

**BOARD OF DIRECTORS**

Dr. Surendra Nath Pandey

*Chairman*

Mr. Naresh Kumar Jain

*Managing Director*

Mr. Jitendra Tuli

Prof. J.S. Sodhi

Mr. Sudhin Roy Chowdhury  
(Nominee - LIC)

**COMPANY SECRETARY**

Mr. Bhabagrahi Pradhan

**BANKERS**

Punjab National Bank  
State Bank of Bikaner and Jaipur

**AUDITORS**

A.F Ferguson & Co.  
Chartered Accountants  
New Delhi

**REGISTERED OFFICE**

Vikrant Tower,  
4, Rajendra Place,  
New Delhi-110 008  
Tel : 91-11-41539177-80  
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

## Notice

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

### NOTICE

Notice is hereby given that the 120<sup>th</sup> Annual General Meeting of the Company will be held on Friday, the 30<sup>th</sup> day of July, 2010 at 12.30 P.M., at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi-110 054 for transacting the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts as at March 31, 2010 and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Dr. Surender Nath Pandey, 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. 20<sup>th</sup> December, 2009 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 of the Company be and is hereby authorized to take necessary steps, acts and actions to the above resolution".

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

Place : New Delhi  
Date : May 28, 2010

### 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 July 24, 2010 to July 30, 2010 (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. All documents referred to in the accompanying Notice and explanatory statement are open for inspection at the registered office of the Company on all working days, except Saturdays and Sundays, between 14.00 hrs to 16.00 hrs. upto July 29, 2010

### (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 28, 2009 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 Member of Gem & Jewellery Export Promotion Council.

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

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

Place : New Delhi  
Date : May 28, 2010

**DCM**

## Directors' Report

### DIRECTORS' REPORT

Your Directors have pleasure in presenting their 120<sup>th</sup> Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2010.

### FINANCIAL DATA

Rs./Crores

	Financial Year ended March 31, 2010	Financial Year ended March 31, 2009
Profit/(Loss) before Interest and Depreciation and Tax (PBDIT)	27.74	22.86
Less: – Interest	7.72	7.51
– Depreciation	7.84	8.22
Exceptional Item	46.66	–
Profit/(Loss) before tax	58.84	7.13
Less -Provision for tax	(6.85)	1.06
Profit/(Loss) after tax	65.69	6.07
Add -Profit/(Loss) brought forward	(14.57)	(20.64)
Add –Debtore Redemption Reserve Written Back	24.28	–
Profit/(Loss) carried to the Balance Sheet	75.40	(14.57)

### OPERATIONS OVERVIEW

#### Textile Division

The Textile Division of the company is located at Hisar in Haryana. It is a ISO9001 certified unit with a cotton yarn capacity of 74436 spindles. During the year under review, the production of yarn increased to 15827 MT from 14888 MT last year recording a growth of 6.31% (approx) in volume. The Division earned profit before tax of Rs. 19.84 Crores as against Rs. 6.88 Crores in the previous year with a bottom line growth of 188%. The Profitability is increased because of operational efficiency and picking up of demand leading to strong yarn prices during the second half of the financial year.

The division is now exporting its product to around 25 countries. Efforts are being made to expand the export market by introducing some value added products in the niche segment and penetrate more into domestic market by developing direct customers. During the year, the division has initiated modernization projects of its plant to enhance efficiency and add further value to its products.

#### IT Division

After the widespread economic volatility and uncertainty over the previous years, some semblance of stability returned in the corporate world towards the end of last year. The IT industry is expected to stabilize and return to growth from 2010 onwards. Despite the pressure in the global markets, especially USA and Europe the division was able to grow its onsite operations and establish its India centric businesses. Operational Profitability of the division has improved despite pressure on rates & consequently margins. However, the net profit was affected adversely due to adverse foreign exchange impact of Rs 68 Lacs during the year as against favorable impact of Rs 137 Lacs during the previous year.

The domestic IT Infrastructure services have shown a healthy growth during the year due to the Customer associations with most large IT Service providers have matured now and regular orders are being received. The remote support facility is now fully operational and caters to clients both in the USA and India.

The division has also established itself in data center management business with specialization in managing different systems, storage devices and databases. This is expected to open future opportunities for the division in providing specialized data center services to the fast growing small and medium enterprises in India.

