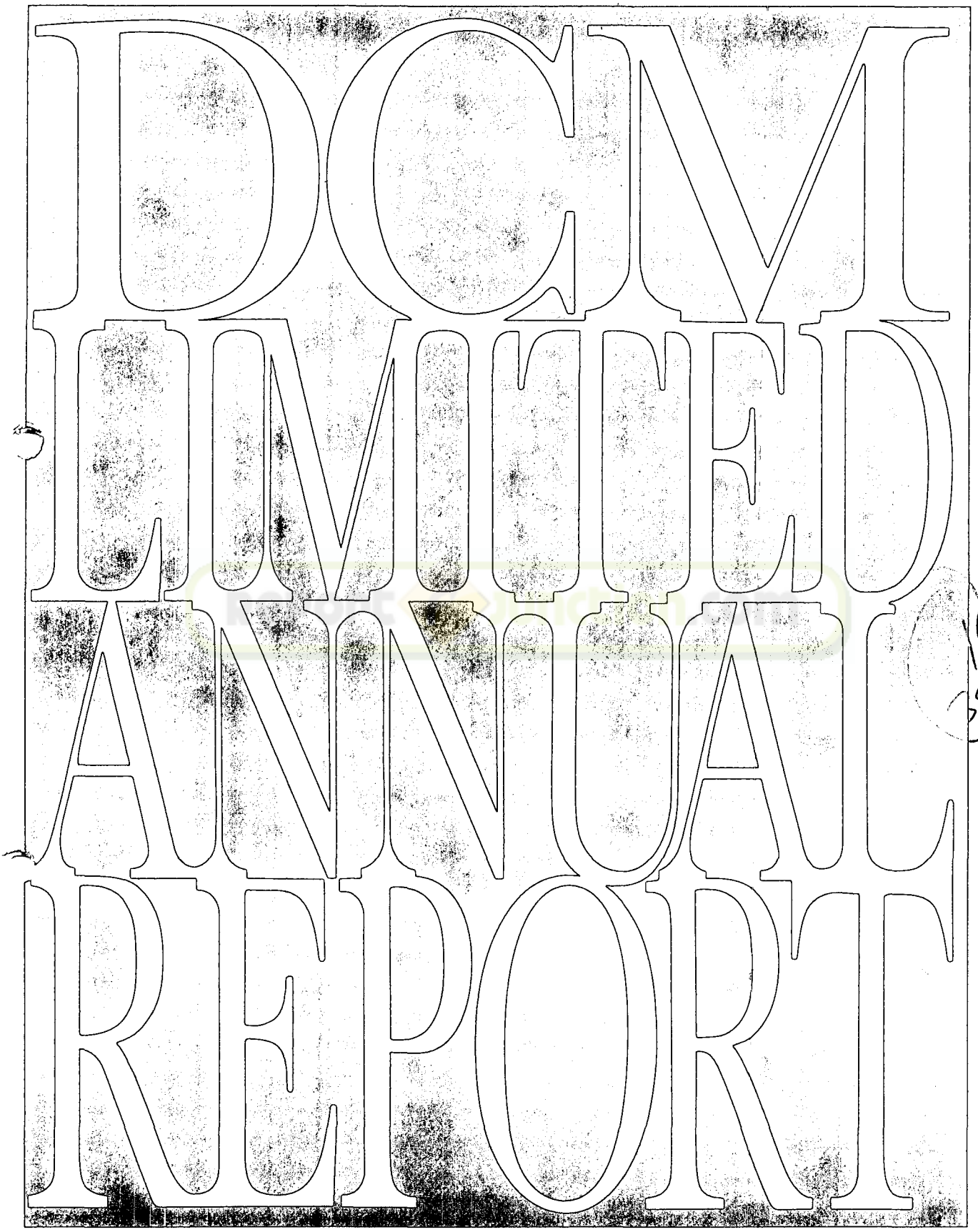
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BOARD OF DIRECTORS

Prof. Ishwar Dayal	Chairman
Ms. Panna Bharat Ram	Managing Director

Mr. Naresh Kumar Jain

Prof. Joginder Singh Sodhi

Dr. Surender Nath Pandey

Mr. D. H. Pai Panandikar

Mr. Bipin Maira

Mr. Shashi Ullal

Prof. P. K. Jain

Mr. S. K. Das

Mr. S. C. Kapur

SECRETARY

Mr. S. K. Gupta

BANKERS

Indian Bank

Punjab National Bank

State Bank of Bikaner & Jaipur

Bank of Baroda

AUDITORS

A. F. Ferguson & Co.,

New Delhi

REGISTERED OFFICE
Vikrant Tower,
4, Rajendra Place,
New Delhi-110 008
Tel: 91-11-25719967-73
Fax: 91-11-25765214

SHARE TRANSFER AGENT
MCS-Limited
Sri Venkatesh Bhawan, W-40,
Okhla Industrial Area, Phase-II,
New Delhi-110 020
Tel: 91-11-26384909
Fax: 91-11-26384907

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

NOTICE

Notice is hereby given that the adjourned 113th Annual General Meeting of the Company will be held on Monday, 1st March, 2004 at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110 054 at 11.30 A.M. to receive, consider and adopt the audited accounts for the financial year ended 31st March, 2003 and the reports of Directors and Auditors thereon.

