

17 th Annual Report 2007- 2008



DCM FINANCIAL SERVICES LTD.

DCM FINANCIAL SERVICES LTD.**BRANCHES**

AHMEDABAD 1NN Complex Opp. BVD School, Shah Alam Tolnaka, Maninagar, Ahmedabad-380028	INDORE 119, Viabhav Chamber, Usha Ganj, Jora Comound, Jora Comound, Indore-452001.
BARODA 811-Centre Point, R.C. Dutt Road, Alkapuri, Baroda-390005.	KANPUR No. 2, 1st Floor, 14/123-A, Mall, Gopala Chambers, Kanpur-208001.
BANGALORE 28/A 7th Cross 3rd Main, Divanrapalya Mathikore Post, Bangalore	LUCKNOW 306, Chintel House 16 Station Road, Lucknow-226019.
CHANDIGARH Kothi No. 1307, Sector-19-B, Chandigarh-160019	VARANASI Room No. 16, 4th Floor, Kuber Complex, Rathyatra, Varanasi-221010.

DCM FINANCIAL SERVICES LTD.**BOARD OF DIRECTORS**

Arif Baig	Chairman
S.K.Sharma	Executive Directors
O.P.Gupta	Directors

COMPANY SECRETARY

Nidhi Goel

AUDITORS

M/s V.Sahai & Co.,
Chartered Accountants,
G-68 Connaught Circus,
New Delhi- 110001.

REGISTERED OFFICE

79, Amrit Nagar,
NDSE Part-1,
New Delhi 110003.

REGISTRAR & SHARE TRANSFER AGENT

(Physical & Electronic)
MCS LTD,
W-40, Okhla Industrial Area,
Phase -II, New Delhi - 110020

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DCM FINANCIAL SERVICES LTD.**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held on Tuesday, December 16, 2008 at The Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi – 110 030 at 9.30 a.m. for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on June 30, 2008 and Profit and Loss Account for the twelve months period ended on that date, together with the reports of the Auditors and the Board of Directors thereon.
2. To appoint Statutory Auditors in place of M/s. V. Sahai & Co., Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment as Statutory Auditors of the Company and to authorize the Board to fix their remuneration.
3. To consider appointment of Mr. O.P. Gupta as Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution: -

"RESOLVED THAT pursuant to applicable provisions of the Companies Act 1956, and Articles of Association of the Company, the guidelines issued from time to time by the Securities & Exchange Board of India (SEBI) and other applicable rules and regulations and subject to such approvals, filings, consents and sanctions, as may be necessary in accordance with the government guidelines and/or prevailing practice at the time as may be considered necessary by the Board of Directors of the Company (herein after referred to as the Board which expression shall also include a Committee thereof) or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the shareholders of the Company be and is hereby accorded to delisting of the shares of the Company from the Stock Exchanges situated at Delhi, Calcutta, Ahmedabad, Chennai & Jaipur."

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

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 (the 'Act') and subject to approval/ acknowledgement by Securities and Exchange Board of India (SEBI), if necessary, and also such other permissions and consents as may be necessary and such terms, conditions, limitations and modifications as may be prescribed while granting such acknowledgement and permission, and subject to the approval of the Scheme of Arrangement for Re Organization of Share Capital of the Company and for Compromise with the Secured and Unsecured Creditors of the Company, pending before the Hon'ble High Court of Delhi at Delhi in Company Petition No 300 of 2005 (hereinafter referred to as the 'Scheme') and subject to such terms and conditions and stipulations as the Hon'ble High Court may suggest while granting its consent to the said scheme, consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company, which term shall include committee thereof, of the Company to issue and allot upto a maximum of 5497148 Equity Shares of Rs. 10/- (Rupees Ten) each for cash, at par for an aggregate amount not exceeding Rs. 5,49,71,480/- (Rupees Five crores fourty

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nine lacs seventy one thousand four hundred eighty only) by way of Preferential allotment to the various classes of Promoter/ Promoter Group Companies/ Other Persons, Secured and Unsecured Creditors of the Company as part of the settlement of their dues, in accordance with the Scheme."

