

# DCM LIMITED ANNUAL REPORT

2011 -2012



<p align="center"><b>BOARD OF DIRECTORS</b></p>	
Mr. Jitendra Tuli	Chairman
Mr. Naresh Kumar Jain	Managing Director
<p align="center">Dr. Surendra Nath Pandey</p> <p align="center">Prof. J.S. Sodhi</p> <p align="center">Mr. Bipin Maira</p>	
<p align="center"><b>COMPANY SECRETARY</b></p> <p align="center">Mr. Bhabagrahi Pradhan</p>	
<p align="center"><b>BANKERS</b></p> <p align="center">Punjab National Bank</p> <p align="center">State Bank of Bikaner and Jaipur</p>	
<p align="center"><b>AUDITORS</b></p> <p align="center">A.F Ferguson &amp; Co.</p> <p align="center">Chartered Accountants</p> <p align="center">New Delhi</p>	
<p><b>REGISTERED OFFICE</b></p> <p>Vikrant Tower,</p> <p>4, Rajendra Place,</p> <p>New Delhi-110 008</p> <p>Tel : 91-11-25719967</p> <p>Fax : 91-11-25765214</p>	<p><b>SHARE TRANSFER AGENT</b></p> <p>MCS Limited</p> <p>F-65, Okhla Industrial Area,</p> <p>Phase-I, New Delhi-110 020</p> <p>Tel : 91-11-41406149-52</p> <p>Fax : 91-11-41709881</p>

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

## NOTICE

Notice is hereby given that the 122<sup>nd</sup> Annual General Meeting of the Company will be held on Saturday, the 14<sup>th</sup> day of July 2012 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 Financial Statements as at March 31, 2012 and the reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Jitendra Tuli., who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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 :

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

**RESOLVED THAT** Mr. Bipin Maira, who has been appointed as additional director of the Company by the Board in its meeting dated November 9, 2011 under section 260 of the Companies Act, 1956, holds office upto this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of director, be and is hereby appointed as director of the Company, liable to retire by rotation.
6. 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. 20<sup>th</sup> December, 2011 without payment of salary and perquisites but with sitting fees as paid to the other directors, for a period of one year, which is extendable for further period(s) not exceeding 5 years, on each occasion from time to time at the discretion of the Board"

**"RESOLVED FURTHER THAT** the Managing Director shall be entitled to reimbursement of all actual expenses incurred in the course of business of the Company"

**"RESOLVED FURTHER THAT** Mr. B Pradhan, Company Secretary be and is hereby authorized to take necessary steps, acts, actions to the above resolution".

By the order of the Board  
For **DCM LIMITED**

Sd/-

**BHABAGRAHI PRADHAN**  
Company Secretary

Place: New Delhi  
Date: May 28, 2012

### 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 FORM OF PROXY IS ANNEXED).
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, June 30, 2012 to Saturday, July 14, 2012 (both days inclusive)**. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, for financial year ended March 31, 2012, if declared, at this Annual General Meeting, will be paid to the members whose name(s) appear on **June 29, 2012 :-**
  - a) As member(s) holding shares in physical mode, in the register of member of the Company after giving effect to all valid and complete transfers, lodged on or before June 29, 2012; and
  - b) As beneficial owner (s) holding shares in electronic mode, details as furnished by the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL), for said purpose.
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 Financial Statements 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. As stipulated under Clause 49 of the Listing Agreement, information in respect of directors seeking re-appointment at the meeting is given in the Corporate Governance Report which forms part of the Annual Report.
11. The Securities and Exchange Board of India (SEBI) vide Circular dated April 27, 2007, had made PAN mandatory for all securities market transactions. Thereafter, vide Circular dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/Registrar & Share Transfer Agents for registration of such transfer of shares.
12. DCM is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos.17/2011 and 18/2011

dated April 21, 2011 and April 29, 2011 respectively has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, DCM henceforth propose to send documents like the Notice convening the General meetings, Financial Statements, Directors' Report, Auditors' Report, etc. to the email address provided by the members with their depositories/depository participants(DP).

Members are requested to update their email address with the depository participants to ensure that the Annual Report and other documents reach them at their preferred email address.

The members holding shares in physical mode may also send their request to the company by letter or by email at [investors@dcml.in](mailto:investors@dcml.in) to receive the soft copy of the Annual Report by email instead of hard copy.