By order of the Board

S.K.Gupta
Chief General Manager (IA)
& Company Secretary

Place : New Delhi
Date : January 27, 2004

Notes :

1. Members are aware that in view of the Hon'ble Delhi High Court order dated 5th September, 2002, in the matter of Scheme of Restructuring and Arrangement, the accounts for the period ended 31.3.2002 are being placed before the Adjourned 112th Annual General Meeting to be held on 1st March, 2003 at10.30 A.M.

   Pending approval of the accounts for the period ended 31.3.2002, the annual accounts for the year ended 31.3.2003 could not be placed before the 113th Annual General Meeting of the Company held on 30th December, 2003 at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110 054 and the meeting was adjourned sine die for consideration of the said audited accounts for the financial year ended on 31st March, 2003 and the Reports of Directors and Auditors thereon. As the accounts for the period ended 31.3.2002 are being placed in the adjourned 112th Annual General Meeting, accordingly the audited Balance Sheet as on 31st March, 2003 and the Profit & Loss Account for the financial year ended on that date incorporating therein the impact of the Scheme and other documents attached thereto are sent herewith for consideration and adoption by the members.

2. 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.

3. Members are requested to bring their copy of Annual Report. No extra copy would be available for distribution at the meeting.

4. Shareholders/ Proxy are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.

5. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification

6. The members intending to seek any information on Annual Accounts at the meeting are requested to kindly inform the Company atleast 10 days before the date of the meeting.

7. In view of SEBI requirement of compulsory delivery of shares of the company in dematerialised form, members are requested to convert their physical share certificates into electronic form.

8. The Companies (Amendment) Act, 1999 had provided for a facility of nomination in the shares of a company. A format of the nomination form (Form 2B) is enclosed with the Annual Report. In case the members wish to avail this facility, they are requested to send the duly completed form to the Share Transfer Agent of the company.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their annual report alongwith audited accounts of the Company for the year ended 31st March'03.

FINANCIAL DATA

	Crores/Rs.	
	Current year (12 Months)	Previous Period (15 Months)
Profit/(Loss) before interest	4.66	1.32
Depreciation and tax		
Less: - Interest(net)	1.95	3.96
- Depreciation	3.19	6.30
Profit/(Loss) before tax	(0.48)	(8.94)
Less: - Provision for tax	0.01	1.29
Profit/(Loss) after tax	(0.49)	(10.23)
Add: - Balance of profit and Loss A/c of erstwhile DCM		
Data Systems Ltd.	—	32.87
Add: - Profit/(Loss) brought forward	(37.50)	(60.13)
Investments Allowance written back	—	—
Profit/(Loss) carried to the Balance Sheet	(37.99)	(37.50)

DIVIDEND

The Directors in view of the losses have not proposed dividend for the period under report.

OPERATIONS OVERVIEW

Textile Division

Textiles market has shown signs of recovery world-wide. Moreover, developed countries are phasing out spinning mills because of high labour cost. The Indian spinning industry has 25% share of the world export market. Post WTO, the textile quotas will be phased out with effect from 01.01.2005.

The fortunes of textile industry are linked with the state of economy. This year world and Indian economies have improved considerably and prospects of higher demand seem to be brighter. Indian cotton crop has been higher than in the previous years. Failure of cotton crop in China has led to an increase in demand for Indian cotton yarn.

Partial modernisation of the unit is currently underway which inter-alia involves replacement of old spindles and installation of new Ring frames to enhance production levels. Exports are being targeted to reach 50% of the total production in the year 2004-05.

The unit was ranked 18th in a SITRA productivity survey in which 171 mills participated in the period October-December 2001.

Excess inventory of yarn built up during the last year was liquidated. Timely stocking of cotton in the season 2002-03, changes in product mix and cost control measures have helped in improving profits of the textiles division. In the current season, cotton prices have risen sharply but yarn prices have matched the rise in cotton prices.

Introduction of VAT at the national level is going to be beneficial for Textile Division as it will remove the disadvantage vis-a-vis tax exempted spinning units.

IT Division

The IT industry worldwide and particularly in India was adversely affected on account of the intense recessionary trends in the US market which had a cascading impact on the Indian Industry. Customers irrespective of segments, cut-back on IT spending and resorted to cuts in manpower and other expenses. Meanwhile the Indian IT companies had invested on resources and that has put dual pressure on profitability since costs were high and projected revenues could not be met.

