miscellaneous ##	**78.20**	264.66
	776.43	1,372.35

Income-tax deducted at source Rs. 12.31 Lacs (Previous year Rs. 21.63 lacs).

Includes Rs. 44.78 lacs (Previous year Rs. 187.04 lacs) as gain due to fluctuations in foreign exchange rates.

10. MANUFACTURING AND OTHER EXPENSES

		Current Year Rs. Lacs		Previous Year Rs. Lacs
Raw materials consumed		**12,421.49**		11,004.13
Stores, spares and components consumed		**502.50**		535.90
Power, fuel, etc.		**2,161.42**		2,039.66
Repairs				
Buildings		**23.46**		30.59
Plant and machinery		**24.42**		23.40
Jobs on contract		**23.82**		14.37
Salaries, wages, commission, etc.		**4,780.24**		4,059.48
Bonus		**96.96**		105.94
Gratuity paid		**21.47**		27.99
Provision for gratuity and leave liability		**101.80**		60.76
Provident and other funds		**406.97**		367.02
Welfare		**42.19**		33.37
Rent		**99.15**		112.77
Insurance		**33.47**		35.14
Rates and taxes		**17.71**		21.13
Auditors' remuneration #				
As auditors				
– Audit fees		**9.22**		8.20
In other capacity				
– Verification of statements and other reports		**4.78**		8.04
– Limited review of unaudited financial results		**10.51**		8.25
Out-of-pocket expenses		-		0.34
Directors' fee		**3.38**		3.57
Provision for doubtful debts and advances		**49.61**		49.95
Doubtful debts and advances written off	**102.93**		76.53	
Less : Provision already held	**96.58**	**6.35**	39.68	36.85
Carried over		**20,840.92**		18,586.85

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

		Current Year Rs. Lacs		Previous Year Rs. Lacs
Brought forward		**20,840.92**		18,586.85
Loss on sale of fixed assets		**4.49**		7.83
Freight and transport		**352.68**		484.97
Commission to selling agents (other than sole selling)		**230.71**		226.61
Brokerage, discount (other than trade discount),etc.		**118.96**		69.58
Sales expenses		**48.69**		60.18
Travelling and conveyance		**108.17**		143.76
Legal and professional fees		**214.90**		142.20
Land development expenses	**99.87**		101.90	
Less : Adjusted against provision held	**99.87**	**–**	101.90	–
Miscellaneous expenses ##		**318.34**		215.42
		22,237.86		19,937.40
(Increase) / Decrease of finished and process stocks				
Closing stock				
Process stocks		**348.65**		226.49
Finished goods		**526.92**		275.06
Land (for development)		**1,000.00**		1,000.00
		1,875.57		1,501.55
Less : Opening 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
		(374.02)		538.78
		21,863.84		20,476.18

Excluding service tax

Includes Rs. 67.74 lacs (Previous year Rs. Nil) 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	**424.65**	443.15
– Others	**347.52**	308.06
	772.17	751.21

@ In addition, interest amounting to Rs. 0.56 lac (Previous year Rs. Nil) has been transferred to fixed assets and Rs.0.74 lac (Previous year Rs. 0.95 lac) has been adjusted against contingency provision

12. PROVISION FOR TAXATION

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Current tax (including foreign tax Rs. 11.31 lacs; previous year Rs. 10.26 lacs)	**1,102.11**	91.38
MAT credit entitlement	**(1,220.67)**	–
Deferred tax (benefit)	**(566.31)**	–
Income-tax adjustment for earlier year (including foreign tax Rs. Nil; previous year Rs. (6.17) lacs)	**6.05**	(6.08)
Fringe benefit tax	**–**	20.76
	(678.82)	106.06

13. NOTES TO THE ACCOUNTS

1. Basis of Consolidation

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

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, 2010 (%)
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 of DCM Limited to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

c) Fixed assets:

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

d) Impairment:

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

e) Depreciation:

(i) The Group follows straight-line method of depreciation in respect of buildings / plant and machinery and all assets of IT Division and 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.
vi) Interest on housing loan:
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 entries 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 liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961.
Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.
Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

m) Foreign exchange transactions:
i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.
The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the period in which they arise, except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets.