13. As per directive from Securities and Exchange Board of India (SEBI), Companies use Electronic Clearing Service (ECS) facility, introduced by Reserve Bank of India (RBI), for distributing dividends and other cash benefits to investors, wherever available. In this system, the investor's bank account is directly credited with the dividend amount based on the information provided by the Company, under advice to the investor.

Members holding shares in electronic form in demat account are requested to furnish their bank account numbers and details along with photocopy of a cheque pertaining to the concerned bank account, to their Depository participant (DP) to avail the said ECS facility. Those holding shares in physical form are also requested to send the above details/documents to the company for this purpose.

14. 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 13, 2012

#### (ANNEXURE TO NOTICE)

#### **Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956**

##### **Item Number 5**

Mr. Bipin Maira was appointed as additional director of the Company by the Board in its meeting held on November 9, 2011 under section 260 of the Companies Act, 1956, who holds office upto this Annual General Meeting. A notice has been received from a member of the Company under section 257 of the Companies Act, 1956 proposing the candidature of Mr. Bipin Maira.

Mr. Bipin Maira is a Senior Cambridge from the Premier public School Sherwood College, a Graduate in Science from Agra University and did Business Management – three year in-house course at DCM. He has around 50 years of industry experience; He started his career with Delhi Cloth & General Mills Co. Ltd. as Senior Management Trainee in 1962 & grew to the position of General Manager of DCM before leaving in 1982. Currently, since 2007, associated with the Singapore based Kewalram Chanrai Group as Group H R Advisor.

None of the Directors except Mr. Bipin Maira is interested or concerned in the resolution.

##### **Item Number 6**

The Board of Directors in their meeting held on November 09, 2011 had re-appointed 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 was 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/-

**BHABAGRAHI PRADHAN**  
Company Secretary

Place : New Delhi  
Date : May 28, 2012

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their 122<sup>nd</sup> Annual Report alongwith Audited Financial Statements of the Company for the year ended March 31, 2012.

**FINANCIAL DATA**

Rs./Crores

	Financial Year ended March 31, 2012	Financial Year ended March 31, 2011
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	16.20	62.50
Less: – Finance Cost	19.76	14.29
– Depreciation	9.90	9.57
Profit/(Loss) before Tax & Exceptional Item	(13.46)	38.64
Exceptional Item <sup>#</sup>	18.00	–
Profit/(Loss) before tax	4.54	38.64
Less – Provision for tax	(0.91)	12.88
Profit/(Loss) after tax	5.44	25.76
Add – Profit/(Loss) brought forward	99.28	75.41
Add – Debenture Redemption Reserve Written Back	–	5.76
Add – Reversal of Corporate Dividend Tax	0.71	–
Profit available for appropriation	105.43	106.93
Appropriations :		
Proposed Dividend on equity shares	4.34	4.34
Corporate Dividend Tax	0.71	0.71
General Reserves	0.60	2.60
Balance Profit carried forward	99.78	99.28

<sup>#</sup>Compensation receivable from developer of real estate project pursuant to settlement reached in relation to flated factory complex of the said project.

**OPERATIONS OVERVIEW****Textile Division**

The Textile Division of the Company is located at Hisar in Haryana. It is an ISO9001 certified unit. During the year under review, the turnover of the Division has increased to Rs. 293.34 Crores from Rs. 271.64 Crores last year. However, the Division has incurred a loss of 28.27 Crores during the year due to margins turning negative on account of steep fall in cotton yarn prices and high cost of cotton inventory procured during last year cotton season. The Textile Industry as a whole witnessed an unexpected downturn in demand during the year, resulting in reduction of cotton and yarn prices.

The volatility of the market has increased considerably in the recent past and both domestic and international market scenario has been evolving day by day. In order to cope with this dynamic market, the Textile Division has been adopting market focused approach and has been constantly enhancing its internal skill sets to position itself, so that it can grab the opportunities and face the market challenges.

During the year the cotton yarn capacity of the Division was increased to 78660 Spindles from 74436 spindles. The Division is also upgrading and modernizing its machineries and equipments to enhance efficiency and reduce costs. Many old machineries have been replaced during the past two years. This process will be continued in next year also.

Besides expanding its export market by introducing value added products the Division is also focusing to broaden the domestic customer base by developing new customers.

**IT Division**

IT Division of the Company is an established player in data center management business with specialization in managing different systems, storage devices and databases. The Division provides highly qualified Unix, VMware, messaging & storage skills and data center management capability at competitive price. It caters primarily to organizations with a high IT dependency and large Unix & Virtualization based systems. The Data Centre Management Business is expected to open future opportunities for the division in providing specialized data center services to the fast

growing small and medium enterprises in domestic market.