"RESOLVED FURTHER THAT the Equity shares shall rank *pari passu* in all respects with the then existing Equity Shares of the Company except that they shall be entitled to dividend, if any, which may be declared or paid by the company which will be in proportion to the amount paid up on these Equity Shares and pro rata for the period commencing from the date of allotment till the end of the financial year of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as they may think fit or necessary for giving effect to this resolution or for any other matter or thing connected therewith or incidental thereto including settlement of any terms, conditions, doubts, appointment of various agencies etc."

6. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 (the 'Act') and subject to approval/ acknowledgement by Securities and Exchange Board of India (SEBI), if necessary, and also such other permissions and consents as may be necessary and such terms, conditions, limitations and modifications as may be prescribed while granting such acknowledgement and permission, and subject to the approval of the Scheme of Arrangement for Re Organization of Share Capital of the Company and for Compromise with the Secured and Unsecured Creditors of the Company, pending before the Hon'ble High Court of Delhi at Delhi in Company Petition No 300 of 2005 (hereinafter referred to as the 'Scheme') and subject to approval and such terms and conditions and stipulations as the Hon'ble High Court may suggest while granting its consent to the said scheme, consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company, which term shall include committee thereof, of the Company to issue and allot upto a maximum of 1,95,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each for cash, at par, for an aggregate amount not exceeding Rs. 19,50,00,000 (Rupees Nineteen crores fifty lacs) by way of Rights Issue to the Share holders of the Company on a record date to be fixed by the Board and in such proportion to the existing shareholding as may be decided by the Board."

"RESOLVED FURTHER THAT the Offer for Shares on the Rights basis to the Shareholders shall include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person and to that extent consent of the Shareholders of the Company is being hereby given for issue and allotment of shares to persons other then existing share holders of the Company."

"RESOLVED FURTHER THAT after expiry of the time specified in the notice to the Shareholders, offering shares on rights basis, or on receipt of earlier intimation from the person to whom such notice is given that he/she declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company and to that extent consent of the Shareholders of the Company is being hereby given for issue and allotment of shares to persons other then existing share holders of the Company."

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"RESOLVED FURTHER THAT the Equity shares shall rank *pari passu* in all respects with the then existing Equity Shares of the Company except that they shall be entitled to dividend, if any, which may be declared or paid by the company which will be in proportion to the amount paid up on these Equity Shares and pro rata for the period commencing from the date of allotment till the end of the financial year of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as they may think fit or necessary for giving effect to this resolution or for any other matter or thing connected therewith or incidental thereto including settlement of any terms, conditions, doubts, appointment of various agencies etc."

7. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 (the 'Act') and subject to approval/ acknowledgement by Securities and Exchange Board of India (SEBI), if necessary, and also such other permissions and consents as may be necessary and such terms, conditions, limitations and modifications as may be prescribed while granting such acknowledgement and permission, and subject to the approval of the Scheme of Arrangement for Re Organization of Share Capital of the Company and for Compromise with the Secured and Unsecured Creditors of the Company, pending before the Hon'ble High Court of Delhi at Delhi in Company Petition No 300 of 2005 (hereinafter referred to as the 'Scheme') and subject to approval and such terms and conditions and stipulations as the Hon'ble High Court may suggest while granting its consent to the said scheme, consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company, which term shall include committee thereof, of the Company to issue and allot upto a maximum of 1,95,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each for cash, at par, for an aggregate amount not exceeding Rs. 19,50,00,000 (Rupees Nineteen Crores fifty lacs only) by way of Preferential allotment to the various classes of Promoter/ Promoter Group Companies/ Other Persons in accordance with the Scheme."

"RESOLVED FURTHER THAT the Equity shares shall rank *pari passu* in all respects with the then existing Equity Shares of the Company except that they shall be entitled to dividend, if any, which may be declared or paid by the company which will be in proportion to the amount paid up on these Equity Shares and pro rata for the period commencing from the date of allotment till the end of the financial year of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as they may think fit or necessary for giving effect to this resolution or for any other matter or thing connected therewith or incidental thereto including settlement of any terms, conditions, doubts, appointment of various agencies etc."