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

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

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

Defined contribution plans

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

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Contribution to provident fund	**121.68**	114.88
Contribution to superannuation fund	**29.78**	23.59
Contribution to employees' state insurance scheme	**37.12**	33.19

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	**308.62**	266.36	**127.46**	108.97
Current service cost	**32.74**	29.75	**17.76**	15.84
Interest cost	**23.13**	18.63	**9.56**	7.63
Actuarial (gain) / loss	**39.18**	21.87	**13.49**	6.36
Benefits paid	**21.34**	27.99	**12.59**	11.34
Present value of obligation as at the end of the year	**382.33**	308.62	**155.68**	127.46
Change in plan assets	**Not applicable**	Not applicable	**Not applicable**	Not applicable
Plan assets at the beginning of the year	–	–	–	–
Expected return on plan assets				
Contribution by the Company				
Benefits paid				
Actuarial gain / (loss)				
Plan assets at the end of the year	–	–	–	–
Liability recognised in the financial statement				
Cost for the year				
Current service cost	**32.74**	29.75	**17.76**	15.84
Interest cost	**23.13**	18.63	**9.56**	7.63
Return on plan assets	-	-	–	-
Actuarial (gain) / loss	**39.18**	21.87	**13.49**	6.36
Net cost	**95.05**	70.25	**40.81**	29.83
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	**7.50%**	7.00%	**7.50%**	7.00%
Rate of increase in compensation levels	**5.00%**	4.50%	**5.00%**	4.50%

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 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 7.

Consequent to the above, in terms of the SORA and the definitive agreements referred to as above, all rights and obligations with respect to development of freehold land have been taken over by PIL including the obligation towards advances aggregating Rs. 460.55 lacs received by 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.402.34 lacs (Previous year Rs. 502.95 lacs) to cover the expenses to be incurred in relation to the above project have been carried forward as "Contingencies" under the head Provisions in Schedule 8. Amounts aggregating Rs.100.61 lacs (Previous year Rs. 320.38 lacs) have been utilized / adjusted during the year out of the above provision for contingencies.

b) the outstanding as at March 31, 2010 from PIL on account of sale of development rights aggregate Rs. 9,672.39 lacs (Previous year Rs. 15,374.89 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. 9,672.39 lacs (Previous year Rs. 14,874.89 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.

4.4 As per the terms of SORA, repayment obligations of DCM Limited were 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. However, 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. Further, subsequent to the approval of SORA, certain financial institutions delayed modification/ vacation of charges, which was 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 During the year, DCM Limited has entered into a One Time Settlement with a financial institution, pursuant to which liabilities aggregating Rs. 4,666.31 lacs has been written back under the head exceptional item in profit and loss account. Consequent to such settlement, DCM Limited has settled liability with the financial institutions and banks referred to in 4.4 above.

4.6 In view of 4.4 above, certain amount, as envisaged in SORA comprising of Rs. Nil (Previous year Rs. 777.65 lacs) due since March 2, 2004 towards a financial institution and Rs. 126.29 lacs (Previous year Rs. 525.19 lacs) due since January 2, 2005, Rs. 38.89 lacs (Previous year Rs. 878.52 lacs) due since January 2, 2006, Rs. 59.93 lacs (Previous year Rs. 1,920.67 lacs) due since January 2, 2007, Rs. 8.04 lacs (Previous year Rs. 3,493.04 lacs) due since January 2, 2008, Rs. 870.79 lacs (Previous year Rs. 2,238.88 lacs) due since January 2, 2009 and Rs. 337.13 lacs due since January 2, 2010 towards holders of Part–B of non-convertible portion of 16% Secured Partly Convertible Debentures are pending for payment.

In respect of 19.5% Secured Non-Convertible Debentures aggregating Rs. 186.89 lacs (Previous year Rs. 203.53 lacs) (including interest Rs. 34.36 lacs; previous year 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.

