

# DOM INVESTED ANNUAL REPORT

1999 - 2000

## BOARD OF DIRECTORS

**Dr. Vinay Bharat-Ram**

*Chairman & Managing Director*

**Dr. Bharat Ram**

*Chairman-Emeritus*

**Shri Sumant Bharat Ram**

*Deputy Managing Director (Finance)*

**Shri Vivek Bharat Ram**

**Dr. Abid Hussain**

**Shri R. N. Bhardwaj**

**Shri Naresh Kumar Jain**

**Shri D.H. Pai Panandikar**

**Shri Ram 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 & Jaipur

Syndicate Bank

ANZ Grindlays Bank p.l.c.

### AUDITORS

**A.F. Ferguson & Co.,**

**New Delhi**

### REGISTERED OFFICE

**Vikrant Tower**

**4, Rajendra Place,**

**New Delhi - 110 008**

**Tel.: 91-11-571 9967-74**

**Fax : 91-11-576 5214**

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

## NOTICE

Notice is hereby given that the 111<sup>th</sup> Annual General Meeting of the Company will be held on Friday, the 30<sup>th</sup> day of March, 2001 at 11.00 A.M. at Shree Delhi Gujarati Samaj, MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, Delhi-110054, for transacting the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> December 2000 and Profit & Loss Account for the period ended on that date along with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Hari Shankar Singhania, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Bharat Ram, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajive Sawhney, who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and, if thought fit to pass the following resolution with or without modification/s, as a Special Resolution :  
"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, Messers 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/Audit Committee of the Board be and is hereby authorised to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit to pass the following resolution with or without modification/s, as an Ordinary Resolution :  
"RESOLVED THAT Mr. Naresh Kumar Jain, 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 a Director of the Company liable to retire by rotation."  
None of the Director except Mr. Naresh Kumar Jain is interested in the resolution.
7. 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 benefit as an employee of the Company by Mr. Khim Singh, Corporate Office who will assume office as an ex-officio Workman Director on passing of this resolution."
8. To consider and, if thought fit to pass the following resolution with or without modification/s, as a Special Resolution :  
"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, post facto consent of the shareholders be and is hereby accorded for making of donations to Punjab War Heroes Family Relief Fund and Haryana Chief Minister War Heroes Relief Fund during the period 1999-2000 aggregating to Rs. 69,018/- notwithstanding that the same exceeds the sum of Rs. 50,000/- or 5% of the average net profits of the last three immediately preceding Financial Years (which ever is higher), computed in accordance with

the provisions of Section 349 and 350 of the Companies Act, 1956."

9. To consider and, if thought fit to pass the following resolution with or without modification/s, as a Special Resolution :  
"RESOLVED THAT consent of the Company be and is hereby accorded to the keeping with effect from 01.06.2000 of the Register of Members & Index of Members u/s 163 of the Companies Act, 1956, with M/s MCS Limited (the Registrar & Share Transfer Agent of the Company with effect from 01.06.2000) at 212A, Shri Venkatesh Bhawan, Shahpurjat, New Delhi-110 049, instead of the Registered office of the Company."
10. To consider and, if thought fit to pass the following resolution with or without modification/s, as a Special Resolution :  
"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 and other applicable provisions, if any, the Article No.s 65 (a) & 65A of the Articles of Association of the Company relating to the appointment of workman Director would stand deleted on the approval of the scheme of Restructuring & Arrangement and Scheme of Merger/Amalgamation of DCM Data Systems Limited with the Company currently pending with Hon'ble Delhi High Court & the Articles be renumbered accordingly."
11. To consider and, if thought fit to pass the following resolution with or without modification/s, as a Special Resolution :  
"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956 and/or the provisions of other statutes as may be applicable and/or subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies the Articles of Association of the Company be and are hereby amended by insertion of a new article numbered 8B after article 8A of the Articles of Association of the company as follows:"

### 8B. Dematerialization of Securities

#### (1) Definitions:

For the purpose of this Article: -

"Beneficial owner" means a person or persons whose name is recorded in the Register maintained by a Depository under the Depositories Act, 1996 (22 of 1996).

"SEBI" means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (15 of 1992).

"Security" means such security as may be specified by SEBI from time to time and includes all kinds of shares or debentures which may be issued from time to time by the company and which are entitled to be dematerialized.

"Members" in respect of dematerialised shares means the beneficial owner thereof, i.e. the person or persons whose name is recorded as a beneficial owner in the register maintained by a Depository under the Depositories Act, 1996, and in respect of the shares, the person or persons whose name is duly registered as a holder of a share in the Company from time to time and includes the subscribers to the Memorandum of Association.

"Corporate benefits" means and includes the benefits like dividend on the shares, interest on debentures, rights, options and bonus entitlements which may at any time be bestowed on the holders of the securities by virtue of holding the securities.

## (2) Dematerialization of securities.

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the provisions of the Depositories Act, 1996, or otherwise.