The domestic operations have continued to grow at par with the previous year, in spite of some reversal trend in the third quarter linked with some order terminations. The turnover of the division was adversely affected because the US onsite business of the division has underperformed during the year on account of sluggish market conditions, especially in the later half of the year.

During the year, the Division made a breakthrough with an export order which should help reorient the future offshore business thrust and supplement the onsite business also.

**DEBT REPAYMENT UNDER SCHEME OF RESTRUCTURING AND ARRANGEMENT (SORA)**

As per the Scheme of Restructuring & Arrangement (SORA) approved by the Hon'ble Delhi High Court vide its order dated October 29, 2003 under Section 391 – 394 of the Companies Act, 1956 and subsequent modification thereto vide Hon'ble Delhi High Court order dated April 28, 2011, the Company has complied with its debt repayment obligation and where such amount has not been claimed by the creditors, the same have been deposited in separate designated Bank Account (s) in scheduled bank(s).

**Any investor whose investment is remained unclaimed /un-encashed may lodge their claim with the company by surrender of Debenture Certificates/ un-encashed payment warrants at the registered office of the Company.**

**FIXED DEPOSITS**

The Company has paid the fixed deposit holders in all claimed cases in terms of the provisions of the Scheme of Restructuring and Arrangements approved by the Hon'ble High Court of Delhi and as modified vide order dated April 28, 2011

The 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 directors of the Company on November 9, 2011 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2011 to December 19, 2012. His appointment is placed for the approval and ratification of shareholders at the Annual General Meeting to be held on July 14, 2012.

Mr. Jitendra Tuli, 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 ensuing Annual General Meeting.

Mr. Bipin Maira, who has been appointed as additional director of the Company by the Board in its meeting dated November 9, 2011 under section 260 of the Companies Act, 1956, holds office upto the ensuing Annual General Meeting. The Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director, and accordingly a resolution is proposed for his reappointment as Director of the Company, liable to retire by rotation.

**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 5(iv) of the Auditors' Report**

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2012 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, 2011. 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, 2012. (note 44 of notes to Financial Statements 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 44 of notes to Consolidated Financial Statements annexed).

**Reference para 5(v) 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 40 of notes to Financial Statements 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**

Your directors are pleased to recommend a dividend of Rs. 2.50 (25%) per equity shares of Rs 10 each aggregating to Rs. 4.34 Crores on paid up equity capital of the company for the financial year 2011-12, which if approved at the ensuing Annual General Meeting, will be paid to all those member (s) whose name appear in the register of members or beneficial owner(s) as provided by the depositories as on June 29, 2012.

**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. The Central Govt. has issued a General Circular No: 2/2011 dated 8-02-2011 directing that the provision of section 212 shall not apply in relation to subsidiaries of those companies which comply with certain disclosure requirements.

In terms of the said general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 and as per resolution passed by the Board of Directors at their meeting held on February 11, 2012, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended March 31, 2012 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. These documents are also made available on the website of the Company [www.dcm.in](http://www.dcm.in).

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, Dr. Surendra Nath Pandey and Mr. Bipin Maira.

**AUDITORS**

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 122<sup>nd</sup> Annual General Meeting and are eligible for re-appointment. Your Board recommends their reappointment.

**COST AUDIT**

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's Textile division. The Board of directors had appointed M/s. K. C. Kohli & Co, Cost Accountants as Cost Auditors of the Company for the financial year 2011-12. The Central Government had approved the appointment of M/s. K. C. Kohli & Co as the Cost Auditors of the Company. The Cost Audit report would be filed with the Central Government as per statutory timeline.

**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 Sr. Sec. School and DCM Girls Sr. Sec. School. Both Schools cater to the lower income strata of the society. The Schools are recognised and affiliated to the Central Board of Secondary Education. There are approximately 900 students on the roll in both the schools in different classes. Last year these Schools have been shifted in New School Building which is futuristic in nature with all modern facilities. The Textile Division of the Company is also running a School upto 10<sup>th</sup> standard in its campus at Hissar, Haryana. There are approx 425 students on the roll in different classes. Last year 16 students of 10<sup>th</sup> Standard were placed in the merit list of Haryana Board of School Education (HBSE).