The performance of the division was adversely affected on account of the slow down in the US market and the depressed sentiment in the domestic market. The sluggish US economy and the impact of the 9/ 11 incident, significantly affected operations of almost all major global IT players including IBM, HP, Cisco, Compaq, etc., and consequently had an adverse impact on the performance of most of the IT companies in India.

In the current year the division has consolidated its business operations by focusing on the IT Infrastructure services business and discontinuing / truncating dependence on the low-margin product supply business. Further, the corrective measures taken by the division during 2002-2003, have also started showing results.

The IT Infrastructure services business in USA has now stabilized after the initial slow down and from 2003, there is a perceptible increase in the level of enquiries and fresh order booking. It has been further decided to broad base and diversify the operations by entering implementation & services linked with 'Tivoli' products.

DCM Data System Limited, the erstwhile subsidiary of the Company (since merged with the Company) acquired the software business of M/s DCM Technologies Ltd w.e.f. 01.04.2003 as a going concern on slump sale basis together with business assets and liabilities including Intellectual Property Rights, customer contracts, name, goodwill and employees.

DCM Technologies is engaged in the development and export of software and software services, both on-site and offshore and its software and hardware processes have the SEI CMM Level-5 certification, the highest in the industry. This acquisition will facilitate consolidating the business portfolio and taking advantage of the combined strengths by optimizing the market and technical synergies.

RESTRUCTURING PLANS

The Hon'ble High Court(s) of Delhi has passed the order(s) dated 29th October, 2003 in the matter of Scheme of Restructuring and Arrangement and Scheme of Merger/ Amalgamation of DCM Data Systems Limited with the company under Section 391-394 of the Companies Act, 1956. The Scheme (s) provides for:

(a) hiving off of Engineering Products Division into a separate company viz. DCM Precision Engineering Limited w.e.f. 1.4.2001; and

(b) merger of DCM Data Systems Limited with the company w.e.f. 1.4.1999.

The scheme also provides for reschedulement of repayments in respect of Financial Institutions, fixed deposit holders and debenture holders of the company. A certified copy of the Court order in form 42 has been filed with Registrar of Companies on 2.01.2004

REDEMPTION OF DEBENTURES

Redemption/repayment to the holders of 19.5 % secured Non Convertible Debentures issued on private placement basis and 16 % Partly Convertible Debentures will be made in accordance with the provisions contained in the Scheme of Restructuring and Arrangement approved by the Hon'ble High Court of Delhi.

FIXED DEPOSITS

The Company Law Board (CLB) has passed an order dated 10th September, 1998 rescheduling the repayments to fixed deposit holders which now constitutes part of Scheme of Restructuring and Arrangement approved by Hon'ble High Court. In pursuance to the said order, the company has paid a sum of Rs. 20.37 crores (approx.) to various categories of depositors including payments in hardship cases. The balance amount would be paid to the deposit holders in terms of the provisions of the Scheme of Restructuring and Arrangement approved by the Hon'ble High Court.

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DIRECTORS

IFCI withdrew the nomination of Mr. D. Rama Rao from the Board w.e.f. 5th December, 2003. The Directors place on record their appreciation of his contribution during his tenure as a Director of the company.

LIC nominated Mr. S. C. Kapur on the Board w.e.f. 9th May, 2003.

Prof. Ishwar Dayal retired by rotation and was re-appointed in the 113th Annual General Meeting held on 30th December, 2003.

The Board co-opted Mr. D. H. Pai Panandikar, Mr. Shashi Ullal, Prof. P. K. Jain and Mr. Bipin Maira as Additional Director(s) w.e.f. 13th January, 2004.

DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

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

Reference para (f)(i) of the Auditors Report

By the very nature of SORA approved by the Hon'ble High Court of Delhi, the scheme would be implemented as a whole and in totality. Spin off of Engineering business into a separate company viz. DCM Precision Engineering Limited, merger of DCM Data Systems Limited (a 100% subsidiary of the company) and financial restructuring of debts of the Company has already been given effect to in the annual accounts for the period ended March 31, 2002. In view of the requirement of Accounting Standard 9 of the Institute of Chartered Accountants of India, dealing with Revenue Recognition, real estate transaction has not been accounted for in these accounts. The Board is, however, confident that the definitive agreements would be finalised soon and as such would be accounted for in that accounting year. (Refer Note 3 of Notes to Accounts in Schedule 13 of Accounts annexed)

Reference para (f)(ii) of the Auditors Report

All the liability arising out of the settlement with builders would finally be taken over by DCM Estates & Infrastructure Limited in terms of the Scheme of Restructuring and Arrangement. Since the Scheme has now been approved by the Hon'ble High Court of Delhi, there is no rationale of accounting for it in the Books of the Company at this stage. (Refer Note 3.3 (c) of Notes to Accounts in Schedule 13 of Accounts annexed)