### ONE TIME SETTLEMENT OF DUES OF UTI

During the year, DCM Ltd, DCM Engineering Ltd and 4 promoter group companies have agreed for One Time Settlement (OTS) of dues of UTI (now

succeeded by Specified undertaking of UTI (SUUTI) and UTI Mutual Fund (UTIMF)). The Company has made full and final payment of said OTS dues of UTI and has been issued no dues certificate(s). Consequent to the said settlement interest liabilities of Rs. 46.66 Crores accrued in the books have been written back during the year and shown as an exceptional item in the books of accounts.

### REDEMPTION OF DEBENTURES

The redemption/ repayments of 16% Partly Convertible Debentures (PCDs) 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. The outstanding dues of these PCD holders aggregating to Rs. 29.81 Crs (approx) comprising of principal and interest would be paid as per said SORA as may be modified by court. (refer to note 3.4 of Notes to accounts in schedule 13 of Accounts annexed).

Pursuant to redemption of dues of 19.5% Non Convertible Debentures during last financial year 2008-09, the unclaimed/un-encashed amount with respect of the said 19.5% Non Convertible Debentures were deposited in a separate no-lien Bank account opened in the name of State Bank of Patiala, being the Debenture Trustees. Any investor whose investment in 19.5% NCDs remained unclaimed /un-encashed may lodge their claim at the registered office of the Company and/or to the Debenture Trustees.

### 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 other than unclaimed/ legal cases aggregating to Rs. 15.96 lacs 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. (refer to note 3.4 of Notes to accounts in schedule 13 of Accounts annexed).

The said amount of unclaimed / legal cases has been deposited in a separate bank account to earmark the funds for the payment of these unclaimed / legal cases.

### DIRECTORS

The Board of the Company on October 28, 2009 had reappointed Mr. Naresh Kumar Jain as Managing Director for a period of one year i.e. with effect from December 20, 2009 to December 19, 2010. His appointment shall be placed for the approval and ratification of shareholders at the AGM to be held on July 30, 2010.

Dr. Surendra Nath Pandey, 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 2009-10.

### DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

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

### Reference para 4(iv) of the Auditors' Report

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2010 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, 2009. 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, 2010. (Note 17 of Notes to Accounts in Schedule 13 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 (Note 1 of Notes to Accounts in Schedule 13 of Consolidated Accounts annexed).

#### Reference para 4(vi) of the Auditors' Report

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

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

#### DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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

- While preparing Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made 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 requirement to plough back the funds for internal growth / closure of liabilities under SORA.

#### 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, 2010 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 notified in the Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by the Company includes the financial information of its subsidiaries.

#### AUDIT COMMITTEE

The Audit Committee of the company consists of Mr. Jitendra Tuli, Chairman, Prof. Joginder Singh Sodhi and Dr. Surender Nath Pandey.

#### AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 120<sup>th</sup> 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 994 students on the rolls in both the schools in different classes. The Textiles Division of the Company is also running a school upto 10<sup>th</sup> standard in the campus at Hissar. There are 550 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

Place : New Delhi  
Date : May 28, 2010

Sd/-  
Surender Nath Pandey  
Chairman

#### ANNEXURE TO THE DIRECTORS' REPORT

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

#### 1. CONSERVATION OF ENERGY

##### (a) Energy Conservation Measures Taken:

##### Textile Division:

The Textile division is continuously endeavoring to develop most energy efficient process and to upgrade into latest energy efficient devices. Recently the division has installed temperature controller, cyclic timer and optimizing WCS of Blow Room. 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	<u>Rs. In Lacs</u>
Foreign Exchange Earned	9581.90
Foreign Exchange Outgo	3431.31

## Directors' Report continued

### FORM –A

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

Particulars	2009-2010 (12 Months)	2008-2009 (12 Months)
<b>A. POWER AND FUEL CONSUMPTION</b>	<b>44628260</b>	<b>44685271</b>
<b>1. Electricity (KWH)(a)</b>		
a) Purchased:-		
– Unit ( KWH )	40424670	44636460
– Total Amount (Lac/Rs.)	1777.62	1993.77
– Rate per unit (Rs.)	4.40	4.47
b) Own Generation:		
i) Through Generator		
– Unit (KWH)	4203590	48811
– Unit per Lt. of F.O./L.D.O./HSD	3.44	2.54
– Cost /unit (Rs./KWH)	8.06	24.95*
ii) Through Steam Turbine/Generator	NIL	NIL
<b>2. Coal</b>	<b>NIL</b>	<b>NIL</b>
<b>3. Furnace Oil (LDO&amp;HSD)</b>		
– Quantity (K.Ltr.)	1220405	19217
– Total Amount(Lac/Rs)	338.38	12.18*
– Average Rate(Rs/K.Ltr.)	27.73	63.39*
<b>4. Others (LPG)</b>	<b>NIL</b>	<b>NIL</b>
– Quantity (K.Ltr.)		
– Total /Cost (Rs/Lac)		
– Rate/Unit (Rs/Mt)		