**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

Date : May 28, 2012

**JITENDRA TULI**

Chairman

**ANNEXURE TO THE DIRECTORS' REPORT**

Information as required under section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**1. CONSERVATION OF ENERGY****(a) Energy Conservation Measures Taken :****Textile Division :**

The Textile mill is continuously endeavoring to develop most energy efficient process and to upgrade into latest energy efficient devices. Recently the division has installed cyclic timer, ring inverter, LED light and frequency drive. The replacements of the conventional tubes/bulbs with CFLs are also continued all over the organization.

**IT Division :**

The operations involve low energy consumption. Wherever possible, energy conservation measures have been implemented and effort to conserve and optimise the use of energy is a continuous process.

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

Textile Division – Form-A appended herein.  
IT Division – N.A.



**2. TECHNOLOGY ABSORPTION**

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

**3. FOREIGN EXCHANGE EARNINGS & OUTGO**

Total Foreign Exchange used and earned

	<u>Rs. In Lacs</u>
Foreign Exchange Earned	15896.23
Foreign Exchange Outgo	3211.90

**FORM – A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY :**

Particulars	2011-2012 (12 Months)	2010-2011 (12 Months)
<b>A. POWER AND FUEL CONSUMPTION</b>	<b>46805594</b>	<b>47104073</b>
1. Electricity (KWH)(a)		
a) Purchased :-		
– Unit ( KWH )	<b>46748310</b>	44703960
– Total Amount (Lac/Rs.)	<b>2194.22</b>	1966.33
– Rate per unit (Rs.)	<b>4.69</b>	4.40
b) Own Generation :		
i) Through Generator		
– Unit (KWH)	<b>57284</b>	2400113
– Unit per Lt. of F.O./L.D.O./HSD	<b>2.45</b>	3.44
– Cost /unit (Rs./KWH)	<b>17.13</b>	8.84
ii) Through Steam Turbine/Generator	<b>NIL</b>	NIL
2. Coal	<b>NIL</b>	NIL
3. Furnace Oil (LDO&HSD)		
– Quantity (K.Ltr.)	<b>23398</b>	696363
– Total Amount(Lac/Rs)	<b>9.81</b>	212.05
– Average Rate(Rs/K/Lt.)	<b>41.94</b>	30.45

Particulars	2011-2012 (12 Months)	2010-2011 (12 Months)
4. Others (LPG)	NIL	NIL
– Quantity (K.Lt.)		
– Total /Cost (Rs/Lac)		
– Rate/Unit (Rs/Mt)		
<b>B. CONSUMPTION PER UNIT OF PROD.</b>		
Particulars Standard (if any)		
– Electricity (KWH)	<b>3.19</b>	3.05
– Furnace Oil/HSD(Ltrs)	–	–
– Coal	–	–
– Others (LPG)	–	–

**FORM – B****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION-2011-12****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. 5.00 lacs per month.

Sl. No	Name	Designation and Nature of Duties	Unit/ Division	Remuneration received (Rs./Lacs)	Qualification	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	Officer-Textile Division	Corporate Office	117.13	B.S.(Math & Comp. Sc), MS(IA)	21	46	1-Aug-91	DCM Technologies Ltd.
2	Mr. Rakesh Goel	President- Textiles Chief Executive	DCM Textile, Hissar	64.21	MBA	32	55	23-Nov-90	Hafed Spinning Mills

(B) Employed for a part of the year under review and were in receipt of remuneration for any part of the period, at a rate which in aggregate was not less than Rs. 5.00 lacs per month.

Sl. No	Name	Designation and Nature of Duties	Unit/ Division	Remuneration received (Rs./Lacs)	Qualification	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Ashok Agarwal	Executive Vice President (Legal)	Corporate Office	36.90	B.SC, LLB, Dip. in Corporate Law & Secretarial Practice, Labour Law, Taxation	33	56	20-Sept-82	Advocate Delhi High Court

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

For and on behalf of the Board  
Sd/-

Place : New Delhi  
Date : May 28, 2012

**JITENDRA TULI**  
Chairman



**CORPORATE GOVERNANCE REPORT-2011-12****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, 2011 to March 31, 2012 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, 2012 the Board comprised of Six (6) Directors, namely, Mr. Jitendra Tuli, Chairman; Mr. Naresh Kumar Jain, Managing Director; Dr. Surendra Nath Pandey; Mr. Sudhin Roy Chowdhary; Prof. Joginder Singh Sodhi and Mr. Bipin Maira. All the Directors are non-executive and independent directors except Mr. Naresh Kumar Jain, Managing Director of the Company. Mr. Sudhin Roy Chowdhary was a Nominee Director of Life Insurance Corporation of India (LIC). LIC vide its letter dated April 9, 2012 has withdrawn the nomination of Mr. Sudhin Roy Chowdhary and the fresh nomination is yet to receive from LIC. The composition of the Board is in conformity with the Listing Agreements. All the directors bring with them rich and varied experience in different facets of the corporate functioning. They play an active role in the meetings of the Board. None of the directors have any pecuniary relationship with the Company except for receiving of sitting fee for attending meetings of the Board and the Committees thereof.