## (3) Issue of securities and option for investors

Notwithstanding anything contained in these Articles, every issue of securities by the Company may be in the dematerialized form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialization, as the case may be, in which event the company shall issue to the investor/beneficiary the required certificates of securities subject to the provisions of applicable laws, rules, regulations or guidelines.

## (4) Securities of the depository mode to be in fungible form

All securities held in the depository mode with a depository shall be dematerialized and be in fungible form. To such securities held by a depository owner, nothing contained in sections 153, 153A, 153B, 187B, 187C, 372 of the Act shall apply, in accordance with Section 9(2) of the Depositories Act, 1996 (22 of 1996).

## (5) Right of Depositories and Beneficial Owners

(a) Notwithstanding anything to the contrary contained in the Act or these articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have other membership rights or be entitled to the corporate benefits that may accrue to the members of the company.

(c) Every person holding securities of the Company and whose names is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities like payment of unpaid call monies and furnishing of such information as may be necessary to enable the company to enter his name in the register and index of beneficial owners or other records as applicable, in respect of the securities held in the depository mode of which he is the beneficial owner.

## (6) Service of documents on company

Notwithstanding anything in the Act or these articles to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository on the company by means of electronic mode or by delivery of floppies or discs.

## (7) Service of notice on beneficial owners

Wherever required, the company may serve a notice for any purpose under the Act in accordance with the provisions of section 53 of the Act or as permissible under any law or statute for the time being in force.

## (8) Transfer of securities

Nothing contained in section 108 of the Act or these articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act, 1996 (22 of 1996).

## (9) Distinctive numbers of securities held in depository mode

Nothing contained in the Act or under these Articles regarding the

necessity of having distinctive numbers for securities issued by the company shall apply to the securities held in the depository mode.

## (10) Register and index of members

(a) The Company shall cause to be kept a Register and Index of members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 (22 of 1996) with details of shares in material and dematerialized forms in any media as may be permitted by law, including in any form of electronic media.

(b) The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to Register and index of members and holders of securities for the purposes of these articles and the Act.

## (11) Issue of Share Certificates

In the case of transfer and transmission of shares where the Company has not issued any certificates and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

By order of the Board  
for DCM Limited

S.K. Gupta  
General Manager (Internal Audit)  
& Company Secretary

Place: New Delhi

Date: 27.02.2001

## 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 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 Friday, 23<sup>rd</sup> day of March 2001 to Saturday, the 31<sup>st</sup> day of March 2001 (both days inclusive).
4. Shareholders are requested to notify change in their address alongwith PIN CODE, 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. No extra copy would be available for distribution at the meeting.
7. Shareholders/ Proxy holders are requested to produce at the entrance the attached admission slip duly completed and signed, for admission to the meeting hall.
8. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
9. Shareholders who have not returned their share certificates of erstwhile DCM are requested to do so immediately to enable the Company to forward the new share certificates to them.



10. 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.
11. 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.
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. 5:** 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. 6:** The Board of Directors had appointed Mr. Naresh Kumar Jain as an additional Director of the Company vide resolution dated 17<sup>th</sup> Feb' 01, under section 260 of the Companies Act, 1956. Mr. Naresh Kumar Jain 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 Mr. Naresh Kumar Jain for the office of Director. It is recommended that Mr. Naresh Kumar Jain be appointed as a Director of the Company.

None of the Directors except Mr. Naresh Kumar Jain is concerned or interested in the passing of this resolution.

**ITEM NO.7:** Under Article 65(a) read with Article 65A of the Articles of Association of the Company, an ex-officio Workmen 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, Mr. Khim Singh, Peon Secretarial Department, 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. Mr. Khim Singh is at present getting a remuneration of Rs. 3,900/- 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 power, such a Director will not be deemed to be a Whole-time Director 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 Mr. Khim Singh is interested in the resolution.

**ITEM NO. 8:** DCM Group has ever been alive to the service of the nation in difficult times in line with its commitment to social and moral obligations towards the country. In keeping with the said spirit, the Company paid Rs. 17,343/- towards Haryana Chief Minister War Heroes Relief Fund & Rs. 51,675/- towards Punjab War Heroes Family Relief Fund during the period 1999-2000.

As per the provisions of Section 293(1) (e) of the Companies Act, 1956, contributions towards charitable and other funds not directly related to the business of the Company or Welfare of its employees can not exceed Rs. 50,000/- of 5% of the net profits of the last three immediately

preceding Financial years (whichever is higher). Since the Company incurred a loss during the relevant period, the Company could pay such amount of donations only after obtaining approval of shareholders in a General Meeting. However, in view of the threat to national security and to provide timely relief and succor to the families of war heroes, the subject donations were paid without obtaining the requisite approvals.

In view of the above the post facto approval of the shareholders is hereby sought to payment of an amount of Rs 69,018/- as donations.

Your Directors recommend the resolution for your approval. None of the Directors is concerned or interested in this resolution.