Particulars	2009-2010 (12 Months)	2008-2009 (12 Months)
<b>B. CONSUMPTION PER UNIT OF PROD</b>		
Particulars Standard (if any)-		
– Electricity (KWH)	2.82	3.00
– Furnace Oil/HSD(Ltrs)	–	–
– Coal	–	–
– Others (LPG)	–	–

\*Due to the fall in price of FO and HSD, the closing stock has been valued at market rates and eventually it increased the cost of fuel consumed during the last year by Rs. 6.00 Lacs.

### FORM-'B'

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION-2009-10 RESEARCH & DEVELOPMENT

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

Textile Division : NIL  
IT Division : NIL

##### 2. BENEFITS DERIVED

Textile Division : NIL  
IT Division : NIL

##### 3. FUTURE PLAN OF ACTION

Textile Division : NIL  
IT Division : NIL

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

##### Efforts made & Benefits

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

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

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

S. No.	Name	Designation and Nature of Duties	Unit/Division	Remuneration received (Rs./Lacs)	Qualifications	Experience (Year)	Age	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	Chief Operating & Financial Officer	Corporate Office	72.80	BS (Math & Comp. Sc) MS (IA)	19	44	1-Aug-91	DCM Technologies Ltd.
2	Mr. Sumant Bharat Ram	President - Corporate Affairs	Corporate Office	77.61	B.A(H)-Eco., MBA	18	43	4-Oct-95	DCM Realty Investment & Consulting Limited
3	Mr. Ashwani Singhal	Executive Vice President (Acs & Fin)	Corporate Office	38.83	B. Com (H), FCA, Ph.D.	30	53	5-Feb-93	Modi Rubbers Ltd.
4	Mr. Ashok Agarwal	Executive Vice President (Legal)	Corporate Office	40.40	B.Sc. LLB, Dip. in Corp. Law & Sec. Practice Labour Law, Taxation	31	54	20-Sept-82	Advocate Delhi High Court
5	Mr. Rakesh Goel	Chief Executive Officer	DCM Textile, Hissar	46.41	M.B.A.	30	53	23-Nov-90	Hafed Spinning Mills
6	Mr. Varun Sarin	Chief Executive Officer	DCM Data Systems, Gurgaon	30.18	B. Com., CA	23	48	8-Mar-99	PT Indorama, Indonesia

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

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

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



**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, 2009 to March 31, 2010 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, 2010 the Board comprised of Six (6) Directors, namely, Dr. Surender Nath Pandey, Chairman; Mr. Naresh Kumar Jain, Managing Director; Mr. Samir Kumar Das; Mr. Sudhin Roy Chowdhury; 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 a Nominee Director of UTI and Mr. Sudhin Roy Chowdhury is a Nominee Director of LIC. Mr. Sudhin Roy Chowdhury was nominated by LIC and appointed by the board with effect from October 28, 2009. 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 Dr. Surender Nath Pandey, who has been longest in office, is liable to retire by rotation under section 255 of the Companies Act, 1956 at the 120<sup>th</sup> 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 28, 2009 for a period of one year i.e. with effect from December 20, 2009 to December 19, 2010. His appointment is placed for the approval and ratification of shareholders at the ensuing AGM.

The Board of Directors at its meeting held on 28<sup>th</sup> October 2009 has inducted Mr. Sudhin Roy Chowdhury as nominee director, as per nomination received from Life Insurance Corporation of India. He will not be liable to retire by rotation under Section 255 of the Companies Act, 1956.