5. Contingent liabilities not provided for:

	Current Year Rs. Lacs	Previous Year Rs. Lacs
Claims not acknowledged as debts: *		
– Income-tax matters	**59.04**	97.41
– Sales tax matters	**49.13**	49.49
– Customs duty	**12.55**	12.55
– Employees' claims (to the extent ascertained)	**44.52**	44.52
– Property tax	**800.62**	-
– Others	**224.96**	204.92
– Uncalled liability on shares partly paid	**219.82**	-

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

6. Managerial remuneration

	Current Year Rs. Lacs	Previous Year Rs. Lacs
– Directors' sitting fees	**3.38**	3.57

7. Earnings per share:

	Current Year Rs. Lacs	Previous Year Rs. Lacs
(a) Profit after taxation as per profit and loss account (Rs./lacs)	**6,560.94**	608.39
(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)	**37.76**	3.50

8. 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.

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 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.

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

12. (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. 99.15 lacs (Previous year Rs. 112.77 lacs) under schedule 10.

(ii) The Group had, during the previous years, given one of its properties under a non-cancellable operating lease, the said lease has been terminated effective March 15, 2010. The related lease income of Rs. 23.00 lacs (Previous year Rs. 20.67 lacs) has been recognised in the profit and loss account. Details of the lease arrangement were as under:

	Gross block (Rs. Lacs)	Accumulated Depreciation (Rs. Lacs)	Depreciation for the year (Rs. Lacs)
Building	92.91	43.70	3.11
Furniture and fittings	34.47	28.48	2.10
Total	127.38	72.18	5.21
Previous Year	127.38	66.97	5.21

(iii) The Group, during the earlier years, had given one of its rented premises on sub-lease under a non-cancellable operating lease. The related lease income of Rs. Nil (Previous year Rs. 12.00 lacs) has been recognised in the profit and loss account.
Future minimum lease payments receivables:
Not later than one year – Rs. Nil (Previous year Rs. 19.00 lacs)
Later than one year and not later than five years – Rs. Nil (Previous year Rs. Nil)

13. The business of DCM Limited was reorganised under a Scheme of Arrangement sanctioned by the High Court of Delhi, New Delhi vide its order dated April 16, 1990, effective from April 1,1990 under the provisions of sections 391/394 of the Companies Act, 1956 and all the units of DCM Limited existing at that time were re-organised under four separate companies namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited (formerly known as Siel Limited). There are various issues relating to sales tax, income-tax, etc., arising/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.

14. 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)}.

15. Based upon the information available with the Group, the balance due to the Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs. 0.04 lac (Previous year Rs. 0.40 lac). Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.

16. 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 of Schedule 13 '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, 2010 (Amount in Rs. Lacs)

Particulars	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	**19,617.61**	17,882.78	**4,252.81**	3,511.96	**–**	–	**2.32**	6.09	**23872.74**	21400.83	**–**	–	**23,872.74**	21,400.83
– Other income	**607.84**	455.18	**62.38**	213.46	**–**	532.17	**3.52**	4.11	**673.74**	1204.92	**–**	–	**673.74**	1,204.92
– Inter segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total Revenue	**20,225.45**	18,337.96	**4,315.19**	3,725.42	**–**	532.17	**5.84**	10.20	**24546.48**	22605.75	**–**	–	**24,546.48**	22,605.75
2 Segment results	**2,548.97**	1,311.06	**40.02**	83.10	**–**	532.17	**(2.19)**	1.47	**2586.80**	1927.80			**2,586.80**	1,927.80
Unallocated corporate expenses/ income (net of unallocated income/expenses)											**(598.82)**	(462.14)	**(598.82)**	(462.14)
Profit before interest and tax													**1,987.98**	1,465.66
Interest expense											**772.17**	751.21	**772.17**	751.21
3 Profit before tax and exceptional items													**1,215.81**	714.45
Liabilities no longer required written back											**4,666.31**	–	**4,666.31**	–
4 Profit before tax													**5,882.12**	714.45
Provision for taxation											**(678.82)**	106.06	**(678.82)**	**106.06**
5 **Profit after taxation**													**6,560.94**	608.39
6 Other information														
(a) Segment assets	**19,434.89**	14,450.51	**1,331.44**	1,198.67	**10,874.48**	16,574.37	**336.53**	348.28	**31977.34**	32571.83			**31,977.34**	32,571.83
Investments											**6,533.22**	6,313.40	**6,533.22**	6,313.40
Other unallocated assets											**5,700.60**	3,246.31	**5,700.60**	3,246.31
Total Assets													**44,211.16**	42,131.54
(b) Segment liabilities	**672.06**	645.65	**534.59**	471.80	**5,285.35**	5,739.34	**7.05**	8.93	**6499.05**	6865.72			**6,499.05**	6,865.72
Share capital and reserves (net of debit balance in profit and loss account)											**13,836.90**	7,275.96	**13,836.90**	7,275.96
Minority interest											**0.01**	0.01	**0.01**	0.01
Loan funds											**18,635.17**	19,291.18	**18,635.17**	19,291.18
Other unallocated liabilities											**5,240.03**	8,698.67	**5,240.03**	8,698.67
Total liabilities													**44,211.16**	42,131.54
(c) Capital expenditure	**860.13**	42.48	**32.88**	31.16	**–**	–	**–**	–	**893.01**	73.64	**8.29**	0.57	**901.30**	74.21
(d) Depreciation	**735.86**	744.12	**31.62**	59.61	**–**	–	**0.01**	0.01	**767.49**	803.74	**16.15**	18.57	**783.64**	822.31
(e) Non-cash expenditure other than depreciation	**8.91**	28.12	**47.05**	30.50	**–**	–	**–**	0.08	**55.96**	58.70	**–**	28.10	**55.96**	86.80