**(B) Tenure :**

Tenure of directorship of Mr. Jitendra Tuli, who has been longest in office, is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 122nd Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Bipin Maira has been appointed as additional director with effect from November 24, 2011. A resolution has been proposed for his regularization in the ensuing Annual General Meeting.

Life Insurance Corporation of India vide its letter dated April 9, 2012 has withdrawn the nomination of Mr. Sudhin Roy Chowdhary and the fresh nomination is yet to receive from LIC.

Mr. Naresh Kumar Jain was re-appointed as Managing Director of the Company by the Board of Directors on November 09, 2011 for a period of one year i.e. with effect from December 20, 2011 to December 19, 2012. His appointment is placed for the approval and ratification of shareholders at the ensuing Annual General Meeting.

**(C) Board Meetings :**

During the year April 01, 2011 to March 31, 2012, four (4) meetings of the Board of Directors were held on May 25, 2011, August 05, 2011, November 09, 2011 and February 11, 2012. The attendance of each director at these meetings and the last Annual General Meeting was as under.

S. No	Name	Type of Director	No. of meetings held during 2011-12	No. of Meetings attended	Last AGM (on 15.07.2011) attended	Appointed as director on	Ceased to be director on
1.	Mr. Naresh Kumar Jain	Executive Director	4	4	Yes	17.02.01	—
2.	Dr. Surendra Nath Pandey	I-NED	4	4	Yes	10.12.01	—
3.	Prof. Joginder Singh Sodhi	I-NED	4	3	Yes	10.12.01	—
4.	Mr. Sudhin Roy Chowdhary (Nominee LIC)	I-NED	4	1	Yes	28.10.09	09.04.12
5.	Mr. Jitendra Tuli	I-NED	4	4	Yes	20.12.05	—
6.	Mr. Bipin Maira	I-NED	4	1	N.A	24.11.11	—

I-NED- Independent –Non Executive Director

**(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) Service Contract and Severance Fees**

The appointment of Mr. Naresh Kumar Jain, Managing Director and Mr. Jitendra Tuli, Chairman & Non Executive Director of the Company is governed by the resolutions passed by the Board of Directors which covers the terms and conditions of such appointment. Both Executive and Non Executive Directors are paid sitting fees for attending the meetings of Board of Directors, Audit Committee, Review Committee, Share Transfer, Finance Facilities & Shareholders'/Investors' Grievance Committee and Compensation Committee.

The details of remuneration paid to directors during the period April 01, 2011 to March 31, 2012 are as under :

S. No.	Name	Sitting Fees (Rs./lacs)	Salary & Perquisites (Rs./lacs)
1.	Dr. Surendra Nath Pandey	1.24	Nil
2.	Mr. Naresh Kumar Jain	0.70	Nil
3.	Prof. Joginder Singh Sodhi	1.00	Nil
4.	Mr. Jitendra Tuli	1.09	Nil
5.	Mr. Sudhin Roy Chowdhary* (Nominee-LIC)	0.10	Nil
6.	Mr. Bipin Maira**	0.10	Nil
	<b>TOTAL</b>	4.23	Nil

\* Ceased to be director w.e.f April 9, 2012

\*\* Appointed as additional director w.e.f November 24, 2011

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

**(F) 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, 2012 the Compensation Committee comprised of Dr. Surendra Nath Pandey, Mr. Naresh Kumar Jain and Mr. Jitendra Tuli. During the year one meeting of the Compensation Committee was held on August 05, 2011. All the members of the Committee have attended the meeting.

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.

