

# DOM INVESTED ANNUAL REPORT

1998-99

**BOARD OF DIRECTORS**

Dr. Vinay Bharat-Ram

*Chairman & Managing Director*

Dr. Bharat Ram

*Chairman-Emeritus*

Shri Sumant Bharat Ram

*Deputy Managing Director (Finance)*

Shri V. K. Sharma

*Director (Technical)*

Dr. Abad Ahmad

Shri Arun Bharat Ram

Shri Vivek Bharat Ram

Shri J. B. Dadachanji

Dr. Abid Hussain

Shri N. N. Jambusaria

Shri S. Kuppuswami

Shri D.H. Pai Panandikar

Shri Inder Pal

Shri Rajive Sawhney

Shri Hari Shankar Singhania

**SECRETARY**

Shri S. K. Gupta

**BANKERS**

Bank of Baroda

Indian Bank

Punjab National Bank

State Bank of Bikaner &amp; Jaipur

Syndicate Bank

ANZ Grindlays Bank p.l.c.

**AUDITORS**

A.F. Ferguson &amp; Co.,

New Delhi

**REGISTERED OFFICE**

Kanchenjunga Building,

18, Barakhamba Road,

New Delhi - 110 001

DCM Limited

**Registered Office:** Kanchenjunga Building,  
18, Barakhamba Road,  
New Delhi - 110 001.

**NOTICE**

Notice is hereby given that the 110th Annual General Meeting of the Company will be held on Friday, the 31st day of December, 1999 at 11 A. M. at Surat Gardens, behind pocket - 4, Sector - D, Opp. Ram Mandir, Vasant Kunj, New Delhi - 110020 - for transacting the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet of the Company as at 30th June, 1999 and the Profit & Loss Account for the period ended on that date alongwith the Reports of the Directors' and the Auditors' thereon.
2. To appoint Directors in place of
  - 2.1 Shri Vivek Bharat Ram
  - 2.2 Dr. Abad Ahmad
  - 2.3 Dr. Abid Hussain
  - 2.4 Shri D. H. Pai Panandikar

who retire by rotation and being eligible, offer themselves for re-appointment as Directors.

3. To consider and, if thought fit, to pass the following resolution, with or without modification/s, as a Special Resolution:

"RESOLVED THAT Messrs A.F. Ferguson & Co., Chartered Accountants, New Delhi, be and are hereby re-appointed 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 Board of Directors be and is hereby authorised to fix their remuneration."

**SPECIAL BUSINESS**

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

"RESOLVED THAT Shri V.K. Sharma, who was appointed as an additional director in terms of Section 260 of the Companies Act, 1956 and holds such office until this Annual General Meeting, be and is hereby appointed as Director of the Company, not liable to retire by rotation"

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

"RESOLVED THAT Shri Sumant Bharat Ram, who was appointed as an additional director in terms of Section 260 of the Companies Act, 1956 and holds such office until this Annual General Meeting, be and is hereby appointed as Director of the Company, not 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 appointment of Shri V.K. Sharma, Director (Technical) of the Company as Whole-time Director for a period of 3 years w.e.f. 30.07.1999 made pursuant to the Board Resolution dated 30.07.1999 under section 269, 198 and 309 of the Companies Act, 1956 and subject to Central Government and/or Financial Institutions approvals be and is hereby confirmed, ratified and approved on the terms and conditions set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board/Committee of Directors if so authorised by the board of the Company, be and is hereby authorised to fix and/or re-fix the remuneration thereof including payment of commission to the Whole-time Director provided that such remuneration including commission does not exceed amount approved by the Central Government or limits prescribed from time to time under Schedule XIII or any other provisions of the Companies Act, 1956 and/or any statutory modification/s thereof."


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

"RESOLVED THAT in accordance with the provisions of Section 269 and 316 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, and subject to the approval of Central Government, Shri Sumant Bharat Ram, be and is hereby appointed as Deputy Managing Director (Finance) for a period of 5 years w.e.f. 01.11.1999 without remuneration on the terms and conditions set out in the explanatory statement to the resolution."