**ITEM NO. 9:** In accordance with the instructions of The Securities & Exchange Board of India (SEBI), the shares of your Company have been brought into compulsory de-mat mode, with effect from 26.05.2000. Accordingly the Board of Director have, with effect from 01.06.2000 appointed M/s MCS Limited, as Share Transfer Agents. The Company has entered into the necessary agreement with them. The register of Members as well as the Index of Members is being maintained by M/s MCS Limited and shall continue to be maintained by them as long as the Board of Directors wishes so. Keeping of the Statutory Registers & Records at a place other than the Registered Office of the Company requires approval of the shareholders by a Special Resolution and accordingly approval of the shareholders of the Company is sought thereto.

A Copy of the Agreement entered into with M/s MCS Limited is available at the Registered office of the Company for the perusal of the shareholders.

None of the Directors is concerned or interested in this resolution.

**ITEM NO. 10:** Article 65 (a) & 65 A of the Articles of Association of the Company provides that the Board of Directors shall consist of one ex-officio Director to be elected from amongst the workman of the Company. The 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.

As per the restructuring Scheme(s) pending before the Hon'ble High Court of Delhi, DCM Data Systems Limited is proposed to be merged with DCM Limited and DCM Engineering Products Division is proposed to be hived off into a separate Company. In view of and consequent upon such restructuring of the Company it is proposed that the Articles related to the election & appointment of Workman Director be deleted after the Scheme of Restructuring & Arrangement and the Scheme of Merger/Amalgamation of DCM Data Systems Limited with the Company is approved by the Hon'ble High Court of Delhi.

Such alteration of the Articles of Association of the Company requires the consent of shareholders u/s 31 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval. None of the Directors is concerned or interested in this resolution.

**ITEM NO. 11:** The Securities and Exchange Board of India (SEBI) vide their circular No. SMDRP/POLICY/CIR- /2000 have included the shares of DCM Ltd., for compulsory trading in dematerialized form by all classes of investors effective from 26.05.2000.

The above-mentioned SEBI directive makes it obligatory for the Company to admit the securities in depositories, viz. National Securities Depository Ltd. (NSDL), and the Central Depository Services (India) Ltd. (CDSL) for compulsory settlement of trading in dematerialized form.

The Company has already entered into tripartite agreements with NSDL and CDSL and the Registrar and Transfer Agents, M/s. MCS Ltd.

While the Company's shares have already been put in dematerialized trading form, it is obligatory on the Company to amend its articles to have enabling provisions for the dematerialization and consequent transfer/transmission of shares in that mode. Your Directors, therefore, recommend this resolution for approval.

None of the Directors is concerned or interested in the resolution. A copy of the tripartite agreement entered as above is available in the Registered Office of the Company for perusal of the shareholders on any working day from 11.00 AM to 1.00 P.M. upto the date of the Annual General Meeting.

Your Directors have pleasure in presenting their report along with audited accounts of the Company for the period (18 months) ended 31st December 2000.

#### FINANCIAL DATA

	Current Period (18 months)	Crores/Rs. Previous Period (18 months)
Profit before interest		
Depreciation and tax	18.10	29.77
Less : - Interest (Net)	6.89	32.39
- Depreciation	16.56	15.66
Profit/Loss before tax	(5.35)	(18.28)
Less: - Provision for tax/deferred tax charge	-	-
Profit/(Loss) after tax	(5.35)	(18.28)
Add: - Profit/(Loss) brought forward	(54.97)	(36.69)
Investments Allowance written back	0.19	-
Profit/(Loss) carried to the Balance Sheet	(60.13)	(54.97)

#### DIVIDEND

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

#### OPERATIONS OVERVIEW

##### DCM Engineering Products

The Indian economy is going through a general recession. This has hit the automotive industry including tractors in a severe manner. Nevertheless the foundry unit has achieved an 11% growth over the sales of last year.

This year there is a major thrust on exports. The new customers include General Motors, USA, and Paradia Motors, Malaysia. In the pipeline we also have General Electric from the non-automotive sector.

The foundry business has to be looked as an amalgam of tool making and foundry casting. While, the casting area is hit by high power and raw material rates, the brighter side is the potential for improved margins on tool making which is becoming increasingly software driven. Here again, the prices are highest in foreign markets and the intention is to aggressively move forward on the export front, where, the demand is for machined castings. The demand for machined castings is also growing and we are examining the possibility of complementing our capacity as Precision Engineering through out sourcing.

##### DCM Textiles

Despite increase in power tariff and petroleum prices, the unit has noted marked improvement in performance due to planned upgradation of the facility and the better cotton season.

Prices of cotton are firming up as cotton supply is expected to be lower. With better stocks of cotton this year, the unit is expected to minimize the impact of sluggish cotton season. To bring focus on core competency in cotton spinning, trading activities have been reduced.