**(G) Number of Directorships / Chairmanship held in other Companies as on March 31, 2012 :**

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. Surendra Nath Pandey	Nil	Nil	Nil	Nil
3.	Prof. Joginder Singh Sodhi	Nil	Nil	Nil	Nil
4.	Mr. Jitendra Tuli	1	Nil	Nil	1
5.	Mr. Sudhin Roy Chowdhary (Nominee-LIC)	Nil	Nil	Nil	Nil
6.	Mr. Bipin Maira	Nil	Nil	Nil	Nil

#includes Audit Committee & Share Transfer, Finance facilities and shareholders'/Investors' Grievance committee :

**(H) 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

**(I) Audit Committee.**

The Audit Committee of the Board was reconstituted on February 11, 2012 by inducting Mr. Bipin Maira as a Member of the Committee. As on March 31, 2012, the Audit Committee of the Board comprised of Mr. Jitendra Tuli, Prof. Joginder Singh Sodhi, Dr. Surendra Nath Pandey and Mr. Bipin Maira. 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 year 2011-12, four (4) Audit Committee meetings have taken place on May 25, 2011, August 05, 2011, November 09, 2011 and February 11, 2012. The attendance of each director at these meetings was as under :

S. No.	Name	Designation	No. of meetings held during 2011-12	No. of Meetings attended
1.	Mr. Jitendra Tuli	Chairman	4	4
2.	Dr. Surendra Nath Pandey	Member	4	4
3.	Prof. Joginder Singh Sodhi	Member	4	3
4.	Mr. Bipin Maira*	Member	NA	NA

\*Was inducted to the Committee on February 11, 2012.

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.

**(J) 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. As on March 31, 2012, the Committee comprised of Mr. Jitendra Tuli, Dr. Surendra Nath Pandey, Prof. Joginder Singh Sodhi and Mr. N K Jain. The attendance of directors in the said committee meetings was as follows :

S. No.	Name	Designation	No. of meetings held during 2011-12	No. of Committee meeting attended
1.	Mr. Jitendra Tuli	Chairman	6	5
2.	Dr. Surendra Nath Pandey	Member	6	6
3.	Prof. Joginder Singh Sodhi	Member	6	5
4.	Mr. Naresh Kumar Jain	Member	6	6

Information relating to Shareholders' / Investors Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2012 is as under :

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

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

**K. Compliance Officer**

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

**L. 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.

Mr. Jitendra Tuli, independent director of the Company has been appointed as director on the Board of DCM Engineering Ltd, a Material Unlisted subsidiary of the Company. All minutes of the meetings of DCM Engineering Ltd. are placed before the Company's Board regularly. All significant transactions and arrangements entered into by the unlisted subsidiary company are brought to the attention of Company's Board.

The annual audited accounts of all the subsidiary companies and the related detailed information is available at the website of the company at [www.dcm.in](http://www.dcm.in). The annual accounts of the subsidiary companies are also kept for inspection by any shareholders in the head office of the company and of the subsidiary companies concerned. Also the company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on request.

**M. Disclosures**

1. Related party transactions as per AS-18 have been dealt with in note 43 of the notes to the Financial Statements annexed. These transactions are not in conflict with the interest of the company.
2. 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.
3. 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.
4. 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.
5. Disclosure regarding appointment or re-appointment of directors :

Mr. Jitendra Tuli retires by rotation at the ensuing Annual General Meeting. Mr. Jitendra Tuli is an editorial and communications consultant with World Health Organization, regional office for South East Asia, where he served as the Public Information Officer for 19 years till 1996. Journalist by profession, Mr. Tuli obtained his Post Graduate Diploma from London School of Journalism and attended the School of Public Relations and Communications at Boston University, USA. He is an alumni of Sriram college of Commerce. He started his career in journalism with the HT in 1964, subsequently moved to the Statesman in 1965. In 1971 he joined IBM as Communications Officer. He has travelled widely and has written for leading Newspapers and magazines.

Mr. Bipin Maira was co-opted to the Board as additional director w.e.f. December 24, 2011. He holds office of Director until this Annual General Meeting and his re-appointment has been proposed in the ensuing Annual General Meeting. Mr. Bipin Maira is a Graduate in Science from Agra University and did Business Management – three year in house course at DCM. Mr. Maira has around 50 years of industry experience; He started his career with Delhi Cloth & General Mills Co. Ltd. as Senior Management Trainee in 1962 & grew to the position of General Manager of DCM before leaving in 1982. Served for seven years with the renowned Kewalram Chanrai Group as Chief Executive for their Nigerian manufacturing operations, including one of the largest textile complexes in Africa. Associated for thirteen years as Director & Partner with Resource Management Associates overseeing the International assignments in management consultation &