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

"RESOLVED THAT the Company hereby accords its consent under Sections 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 for holding and continuing to hold an office of profit and to receive remuneration and other benefits as an employee of the Company by Shri Ram Pal, Corporate Office, who will assume office as an ex-officio Workman Director on passing of this resolution"

By order of the Board  
For DCM LIMITED



S.K. GUPTA  
General Manager &  
Company Secretary

Place : New Delhi  
Date : December 6, 1999

**NOTES**

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE

DCM

## Notice continued

MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING.

3. The Register of Members of the Company will remain closed from Monday, the 20th December, 1999 to Thursday, the 30th December, 1999 (both days inclusive).
4. Shareholders are requested to notify change in their addresses alongwith PIN CODE, if any, to the Company at its Registered Office quoting their folio numbers.
5. Shareholders who are holding shares in identical order of names 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.
6. Members are requested to bring their copy of Annual Report as no extra copy would be available for distribution at the meeting.
7. Shareholders/Proxyholders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.
8. Shareholders who have not returned their old share certificates of erstwhile DCM are requested to do so immediately to enable the Company to forward the new share certificates to them.
9. Members intending to seek any information on the Annual Accounts at the meeting are requested to inform the Company at least ten days before the date of the meeting.
10. Consequent to the amendment to Section 205 A and introduction of Section 205 C in the Companies Act, 1956, the amounts of unpaid/matured dividend, share application/allotment money, deposits, debentures and interest remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.  
  
Members who have not encashed the dividend warrants for the year ended 31st December, 1995 are requested to lodge their claims with the Company.  
  
Members who have not encashed the dividend warrants for the year ended 30th June, 1994 are requested to claim the amount from the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi - 110 003.
11. Shareholders who have not yet paid their "Allotment Money", against 16% PCDs issued by the Company, are advised to send the same alongwith interest calculated @ 20% p.a. for delayed period, i.e. from 11.06.1993 till the date of payment, through demand draft/cheque payable at Delhi in favour of "DCM Limited", to avoid forfeiture.

12. Shareholders who have not surrendered the Allotment Letters Part - 'A' and 'B' comprised in 16% PCDs for exchange with share/debenture certificates are requested to do so immediately to enable the company to forward the share/debenture certificates.

**ANNEXURE TO NOTICE**

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

**ITEM NO. 3:** A Special Resolution is required for appointment of Auditors under section 224A of the Companies Act, 1956, as over 25% of the subscribed share capital of the Company is held by the Institutions specified in that Section. The Auditors have confirmed that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

**ITEM NO. 4:** The Board of Directors had appointed Shri V. K. Sharma as an additional Director in its meeting held on 30.07.1999 under section 260 of the Companies Act, 1956. Shri V. K. Sharma holds office until this Annual General Meeting but is eligible for re-appointment. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Shri V. K. Sharma for the office of Director. It is recommended that Shri V. K. Sharma be appointed as Director of the Company.

None of the Directors except Shri V. K. Sharma is concerned or interested in this resolution.

**ITEM NO. 5:** The Board of Directors had appointed Shri Sumant Bharat Ram as an additional Director in its meeting held on 29.10.1999 under section 260 of the Companies Act, 1956. Shri Sumant Bharat Ram holds office until this Annual General Meeting but is eligible for re-appointment. Notice in writing under Section 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Shri Sumant Bharat Ram for the office of Director. It is recommended that Shri Sumant Bharat Ram be appointed as Director of the Company.

None of the Directors except Dr. Bharat Ram, Dr. Vinay Bharat Ram, Shri Arun Bharat Ram, Shri Vivek Bharat Ram & Shri Sumant Bharat Ram is concerned or interested in this resolution.

**ITEM NO.6:** The Board of Directors co-opted, in its meeting held on 30th July 1999, Shri V.K.Sharma, Ex-President and Chief Executive of Engineering Products Division on the Board of the Company as Director (Technical) in recognition of his sterling contributions to the Engineering operations. Shri V.K.Sharma steered through the difficult times and brought Engineering Products (EP) to number one position in the industry. The appointment of Shri V.K.Sharma was made on the terms and conditions as stated herein below:

**1. DESIGNATION**

Director (Technical)

**2. TENURE**

For a period of 3 years.

