

DCM LIMITED ANNUAL REPORT

2008 - 2009

BOARD OF DIRECTORS

Dr. Surendra Nath Pandey

Chairman

Mr. Naresh Kumar Jain

Managing Director

Mr. Jitendra Tuli

Prof. J.S. Sodhi

Mr. S.K. Das
(Nominee - UTI)**COMPANY SECRETARY**

Mr. Bhabagrahi Pradhan

BANKERSPunjab National Bank
State Bank of Bikaner and Jaipur**AUDITORS**A.F. Ferguson & Co.
New Delhi**REGISTERED OFFICE**Vikrant Tower
4, Rajendra Place
New Delhi-110 008
Tel: 91-11-25719967-70
Fax: 91-11-25765214**SHARE TRANSFER AGENT**MCS Limited
F-65, Okhla Industrial Area
Phase-I, New Delhi-110 020
Tel: 91-11-41406149
Fax: 91-11-41709881

DCM Limited

Registered Office: 6th Floor, 4, Rajendra Place,
Vikrant Tower
New Delhi-110008

NOTICE

Notice is hereby given that the 119th Annual General Meeting of the Company will be held on Thursday the 13th day of August 2009 at 2.30 PM, at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110 054 for transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts as at March 31, 2009 and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Naresh Kumar Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit to pass the following resolution with or without modification(s), as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s A.F. Ferguson & Company, Chartered Accountants, New Delhi, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Audit Committee of the Board of Directors be and is hereby authorized to fix their remuneration."

SPECIAL BUSINESS

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

"RESOLVED THAT subject to such approvals, as may be necessary under the applicable provisions of the Companies Act, 1956 and/or any amendment/modification(s) thereof, Mr. Naresh Kumar Jain be and is hereby appointed as Managing Director of the Company w.e.f. 20th December, 2008 without payment of salary and perquisites but with sitting fees as paid to the other Directors, for a period of one year, which is extendable for further period(s) not exceeding 5 years, on each occasion from time to time at the discretion of the Board"

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

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

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/ or creating charge on whole or part of its land at Bara Hindu Rao/ Kishan Ganj at Delhi in one or more trenches and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of any of the financial institutions/ banks, to secure rupee term and other loans/debentures raised/to be raised by Purearth Infrastructure Ltd (PIL) {formerly known as DCM Estates & Infrastructure Limited (DEIL)} a company co-promoted by the Company, from such financial institutions/banks together with interest at the respective agreed rates, compound/additional interest, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by PIL to the financial institutions/banks in terms of their respective loan agreements/heads of agreement/ letters of sanction / memorandum of terms and conditions, entered into/ to be entered into by PIL in respect of the said term loans/ debentures at any time not exceeding Rs. 300 Crores.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to negotiate and finalise with the financial institutions/Banks the documents for creating aforesaid mortgage and/ or charge and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient, for giving effect to this resolution."

By the order of the Board

For DCM Limited

Sd/-

B Pradhan

Company Secretary

Place : New Delhi

Date : June 26, 2009

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK FORM OF PROXY IS ENCLOSED.
2. The Register of Members of the Company will remain closed from August 5, 2009 to August 13, 2009 (both days inclusive).
3. Shareholders are requested to notify change in their address along with PIN Codes, to the Company at its Registered Office quoting their folio numbers.
4. Shareholders, who are holding shares in identical order of name in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
5. Members are requested to bring their copy of Annual Report.
6. Shareholders/ Proxies are requested to produce the enclosed admission slip duly completed and signed at the entrance for admission to the meeting hall.
7. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
8. The members intending to seek any information on Annual Accounts at the meeting are requested to kindly inform the Company at least 7 days before the date of the meeting.
9. In view of SEBI requirement of compulsory delivery of shares of the company in dematerialized form, members are requested to convert their physical share certificates into electronic form.
10. a) Item Number 5 of the Notice requires consent of the Shareholders through Postal Ballot pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.
b) The Board of Directors has appointed Mr. M L Arora, Company Secretary in whole time practice as Scrutinizer for conducting the Postal Ballot process in fair and transparent manner.
c) Members desiring to exercise their vote by Postal Ballot are requested to read carefully the instructions printed on the Postal Ballot form (enclosed herewith) and return the same duly completed in the attached self addressed Business reply envelope (the postage of which shall be borne by the Company) so as to reach the Scrutinizer at 6th Floor, Vikrant Tower, 4, Rajendra Place, New Delhi 110008 not later than the close of business hours on August 10, 2009 to be eligible for being considered, failing which, it shall be treated as if no reply has been received from the member.
d) The Scrutinizer shall submit the report to the Chairman after completion of Scrutiny and the result of Postal Ballot shall be announced by the Chairman/a Director of the Company on Thursday, the 13th day of August 2009 at the venue of Annual General Meeting of the Company.