Reference para (f)(iii) of the Auditors Report

The company has, in general, followed the accrual basis of accounting for preparing its accounts. However, interest on certain borrowings is accounted for on cash basis due to delay in approval of the Scheme of Restructuring and the consequent hardship/practical difficulties involved in obtaining relevant tax exemption/credit etc. specially in case of retail investors. In view of fact that any other practice would have adversely effected a large number of retail investors approx. 20,000 , it was felt that the present practice would be prudent in the current situation and the provisions made in the scheme aproved by the Hon'ble High Court with regard to such interest will be followed prospectively. (Refer Note 13 of Notes to Accounts in Schedule 13 of Accounts annexed)

Reference para (f)(iv) of the Auditors Report

The business of the company was re-organised 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-organised under four separate companies, including this company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Siel Limited.

There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organisation 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 fully determined.

The final liability, when determined, would in case of the company, be limited only to one third of the total liability. (Refer Note 18 of Notes to Accounts in Schedule 13 of Accounts annexed)

Reference para (f)(v) of the Auditors Report

The company has recovered advances from certain parties by acquiring investments held by these parties in various companies, or by assigning advances given to those companies in favour of the company. On the basis of the legal opinion, the company is of the view that investments so acquired or advances so assigned in settlement of dues recoverable would not attract the provisions of Section 372A of the Companies Act, 1956. (Refer Note 21 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 judgements 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.

PERSONNEL

During the year ended March 31, 2003, there was no employee drawing remuneration in excess of the amount prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules 1975.

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

The information required under Section 212 of the Companies Act, 1956 in respect of subsidiaries of the Company forms part of this Report.

AUDIT COMMITTEE

The Audit Committee of the company consists of Mr. S. K. Das, Prof. P. K. Jain and Mr. D. H. Pai Panandikar.

AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retired at the 113th Annual General Meeting held on 30th December, 2003 and were re-appointed.

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.

ACKNOWLEDGMENTS

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.

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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.

Place : New Delhi
Date : January 27, 2004

On behalf of the Board
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

a) Installation of Capacitors to improve power factor.

b) Replacement of return air V belt drive supply fans by directly coupled fans in winding section

c) Installed Automatic voltage regulator for Autoconer section to reduce the energy losses.

IT Division

The operations involve very low energy consumption. Wherever possible, energy conservation measures have already been implemented and efforts to conserve and optimise the use of energy is a continuous process. Power generation sets are installed both at the factory and office premises to cater to the essential requirements during power cuts.

(b) Additional Investment and Proposals for Reduction of consumption of Energy NIL

(c) Impact of the above measure

It would help in reduction of energy consumption, which will reduce overall cost of production.

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

- Form-A appended herein.

2, TECHNOLOGY ABSORPTION

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

3. FOREIGN EXCHANGE EARNINGS & OUTGO:

	(Rs./lacs)
Total Foreign Exchange used and earned	
Foreign exchange used (Rs./lacs)	2091.59
Foreign Exchange outgo	3299.91

FORM –A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY: 2001-02

A. POWER AND FUEL CONSUMPTION

Particulars	2002-2003 (12 Months)	Textiles 2001-02 (15 Months)	Engineering Product 1.1.01 -31.3.01 (3 Months)
1. Electricity (KWH)			
(a) Purchased:			
- Unit KWH	5922340	8661620	10304000
- Total Amount (Lac/Rs.)	239.62	372.04	346.21
- Rate per unit (Rs.)	4.05	4.30	3.36
(b) Own Generation:			
(i)Through Generator			
- Unit KWH	16212776	17648337	63000
- Unit per Lt. of			
Diesel oil	3.39	3.567	3.35
- Cost /units (Rs./KWH)	3.53	3.53	4.59
- Total consumption	54961310.64	62951618.07	211050
- Total Cost	57231099.28	62298629.61	289170
(ii) Through Steam Turbine / Generator		--	--
2. Coal	NIL	NIL	NIL
3. Furnace Oil (LDO & HSD)			
- Quantity (Ltr.)	4777727	4947218	292525
- Total Amount(Lac/Rs)	572.80	623.55	43.91
- Average Rate(Rs/K/Lt.)	11.99	12.60	15.01
4. Others (LPG)			
- Quantity (K.Ltr)	--	--	55.37
- Total /Cost (Rs/Lac)	--	--	10.82
- Rate/Unit (Rs/Mt)	--	--	19548
B. CONSUMPTION PER UNIT OF PRODUCTION			
Particulars Standards (if any)			
- Electricity (KWH)	3.30 Per Kgs	3.24 Per Kgs	1634/MT
- Furnace Oil/HSD (Ltrs)			46.38/MT
- Coal			--
- Others (LPG) (Kgs/MT)			8.78

FORM-'B'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

RESEARCH & DEVELOPMENT

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY NIL
2. BENEFITS DERIVED NIL
3. FUTURE PLAN OF ACTION

IT Division

The Unit in future shall adapt to the best process and methodologies suited for the growth and development of business, and acquire skills in the latest technologies. The expertise in system integration and IT infrastructure management shall be further exploited to offer specific customised solutions to our customers.