**DCM**

### 3. REMUNERATION

Remuneration payable to Shri V.K. Sharma shall be as follows:

- a) Salary : Rs. 75,000/- p.m. as basic  
Rs. 60,000/- p.m. as Special Allowance
- b) Salary Grade : Rs.75,000-85,000-95,000.
- c) **Perquisites** : The overall perquisite value shall be limited to an amount of Rs. 75000/- per month
- d) **Commission** : Commission shall be 5% of the net profits of the Company calculated as per the provisions of Section 349 & 350 of the Companies Act, 1956.
- e) **Overall remuneration** : Overall remuneration inclusive of salary, perquisites and commission shall be limited to Rs. 38 lacs p.a.
- f) **Minimum Remuneration** : In the event of absence or inadequacy of profits, no reduction from salary and perquisites shall be made. The entire applicable remuneration by way of salary and perquisites mentioned above shall be paid as minimum remuneration.

### 4. OTHER TERMS & CONDITIONS

- i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act.
- ii) Gratuity payable not exceeding half a month's salary for each completed year of service subject to maximum of 20 months salary.
- iii) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
- iv) Provision of car for use in connection with company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to him.
- v) The Wholetime Director shall be entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of business of the Company which will not be treated as an item of remuneration for the purpose of Section 198 of the Companies Act, 1956.
- vi) Remuneration for a part of the year shall be computed on pro rata basis.
- vii) He shall not be entitled to any sitting fee for attending the meeting of the Board of Directors or Committee/s thereof.
- viii) The appointment may, notwithstanding the period of three years mentioned in Clause-2, be terminated by either party giving to the other, three calendar months notice in writing.
- ix) In the event of termination of appointment by the company, he shall be entitled to receive compensation in accordance with the provisions of The Companies Act, 1956.

As required under Section 302 of the Companies Act, 1956, the abstract of terms of appointment together with Memorandum of interest, has been circulated to the shareholders.

The Directors recommend the resolution for your approval. Except Shri V.K. Sharma, no other director is concerned or interested in this resolution.

**ITEM NO. 7 :** The shareholders in their Annual General Meeting held on 25.09.1998 had approved the promotion of Shri Sumant Bharat Ram as General Manager - Real Estate Division w.e.f. 01.10.1997 at a basic salary of Rs.15,000/- per month. He was re-designated as Chief Financial Officer of the Company w.e.f. 15.12.1998. The Board of Directors in their meeting held on 29.10.1999, recognising the sterling contribution of Shri Sumant Bharat Ram in effectively managing the finances of the Company during the period of severe financial crisis, his pivotal role in spearheading the restructuring plans of the Company, and having regard to his overall understanding of the business, co-opted Shri Sumant Bharat Ram as the Deputy Managing Director (Finance) of the Company w.e.f. 01.11.1999 without any remuneration for a period of five years.

Aside from his responsibilities as the Chief Financial Officer, the other duties and responsibilities shall be determined from time to time by the Chairman & Managing Director of the Company.

Mr. Sumant Bharat Ram has been appointed as the Managing Director of DCM Data Systems Ltd. w.e.f. 01.09.1999 and is drawing remuneration and perquisites pursuant to provisions of the Companies Act, 1956. As per restructuring plans of the Company, DCM Data Systems Ltd. is proposed to be merged with DCM Ltd.

As required under Section 302 of the Companies Act, 1956, the abstract of terms of appointment together with Memorandum of interest, has been circulated to the shareholders.

The Directors recommend the resolution for your approval. Except Dr. Bharat Ram, Dr. Vinay Bharat Ram, Shri Arun Bharat Ram, Shri Vivek Bharat Ram & Shri Sumant Bharat Ram, no other director is concerned or interested in this resolution.

**ITEM NO.8 :** Under Article 65(a) read with Article 65A of the Articles of Association of the Company, an ex-officio Workman Director is elected every year from amongst the workers of the Company, who are grouped into several constituencies each returning a Director for a period of one year in its turn. This year, the election was held from the constituency of Corporate Office/Real Estate Division, keeping in view the ongoing restructuring exercise, Shri Ram Pal, Peon, CMD Secretariat, has been elected as Workman Director. He will take office as an ex-officio Workman Director after the Special Resolution is passed by the shareholders, consenting to his holding and continuing to hold an office of profit in the Company. Such a consent is necessary under Section 314 of the Companies Act, 1956. Shri Ram Pal is at present getting a remuneration of Rs.3425/- p.m. plus other allowances and facilities as applicable to the other employees of his category.