DCM

Directors' Report

11. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays and Sundays, between 14.00 hrs to 16.00 hrs. upto August 12, 2009

(ANNEXURE TO NOTICE)

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NUMBER 4**

The Board of Directors in their meeting held on October 22, 2008, had reappointed Mr. Naresh Kumar Jain as the Managing Director of the Company. He is an Arts Graduate and also holds Master Degree in Business Administration. He is the President of Punjab Merchants Chamber and a Member of Gem & Jewellery Export Promotion Council.

None of the Directors are concerned or interested in the resolution except Mr. Naresh Kumar Jain.

ITEM NUMBER 5

A resolution under Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, was approved by the Shareholders of the Company in its Annual General Meeting held on 23rd November 1994 to mortgage and / or create charge on whole or part of the land at Bara Hindu Rao/ Kishan Ganj at Delhi (Project Land) in one or more trenches for securing rupee term and other loans, debentures raised / to be raised by Purearth Infrastructure Ltd (PIL) {formerly known as DCM Estates & Infrastructure Limited (DEIL)} a company co-promoted by the Company, to the extent of Rs.150 Crores for development of Real Estate Project at the Project Land.

Pursuant to the said shareholders' resolution DCM Limited has created mortgage on land at Bara Hindu Rao / Kishan Ganj in favour of lenders of Purearth Infrastructure Limited, from time to time to the extent of Rs.138 Crores. Out of the said loan, the lenders have opted to convert major portion of their restructured loan into rights in property, but as per the understanding, mortgage on property will continue till constructed property is delivered.

Further, PIL is in discussion with Financial Institutions/Banks for raising fresh construction loan primarily for residential project namely Park Place at Kishan Ganj, Delhi.

In connection with the above additional funds requirement by PIL for development of Project, the Board of directors at its meeting held on 20th May 2009 has, subject to approval of members, resolved to enhance the said limit of Rs.150 Crores (approved in 1994) for creation of mortgage under section 293(1)(a) to Rs. 300 Crores.

Since, the mortgaging and/ or creation of charge on whole or part of its land at Bara Hindu Rao/ Kishan Ganj at Delhi in one or more trenches and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of any of the financial institutions/ banks, amounts to disposal of the whole or substantially the whole of a undertaking of a Company, the necessary fresh approval of the members under Section 293(1) (a) of the companies Act, 1956 is required.

Accordingly, pursuant to Section 293(1)(a) read with Section 192A of the companies Act, 1956, consent of the Members is solicited to pass an Ordinary resolution through postal ballot as detailed in the notice. Your Directors recommend the Ordinary Resolution as set out in the Notice for approval by the Members through Postal Ballot.

None of the directors of the company is interested or concerned in the aforesaid resolution.

By the order of the Board
For DCM Limited
Sd/-
B. Pradhan
Company Secretary

Place : New Delhi
Date : June 26, 2009

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 119th Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2009.

FINANCIAL DATA

Rs. / Crores

	Financial Year ended March 31, 2009	Financial Year ended March 31, 2008
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	22.86	13.38
Less: - Interest	7.51	6.91
- Depreciation	8.22	7.39
Profit/(Loss) before tax	7.13	(0.92)
Less -Provision for tax	1.06	0.59
Profit/(Loss) after tax	6.07	(1.51)
Add -Profit/(Loss) brought forward	(20.64)	(18.83)
Add -Adjustment on account of employee benefits	-	(0.30)
Profit/(Loss) carried to the Balance Sheet	(14.57)	(20.64)

OPERATIONS OVERVIEW**Textile Division**

The Textile Division of the company is located at Hisar in Haryana with a capacity of 72036 spindles. During the year under review, the production of yarn increased to 14888 MT from 12845 MT in last year with 16%(approx) growth in volume. The Division earned profit before tax of Rs. 688 lacs as against Rs. 40 lacs in the previous year. The timely stocking of cotton was the main contributor to higher profits in first half of the year as second half profits dipped considerably due to bad worldwide economic scenario. Rupee depreciation and interest rate subvention on export credit by Govt. helped to save yarn exports, even then the export volumes fell in second half of the year.