**(C) Board Meetings:**

During the year April 01, 2009 to March 31, 2010, five (5) meetings of the Board of Directors were held on May 20, 2009, June 26, 2009, July 29, 2009, October 28, 2009, and January 29, 2010. 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 meeting held during 2009-10	No. of meeting attended	Last AGM (on 13.08.09) 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	4	No	10.12.01	—
3.	Prof. Joginder Singh Sodhi	Non-Executive	5	3	Yes	10.12.01	—
4.	Mr. S. K. Das (Nominee)*	Non-Executive	5	4	Yes	22.02.02	—
5.	Mr. Sudhin Roy Chowdhury** (Nominee)	Non-Executive	5	1	N.A.	28.10.09	—
6.	Mr. Jitendra Tuli	Non-Executive	5	5	Yes	20.12.05	—

\* Mr. S. K. Das has resigned from directorship on April 20, 2010 pursuant to withdrawal of nomination by UTI.

\*\* Mr. Sudhin Roy Chowdhury was appointed as Nominee Director of Life Insurance Corporation of India w.e.f 28<sup>th</sup> October 2009.

**(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 appointments. 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, 2009 to March 31, 2010 are as under:

S. No.	Name	Sitting Fees	Salary & Perquisites
1.	Dr. Surender Nath Pandey	0.71	Nil
2.	Mr. Naresh Kuman Jain	0.46	Nil
3.	Prof. Joginder Singh Sodhi	0.66	Nil
4.	Mr. Jitendra Tuli	0.85	Nil
5.	Mr. S.K. Das (Nominee)	0.65	Nil
6.	Mr. Sudhin Roy Chowdhury (Nominee)	0.05	Nil
TOTAL		3.38	Nil

**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, 2010 the Compensation Committee comprised of Dr. Surender Nath Pandey, Mr. N.K Jain and Mr. Jitendra Tuli. Dr. Surender Nath Pandey is the Chairman of Compensation Committee.

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, 2010:**

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. Surender Nath 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
6.	Mr. Sudhin Roy Chowdhury (Nominee)	NIL	Nil	Nil	Nil

**(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, 2010, the Audit Committee of the Board comprised of Mr. Jitendra Tuli, Prof. Joginder Singh Sodhi, Dr. Surender Nath Pandey 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, 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 financial year 2009-10, five (5) Audit Committee meetings have taken place on May 20, 2009, June 26, 2009, July 29, 2009, October 28, 2009, and January 29, 2010.

S. No.	Name	Designation	No. of meetings held during 2009-2010	Number of Committee meeting attended
1.	Mr. Jitendra Tuli	Chairman	5	5
2.	Prof. Joginder Singh Sodhi	Member	5	3
3.	Mr. S. K. Das	Member	5	4
4.	Dr. S. N. Pandey*	Member	5	3

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.

*\*Dr. Surender Nath Pandey was admitted as Member of the Audit Committee by the Board with effect from June 22, 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 2009-2010	Number of Committee meeting attended
1.	Dr. S. N. Pandey	Chairman	5	5
2.	Mr. Jitendra Tuli	Member	5	5
3.	Prof. Joginder Singh Sodhi	Member	5	4
4.	Mr. N. K. Jain	Member	5	5

The Share Transfer, Finance Facilities and Shareholders' / Investors' Grievance Committee was reconstituted in the Board Meeting dated June 26, 2009 to the effect that Mr. Naresh Kumar Jain was appointed as member of the said committee.

Information relating to Shareholders' / Investors Complaints are regularly placed before the Committee. The status of complaints received; disposed & pending as on March 31, 2010 is as under:

No. of Complaints Received	No. of Complaints not solved to the satisfaction of shareholders/Investors	No. of pending Complaints
81	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, has been appointed as Director on the Board of DCM Engineering Ltd, a Material Unlisted subsidiary of the Company. All minutes of the board 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 16 of the schedule 13 (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 report forming part of the Annual Report is enclosed.

**(R) CEO/CFO Certification**

The certificate in compliance with Clause 49 V 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 and are also forwarded to the Stock Exchanges as per Listing Agreement. The results are put up on their web-site(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.**

Dr. Surender Nath Pandey retires by rotation at the ensuing Annual General Meeting.

**Qualification/ Experience of Dr. Surender Nath Pandey:**

Dr. Surender Nath Pandey, MA, LLB from Patna University, was associated with Tata Iron & Steel Company Limited for about 38 years. He was also a visiting faculty at XLRI, Jamshedpur & resident faculty of IIM, Calcutta. Dr. Pandey is one of the founder Members of IIPM and NIPM. At present he is working as a consultant to a number of major enterprises.