The Central Government has on an earlier occasion stated that as the Workman Directors do not enjoy any managerial powers, such Directors will not be deemed to be Whole-time Directors and as such approval of the Central Government will not be necessary for his appointment under Section 269 of the Companies Act, 1956.

None of the Directors except Shri Ram Pal is interested in the resolution.

## Directors' Report

Your Directors have pleasure in presenting the annual report along with audited accounts of the Company for the financial period (18 months) ended 30th June, 1999.

### FINANCIAL DATA

	Current Period (18 months)	Crores/Rs. Previous Year (12 months)
Profit before interest, depreciation and tax	29.77	34.18
Less : - Interest (Net)	32.39	64.07
- Depreciation	15.66	9.88
Add: Prior period adjustment	—	17.84
Profit/(Loss) before tax	(18.28)	(21.93)
Less : - Provision for tax/ deferred tax charge	—	—
Profit/(Loss) after tax	(18.28)	(21.93)
Add : - Profit/(Loss) brought forward	(36.69)	(14.76)
Profit/(Loss) carried to the Balance Sheet	(54.97)	(36.69)

### DIVIDEND

Dividend has not been proposed by the Directors in view of the losses for the period under report.

### OPERATIONS OVERVIEW

A review of operations of the company is given below :

#### 1.0 DCM Engineering Products

The unit continued to perform well and earned good profits despite severe recession in the automobile industry. Selling prices remained under pressure due to idle capacity in the foundry industry. Despite recessionary pressures, sales in the domestic market were comparable to the previous year due to commencement of supplies in commercial lots to new entrants like Hyundai, New Holland and International Tractors. Profits were maintained on account of effective cost control measures and adherence to stringent quality norms.

Exports to South Korea which were discontinued in October, 1997 due to upheaval in the Korean economy, were revived in November, 1998. However, new orders were received at a rate lower than previous one due to a fall in the price of Won compared to Dollar.

Pattern toolings for General Motors were completed and castings were supplied in sample lots in the period under review. Efforts are on to further develop export market.

#### 1.1 DCM Tools & Dies

The Unit performance suffered on account of recession in the automobile industry. Consequently, margins on toolings were under pressure.

The Unit made an entry in pressure die casting dies market and successfully manufactured complex dies for the car and two wheeler industries. This segment will be developed for more business in future.

#### 1.2 DCM Precision Engineering

Presently, Unit has facilities dedicated to the manufacture of engine heads for locomotives.

Efforts are on to develop markets for machined castings in other areas to diversify the market.

#### 2.0 DCM Textiles

Textile Division continued to improve in areas of productivity and sales turnover during this period, profitability however fell because of South East Asia's crisis. Exports turnover also declined. Raw material prices were higher during the period due to low crop in Northern India. The pace of modernisation process was affected due to low profitability in this period. The industrial relations continued to be satisfactory.

The outlook for the current year is bright as the crop prospects in Northern India are good. The unit is concentrating to improve productivity and quality levels through Quality Improvement Processes and Management techniques.

#### 3.0 DCM Real Estates

The Company has signed a MOU with Tiara Holdings & Investments Ltd. for development and funding of the Real Estate project. Given the gigantic scale of development of the project with associated risks, it has been considered prudent to sell balance development rights and not expose the company to the vicissitudes of the real estate market.

### RESTRUCTURING PLANS

The Board of Directors of the Company had approved Scheme of Restructuring on May 13, 1998. Subsequent thereto, the company has modified the Scheme of Restructuring in consultation with Financial Institutions. The modified Scheme of Restructuring envisages financial restructuring and debt reduction of the Company. The Company's restructuring plan is based on the following :

1. Uncashing immediately saleable assets and investments.
2. Providing appropriate structures to businesses that can grow significantly in the future.
3. Ensuring that DCM's shareholders are assured returns along with capital appreciation on their investments.
4. Restructuring on the debt in just and equitable manner.

As per restructuring plans the part disinvestment of SRF shares and Software Division of DCM DataSystems Ltd. (DDSL) has already taken place.