#### RESTRUCTURING PLANS

The Company has filed a Scheme of Restructuring and Arrangement in the Hon'ble High Court of Delhi on 8th December 1999 and also for Merger/Amalgamation of DCM Data Systems Limited with DCM Limited on 23rd May, 2000 under Section 391 - 394 of the Companies Act, 1956. Pursuant to the directions of Hon'ble Delhi High Court meetings of Shareholders, Secured and Unsecured Creditors were held in May, 2000 and July, 2000. Both the Scheme(s) were approved by overwhelming majority. The Scheme(s) are currently awaiting the approval of Hon'ble Delhi High Court.

Pending approval of the Scheme(s), the company continues to operate the Engineering business for and on behalf of the Transferee company and similarly DCM Data Systems Ltd. continues to operate the IT business for and on behalf of and under instructions of DCM Limited after the appointed date(s). The company shall incorporate the consequential financial effect (s) of the said merger/de-merger, including the assets, investments, liabilities, taxation and other liabilities, if any, after the respective Scheme(s) are approved by Hon'ble Delhi High Court.

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

The Company has 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 due for redemption on 14.08.98. The redemption/repayment to the NCD holders will be made in accordance with the scheme of Restructuring arrangement pursuant to section 391-394 of the Companies Act, 1956.

#### FIXED DEPOSITS

The Company Law Board (CLB) has passed an order dated 10<sup>th</sup> September, 1998 rescheduling the repayment of deposits to Fixed Deposit Holders. In pursuance to the said order, the Company has paid a sum of Rs. 12 Crores (approx.) to various category of depositors including payments in hardship cases. The balance payment would be made to Fixed Deposit Holders in terms of the provisions made under the Scheme of Restructuring and Arrangement (SORA) which is pending before the Hon'ble Delhi High Court.

#### DIRECTORS

UTI withdrew the nomination of Mr. S. Kuppaswami from the Board w.e.f. 23<sup>rd</sup> May, 2000. The Directors placed on record their appreciation of the valuable guidance provided by Mr. Kuppaswami during his tenure as Director of the Company.

LIC substituted the nomination of Mr. N.N. Jambusaria on the Board with the nomination of Mr. R.N. Bhardwaj w.e.f. 10<sup>th</sup> November 2000. The Directors placed on record their appreciation of the valuable guidance provided by Mr. Jambusaria during his tenure as Director of the Company.

The Directors co-opted Mr. Naresh Kumar Jain as an Additional Director w.e.f. 17<sup>th</sup> February 2001.

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

Mr. Arun Bharat Ram and Mr. V.K. Sharma resigned from the Board w.e.f. 7<sup>th</sup> December, 1999 and 30<sup>th</sup> December, 1999 respectively. The Directors placed on record their appreciation of the valuable advice given by them during their tenure as Director(s) of the Company.

Mr. Hari Shankar Singhania, Dr. Bharat Ram and Mr. Rajive Sawhney will retire by rotation and being eligible offer themselves for re-appointment.

#### 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.

1. The Board of Directors of the Company had approved a Scheme of Restructuring and Arrangement (SORA) on May 13, 1998. Subsequent thereto, the Company had modified this SORA in consultation with certain financial institutions. The modified SORA focused on financial restructuring and debt reduction of the Company by divestment / sale of certain businesses / assets of the Company and its fully owned subsidiary (to be merged with the Company under a separate Scheme of merger/amalgamation) and application of the proceeds thereof towards repayment of borrowings, in the manner and as per the terms and conditions indicated in the SORA. The SORA has been approved by the shareholders and creditors in their respective meetings held under section 391 of the Companies Act, 1956 and is now pending for final approval of the Delhi High Court. The management is confident that the SORA would be approved by the Delhi High Court without any material alterations thereto.  
Pending approval by the Delhi High Court, the interest liability has been computed on the basis of the proposed terms in SORA, which has the effect of reduction in the interest liability by Rs. 20,531.44 lacs (Previous period Rs. 7,725.49 lacs). (Refer Auditors Report Para (i)(1))
2. In the previous period, the Company had cancelled and determined the agreements with the "developers, builders and contractors" (builders) of its Land Development Project at Bara Hindu Rao, Delhi, due to breach of agreement on their part against which litigation initiated by the builders was pending in Delhi High Court.  
During the period, in view of SORA referred to in (1) above, the Company has entered into an out of court settlement with the builders where under in addition

DCM

to compensation of Rs. 710 lacs to be paid to them, entire development cost to be borne by the builders in respect of rights in flats sold by the Company / builders has devolved on the Company. However, no provision for liability other than compensation payable to builders included under "land development expenses including provision for contingencies" in Schedule II has been made in the accounts since in terms of SORA all rights and obligations with respect to real estate business including the above referred liability will ultimately be taken over by DCM Estate and Infrastructure Limited. (Refer Auditors Report Para (i)(2))