The Indian textile industry is facing a series of protectionist measures from importing countries including Turkey, Peru, Egypt and Brazil which is impacting severally on cotton yarn exports. According to WTO, the global trade this year is feared to witness the biggest contraction since the Second World War. Major markets such as US and EU continued to show depressing trends in imports of textiles and clothing.

Today, India's cotton economy is facing multiple challenges such as high cost of raw cotton on account of a sharp increase of over 40% in the Minimum Support Price (MSP) and unwarranted incentives being provided to exporters of raw cotton. As a result, investments made by the industry in technology upgradation and creation of additional manufacturing capacities in recent times are fast turning out to be non-performing assets (NPAs).

However, after the removal of quotas in January 2005, there is tremendous scope for all the major Textile & Cotton exporters of India.

IT Division

The mortgage crisis in USA, and its cascading effect on the global financial markets has during the year, precipitated into a global economic slowdown unprecedented in the last couple of decades. This economic slow down across the world, led to severe liquidity crunch, business closures, bankruptcies, layoffs, and caused wide spread panic amongst decision makers. Most IT services companies both in US and India, have been affected on account of cut backs, order cancellations and freeze on IT budgets.

The IT division had to cope with multiple premature closure of orders, increase in the order cycle and customers asking for discounts, resulting in severe pressure on margins. Order cycles have become longer because of the "wait and watch" approach in the market and more stakeholders getting involved in the decision making process.

DCM

Despite the financial crisis and severe recessionary condition in the global markets, the division was able to maintain its onsite operations and grow its India centric businesses. The Division has earned Profit Before Tax of Rs. 33 lacs as against a loss of Rs.148 lacs. Profitability of the division improved as a consequence of the business consolidation and cost saving measures initiated in the previous year and also due to the favorable foreign exchange impact. A new opening was created for long-term strategic relationship with some large IT Service providers, which is expected to result in multiple business opportunities in future.

The division has also successfully rolled out the Remote Infrastructure Management support facility from its Gurgaon center. This center is now operational and provides services to clients both in the US and India.

REDEMPTION OF DEBENTURES

During the year the company has fully Redeemed the 19.50% Non Convertible Debentures(19.5% NCDs) issued on private placement basis in accordance with the provisions contained in the Scheme of Restructuring and Arrangement (SORA) approved by the Hon'ble High Court of Delhi as may be modified. The unclaimed/un-encashed amounts with respect to 19.50% NCDs have been deposited in a separate no-lien Bank account in the name of State Bank of Patiala (SBOP), the Debenture Trustees for these Debentures in terms of Trust Deed. Any Debentureholder whose investment in 19.50% NCDs has remained unclaimed /un-encashed may lodge their claim with the Company by surrender of debenture certificates/unencashed payment warrants etc at the Registered office of the company.

Further, redemption/ repayments of 16% Partly Convertible Debentures are being made in accordance with the provisions contained in the Scheme of Restructuring and Arrangement (SORA) approved by the Hon'ble High Court of Delhi as may be modified. In pursuance to SORA the Company has already paid Rs. 36.98 Crores (approx.) to 16% Party Convertible Debenture Holders. (refer to note 3.4 of Notes to accounts in schedule 12 of Accounts annexed).

FIXED DEPOSITS

The Company Law Board (CLB) had passed an order dated September 10, 1998 rescheduling the repayments to fixed deposit holders, which now constitutes part of Scheme of Restructuring and Arrangement approved by Hon'ble High Court. The company has paid all the fixed deposit holders in terms of the provisions of the Scheme of Restructuring and Arrangements approved by the Hon'ble High Court of Delhi as may be modified, other than unclaimed deposit and legal cases. (refer to note 3.4 of Notes to accounts in schedule 12 of Accounts annexed).

DIRECTORS

The Board of the Company on October 22, 2008 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2008 to December 19, 2009. His appointment shall be placed for the approval and ratification of shareholders at the AGM to be held on August 13, 2009.

Mr. Naresh Kumar Jain, also retires by rotation in the ensuing Annual General Meeting and, being eligible, offers himself for reappointment as Director of the company. His re-appointment is placed before the shareholders of the company at the Annual General Meeting for the financial year 2008-09.

DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

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

Reference para 4(d) of the Auditors' Report

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2009 or within 6 months thereof, the disclosures required to be made in terms of Accounting Standard (AS)-27 "Financial Reporting of interest in joint venture" for the current year have been made on the basis of joint venture's latest available financial statements for the year ended March 31, 2008. However, the Company's share of Assets, Liabilities, Income and Expenses, etc. (without elimination of the effect of transactions

between the Company and the joint venture) has been determined on the basis of Company's shareholding in Joint Venture as of March 31, 2009. (Refer Note 19 of Notes to Accounts in Schedule 12 of Accounts annexed). Further, in absence of required information of joint venture company, the same have not been considered for consolidation in the Consolidated Financial Statements (Refer Note 1 of Notes to Accounts in Schedule 12 of Consolidated Accounts annexed).

Reference para 4(g) of the Auditors' Report

The business of the company was re-organized under a Scheme of Arrangement sanctioned by the High Court of Delhi, New Delhi vide its order dated April 16, 1990, effective from April 1, 1990 under the provisions of Sections 391/394 of the Companies Act, 1956 and all units of the company existing at that time were re-organized under four separate companies, including this company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited (formerly known as Siel Limited).

There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and Memorandum of Understanding between the companies involved, when the liabilities/benefits are finally determined. The final liability, when determined, would in case of the Company, be limited only to one third of the total liability (Note 13 of Notes to Accounts in Schedule 12 of Accounts annexed).

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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

- While preparing Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent which gives true and fair view of affairs of the Company and of the profit or loss of the Company;
- The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared accounts on a going concern basis.

DIVIDEND

The Directors did not propose any dividend for the year under report, keeping in view the current financial position.

PERSONNEL

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Report is annexed hereto.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The details as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules 1988 are annexed.

SUBSIDIARY COMPANIES

A statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is attached to the accounts. In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended March 31, 2009 along with the Reports of the Board of Directors of the Company's Subsidiaries have not been annexed. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. However, as per the requirement of Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries.

Directors' Report continued

AUDIT COMMITTEE

The Audit Committee of the Company consists of Mr. Jitendra Tuli, Chairman, Prof. Joginder Singh Sodhi and Mr. S. K. Das.

AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 119th Annual General Meeting and are eligible for re-appointment. Your Board recommends their reappointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Corporate Governance Report, Management Discussion & Analysis and Auditors' certificate regarding compliance of Corporate Governance are made part of the Annual Report.

SOCIAL RESPONSIBILITY STATEMENT

The Company is running two Educational Institutions viz. DCM Boys Senior Secondary and DCM Girls Senior Secondary Schools, which cater to the lower income strata of the society. The schools are recognised and affiliated to the Central Board of Secondary Education; there are 954 students on the rolls in both the schools in different classes. The Textiles Division of the Company is also running a school upto 10th standard in its campus at Hissar. There are 500 students on the rolls in different classes.

ACKNOWLEDGEMENTS

The Directors wish to acknowledge and thank the Central and State Governments and all regulatory bodies for their continued support and guidance. The Directors thank the shareholders, customers, business associates, Financial Institutions and Banks for the faith reposed in the Company and its management. The Directors place on record their deep appreciation of the dedication and commitment of your Company's employees at all levels and look forward to their continued support in the future as well.

For and on behalf of the Board
Sd/-

Surender Nath Pandey
(Chairman)

Place: New Delhi
Date : June 26, 2009

ANNEXURE TO THE DIRECTORS' REPORT

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

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

The Textile mill is continuously endeavoring to develop most energy efficient process and to upgrade into latest energy efficient devices. Recently the division has installed temperature controller, MEI Impeller pneumafil and cyclic timer in speed frame. The replacements of the conventional tubes/bulbs with CFLs are also continued all over the organization. The division was also rewarded with energy conservation award by State Govt.

IT Division:

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

- (b) Total energy consumed and energy consumption per unit of Production:
Textile Division – Form-A appended herein.
IT Division – N.A.