The terms and conditions relating to the major portion of Company's debts contained in the Scheme of Restructuring has already been approved in principle by Financial Institutions to whom such debt



## Directors' Report Continued

relates. Therefore, management is confident that Scheme of Restructuring would be approved by the Hon'ble Delhi High Court without any material alteration under section 391-394 of the Companies Act, 1956.

The Company is in the process of filing the Scheme of Restructuring in the Hon'ble Delhi High Court in consultation with the legal counsels and advocates.

#### REDEMPTION OF 19.5% NON-CONVERTIBLE DEBENTURES ISSUED BY WAY OF PRIVATE PLACEMENT

The Company had issued by way of private placement 3,46,847 19.5% Secured Non-Convertible Debentures (NCDs) of Rs.1,000/- each on 20.02.1997 and the same were to be redeemed on 14.08.1998.

The Company vide its letters dated 16th July, 1998 and 18th September, 1998 requested NCD holders to surrender the Debenture Certificates for effecting the payment in line with the repayment schedule communicated in the said letters. The Company received favourable response from NCD holders, generally intimating their consent for the proposed scheme of repayment. However, the requisite compliance under Clause 47 of the Debenture Trust Deed could not be achieved. In the circumstances, the company is now proposing to repay the NCD amount in accordance with the revised Restructuring Scheme pursuant to Section 391-394 of the Companies Act, 1956.

#### FIXED DEPOSITS

The Company Law Board (CLB) has passed order dated 10.09.1998 for rescheduling of repayment of deposits. The Company is taking steps to comply with the same. In terms of the said order the company was required to make payment in hardship cases. For this purposes, the company has been allowed to dispose off its liquid assets maintained pursuant to Rule 3A of the Company (Acceptance of Deposit) Rules, 1975. In pursuance of that the Company has utilised the funds of liquid assets to comply with the said requirements of CLB order for payment of hardship cases.

#### DIRECTORS

UTI substituted the nomination of Shri M. M. Kapur on the Board with the nomination of Shri S. Kuppuswami w.e.f. 7th May, 1999. The Directors placed on record their appreciation of the valuable guidance provided by Shri M. M. Kapur during his tenure as Director of the Company.

The Directors co-opted Shri V.K.Sharma as a Wholetime Director and designated him as Director (Technical) w.e.f. 30th July, 1999.

The Directors also co-opted Shri Sumant Bharat Ram and designated him as the Deputy Managing Director of the Company w.e.f. 1st November, 1999. Subsequently he was re-designated as Deputy Managing Director (Finance).

Shri Inder Pal will vacate his office as ex-officio Workman Director and Shri Ram Pal will take over in his place after the Annual General Meeting of the Company.

Shri Vivek Bharat Ram, Dr. Abad Ahmad, Dr. Abid Hussain and

Shri D. H. Pai Panandikar will retire by rotation and being eligible offer themselves for re-appointment.

#### AUDITORS' OBSERVATIONS

The observations of Auditors are explained wherever necessary through appropriate notes to the Accounts.

#### GENERAL

A statement showing particulars of employees under Section 217(2A) of the Companies Act, 1956, and the information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are appended.

#### SUBSIDIARY COMPANIES

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

#### Y2K COMPLIANCE

Your company has already taken necessary steps to ensure Y2K compliance. The cost involved is not significant.

#### DEMATERIALISATION OF SHARES

Consequent upon Securities and Exchange Board of India (SEBI) making dematerialisation of your Company's shares compulsory for Institutional investors with effect from 17/01/2000, your Company is in the process of executing an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL), paving way for trading in Company shares in the electronic mode.

#### LISTING FEES

Your company has paid the listing fees to Delhi, Mumbai, Calcutta and the National Stock Exchange(s).

#### ACKNOWLEDGMENTS

The Directors acknowledge the active co-operation and help received from the Financial Institutions, Banks and Government Agencies.

The Directors wish to place on record their appreciation of the contribution made by employees at all levels during the period under report.