## GENERAL SHAREHOLDER INFORMATION

- a. **Annual General Meeting:**  
 Date : Friday, July 30, 2010  
 Time : 12.30 P.M.  
 Place : MPCU Shah Auditorium,  
 Shree Delhi Gujarati Samaj Marg,  
 Civil Lines, New Delhi
- b. **Book Closure Date** : July 24, 2010 to July 30, 2010  
 (both days inclusive)
- c. **Period** : April 01 to March 31
- d. **Financial Calendar**  
 Financial reporting for the Quarter ending June 2010 Before mid Aug., 2010  
 Financial reporting for the Quarter ending Sep., 2010 Before mid Nov., 2010  
 Financial reporting for the Quarter ending Dec., 2010 Before mid Feb., 2011  
 Financial reporting for the financial year ending Mar., 2011 End of May, 2011
- e. **Dividend Payment** : Board did not recommend any dividend for the year ended March 31, 2010
- f. **Registered Office** : DCM LIMITED,  
 Vikrant Tower, 4 Rajendra Place,  
 New Delhi-110008.  
 Ph. : 011-41539177-80
- g. **Registrar & Share Transfer Agent**  
 : MCS Limited,  
 F-65 Okhla Industrial Area,  
 Phase I, New Delhi 110 020  
 Ph. : 011- 41406149
- 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 upto April 01, 2010 to March 31, 2011 has been paid to both the 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, 2010, 81.67% of issued share capitals of the company have 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 passed
2009	119 <sup>th</sup> AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	13.08.09	2.30pm	Nil
2008	118 <sup>th</sup> AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	23.07.08	12.30pm	- Nil
2007	117 <sup>th</sup> AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	27.08.07	11.30am	- Nil

## n. Distribution of shareholding : as on March 31, 2010

Category	No. of Shares	% of Shareholding
Promoters, Directors & Relatives	7917290	45.56
Mutual fund/UTI/FIs/Banks/Central Govt./State Govt./Insurance Companies	1830958	10.54
Bodies Corporate	2232030	12.84
NRI/Trust	91604	0.53
Individuals	5307155	30.53
<b>TOTAL</b>	<b>17379037</b>	<b>100.00</b>

Shareholdings	No. of folios	No. of Shares	% of Shareholding
Up to 5000	49629	4261121	24.52
5001-10000	109	785207	4.52
10001 – 50000	77	1727988	9.94
50001-100000	7	473565	2.72
Above 100000	21	10131156	58.30
<b>TOTAL</b>	<b>49843</b>	<b>17379037</b>	<b>100.00</b>

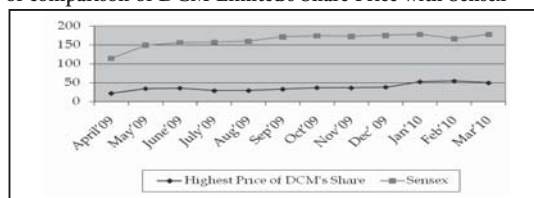
- o. **Deposits:**  
 The Company has not raised any funds from the public during the financial year 2009-10
- p. **Outstanding ADRs/ GDRs:**  
 The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument during the financial year 2009-10.
- q. Pursuant to Regulation 3(1)(e) of Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto 'Group' consists of Aggresar Leasing and Finance Pvt. Limited, Betterways Finance and Leasing Pvt. Limited, Midopa Holdings Pvt. Ltd, Xonix Enterprises Pvt. Ltd., Lotte Holdings Pvt. Ltd, Lotus Finance and Investments Pvt. Ltd., Shreshtha Real Estates Pvt. Ltd., Vinay Bharat Ram, Panna Bharat Ram, Hemant Bharat Ram, Sumant Bharat Ram, Amina Bharat Ram, Yuv Bharat Ram, Rahil Bharat Ram.
- r. **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@dcml.in](mailto:investors@dcml.in)
- s. **Postal Ballot**  
 During the year under review the Company has not passed any special resolution through postal ballot. However, an Ordinary Resolution under 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) was passed at the 119<sup>th</sup> Annual General Meeting. At the ensuing Annual General Meeting there is no resolution proposed to be passed through postal ballot.
- t. **Stock Market Data and Share price performance in comparison to broad base indices**
- a) **DCM LIMITED vs SENSEX**