4. EXPENDITURE ON R& D Not Applicable

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts made**

IT Division

The unit is operating in a fast evolving, hi-tech area, involving new technologies connected with both software and hardware. Training of employees in the latest and most appropriate technologies would therefore continue to remain a key focus area and a business compulsion. The unit had therefore invested in the past on setting up AIX Competency lab and Solaris lab for training of employees, and now Tivoli products have also been included.

2. **Benefits Derived:** N. A.

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CERTIFICATE

TO THE MEMBERS OF DCM LIMITED

We have examined the compliance of Corporate Governance by DCM Limited for the year ended March 31, 2003, 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 has been 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 the financial statements of the company.

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

We state that in respect of investors' grievances received during the year ended March 31, 2003, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For A. F. FERGUSON & CO.
Chartered Accountants

Place : New Delhi — J.M. Seth
Date : January 27, 2004 — Partner

Corporate Governance

Good Corporate Governance implies adoption of such corporate practices which ensure accountability of management on one hand and maximisation of stakeholders' value on the other hand. Adequate control systems and governance structures exist to enable the Board to effectively monitor and control the operations of the company with fairness and transparency. We are committed to progressively implementing better corporate governance practices in the Company. Given below is a brief report for the period April 1, 2002 to March 31, 2003 on the practices followed at DCM Limited towards achievement of good Corporate Governance:

A. Composition of the Board :

As on March 31, 2003, the Board comprised of seven Directors, namely, Prof. Ishwar Dayal, Ms. Panna Bharat Ram, Mr. Naresh Kumar Jain, Dr. Surender Nath Pandey, Prof. Joginder Singh Sodhi, Mr. S. K. Das and Mr. D. Rama Rao. Except Ms. Panna Bharat Ram, Managing Director, all other Directors are non-executive, independent directors. The Composition of the Board is in conformity with the Listing Agreement. The non executive 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 non executive directors have any pecuniary relationship with the company.

B. Tenure :

As per the statute, two third of the total strength of the Board of Directors shall be subjected to retirement by rotation. Further one third of the retiring Directors are required to retire every year and if eligible, qualify for re-appointment. Accordingly, Prof. Ishwar Dayal, Director, retired by rotation at the 113th Annual General Meeting held on December 31, 2003 and was re-appointed.

C. Board Meetings:

During the period April 1, 2002 to March 31, 2003, 6 meetings of the Board of Directors were held on April 29, 2002, July 30, 2002, August 27, 2002, September 30, 2002, October 30, 2002 and January 30, 2003.

S. No.	Name	No. of Meetings attended	Last AGM attended
1.	Prof. Ishwar Dayal	6	Yes
2.	Ms. Panna Bharat Ram	6	Yes
3.	Prof. Joginder Singh Sodhi	6	Yes
4.	Dr. Surender Nath Pandey	6	Yes
5.	Mr. Naresh Kumar Jain	5	Yes
6.	Mr. S. K. Das-Nominee Director of UTI	6	Yes
7.	Mr. D. Rama Rao - Nominee Director of IFCI #	2	No

Nominated by IFCI w.e.f. 30.9.2003. Nomination withdrawn w.e.f. 5.12.2003

D. DIRECTORS REMUNERATION

The Company had constituted a Compensation Committee on January 30, 2003 for appointment, promotion and remuneration of executives of General Manager and above levels. As on 31st March, 2003, compensation committee comprised of Prof. Ishwar Dayal, Dr. S. N. Pandey and Mr. S. K. Das

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 meetings of the Board or Committees thereof.

The details of sitting fees paid to Directors during the period April 1, 2002 to March 31, 2003 are as under:

Rs/ lacs

S. No.	Name	Sitting Fees
1.	Prof. Ishwar Dayal	0.24
2.	Ms. Panna Bharat Ram	Nil
3.	Prof. Joginder Singh Sodhi	0.68
4.	Dr. Surender Nath Pandey	0.62
5.	Mr. Naresh Kumar Jain	0.60
6.	Mr. S. K. Das	0.28
7.	Mr. D. Rama Rao	0.04
	TOTAL	2.47

E. Number of Directorships held :

S. No	Director	No. of Other Directorship		No. of Other Committee membership	
		Director	Chairman	Member	Chairman
1.	Prof. Ishwar Dayal	Nil	Nil	Nil	Nil
2.	Ms. Panna Bharat Ram	12*	Nil	Nil	Nil
3.	Prof. Joginder Singh Sodhi	Nil	Nil	Nil	Nil
4.	Dr. Surender Nath Pandey	Nil	Nil	Nil	Nil
5.	Mr. Naresh Kumar Jain	Nil	Nil	Nil	Nil
6.	Mr. S. K. Das	Nil	Nil	Nil	Nil
7.	Mr. D. Rama Rao	1	Nil	Nil	Nil

* All 12 companies are private limited companies.