On behalf of the Board



VINAY BHARAT-RAM  
CHAIRMAN

Place : New Delhi  
Date : December 6, 1999

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**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:**

Installed:

- Mechanised Charging System for 12 ton ABB furnace to reduce melting idle time. Tumbasting machine to clean runners/risers to reduce slag generation. Modified furnace lining practices to increase power rating (Engg. Products)
- Energy saving spindles of 19 mm wharve diameter on 12 no. MFI ring Frame instead of 25mm wharve dia. In Training Centre. 11w CFL lamps in place of 40w fluorescent tubes. New 15HP pump in place of old 20 HP pump at Water Works. (Textiles Unit)

**(b) Additional Investments and Proposals for Reduction of consumption of Energy:**

- It is proposed to install automatic LDO regulator in sand dier burner (Engg. Products)

**(c) Impact of the above measures:**

- It would help optimisation of process parameters in addition to reduction in cost of production. (Engg. Products)

**(d) Total energy consumption 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:**

Total Foreign Exchange used and earned

Foreign exchange used (Rs.) 42,67,813

Foreign exchange earned (Rs.) 17,95,46,928

**FORM - A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY : 1998-99****A. POWER AND FUEL CONSUMPTION**

Particulars	1998-99 (18 Months)	1997 (12 months)
1. Electricity		
(a) Purchased :		
- Unit (MWH)	82,555.24	64,067.49
- Total Amount (Lac/Rs.)	2,427.53	1,704.19
- Rate per unit (Rs.)	2.94	2.66

**(b) Own Generation :****(i) Through Diesel Generator.**

- Unit (MWH)	23,991.12	10,866.06
- Unit per Ltr. of Diesel oil	3.35	2.75
- Cost/units (Rs./KWH)	2.79	2.28

**(ii) Through Steam Turbine/Generator**

2. Coal		Not Applicable.
3. Furnace Oil (LDO & HSD)		
- Quantity (K.Ltr.)	2,133.45	4,613.21
- Total Amount (Lac/Rs.)	180.56	392.25
- Average Rate (Rs./K.Ltr.)	8,463.00	8,503.00
4. Others (LPG)		
- Quantity (MT)	481.22	372.00
- Total cost (Lacs/Rs.)	56.53	63.58
- Rate/unit (Rs./MT.)	11,747.00	17,091.00

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Particulars	1998-99	1997
Electricity (KWH/MT)	2,290.00	1,876.00
(KWH/Pc.)	58.00	-
(KWH/Set)	2,981.27	-
HSD (Ltrs/Kg)	0.82	-
Furnace Oil/hsd (Ltrs) Per MT	50.03	47.70
Per Pc.	20.00	-
Per Set	3755.00	-
Coal	-	-
Others (LPG)(KGS)	11.35	12.00

**FORM - 'B'****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION - 1998-99 : RESEARCH AND DEVELOPMENT****1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY**

R & D was carried out for development of new castings, improvement in the quality of casting under commercial production and for design and manufacture of new toolings. (Engg. Products).

R & D was carried out for the manufacture of Pressure Die Casting dies (DCM Tools & Dies)

R & D was carried out for development of Cylinder Heads for Railways (DCM Precision)

Textile Unit developed melang yarn which is a blend of Cotton and dyed viscose.

**2. BENEFITS DERIVED**

New orders have been received from domestic and export market. (Engg. Products)

Improved quality and life of toolings. Received orders for complex pressure die casting dies. (DCM Tools & Dies)

Product is well accepted in the market (DCM Precision & DCM Textiles)

**DCM**



3. FUTURE PLAN OF ACTION

R & D is an ongoing process. (Engg. Products).  
Extended product range to take up manufacture of insective Moulding Dies (DCM Tools & Dies)  
Extended product range to take up machining of castings (DCM Precision)  
Polyester Cotton yarn is being developed (DCM Textiles)

4. EXPENDITURE ON R & D

R & D is being carried out by the technical staff who is also engaged in normal production. (Engg. Products, DCM Tools & Dies, DCM Precision, DCM Textiles).

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts Made :

Foundry has perfected the state of art technology of making precision automotive castings. All castings have been developed by our technical team. (Engg. Products)

Tool Room has perfected the technology and manufacture intricate toolings. (DCM Tools & Dies)  
Precision has perfected the art of technology of making cylinder head for Railways. (DCM Precision)  
Textiles unit has installed 4 new sets of G 5/1 Ring Frames. (DCM Textiles)

2. Benefits :

The Unit has obtained orders from Domestic and International markets for intricate automotive castings from quality conscious and competitive market. (Engg. Products)  
Tool Room is manufacturing intricate toolings for reputed automobile manufacturers. Technology provided by Messiner have been fully absorbed after having been improved upon. (DCM Tools & Dies)  
Product is well received by Railways. (DCM Precision)  
Productivity and quality of G-5/1 is better in textiles unit.