	DCM LIMITED		SENSEX	
	High	Low	High	Low
April-2009	22.00	15.60	11,492.10	9,546.29
May-2009	34.50	17.50	14,930.54	11,621.30
June-2009	35.80	21.05	15600.30'	14016.95
July-2009	29.00	22.25	15732.81	13219.99
August-2009	29.40	24.00	16002.46	14684.45
September-2009	33.00	27.55	17142.52	15356.72
October-2009	36.90	28.85	17493.17	15805.20
November-2009	36.45	27.80	17290.48	15330.56
December-2009	38.35	30.05	17530.94	16577.78



	DCM LIMITED		SENSEX	
	High	Low	High	Low
January-2010	52.80	36.00	17790.33	15982.08
February-2010	54.90	41.00	16669.25	15651.99
March-2010	49.85	39.60	17793.01	16438.45

Chart of comparison of DCM Limited's Share Price with Sensex

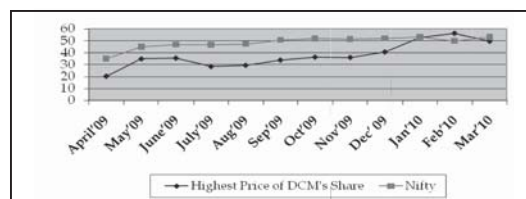


b) DCM LIMITED vs NIFTY

	DCM LIMITED		NIFTY	
	High	Low	High	Low
April-2009	20.50	15.65	3517.25	2965.70
May-2009	35.00	17.15	4509.40	3478.70
June-2009	35.70	21.65	4693.20	4143.25
July-2009	28.65	22.05	4669.75	3918.75
August-2009	29.70	23.55	4743.75	4359.40
September-2009	34.00	27.50	5087.60	4576.60
October-2009	36.50	28.50	5181.95	4687.50
November-2009	36.25	28.25	5138.00	4538.50
December-2009	40.80	30.50	5221.85	4943.95
January-2010	52.95	36.55	5310.85	5167.10
February-2010	56.40	41.90	4992.00	4757.25
March-2010	49.75	41.20	5329.55	4935.35

Source: BSE and NSE websites

Chart of Comparison of DCM Limited's Share Price with Nifty



## NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements as specified in Annexure ID of the Listing Agreement except clause (2) relating to Remuneration Committee.

For and on behalf of the Board

Sd/-

Surender Nath Pandey  
(Chairman)

Place: New Delhi  
Date: May 28, 2010

## Chief Executive Officer Declaration

I, Vinay Bharat Ram, Chief Executive Officer of DCM LIMITED declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the year ended March 31, 2010.

Sd/-

Dr. Vinay Bharat-Ram  
Chief Executive Officer

Place: New Delhi  
Date: May 28, 2010

## 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, 2010, 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  
(Registration No. 112066W)

Place : New Delhi  
Dated : May 28, 2010

Manjula Banerji  
Partner  
(Membership No. : 086423)

**MANAGEMENT DISCUSSION AND ANALYSIS :****TEXTILE DIVISION****Industry Structure and Developments**

The spinning industry is continuously getting relocated/concentrated in South Asia and China in the last couple of years and is becoming growth engine of these economies.

At present the contribution of the Indian textile industry to its GDP is about 4%. The textile industry provides direct employment to more than 35 million people and is the second largest employment provider in India after agriculture. It is also estimated that, the industry will generate 12 million new jobs by the year 2012.

After the removal of quotas in 2005 and because of TUF interest subsidy, huge capacity expansions have taken place in Textile industry in India.

**Outlook**

The outlook for textile industry in India is very optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. It is being modernized by an exclusive scheme TUF, which has set aside USD 5 billion for investment towards improvement of machinery. The projected value of the Indian textile industry is estimated to grow to USD 115 billion by the year 2012, comprising domestic of USD 60 billion and exports of USD 55 billion. Textiles sector has been identified as one of the priority sectors having high growth potential and higher multiplier effects for employment generation. Textile industry plays a dominant role in the country's economy.

The growth of spinning industry in Tamil Nadu, which houses 45% of total spindles of India, has almost ruined because of labour and power shortage. New additions of capacity has started happening in other parts of India after recent spurts in yarn prices.

**Financial and Operational Performance**

The Textile division of the company has done well in this year as cotton yarn prices jumped up considerably from November 2009 onwards due to picking up of demand.