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F. **Important items discussed at the Board Meetings :**

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

1. Annual business plan.
2. Quarterly financial results.
3. Appointment of senior executives.
4. Review of operation of units.
5. Investment proposals.
6. Show cause, demand, prosecution and penalty notices.
7. Quarterly statutory compliance report.

G. **Audit Committee:**

As on March 31, 2003, the Audit Committee of the Board comprised of Dr. Surender Nath Pandey, Chairman, Mr. D. Rama Rao, Mr. S.K.Das and Mr. Naresh Kumar Jain. Mr. D. Rama Rao ceased to be a member of the Audit Committee w.e.f. December 5, 2003 consequent to withdrawal of his nomination by IFCI from the Board. All the members of Audit Committee are non executive 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 functions, reports and investigations of the Company's internal auditors, quarterly/half-yearly financial statements and risk management policies. It also recommends appointment of statutory auditors, internal auditors and fixation of audit fees. Mr. S. K. Das, nominee Director of UTI, has financial and accounting knowledge.

Dr. Surender Nath Pandey, Chairman of the Audit Committee was present in the Annual General Meeting of the Company held on December 30, 2003.

Audit Committee meetings are attended by Chief Operating and Financial Officer, Dy. General Manager (Accounts) and Head of Internal Audit of the Company. Representatives of statutory auditors also attend the Audit Committee Meetings.

Chief General Manager (Internal Audit) and Company Secretary of the Company acts as Secretary to the Audit Committee.

During the year, four Audit Committee meetings have taken place on April 29, 2002, July 26, 2002, October 22, 2002 and January 29, 2003.

S. No.	Name	No. of Committee meeting attended
1.	Dr. Surender Nath Pandey	4
2.	Mr. Naresh Kumar Jain	4
3.	Mr. S. K. Das	4
4.	Mr. D. Rama Rao *	Nil

* Inducted by the Board w.e.f. 30.1.2003. Ceased to be a member w.e.f. 5.12.2003. However, no meeting was held after 30.01.2003 till 31.03.2003.

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.

H. **Share Transfer, Finance Facilities and Shareholders/ Investors Grievance Committee:**

The Board has delegated the authority to approve transfer of shares/ debentures to a Committee of Directors "Share Transfer, Finance Facilities & Shareholders/Investors Grievance Committee" which consists of Mr. Naresh Kumar Jain, Chairman, Dr. Surender Nath Pandey and Prof. Joginder Singh Sodhi, Directors. Mr. S. K. Gupta, Chief General Manager (Internal Audit) and Company Secretary, acts as the Compliance Officer. Two meetings of committee are held every month. During the year, 21 meetings of Share Transfer, Finance Facilities and Shareholders/ Investors Grievance Committee have been held

Information relating to Shareholders/ Investors Complaints are regularly placed before the committee. The status as on March 31, 2003 is as under :

No. of Complaints received	No. of Complaints not solved to the satisfaction of shareholders	No. of pending share transfers
448	Nil	Nil

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

I. **Related Party Transaction:**

Related party transactions as per AS-18 have been dealt with in para 26 of the schedule 12 (Notes to the Accounts). However, these transactions are not in conflict with the interest of the company.

J. **Disclosures:**

The Company has not been imposed with any penalty by the Stock Exchanges, SEBI or any statutory authority on any matter relating to capital markets during the last three years.

K. **Compliances :**

The Company has a Legal Department headed by General Manager (Legal) which deals with the legal issues. The Secretarial Department headed by Chief General Manager (Internal Audit) and Company Secretary is responsible for compliance in respect of Company law, SEBI, Stock Exchanges rules and regulations and other related laws.

L. **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 is a part of the annual report.

M. **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) normally as per listing agreement and are also forwarded to the Stock Exchanges. The results are put up on their web-site(s) by the Stock Exchanges. The Company does not have a web-site. 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.

N. **Disclosure regarding appointment or re-appointment of Directors.**

Mr. D. Rama Rao was nominated by IFCI as a Director w.e.f. September 30, 2002. His nomination was withdrawn by IFCI w.e.f. December 5, 2003. Mr. S. C. Kapur was nominated by LIC as a Director w.e.f. May 9, 2003.

The Shareholders of the Company in the Annual General Meeting held on December 30, 2003 had reappointed Prof. Ishwar Dayal as Director, liable to retire by rotation.