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

"RESOLVED THAT pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and applicable Articles of the Articles of Association of the company and subject to such approvals, consents and sanctions as may be

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necessary and subject to such conditions, alterations and modifications as may be stipulated while according such approvals, consents and sanctions which conditions, alterations or modification may be agreed to by the Board in their absolute discretion, the name of the Company be changed to such name that may be deemed suitable by the Board, subject to availability of the proposed new name and that relevant clauses including Clause 1 of the Memorandum and the Articles of Association be changed accordingly."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company including any committee thereof be and is hereby authorized to do all such acts, deeds, matters and things and to seek permission, sanctions, consents from such authorities as may be considered necessary and expedient, for the purpose of giving effect to this resolution."

**BY THE ORDER OF THE BOARD
FOR DCM FINANCIAL SERVICES LTD.,**

Place: New Delhi
Dated: November 17, 2008

Sd/-
O.P. GUPTA
(Chairman)

NOTES:

1. Explanatory Statement as required under section 173 (2) of the Companies Act, 1956 is annexed and forms part of this notice
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER, PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company shall remain closed from December 1, 2007 to December 14, 2007 (both days inclusive).
4. Members/Proxy holders are requested to produce at the entrance the enclosed admission slip duly completed and signed, for admission to the meeting.
5. Members are requested to notify any change in their address, immediately to the Company's Share Registrars and Transfer Agents at the address mentioned below:

MCS LTD.
Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area, Phase – II,
New Delhi – 110020.
Tel: 51406149-52, Fax: 51709881
Email: mcsdel@vsnl.com

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6. In accordance with SEBI directions, shares of the Company can only be traded in demat mode. Accordingly it is in member's own interest to get their shares dematerialized at the earliest.
7. As required under clause 49 of the Listing Agreement executed with the Stock Exchange a brief profile of the directors who are seeking re-appointments according to Item No. 3 of this notice for the forthcoming Annual General Meeting are provided in the Corporate Governance Report, as part of the Report of the Directors of the company.

**BY THE ORDER OF THE BOARD
FOR DCM FINANCIAL SERVICES LTD.**

Place: New Delhi
Dated: November 17, 2008

Sd/-
O.P. GUPTA
(Chairman)

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

ITEM NO. 4.

Presently the shares of the Company are traded at seven Stock Exchanges i.e. Delhi, Mumbai, National Stock Exchange, Ahmedabad, Calcutta, Chennai, Jaipur. The Mumbai Stock Exchange and National Stock Exchange have terminal all over the Country and as such liquidity is ensured to investors.

In order to conserve resources, the Board of Directors, subject to your approval, seek to delist share of the Company from Stock Exchanges at Delhi, Calcutta, Ahmedabad, Chennai & Jaipur.

On your approval, necessary steps in accordance with the guidelines shall be taken.

Consent of the members is required before taking any steps for delisting

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THE RESOLUTION.

ITEM NO. 5, 6 & 7

The Company has filed the Scheme of Arrangement for Re Organization of Share Capital of the Company and for Compromise with the Secured and Unsecured Creditors of the Company, pending before the Hon'ble High Court of Delhi at Delhi in Company Petition No 300 of 2005 (hereinafter referred to as the 'Scheme'). The Board of Directors of the Company is hopeful of the approval of the Scheme. That it may be noted that the Promoter/ Group Companies/ Other persons, during the pendency of Scheme as well as previous Scheme, have brought in various amount of funds, towards Promoter's Contribution, from time to time, in the previous years. That all these sum are being shown under the Head 'Advance against Equity' in Financial Statements of the Company. On approval of the Scheme and as envisaged in the Scheme itself, Shares would be allotted to the such Promoter/ Group Companies/ Other persons, for the aggregate amount of funds brought in from time to time.

DCM FINANCIAL SERVICES LTD.**ITEM NO 6**

That as stated, the settlement to various classes of creditors is proposed partly by way of settlement of debt by issue and allotment of further shares to the various class of creditors as detailed in the resolution.