2. TECHNOLOGY ABSORPTION

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

3. FOREIGN EXCHANGE EARNINGS & OUTGO

Total Foreign Exchange used and earned	Rs. In Lacs
Foreign Exchange Earned	9044.54
Foreign Exchange Outgo	2908.08

FORM –A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY: 2008-09**

Particulars	2008-2009 (12 Months)	2007-2008 (12 Months)
A. POWER AND FUEL CONSUMPTION	44685271	40935855
1. Electricity (KWH) (a)		
a) Purchased:-		
Unit (KWH)	44636460	38267280
– Total Amount (Lac/Rs.)	1993.77	1688.99
– Rate per unit (Rs.)	4.47	4.41
b) Own Generation:		
i) Through Generator		
– Unit (KWH)	48811	2668575
– Unit per Lt. of F.O./ L.D.O./HSD	2.54	3.43
– Cost /unit (Rs./KWH)	24.95	7.50
ii) Through Steam Turbine/ Generator	NIL	NIL
2. Coal		NIL
3. Furnace Oil (LDO&HSD)		
– Quantity (K.Ltr.)	19217	776747
– Total Amount(Lac/Rs)	12.18*	200.33
– Average Rate(Rs/K/Lt.)	63.39	25.79
4. Others (LPG)		
– Quantity (K.Lt.)	NIL	NIL
– Total /Cost (Rs/Lac)		
– Rate/Unit (Rs/Mt)		
B. CONSUMPTION PER UNIT OF PROD.		
Particulars Standard (if any)		
– Electricity (KWH)	3.00	3.19
– Furnace Oil/HSD(Ltrs)		
– Coal	–	–
– Others (LPG)		

*Due to the fall in price of FO and HSD, the Company valued the closing stock at market rates and eventually it resulted in increase of the cost of fuel consumed during the year by Rs. 6.00 Lacs.

FORM-B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION-2008-09****RESEARCH & DEVELOPMENT****1. SPECIFIC AREAS IN, WHICH R&D CARRIED OUT BY THE COMPANY**

Textile Division : NIL
IT Division : NIL

2. BENEFITS DERIVED

Textile Division : NIL
IT Division : NIL

3. FUTURE PLAN OF ACTION

Textile Division : NIL
IT Division : NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**Efforts made & Benefits**

Textile Division : NIL

IT Division : The Division is operating in the fast evolving field of information technology. This necessitates regular technological upgradation of skills and training of employees in the latest developments in the field.

Directors' Report continued

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report

Employed throughout the year under review and who were in receipt of remuneration, which in aggregate was not less than Rs. 2.00 lacs per month.

S. No	Name	Designation and Nature of Duties	Unit/ Division	Remuneration received (Rs./Lacs)	Qualification	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	Chief Operating & Financial Officer	Corporate Office	50.28	B.S.(Math & Comp. Sc), MS(IA)	18	43	1-Aug-91	DCM Technologies Ltd.
2	Mr. Sumant Bharat Ram	President Corporate Affairs	Corporate Office	64.30	B.A(H)-Eco., MBA	17	42	4-Oct-95	DCM Reality Investment & Consulting Limited
3	Mr. Ashwani Singhal	Executive Vice President (Acs & Fin)	Corporate Office	34.98	B. Com(H), FCA, Ph D.	29	52	5- Feb-93	Modi Rubbers Ltd.
4	Mr. Ashok Agarwal	Executive Vice President (Legal)	Corporate Office	30.93	B. Sc, LLB, Dip in Corp. Law & Secretarial Practice, Labour Law, Taxation	30	53	20-Sept-82	Advocate Delhi High Court.
5	Mr. Rakesh Goel	Chief Executive Officer	DCM Textile, Hissar	35.78	M.B.A.	29	52	23-Nov-90	Hafed Spinning Mills

Employed for a part of the year under review and were in receipt of remuneration for any part of the period, at a rate which in aggregate was not less than Rs. 2 lacs per month.

S. No	Name	Designation and Nature of Duties	Unit/ Division	Remuneration received (Rs./Lacs)	Qualification	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
NIL									

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF DCM LIMITED

We have examined the compliance of conditions of Corporate Governance by DCM limited for the year ended March 31, 2009, as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

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

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

For **A. F. Ferguson & Co.**
Chartered Accountants

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : June 26, 2009

Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is about credibility, transparency and accountability of the Board and Management towards shareholders and other investors of the Company. We believe in a Board of appropriate size, composition and commitment to adequately discharge its responsibilities and duties. We consistently review on a periodical basis all systems, policies and delegations so as to establish adequate and sound systems of risk management and internal control. Given below is a brief report for the period April 01, 2008 to March 31, 2009 on the practices followed at DCM Limited towards achievement of good Corporate Governance:

BOARD OF DIRECTORS**A. Composition of the Board:**

As on March 31, 2009 the Board comprised of five (5) Directors, namely, Dr. Surender Nath Pandey, Chairman; Mr. Naresh Kumar Jain, Managing Director; Mr. Samir Kumar Das; Prof. Joginder Singh Sodhi and Mr. Jitendra Tuli. All the Directors are non-executive and independent directors except Mr. Naresh Kumar Jain, Managing Director of the Company. Mr. Samir Kumar Das is the Nominee Director of UTI. The composition of the Board is in conformity with the Listing Agreements. All the directors bring with them rich and varied experience in different facets of the corporate functioning. They play an active role in the meetings of the Board. None of the directors have any pecuniary relationship with the Company except for receiving of sitting fee for attending meetings of the Board and the committees thereof.