3. The Company has decided to account for the interest on 19.5% secured non-convertible debentures, inter-corporate deposits and loan from a subsidiary, re-determined as per proposed terms of SORA, on a payment basis and not on an accrual basis. As a result, the loss for the period is lower by Rs. 343.52 lacs (Previous period Rs. 888.67 lacs) and the debit balance in the profit and loss account is lower by Rs. 784.32 lacs (Previous period Rs. 888.67 lacs). (Refer Auditors Report Para (ii))
4. Loans and advances include an interest free advance of Rs. 299.88 lacs (1998-99 Rs.323.63 lacs) to a Trust for the welfare of employees of the Company, where the amount has not been recalled, having regard to the interest of employees of the Company. The management has confirmed to auditors that the advance is good and fully recoverable. (Refer Auditors Report Para (iii))
5. (a) The Company has an investment of Rs. 1250 lacs (1998-99 Rs. 1250 lacs) in equity shares of DCM International Limited (DIL), from which Rs. 739 lacs (1998-99 Rs. 1435 lacs) is also due as on December 31, 2000. There is a substantial fall in the value of quoted investments of DIL in certain companies which may lead to a substantial erosion in the networth of DIL, for which no provision is held in the books of DIL. In the view of the management, the amount of possible loss for investments in and dues from DIL cannot be ascertained at this stage and as such no provision in respect thereof has been made in the accounts.
- (b) The Company has an investment of Rs. 5 lacs (1998-99 Rs. 5 lacs) in equity shares and Rs. 1237.50 lacs (1998-99 Rs.1250 lacs) in debentures of DCM Finance and Leasing Limited (DFL), from which Rs. 269 lacs (1998-99 Rs. 242 lacs) is also due as on December 31, 2000. DFL has accumulated losses of Rs. 151.00 lacs which is in excess of its share capital and free reserves of Rs. 5 lacs as on June 30, 2000, the date of the last audited balance sheet of that company. Further as per these accounts of DFL, no provision has been made for the advances made by DFL to other parties of Rs. 1260 lacs (1998-99 Rs. 706 lacs) (including interest Rs. 410 lacs (1998-99 Rs. 206 lacs)), where the parties are continuing in default, and the non-recoverability of which would result in further substantial erosion of DFL's networth. In the view of the management, the amount of possible loss for investments in and dues from DFL cannot be ascertained at this stage and as such no provision in respect thereof has been made in the accounts. (Refer Auditors Report Para (iv))
6. Loans and advances include unsecured advances, considered good, aggregating Rs.1565 lacs (1998-99 Rs. 1605 lacs) comprising:
  - Rs.463 lacs (1998-99 Rs. 463 lacs) paid during the previous years to certain parties to acquire leasehold rights in certain properties under construction at New Delhi with a first right to purchase the said property after the lease period. In view of continuous delays in construction of the property, management has initiated legal action to recover the advances from the parties;
  - Rs. 85 lacs (1998-99 Rs. 125 lacs) paid to a party in December, 1992 as an advance to acquire development rights in a property. Due to certain disputes between the original owner of the property and the party from whom the Company has agreed to acquire such rights, the agreement of sale has not yet been executed. The management has initiated legal action to recover the advance from the party.
  - Rs. 605 lacs (1998-99 Rs.605 lacs) given during the previous years to a property developer/agent for arranging the purchase/development of land for the purposes of residential colonies. The above amount includes Rs. 345 lacs (1998-99 Rs. 345 lacs) in respect of 113 acres of land at Gurgaon,

where the arrangement between the developer/agent and the Company has been cancelled in view of certain prolonged disputes between the owners of land, Gram Panchayat and others. In respect of the balance amount of Rs. 260 lacs (1998-99 Rs. 260 lacs), the developer had to complete all the development activities on 36 acres of land and transfer it to the Company in an earlier year. However, due to certain procedural delays, such possession could not be handed over to the Company. The management is of the view that the amount would be received in due course from the property developer / agent, who are having adequate means to repay the balance advance ; and