f) Secondary segment information (Geographical segments)]

	Current Year Rs.lacs	Previous Year Rs.lacs
Segment revenue (Including excise duty)		
– Revenue within India	**14,672.57**	13,243.75
– Revenue outside India	**9,873.91**	9,362.00
Total segment revenue	**24,546.48**	22,605.75
Segment assets		
– Within India	**31,125.03**	31,809.64
– Outside India	**852.31**	762.19
Total segment assets	**31,977.34**	32,571.83
Capital expenditure		
– Within India	**892.46**	72.87
– Outside India	**0.55**	0.77
Total segment capital expenditure	**893.01**	73.64

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

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

I. Subsidiary (enterprise where control exists):

DCM Engineering Limited (DEL)

II. Joint venture:
Purearth Infrastructure Limited (PIL)

III. Key management personnel and/or Individuals having direct or indirectcontrol 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	1.50	12.18	–	–	1.50	12.18
Expenses recovered	- DEL	–	0.11	–	–	–	0.11
	- PIL	–	–	39.41	33.35	39.41	33.35
Investment in equity shares	- PIL	–	–	219.82	–	219.82	–
Balance outstanding at the year end:							
a) Sundry debtors	- PIL	–	–	9,672.39	15,374.89	9,672.39	15,374.89
	- 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 / (Payable)	- PIL	–	–	141.66	38.30	141.66	38.30

ii) Transactions with key managerial personnel

	Current Year Rs. Lacs	Previous Year Rs.Lacs
Remuneration *		
– Mr. Hemant Bharat Ram	**79.97**	59.50
– Mr. Sumant Bharat Ram	**78.77**	66.97
Sitting fees		
– Mr. N K Jain	**0.46**	0.28
Balance outstanding at the year end:		
Payables:		
Interest on Fixed deposit		
– Dr. Vinay Bharat Ram	–	2.20
Others		
– Dr. Vinay Bharat Ram	**0.92**	0.92
– Mr. Hemant Bharat Ram	**1.97**	2.11
– Mr. Sumant Bharat Ram	**2.11**	2.51
Guarantees given on behalf of the Company by:		
– Dr. Vinay Bharat Ram	**0.55**	778.20
– Mr. Sumant Bharat Ram	**2,000.00**	–

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

18. Disclosures related to joint venture:

Name	**Country of incorporation**	**Nature of Interest**	**Percentage of ownership as at**	
			March 31, 2010	March 31, 2009
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, 2010 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, 2009. 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, 2010.