3. In Case of imported technology used : Not applicable.

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF THE REPORT OF THE DIRECTORS OF DCM LTD. FOR THE 18 MONTHS PERIOD ENDED 30TH JUNE, 1999.

(A). EMPLOYED THROUGHOUT THE PERIOD UNDER REVIEW AND WHO WERE IN RECEIPT OF REMUNERATION WHICH IN THE AGGREGATE WAS NOT LESS THAN RS. 90000/-

Name	Designation and Nature of Duties	Unit/ Divn.	Remuneration Received (18 months period) Rs.	Qualifications	Experience Yrs.	Date of Commencement of employment	Age Yrs.	Particulars of last Employment
Goel V. K.	Executive Director	Textiles	1704693	B.Tech. DDM	29	1.09.1993	53	Gesmetter India Ltd
Gupta Sural	General Manager (Internal Audit)		1131473	C.A.	21	1.07.1993	44	Bentley, Coleman & Co. Ltd.
Karandikar A.S.	Sr. General Manager	Real Estate	1314520	B.E.(Civil), PG Dip. in B.M.	36	01.07.1995	58	M/S. Van Engineering Service
Kohli R.S.	General Manager (Inv. & Dev.)	Engineering	1058858	C.A., A.C.S.	28	12.10.1978	53	Company Secretary, Punjab Tractors Ltd
Mallikaraj G.I.	General Manager (Operations)	DCM Housing Finance Ltd.	984894	Graduate CAIIB	38	1.12.1994	60	SBI Home Finance Ltd.
Nayar Meenakshi Dn.(Mrs.)	Vice President (HRD & Corp. Comm.)		1652374	M.A.(Psychology), Fellow Program on Management	18	01.01.1985	46	Consulting Associate, National Labour Institute
Sharma V.K.	President & Chief Executive	Engineering	3877147	B.Sc. Engg.Mech	33	1.04.1976	58	Jr. Manager, Heavy Engg. Corp. Ltd.
Sharma P.C.	General Manager (Pw. & Ry)	Engineering	1050758	B.A., LL.B., Dipan Indian Law	32	29.12.1981	51	Adhunik India Ltd.
Singhal Ashwani Dn.	General Manager (Engg. & Ac. Inv.)		934973	P.C.A., PhD	48	5.02.1993	42	Modi Rubber Ltd.

(B). EMPLOYED FOR A PART OF THE PERIOD UNDER REVIEW AND WHO WERE IN RECEIPT OF REMUNERATION FOR ANY PART OF THE PERIOD, AT A RATE WHICH IN THE AGGREGATE WAS NOT LESS THAN RS. 50000/- PER MONTH.

Name	Designation and Nature of Duties	Unit/ Divn.	Remuneration Received Rs.	Qualifications	Experience Yrs.	Date of Commencement	Age Yrs.	Particulars of last Employment
Bawa K.S.	General Manager (Plant Engg.)	Engineering	792916	B.Sc. (Engg.Mech.)	36	1.03.1981	58	Becon Engg. Co. Ltd.
Bhatia Arun	General Manager (Operations)	Engineering	661880	M.Sc., Dip in Mkt. & Sales	23	01.07.1999	48	Tata Housewell Ltd.
Diwakar P.	General Manager (Production)	Engineering	648104	B.Tech (Mech.), Adv. Dipan Foundry	24	11.07.1998	50	Ashok Leyland Ltd.
Kelkar M.Y.	Sr. Vice President (HRD)	Electronics	541220	B.Sc., MBA	15	06.05.1992	39	Wipro Corporation
Manoharman Kantal	Sr. Vice President (Tech. Services)	Electronics	2471741	B.Tech.	24	01.11.1979	47	Bharat Elec. Ltd.
Nambiar K.G.	Vice President (Legal) & Co Secretary		1676290	B.A., LL.Bs., LL.B., FCS, MIMA	38	01.06.1990	60	Co Secy. & General Mgt.(Admin.) BSE Mtp. Ltd.
Ramamurthy S.S.	Director Finance		1841047	B.Sc., CAIIB, PGDIP (Finance)	31	03.04.1997	55	Jaiprakash Industries Ltd.