- Inter corporate deposits (ICDs) of Rs. 200 lacs (1998-99 Rs. 225 lacs), interest accrued thereon of Rs. 212 lacs (1998-99 Rs. 187 lacs) (including interest of Rs. 126 lacs (1998-99 Rs. 134 lacs) on ICDs where principal has already been recovered) where, in view of the repayment terms being repayable on demand, the amounts have not been received during the current period/subsequent to the period end. The Company has initiated steps for recovery of these ICDs. In the view of the management, the amount of possible loss, which may arise in respect of these deposits, cannot be ascertained at this stage and as such no provision in respect thereof had been made in the accounts. (Refer Auditors Report Para (v))
- 7. The Company has accounted for interest on fixed deposits till June 30, 1999 on accrual basis. However, with effect from July 1, 1999, the Company has decided to account for interest on fixed deposits on payment basis. Had the interest been accounted for on accrual basis, the loss for the period, and the debit balance in the profit and loss account carried forward would have been higher by Rs. 251.43 lacs. (Refer Auditors Report Para (vi))
- 8. There are various issues relating to sales tax, income-tax, etc., arising/arisen out of the reorganization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement (sanctioned by the High Court of Delhi, New Delhi vide its order dated April 6, 1990) as and when the liabilities/benefits are fully determined.
- Further, demands aggregating Rs. 893 lacs (1998-99 Rs. 893 lacs) raised by the Income-tax Authorities during the year 1994-95 are being contested by the Company in appeal. As per the Scheme of Arrangement, the final liability, when determined, would in case of the Company, be limited only to 1/3rd of the total liability of the demand. (Refer Auditors Report Para (vii))
- 9. The Company has recovered advances aggregating Rs. 303.10 lacs from certain parties by acquiring investments held by these parties in DCM Estate and Infrastructure Limited. On the basis of a legal opinion, the Company is of the view that investments acquired in settlement of dues recoverable would not attract the provisions of section 372A of the Companies Act, 1956. (Refer Auditors Report Para (viii))
- 10. The assets situated in Pakistan are based on the un audited accounts of the unit for the year ended June 30,1965, after accounting for ad-hoc ex-gratia payment received Rs. 25 lacs, for which a claim has been filed with the Custodian of Enemy Property in India (Refer Auditors Report Para(ix))
- 11. The repayment of fixed deposits as per CLB order is integrated with and subject to approval of Company's scheme of restructuring and arrangement, which is presently been pending before the Delhi High Court for its approval. (Refer Auditors Report Para 13)
- 12. To enlarge the scope of work and coverage, the Company is planning to outsource the services of internal auditor. (Refer Auditors Report Para 15).

#### DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217.

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

- While preparing Annual Accounts the applicable accounting Standards have been followed.
- Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent which gives true and fair view of affairs of the Company.
- Company had taken proper & 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.

- Company had prepared accounts on a going concern basis.

#### 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 (Disclosures 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 forms part of this Report.

The Company extended its accounting year ending from 30.06.2000 to 31.12.2000 with the approval of the Registrar of Companies, But the subsidiaries namely DCM Overseas Trading Co. Ltd., DCM Services Ltd. and DCM Overseas(BVT) Ltd., which are subsidiaries of DCM International Limited did not choose to change their accounting period. Hence the latest available financial results of these Companies are being attached with the accounts. If the Company had not changed its accounting year, the period of accounts of these subsidiaries would have been within the provisions of Section 212 of the Companies Act, 1956.

#### Y2K COMPLIANCE

The Company did not face any disruption on account of the Y2K bug, and completed a smooth transition into the new millennium.

#### AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

#### LISTING FEES

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

#### ACKNOWLEDGEMENTS

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

Place: New Delhi

Date : 27.02.2000

VINAY BHARAT-RAM  
CHAIRMAN & MANAGING DIRECTOR

#### 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:

- Replaced motors of two compressors with TEFC SQ Cage instead of drip proof slippering induction motors.
- Stopped operations of two motors of cooling tower by modifying the water circuit
- Voltage level transformer supplying voltage to whole factory & colony lighting reduced to 210 Volts (single Phase) in place of 240 volts.
- Optimization of utilization of furnaces.

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

- Conservation of Electric heated box ovens by LPG fired system
- Variable Frequency AC drive for motors of Dust Collector fans of shot Blasting M/Cs.

###### (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:

Total Foreign Exchange used and earned

Foreign exchange used (Rs.)	32,37,286/-
Foreign Exchange Outgo(Rs.)	8,39,01,999/-

#### FORM - A

##### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY : 1999-2000

###### A. POWER AND FUEL CONSUMPTION

Particulars	1999-00 (18 Months)	1998-99 (18 months)
1. Electricity		
(a) Purchased :		
- Unit (MWH)	99,557.57	82,555.24
- Total Amount (Lac/Rs.)	3,216.49	2,427.53
- Rate per unit (Rs.)	3.23	3.20
(b) Own Generation :		
(i) Through Diesel Generator.		
- Unit (MWH)	19,123.37	23,991.12
- Unit per Ltr. of Diesel oil	3.40	3.35
- Cost/units (Rs./KWH)	4.24	2.79
- Total Consumption-Ltrs	6,49,85,089.63	-
- Total cost/unit (Rs./KWH)	8,10,19,299.01	-
(ii) Through Steam Turbine/Generator	-	-
2. Coal	N/A	N/A
3. Furnace Oil (LDO & HSD)		
- Quantity (K.Ltr.)	7,932.80	2,133.45
- Total Amount (Lac/Rs.)	986.77	180.56
- Average Rate (Rs./K.Ltr.)	12,439.11	8,463.00
4. Others (LPG)		
- Quantity (K.Ltr.)	469.22	481.22
- Total cost (Lacs/Rs.)	75.33	56.53
- Rate/unit (Rs./MT)	16,054.30	11,747.00

###### B. CONSUMPTION PER UNIT OF PRODUCTION

Particulars Standards (if any)

Electricity (KWH/MT)	1,797.00	1,839.00
(KWH/Pc.)	2,950.07	2,730.00
(KWH/Set)	16,925.00	44,719.00
Furnace Oil/HSD (Ltrs)	Per MT	49.80
	Per Pc.	870.00
	Per Set	4,207.00
Coal		-
Others (LPG)(KGS)	9.69	11.35