The performance of the Textile business for the year ended 31st March 2010 is as follows-

S. No.	Particulars	2009-10 (12 months)	2008-09 (12 months)
1.	Sales in Quantity (MT)	15629	15392
2.	Production (MT)	15827	14888
3.	Sales & other Income (Rs in lacs)	20212	18328
4.	Total Expenditure (Rs in lacs)	16922	16269
5.	Interest (Rs in lacs)	571	628
6.	Depreciation (Rs in lacs)	735	744
7.	Profit before Tax (Rs in lacs)	1984	688

**Manpower Development**

The industrial relation of the management with workers remained cordial. Training of the employees is a continuous and integrated process of the division. Prior to training, competency of each employee is being assessed to identify potential of individuals. Training and mentoring programs are designed accordingly. The belief behind investing today in training is to create tomorrow's leader. Continuous experimentation with ways to improve the quality and productivity of the process is going on under TQM umbrella, so as to promote the culture of excellence.

**Risk & Concerns**

Rupee appreciation, Change in Policy of the Govt, shortage of work force and inadequate grid power supply are the major concerns for the division. However, the Division has been taking several initiatives like improving productivity by autonomous maintenance, rationalization of workforce, TQM, Employee training and development etc.

**Safety**

The division accords highest priority in maintaining the best safety practices and standards. Division's commitment towards safety, health and environment has been clearly stated in the 'SHE Policy'. The division has constituted SHE

Committee that meets periodically to assess the safety of the plant and health of their employees. The workers participation in SHE committee is helping in formulation and effective implementation of safety and health programmes. The division ensures that the employees use proper Personal Protective Equipment (PPE) while at work.

**Environment**

The division is very conscious of its responsibility towards creating, maintaining and ensuring safe and clean environment. It adheres to all regulatory requirements and guidelines at all the times. The plant is well surrounded by lush green environment including green belts, floriculture, fruit orchards and general forestry plantation.

**Social Responsibility**

The division is running a school in the campus up to the 10th standard as part of social responsibility and as a good corporate citizen. There are 550 students on the rolls in different classes. The school is permanently recognized and affiliated to Haryana Board of School Education. The management of school is continuously striving to provide quality education to its students with a view to provide good citizens to the society as a whole.

**Internal Controls**

The division is having a proper and adequate system of Internal Controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly. The focus on creating a paper less work environment has increased productivity, de-risked operation and reduced errors as data is captured at the point of transaction. The internal control systems are supplemented by Internal Audits and review of the same by Audit committee at corporate level.

**IT DIVISION****Industry Overview**

After the widespread economic volatility and uncertainty over the previous years, some semblance of stability returned in the Corporate world towards the end of last year. The IT industry is expected to stabilize and return to growth from 2010 onwards.

The National Association of Software and Service Companies (NASSCOM), the apex body for software services in India, in its 'Strategic Review 2010' has forecast that the India IT/ITES industry is estimated to aggregate revenues of US\$ 73.1 billion in FY 2010, with the IT software and services industry accounting for US\$ 63.7 billion of revenue. Moreover, according to a study by Springboard Research published in February 2010, the Indian information technology (IT) market is expected to grow at around 15.5 per cent in 2010, on the back of growing investor confidence and favourable initiatives taken by the government.

The data centre services market in the country, is forecast to grow at a compound annual growth rate (CAGR) of 22.7 per cent between 2009 and 2011, to touch close to US\$ 2.2 billion by the end of 2011, according to research firm IDC India's report published in March 2010. These services include not only the services needed around the making of data centers but also the administering of the same whether in-house or outsourced to a third party. The IDC India report has projected that the overall India data centre services market in 2009 was estimated at US\$ 1.39 billion.

India is a preferred destination for overseas companies looking to offshore their IT and back-office functions. It also retains its low-cost advantage and is a financially attractive location when viewed in combination with the business environment it offers and the availability of skilled people. According to the NASSCOM Strategic Review 2010, IT services exports from India are estimated to grow by 5.8% in fiscal 2010, to record revenues of US \$27.3 billion.

**Opportunities & Outlook**

As the recession hovering towards its end, the IT industry expects to grow in 2010; however the market is not expected to recover to 2008 growth levels till 2012, keeping in view the uncertainty of recovery in US and crisis in European