B. Tenure:

Tenure of directorship of Mr. Naresh Kumar Jain, Managing Director, who has been longest in office, is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 119th Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Naresh Kumar Jain was re-appointed as Managing Director by the Board of Directors on October 22, 2008 for a period of one year i.e. with effect from December 20, 2008 to December 19, 2009. His appointment is placed for the approval and ratification of shareholders at the ensuing AGM.

C. Board Meetings:

During the year April 01, 2008 to March 31, 2009, five (5) meetings of the Board of Directors were held on May 01, 2008, June 12, 2008, July 30, 2008, October 22, 2008 and January 23, 2009. The attendance of each Director at these meetings and the last Annual General Meeting was as under.

S. No	Name	Type of Director	No. of meetings held during 2008-09	No. of Meetings attended	Last AGM (on 23.07.2008) attended	Appointed as director on	Ceased to be director on
1.	Mr. Naresh Kumar Jain	Executive	5	5	Yes	17.02.01	—
2.	Dr. Surender Nath Pandey	Non-Executive	5	5	Yes	10.12.01	—
3.	Prof. Joginder Singh Sodhi	Non-Executive	5	5	Yes	10.12.01	—
4.	Mr. S. K. Das (Nominee)	Non-Executive	5	4	Yes	22.02.02	—
5.	Mr. Subhash Chander Kapur *	Non-Executive	5	5	Yes	09.05.03	20.03.2009 *
6.	Mr. Jitendra Tuli	Non-Executive	5	4	Yes	20.12.05	—

D. Code of Conduct

The Company's Board has laid down a code of conduct for all the Board Members and Senior Management of the Company, which has been circulated, to all concerned executives through e-mail as well as by circulation through hard copies. All Board members and designated Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this report.

E. Risk Management

The Company has laid down procedures to inform the Board members about the Risk Assessment and Risk Minimization procedures. These procedures are being revised from time to time to ensure appropriate Risk Management and control.

F. Service Contract and Severance Fees

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

The details of remuneration paid to Directors during the period April 01, 2008 to March 31, 2009 are as under:

S. No.	Name	Sitting Fees (Rs./lacs)	Salary & Perquisites (Rs./lacs)
1.	Mr. Naresh Kumar Jain	0.28	Nil
2.	Dr. Surender Nath Pandey	0.70	Nil
3.	Prof. Joginder Singh Sodhi	0.84	Nil
4.	Mr. Jitendra Tuli	0.67	Nil
5.	Mr. S. K. Das (Nominee)	0.50	Nil
6.	*Mr. S. C. Kapur (Nominee)	0.58	Nil
	TOTAL	3.57	Nil

* Nomination of Mr. S.C. Kapur was withdrawn on 20-03-2009.

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

G. Compensation Committee

The Company had constituted a Compensation Committee on January 30, 2003 for the appointment, promotion and remuneration of executives at General Manager and above levels.

As on March 31, 2009 the Compensation Committee comprised of Dr. S.N. Pandey, Mr. N.K Jain and Mr. Jitendra Tuli.

The Compensation grades of the executives are governed by the HR policies of the Company. Managerial remuneration is regulated in terms of Section 198, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956. During the period under review, no remuneration was paid to any Director except by way of sitting fees for attending meetings of the Board or Committees thereof.

H. Number of Directorships / Chairmanship held in other Companies as on March 31, 2009:

S. No.	Director	No. of Other Directorship		No. of Other Committee membership	
		Director	Chairman	Member	Chairman
1.	Mr. Naresh Kumar Jain	Nil	Nil	Nil	Nil
2.	Dr. S.N. Pandey	Nil	Nil	Nil	Nil
3.	Prof. Joginder Singh Sodhi	Nil	Nil	Nil	Nil
4.	Mr. S. K. Das (Nominee)	Nil	Nil	Nil	Nil
5.	Mr. Jitendra Tuli	1	Nil	Nil	1

I. Important items discussed at the Board Meetings:

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

1. Annual Business Plan including financial and operational plan
2. Quarterly financial results/Annual financial statements.