#### FORM - 'B'

##### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION-1999-00:

###### RESEARCH & DEVELOPMENT

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



R&D was carried out to increase the product line. (DCM Precision).  
 R&D was carried out for improving the quality of Pressure Die Casting Dies and manufacturing of Press Tools Dies. (DCM Tools & Dies)  
 R&D was carried out for development of new castings, improvement in the equality of castings under commercial production and for design and manufacture of new tooling. (DCM Engineering Products)  
 Existing two D.C. sets (based on HSD) are being converted on to LDO. The conversion activity is being done in-house (DCM Textiles)

## 2. BENEFITS DERIVED

New orders have been received for complex Pressure Die-Casting Die and Press Tool Dies. (DCM Tools & Dies)  
 Rough Machining time was reduced. (DCM Precision)  
 New orders have been received from domestic and export market. (DCM Engineering Products)  
 Price differential between HSD & LDO and higher fuel efficiency will lead to substantial saving on power cost for the unit.

## 3. FUTURE PLAN OF ACTION

The immediate emphasis is to stress on exports so that eventually about 50 percent of the capacity of the Foundry can be used for global marketing. For this we have to go on improving our competitive edge in terms of rejections, reduce power costs and reduce raw material prices. With a growing competence in the software area, much of our tooling now is software driven with the result that chances of rejection during casting are much lower. Also the cycle time for the production of new tool sets is steadily coming down and is at present 4 months between start and submission of samples.

The demand abroad now for machined castings is growing. For this, we have facilities at Precision Engineering Ltd., and can augment them by sourcing from outside.

The R&D focus presently is on improved software competence in tooling development as well as machining of the tools.

## 4. EXPENDITURE ON R&D

R&D is being carried out by the technical staff who is also engaged in normal production. (DCM Tools & Dies)  
 The technical staff who is also engaged in the production is carrying out R & D. Measure would lead to reduction in cost of production and optimization of process.  
 The technical staff who is also engaged in normal production is carrying out R&D. Measures would lead to reduction in cost of production and optimization of process parameters.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

### 1. Efforts made

Tool Room has developed perfected the technology to manufacture foundry tooling, Pressure Die-Casting Dies & the response for Press Tool Dies is also encouraging. (DCM Tools & Dies)  
 DCM Precision Engineering has developed the art of technology to supply Machined Casting for Tractor Heads also. (DCM Precision)  
 DCM Foundry has developed the state of art technology for making precision automotive castings. Our technical team has developed all castings.  
 Units has successfully installed new yarn conditioning plant. Textile unit has installed 4 new sets of G-5/1 Ring Frames. (DCM Textiles)

### 2. Benefits:

Tools Room is manufacturing intricate Pressure Die Casting dies & tooling for reputed automobile manufacture and orders have been also been received for press Tools Dies. (DCM Tools & Dies)  
 Product is well received by Railways & Tractor Manufacturers (DCM Precision).  
 The Unit has obtained orders from domestic and international markets for intricate automotive castings from Quality conscious and competitive market. (DCM Engineering Products)  
 The yarn conditioning plant has proved to be very effective in improving quality & consistency. Productivity and quality of G-5/1 ring frames is better. (DCM Textiles)

### 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 LIMITED FOR THE 18 MONTHS PERIOD ENDED 31<sup>ST</sup> DECEMBER 2000.

(A). EMPLOYED THROUGHOUT THE PERIOD UNDER REVIEW AND WHO WERE IN RECEIPT OF REMUNERATION WHICH IN THE AGGREGATE WAS NOT LESS THAN Rs. 12,00,000/-

Name	Designation & Nature of Duties	Unit/ Div.	Remuneration received (18 mths period) Rs.	Qualification	Experience (Yrs.)	Date	Age(Yrs.)	Last Employment
Mr. V. K. Goel	President & Chief Executive	DCM Engg Products	2898953	B.Tech.DIM	31	01.09.93	55	M/s Gestetner India Ltd.
Ms. Meenakshi Nayar	Executive Vice President		2120265	MA(Psychology), Fellow Programme in Mgr.	20	01.01.85	48	Consulting Associate in , National Labour Institute

(B). EMPLOYED FOR A PART OF PERIOD UNDER REVIEW AND WHO WERE IN RECEIPT OF REMUNERATION WHICH IN ANY PART OF THE PERIOD AT A RATE WHICH IS NOT LESS THAN Rs. 1,00,000/- PER MONTH.

Name	Designation & Nature of Duties	Unit/ Div.	Remuneration received (18 mths period) Rs.	Qualification	Experience (Yrs.)	Date	Age(Yrs.)	Last Employment
				NONE				

## NOTES:

1. Remuneration includes salary, bonus/ ex-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 the employee mentioned above is 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. 1,00,000/- per month pursuant to Notification No. G.S.R.839(E) dated 25.10.2000

We at DCM Limited are committed to the concept and philosophy of corporate governance as a means of effective internal control, fair and transparent decision making process and fullest support of the Board and Management for enhancing customer satisfaction and shareholders value.