That in terms of provisions contained in Section 81 of the Act such further shares can only be offered to the existing shareholders of the Company unless consent has been obtained from the shareholders of the Company for issue and allotment of such further shares to persons other than the existing shareholder of the Company.

In terms of "Guidelines for the Preferential Issues" issued by SEBI the following further information is being furnished in respect of such Preferential Issues and allotment of further shares

- i) Object of the issue: Settlement of the debt owed to various classes of creditors, as more particularly detailed in the resolution and allotment of shares for the amount envisaged as Promoters Contribution in the Scheme.
- ii) Intentions of Promoters/Directors/Key Management Persons to subscribe to the offer: For the issue and allotment of shares to various classes of creditors for the purposes debt settlement, and none of the Promoter/ Directors/ Key Management Persons are creditors of the Company, no details are required to be furnished w.r.t debt settlement. However as regards, shares to be allotted Promoter/ Group Companies/ Other persons, since the amount for which shares are proposed to be allotted have already been brought in by such Promoter/ Group Companies/ Other persons and as such shares would be subscribed in full.
- iii) Shareholding pattern before and after the offer

Shareholding Pattern as on 30th September 2008

Category of Shareholder	Total No. of Shares	% age of holding
Promoters		
DCM International Ltd.	922500	4.169
DCM Limited	69258	0.313
Mr. Vivek Bharat Ram	15	0.000
DCM Anubhavi Marketing Pvt. Ltd.	1000667	4.523
Intellect Capital Services Pvt. Ltd.	2147442	9.706
DCM Services Ltd	5629987	25.446
Shriram Global Enterprises Ltd.	312450	1.412
Institutions		
Mutual Funds / UTI	33700	0.152
Financial Institutions/Banks	1319900	5.966
Foreign Financial Institutions	37800	0.171
Non-institutions		
Bodies Corporate	1353961	6.120
Individuals	8610826	38.919
NRI/OCBs	686548	3.103
Total	22125054	100.000

DCM FINANCIAL SERVICES LTD.**AFTER THE OFFER**

Category of Shareholder	Present Holding	Additional Shares	Total No. of Shares	% age of holding
PROMOTERS				
DCM International Ltd.	922500	2815687	3738187	10.176
DCM Limited	69258	--	69258	0.189
Mr. Vivek Bharat Ram	15	--	15	0.000
DCM Anubhavi Marketing Pvt. Ltd.	1000667	316223	1316890	3.585
Anubhavi Marketing Pvt. Ltd.	2147442		2147442	5.846
DCM Services Ltd	5629987	2365238	7995225	21.764
Shriram Global Enterprises Ltd.	312450	--	312450	0.850
Institutions				
Mutual Funds / UTI	33700	--	33700	0.092
Financial Institutions/Banks	1319900	7263333	8583233	23.365
Foreign Financial Institutions	37800		37800	0.103
Non-institutions				
Bodies Corporate	1353961	1850000	3203961	8.722
Individuals	8610826	--	8610826	23.440
NRI/OCBs	686548	--	686548	1.868
Total	22125054	14610481	36735535	100.000

- i) Proposed time within which the allotment shall be completed; 15 days from the date of passing of resolution or within such extended time as may be permitted by the SEBI or the Hon'ble High Court of Delhi or any other Regulatory Authority or the Central Government.
- ii) The shares are proposed to be allotted to various classes of secured and unsecured creditors, Promoter/ Group Companies/ Other persons. Any shareholder wishing to have a detailed list can obtain the same from the Company since it is not feasible to provide details of all such proposed Allottee herein because of large numbers of i.e. exceeding 70,000.
- iii) That it may be noted that Shares allotted on Preferential basis would be subject to remained lock in the manner, as provided under the SEBI Guidelines.

That a Certificate from the Statutory Auditors of the Company certifying that the issue of such equity shares is being made in accordance with the requirements contained in the "Guidelines for Preferential Issues" has been obtained and shall be available for the inspection by the Shareholders of the Company from the date of this notice till the conclusion of the 16th Annual General Meeting at the Registered office of the Company and the venue of the meeting, on the date of the meeting.