3. Appointment of senior executives.
4. Review of operation of units.
5. Investment proposals.
6. Quarterly statutory compliance report.
7. Progress on restructuring plan of the Company.
8. Capital budgets and updates.
9. Minutes of meetings of audit committee and other committees of the board.
10. Show cause, demand, prosecution notices and penalty notices, which are materially important

(J) Audit Committee.

As on March 31, 2009, the Audit Committee of the Board comprised of Mr. Jitendra Tuli, Prof. Joginder Singh Sodhi, and Mr. S. K. Das. All the members of Audit Committee are Independent Directors. The terms of reference of Audit Committee include inter-alia systematic review of Accounting policies & practices, financial reporting process, adequacy of internal control systems and internal audit function, quarterly/half-yearly financial statements and risk management policies. It also recommends appointment of Statutory Auditors, Internal Auditors, Cost Auditors and fixation of audit fees. Mr. Jitendra Tuli and Mr. S. K. Das, Nominee Director of UTI, has financial and accounting knowledge.

Audit Committee meetings are attended by Chief Executive Officer, Chief Operating and Financial Officer, Sr. Executives of Accounts & Finance Department of the Company. Representatives of Statutory /Cost Auditors also attend the Audit Committee Meetings on invitation.

During the year 2008-09, five (5) Audit Committee meetings have taken place on May 01, 2008, June 12, 2008, July 30, 2008, October 22, 2008, and January 23, 2009.

S. No	Name	Designation	No. of meetings held during 2008-09	No. of Committee meeting attended
1.	Mr. Jitendra Tuli *	Chairman	5	4
2.	Prof. Joginder Singh Sodhi	Member	5	5
3.	Mr. S. K. Das	Member	5	4
4.	Mr. S.C. Kapur **	Member	5	5

The composition and terms of reference of the Audit Committee are in conformity with the Listing Agreement and the Companies Act, 1956. The minutes of the meetings of the Audit Committee are placed before the Board for its information.

*Mr. Jitendra Tuli was appointed as Chairman of the Audit Committee by the Board in its meeting held on October 22, 2008.

** Mr. S C Kapur remained director of the company till 20.03.2009.

K. Share Transfer, Finance Facilities and Shareholders'/ Investors' Grievance Committee:

The Board has delegated the authority to approve transfer of Shares/ Debentures to the Company Secretary of the Company and Committee of Directors for "Share Transfer, Finance Facilities & Shareholders'/Investors' Grievance" which consists of following members:

S. No.	Name	Designation	No. of meetings held during 2008-09
1.	Dr. Surender Nath Pandey	Chairman	5
2.	Mr. Jitendra Tuli	Member	5
3.	Prof. Joginder Singh Sodhi	Member	5

The Share Transfer, Finance Facilities and Shareholders'/ Investors' Grievance Committee was reconstituted in the Board Meeting dated October 22, 2008 to the effect that Mr. Jitendra Tuli was appointed as member of the said committee in place of Mr. Naresh Kumar Jain.

Information relating to Shareholders/ Investors Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2009 is as under:

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

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

L. Compliance Officer

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

M. Subsidiary Company

All the subsidiary companies of the Company are managed by their respective Boards having the rights and obligations to manage such companies in the best interest of their stakeholders.

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

N. Related Party Transaction

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

O. Disclosures

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

P. Compliances

The Company has a Legal Department headed by General Manager (Legal), which deals with the legal issues. The Secretarial Department is responsible for compliances in respect of Company Law, SEBI, Stock Exchange rules and regulations and other related laws.

Q. Management Information System

As a matter of transparency and good governance, key operational & financial data is furnished to the Directors in every meeting of the Board. Management Discussion and Analysis forming part of the Annual Report is enclosed.

R. CEO/CFO Certification

The certificate in compliance with Clause 49V of the Listing Agreement was placed before the Board of Directors.

S. Means of communication

The quarterly / half yearly / annual financial results are announced within the stipulated period and are normally published in Financial Express (English) and Jansatta (Hindi) newspapers as per Listing Agreement and are also forwarded to the Stock Exchanges. The results are put up on their website(s) by the Stock Exchanges. The quarterly/ half yearly financial results are not sent to shareholders individually.

No presentation of financial results has been made to Financial Institutions/ analysts during the year.

T. Disclosure regarding appointment or re-appointment of Directors.

Mr. Naresh Kumar Jain retires by rotation at the ensuing Annual General Meeting.