Securities and Exchange Board of India has codified the code of Corporate Governance which has been implemented by amending the listing agreement entered into by the company with various Stock Exchanges. Your company is required to comply with all the requirements of the code of Corporate Governance latest by 31st March, 2002.

Given below is a brief report on the practices followed at DCM Limited towards achievement of good Corporate Governance.

#### Composition of Board

The Board comprises of Eleven Directors of which two are wholetime Directors. The non-executive Directors bring with them rich and varied experience in different facets of corporate functioning. They play active role in the meetings of the Board and are associated with the various Board Committees. It may be noted that the Board comprises of more than 50% of Non-Executive Directors. The Board and its Committees formulate policy decisions so as to lead and control the company. The composition of the Board is in conformity with the amendments in listing agreement.

#### Tenure

As per the statute two third of the total strength of the Board of Directors should be subject to retirement by rotation. Further, one third of the retiring Directors are required to retire every year and if eligible, qualify for reappointment. Accordingly, Mr. Hari Shankar Singhania, Dr. Bharat Ram and Mr. Rajive Sawhney retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

#### Board Meetings

During the period July 1999 to December 2000, Nine meetings of the Board of Directors were held.

#### Attendance

The attendance at various meetings of the Board of Directors and the Annual General Meeting is as follows :

Director	No. of meetings held	Attended	Attended last AGM
Dr. Vinay Bharat-Ram	9	9	Yes
Dr. Bharat Ram	9	8	No
Mr. Sumant Bharat Ram *	9	6	Yes
Mr. Vivek Bharat Ram	9	6	No
Dr. Abid Hussain	9	5	Yes
Mr.D.H. Pai Panandikar	9	5	Yes
Mr. Hari Shankar Singhania	9	2	No
Mr. Rajive Sawhney	9	0	No
Mr. Ram Pal	9	5	No
Mr. R.N. Bhardwaj **	9	0	No
Mr. Naresh Kumar Jain ***	9	0	No

\* Appointed as Director w.e.f. 1.11.1999

\*\* Nominated as Director w.e.f. 10.11.2000

\*\*\* Appointed as Additional Director w.e.f. 17.2.2001

#### No. of other Directorship held

None of the Directors holds Directorship in more than 15 listed Companies.

Name of the Director	Category	No. of Directorship held *
Dr. Vinay Bharat-Ram	Executive Director	5
Dr. Bharat Ram	Non-Executive Director	3
Mr. Sumant Bharat Ram	Executive Director	4
Mr. Vivek Bharat Ram	Non-Executive Director	10
Dr. Abid Hussain	Non-Executive Director	11
Mr. D.H. Pai Panandikar	Non-Executive Director	3
Mr. Hari Shankar Singhania	Non-Executive Director	8
Mr. Rajive Sawhney	Non-Executive Director	8
Mr. Ram Pal	Non-Executive Director	Nil
Mr. R.N. Bhardwaj	Non-Executive Director	Nil
Mr. Naresh Kumar Jain	Non-Executive Director	1

\* Excludes Directorship in Indian Private Limited Companies, Membership of Managing Committee of various Chambers/other Bodies and alternate Directorship.

#### Audit Committee

The Audit Committee of Directors was constituted in March, 1997 to review various areas of audit and accounts. The Audit Committee of the Board comprises of Mr. R.N. Bhardwaj, LIC nominee Director, Mr. D.H. Pai Panandikar, and Mr. Naresh Kumar Jain. All Directors have good knowledge of Corporate and Project Finance, Accounts and Company Law. The terms of reference of the Audit Committee have been restated so as to bring them in line with the amendments in the listing agreement and the Companies Act. The minutes of the Meetings of the audit Committee are placed before the Board for its information.

#### Share Transfer and Finance Facilities Committee

The Board had delegated the authority to approve transfer of shares to a Committee of Directors. The Share Transfer and Finance Facilities Committee consists of Dr. Vinay Bharat Ram & Sh. D.H. Pai Panandikar. Two meetings of the committee are held every month to approve transfers, transmissions, splitting and consolidation of shares / debentures issued by the company. The committee also considers and approves finance related matters such as raising of short term / long term funds from financial institutions including working capital limits from the banks. The minutes of the Meetings of the Share Transfer and Finance Facilities Committee are placed before the Board for its information.

#### Related Party Transactions

No transaction of material nature has been entered into by the company with the promoters, Directors, their subsidiaries or relatives etc. which requires a separate disclosure.

#### Compliances

The company has a competently staffed legal department which ensures compliance with the legal requirements of the company. Secretarial department headed by General Manager (Internal Audit) and Company Secretary is responsible for compliance in respect of company and other allied laws, SEBI, Stock Exchanges rules and regulations.

#### Management Information System

As a matter of transparency and good governance, key operational and financial data and also other relevant information is furnished to the Directors in every meeting of the Board.