Qualification/ Experience of Directors

1. Prof. Ishwar Dayal is an eminent personality in the field of Human Resource Management. He holds Post Graduate Degree in Psychology from Brikbeck College, London, City College of New York & also from University of California, USA and has 40 years of academic experience. He was a consultant on Social Tension Studies in UNESCO, Paris. He is the founder Director of IIM, Lucknow. Prof. Ishwar Dayal is a member of Committee of Directors for review of operations of the Company. He is not a Director on

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the Board/ Committee of the Board in any other Company.

2. D. Rama Rao, a nominee director of IFCI, holds a MA in Economics, CAIIB and Post Graduate Diploma in Marketing and Sales. He had been working with IFCI Ltd for the last 23 years and had been in the senior management cadre for the last 12 years. He has more than 28 years of experience in the industry. He also held Directorship in Dhampur Sugar Mills Ltd.

3. Mr. S. C. Kapur, a nominee director of Life Insurance Corporation of India, holds a MA and AIII. He has retired as Regional Manager (P & IR) North Zone, in March, 2002. He is not a Director on the Board/ Committee of the Board in any other Company.

a. **Annual General Meeting :**

Date	:	1st March, 2004
Time	:	11.30 a.m.
Place	:	MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110054

b. **Book Closure Date** : Not Applicable

c. **Financial Calendar** :

Financial reporting for the Quarter ending June'02	End of July' 02
Financial reporting for the Quarter ending September'02	End of October'02
Financial reporting for the Quarter ending December'02	End of January'03
Financial reporting for the Quarter ending March'03	End of April'03

d. **Dividend Payment Date** : The Directors have not recommended any Dividend to the Shareholders.

e. **Registered Office** : DCM LIMITED,
Vikrant Tower,
4 Rajendra Place,
New Delhi-110008.
Ph. : 25719967 - 73

f. **Registrar & Share Transfer Agent** : MCS Limited
Sri Venkatesh Bhawan
W-40, Okhla Industrial Area, Phase-II,
New Delhi 110020
Ph. : 26384909, 26384911, 26384914
Fax : 26384907

g. **Share Transfer System :**

The Company's Shares are traded in the Stock Exchanges compulsorily in 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. The Company has as per SEBI guidelines offered the facility of transfer cum demat. Under the said system, after the Shares transfer is effected, an option letter is sent to the transferee indicating the details of transferred Shares to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the Company. On receipt of the same, the Company dematerialises the Shares. In case the transferee does not wish to dematerialise the Shares, he need not exercise the option and the Company despatches the Share Certificates after 30 days from the date of such option letter.

h. **Listing :**

Shares of Company are listed on Delhi, Kolkata, Mumbai and National Stock Exchanges. Listing fee for the period April, 2002 to March, 2003 has been paid to all Stock Exchanges.

i. **Securities Code :**

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

Bombay Stock Exchange	:	502820
Kolkata Stock Exchange	:	10014323
Delhi Stock Exchange	:	00007
National Stock Exchange	:	DCM

j. **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 dematerialisation of shares. The Company's ISIN No. for dematerialisation of equity shares is INE 498A01018 . As on 31st March, 2003, over 73.15% shares have been dematerialised.

k. **Location of Works :**

Textile Division; Mela Ground Hissar (Haryana)
IT Division; Gurgaon (Haryana)

l. **Details of last Three AGM :**

Year	Location	Date	Time
2003	MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	30.12.2003	10:30 A.M
2002	Centaur Hotel, near Indira Gandhi International Airport, Gurgaon Road, New Delhi-110037	30.09.2002	10.30 A.M.
2000	MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	30.03.2001	11:00A.M

m. **Distribution of shareholding :** As on March 31, 2003

Category	No. of Shares	% of Shareholding
FIs/Banks/Mutual Funds	48,54,080	27.93
NRIs	51984	0.30
Promoters, Directors & Relatives	57,32,890	32.98
Bodies Corporate- Holding more than 10000 shares	25,09,676	14.45
Others- General Public / Bodies Corporate / Employees/HUF/ Trust	42,30,407	24.34
TOTAL	1,73,79,037	100.00

Number of shares	No. of shareholders	% of Shareholding
Up to 5000	57536	97.78
5001-10000	691	1.17
10001 - 20000	338	0.57
20001- 30000	85	0.14

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30001-40000	50	0.08
40001- 50000	29	0.05
50001-100000	45	0.08
Above 100000	67	0.13

n. **Deposits** : The Company has not raised any funds from the public during the last 4 years.

o. **Outstanding ADRs/ GDRs** : The company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument.

p. **Investors Correspondence** : The shareholders may address their communication to the Registrar and Share Transfer Agents at their address mentioned above or to the Chief General Manager (Internal Audit) & Company Secretary, Vikrant Tower, 4 Rajendra Place , New Delhi – 110008 .