	As at March 31, 2009 (Rs. Lacs) (Based on ownership interest of 14.27%)	As at March 31, 2008 (Rs. Lacs) (Based on ownership interest of 14.27%)
ASSETS		
Fixed assets	**25.95**	34.20
Investments	**216.55**	347.60
Deferred tax assets	**–**	–
Current assets, loans and advances:		
a) Inventories	**6,179.25**	5,830.10
b) Sundry debtors	**23.77**	9.42
c) Cash and bank balances:	**793.25**	664.34
d) Loans and advances	**290.89**	335.27
LIABILITIES		
Loans		
Secured loans	**173.01**	326.75
Current Liabilities and provisions:		
a) Liabilities	**5,355.09**	5,765.57
b) Provisions	**39.12**	36.88
Employees stock options outstanding	**47.48**	33.75
Misc. Expenditure not written off	**0.86**	2.33
	For the year ended March 31, 2009 (Rs. Lacs)	For the year ended March 31, 2008 (Rs. Lacs)
INCOME		
Real Estate Operations	**1,594.86**	2,311.58
Other income	**95.24**	83.61
EXPENSES		
Cost of sales	**1,418.17**	2,241.49
Personnel expenses	**26.24**	26.55
Operating & other expenses	**154.10**	149.76
Depreciation/amortisation	**4.83**	6.03
Financial expenses	**0.28**	0.06
Provision for taxation	**22.38**	59.00
OTHER MATTERS		
Contingent liabilities	**77.21**	70.66
Capital commitments	**–**	–

19. 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, 2010 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	13.17	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)	59.04	59.04	Assessment year 2002-03, 2006-07, 2007-08

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

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

Name of the Statute	Nature of the Dues	Forum where pending	Amount (Rs. Lacs)	Period to which the amount relates (Rs. Lacs)
Income Tax Act, 1961	Income- tax	– Delhi High Court	595.27	Assessment Years 1980-81to 1990-91.
Income Tax Act, 1961	Income- tax	– Appellate Tribunal	97.41	Assessment Year 2000-01

20. **Quantitative data about Derivative Instruments**

Nature of derivative	Number of deals		Purpose		Amount in foreign currency (in US$)		Amount in Rs. Lacs	
	Current Year	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year	**Current Year**	Previous Year
Forward Contract	**21**	8	**Hedge**	Hedge	**3,255,032**	722,792	**1,478.69**	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$**	**1,892,763**	**849.85**	US$	1,898,801	962.91
Cash and Bank	**US$**	**5,136**	**2.31**	US$	45,405	23.04
Loans and Advances	**US$**	**104,375**	**46.86**	US$	163,509	82.95
	Euro	**8,874**	**5.43**	–	–	–
Current Liabilities	**US$**	**441,836**	**197.00**	US$	361,492	181.83
Provisions	**US$**	**46,200**	**20.74**	US$	22,200	11.26

21. The figures of the previous year have been regrouped / recast to conform to the current year's classification.
22. Schedules one to thirteen form an integral part of the balance sheet, proft and loss account and cashflow statement.

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

NARESH KUMAR JAIN
Managing Director

JITENDRA TULI
Director

Place:New Delhi
Date:May 28, 201

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Accounts)

DCM LIMITED

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

ADMISSION SLIP

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

L.F. No : .... Number of Shares Held : ....

DP. Id*		Client ID No*	

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

I HEREBY RECORD MY/OUR PRESENCE AT THE 120th ANNUAL GENERAL MEETING OF DCM LIMITED ON FRIDAY, JULY 30, 2010 AT 12.30 P.M. AT MPCU SHAH AUDITORIUM, SHREE DELHI GUJRATI SAMAJ MARG, CIVIL LINES, NEW DELHI –110054

*Applicable for investors holding shares in electronic form

....
SIGNATURE OF THE MEMBER/PROXY

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

Cut Here

DCM LIMITED

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

PROXY FORM

L.F. No : .... Number of Shares Held : ....

DP. Id*		Client ID No*	

I/We;

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

being a member/members of DCM limited hereby appoint..of..in the district of..or failing him.. of ....in the district of ....as my/our proxy to attend and vote for me/us on my/our behalf at the 120th Annual General Meeting of the Company to be held on FRIDAY, JULY 30, 2010 AT 12.30 P.M. and at any adjournment thereof .

Signed this .... day of 2010

*Applicable for investors holding shares in electronic form.

Re. 1
Revenue
Stamp

Signature : ....

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