NOTES:

- 1. Remuneration includes salary, bonus etc., gratia, Company's contributions to provident fund and superannuation scheme, medical benefits, leave travel assistance, leave encashment, education allowance, house rent allowance/ subsidy paid for residential accommodation and where it is not possible to ascertain the actual expenditure incurred by the company in providing the perquisites, the monetary value of such perquisites is calculated in accordance with the Income Tax Act, 1961 and the rules made thereunder.
- 2. None of employee mentioned above is a relative of any director of the Company.
- 3. As per a clarification of Department of Company Affairs, the Managing Director is not an employee within the meaning of section 217 (2A) of Companies Act, 1956.
- 4. Information has been furnished on the basis of employees drawing remuneration of Rs.50000/- per month pursuant to Notification No. G.S.R.204(4) dated 12.05.99.

## Auditors' Report

**To the Members of DCM Limited**

We have audited the attached balance sheet of DCM Limited as at June 30, 1999 and also the profit and loss account of the Company for the period ended on that date annexed thereto. The assets and liabilities of the Lyallpur unit in Pakistan, which now vest with the Custodian of Enemy Property in Pakistan, have been set out separately in Schedule 8. Due to circumstances beyond the control of the management, no accounts or returns have been received from Pakistan subsequent to June 30, 1965.

- A. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- B. Further to our comments in the Annexure referred to in paragraph A above, we report that :
- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, subject to para (f) (ii) and (v) below proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - (c) the balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, subject to our remarks in para (f) (v) below regarding non determination of the possible loss arising from permanent diminution in value of investments in certain subsidiaries as required by Accounting Standard 13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India, the profit and loss account and balance sheet comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) attention is invited to note 19 which sets out the position regarding a 'put option' exercised by an 'Overseas Corporate Body' (OCB) and acknowledged by the Company. The enforcement of this option, under which the Company is required to acquire 130 lacs equity shares of a co-promoted company from the OCB for Rs. 140.40 crores, has been held in abeyance for the reasons stated in note 19.
  - (f) (i) attention is invited to note 10(a) which sets out the

position regarding a 'Scheme of Arrangement' (SOA) for which the Company is in the process of making an application to the Delhi High Court under section 391 of the Companies Act, 1956 for approval. Pending such application and approval thereof by the Delhi High Court, the Company has accounted for interest liability on borrowings (other than inter-corporate deposits and 19.5% secured non-convertible debentures) as per the proposed terms of the SOA. Had the Company accounted for interest as per the existing terms and conditions of such borrowings, loss for the period and the debit balance in profit and loss account carried forward would have been higher by Rs. 60.51 crores.

- (ii) no provision has been made for interest aggregating Rs. 25.63 crores on inter-corporate deposits and 19.5% secured non-convertible debentures. As a result, the loss for the period and the debit balance in the profit and loss account is lower by Rs. 25.63 crores (Refer note 10(b)).
- (iii) reliance has been placed on the management's assessment and confirmation that interest free advances aggregating Rs. 16.28 crores to a subsidiary company and Rs. 5.63 crores to certain Trusts for the welfare of employees/shareholders of the Company, are good and fully recoverable. (Refer note 11 (a) and (b));
- (iv) attention is invited to note 12 regarding inclusion of borrowing costs of Rs.5.09 crores in the carrying amount of "stock in trade - land (for development)" notwithstanding the fact that there has been no progress in the project activities during the period.
- (v) attention is invited to note 13 (a) and (b) regarding investments aggregating Rs. 25.05 crores in, and receivables aggregating Rs. 16.77 crores due from subsidiary companies referred to therein. The position has been explained in detail in the afore-referred note. The recoverability or otherwise of the amounts involved, the possible loss and the consequential effect, if any, on the debit balance in the profit and loss account has not been determined at this stage.
- (vi) attention is invited to note 14 regarding 'Loans and advances' aggregating Rs. 16.05 crores for which we, on the basis of evidence made available to us, are