Qualification/ Experience of Mr. Naresh Kumar Jain:

Mr. Naresh Kumar Jain is a Bachelor of Arts and also holds a Masters degree in Business Administration. He is with the company since February 17, 2001. He has more than 40 years of business experience. He is the President of Punjab Merchants' Chamber and Member of Gem & Jewellery Export Promotion Council.

Corporate Governance continued

GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting:

Place	MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi
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Book Closure Date	August 5, 2009 to August 13, 2009 (both days inclusive)
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Period	April 01 to March 31
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d. Financial Calendar

Financial reporting for the Quarter ending June'09	End of July '09
Financial reporting for the Quarter ending September'09	End of Oct '09
Financial reporting for the Quarter ending December' 09	End of Jan' 10
Financial reporting for the financial year ending March'10	End of Jun' 10

Dividend Payment	Board did not recommend any dividend for the year ending March 31, 2009.
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Registered Office	DCM LIMITED, Vikrant Tower, 4 Rajendra Place, New Delhi-110008. Ph. : 011-25719967-70
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Registrar & Share Transfer Agent	MCS Limited, F-65 Okhla Industrial Area, Phase I, New Delhi 110 020 Telephone No: 011- 41406149
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h. Share Transfer System/Listing:

The Company's Shares are traded in the Stock Exchanges in compulsorily Demat mode as per Stock Exchanges Regulations. Physical Shares, which are lodged for transfer, are processed at MCS Ltd and returned to the Shareholders within 15 days from the date of receipt subject to documents being valid and complete in all respects.

i. Listing:

Shares of Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fee for the year April 01, 2008 to March 31, 2009 has been paid to both Stock Exchanges.

j. Securities Code:

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

Bombay Stock Exchange Ltd. : 502820

National Stock Exchange of India Limited : DCM

k. Dematerialisation of Shares:

The Shares of the Company are compulsorily tradable in Dematerialised form by all categories of investors and placed under rolling settlement by SEBI. The Company has signed agreement with NSDL & CDSL for dematerialization of shares. ISIN No. of Company for dematerialization of equity shares is INE 498A01018. As on March 31, 2009, 81.51% of issued share capital of the Company has been dematerialized.

l. Location of Works:

Textile Division; Hissar (Haryana)

IT Division; Gurgaon (Haryana)

m. Details of last three AGMs

Year	Location	Date	Time	Special Resolutions
	Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi			
2007	117th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	27.08.07	11:30 A.M.	Nil
2006	116th AGM MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi	27.12.06	10.30 A.M.	- Revision of Remuneration to Chief Operating & Financial Officer - Appointment of MD w.e.f 20.12.2005 - Appointment of MD w.e.f 20.12.2006

n. Distribution of shareholding as on March 31, 2009

Category	No. of Shares	% of Shareholding
Promoters, Directors & Relatives	7915188	45.54
Mutual fund/UTI/FIs/Banks/Central Govt./State Govt./Insurance Companies	2973893	17.11
Bodies Corporate	1075411	6.20
NRI/Trust	98007	0.56
Individuals	5316538	30.59
TOTAL	17379037	100.00

Shareholdings	No. of folios	No. of Shares	% of Shareholding
Up to 5000	50397	4252008	24.47
5001-10000	82	586462	3.37
10001 - 50000	57	1413955	8.14
50001-100000	6	409765	2.36
Above 100000	18	10716847	61.66
Total	50560	17379037	100.00

o. Deposits:

The Company has not raised any funds from the public during the financial year 2008-09

p. Outstanding ADRs/ GDRs:

The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument during the financial year 2008-09.

q. Investors Correspondence:

The shareholders may address their communication to the Registrar and Share Transfer Agents at their address mentioned above or to the Company Secretary, Vikrant Tower, 4 Rajendra Place, New Delhi - 110008 or at exclusively designated e-mail ID for any grievance at investors@dcmds.co.in.

r. Postal Ballot

During the year under review the Company has not passed any Resolution through Postal Ballot. However, an Ordinary Resolution is proposed as item No-5 of the Notice to the AGM to be passed, Pursuant to Section 293(1) (a) read with Section 192A of the Companies Act 1956 in relation to enhancement of limits from Rs. 150 Crores to Rs. 300 Crores for mortgage and / or to create charge on whole or part of the land at Bara Hindu Rao/ Kishan Ganj at Delhi (Project Land) as set out in the resolution as the said item.