q. **Postal Ballot** : There was no matter requiring passing of resolution through Postal Ballot during the period under review.

r. **Market Price Data** : High and Low price of Company's Equity Shares at Mumbai Stock Exchange/ National Stock Exchange during each month from 1st April, 2002 to 31st March, 2003 are as follows:

	(In Rupees)	(In Rupees)
Month	Highest Price	Lowest Price
April, 2002	5.75	3.95
May, 2002	8.00	4.25
June, 2002	11.50	5.20
July, 2002	11.50	6.15
August, 2002	8.50	5.60
September, 2002	7.90	5.30
October, 2002	8.45	5.65
November, 2002	10.05	5.75
December, 2002	8.25	5.80
January, 2003	8.40	5.60
February, 2003	8.00	5.60
March, 2003	7.90	5.50

MANAGEMENT DISCUSSION & ANALYSIS

Textile Division

Industry Structure & Developments:

Till 1980s, Indian Textile industry was producing for domestic market. With liberalization of economy, Indian Textiles started getting foot hold in international markets. Overall the world is riddled with capacities more than the demand and production base is shifting to low cost countries. Textile industry has various segments viz; spinning, weaving, processing & garmenting. ...all these, Indian spinning industry is most modern in terms of technology. ...ia has the second highest capacity of spinning in the world, and presently has 25% share of world yarn exports.

Textile Division is a spinning mill with 39204 spindles of ring frame technology predominately involved in production of cotton hosiery yarn. Yarn required for terry towels units, mélange yarns, slub yarns & weaving yarns are also being produced. The unit has the backing of the brand name of DCM and has presence in India as well as in International markets.

Opportunities & Threats:

The fortunes of textile industry are linked with the state of economy. This year world and Indian economies have grown considerably and the prospects of higher demand seem to be brighter. Indian cotton crop is higher than in the previous years. Failure of cotton crop in China has led to rise in demand for Indian cotton yarn.

The changes in textile spinning machine technologies are oriented towards improvement in quality of the output. Textile Division is in the process of upgrading its technology. A modernization process is on to replace old machines with new generation machines, so as to increase production of exportable yarns. Exports are being targeted to reach 50% of production by the year 2004-05.

Introduction of VAT is likely to be beneficial for Textile Division as it will remove the disadvantage vis-à-vis the tax exempted spinning units.

No major threat to the business is visualised in the near future.

Financial & Operational Performance

The performance of the Textiles business for the year ended 31st March, 2003 is as follows:

Sl.No.	Particulars	Rs./Lacs
1.	Sales In Quantity (MT)	6854.98
2.	Production (MT)	6700.30
3.	Sales & other income	6749.69
4.	Total Expenditure	6108.87
5.	Interest (net)	104.18
6.	Depreciation	247.19
7.	Profit before tax	289.45

Outlook :

After phasing out of quotas from 1.1.2005, more & more international brands are likely to source textiles from India. Accordingly, demand for high quality yarns in Indian market is expected to go up. With growing competition from China, key will be to keep the products cost competitive and to develop niche markets.

Production of BT cotton is increasing in India and hence availability of raw material is likely to be more comfortable in future. Textile Division endeavours to take benefit of the increasing export of textiles from India.

Risks & Concerns :

Spinning industry has started growing in other developing countries and these pose to Indian spinning industry. Power rates are an area of concern. The industry being global in nature can not remain competitive if power cost is absorbed at more than the international rates.

Internal controls : The unit has a system of internal controls to ensure that all its assets are properly safeguarded and not exposed to risks arising out of unauthorized use or disposal. The internal control system is supplemented by a programme of internal audits to ensure that the assets are properly accounted for and the business operations are conducted in adherence to policies and procedures.

Human resources : The unit has undertaken training and development programmes for all levels of the employees to upgrade their knowledge & skills. The unit is certified under ISO 9001-2000 and is working on the quality improvement under "Total Quality Management" programme. Total No of Employees in the Unit were 928 as on 31st March 2003. Textile Division has a congenial living environment.

Health, Safety & Environment : The unit has a Safety, Health & Environment policy which is propagated through training programs. Six monthly audits are conducted to assess the levels of compliance. Annual competition on safety is also conducted to spread the message amongst all employees.

Energy conservation : Conscious and continuous efforts are being made to conserve energy. Various steps like installation of heat recovery unit, electronic chokes have been taken which are likely to result in substantial reduction in energy consumption.

Information Technology : The unit has internally developed software & LAN to help, operate and monitor the performance of all sections and work areas.

Cost reduction measures : Conscious and continuous efforts are being made to reduce cost in all areas. Various costs like packing, insurance, bank charges, expenses on cotton purchase and manpower have been reduced.

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