

DCM LIMITED ANNUAL REPORT

2012 -2013

BOARD OF DIRECTORS

Mr. Jitendra Tuli
Chairman & Managing Director

Dr. Surendra Nath Pandey

Mr. Naresh Kumar Jain

Prof. Joginder Singh Sodhi

Mr. Bipin Maira

Mr. Narendra Pal Chawla
(Nominee of LIC)

Prof. Sudhir Kumar Jain

Mr. Ravi Vira Gupta

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 : 91-11-25719967
Fax : 91-11-25765214

SHARE TRANSFER AGENT

MCS Limited
F-65, Okhla Industrial Area,
Phase-I, New Delhi-110 020
Tel : 91-11-41406149-52
Fax : 91-11-41709881

Notice

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

NOTICE

Notice is hereby given that the 123rd Annual General Meeting of the Company will be held on Friday, the 19th day of July, 2013 at 11.30 A.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 annual audited accounts for the year ended March 31, 2013 together with the Reports of the Board of Directors and Auditors thereon.
2. To consider and declare payment of final dividend of Rs. 1.50 per equity share and confirm the interim dividend of Rs. 1.50 per equity share, declared and paid during the financial year ended March 31, 2013.
3. To appoint a Director in place of Mr. Naresh Kumar Jain, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint the Auditors of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution 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 having registration no: 112066W, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and that the Audit Committee of the Board of Directors be and is hereby authorized to fix their remuneration.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
“RESOLVED THAT Prof. Sudhir Kumar Jain, who was appointed as Additional Director of the Company by the Board at its meeting held on November 9, 2012 under section 260 of the Companies Act, 1956, holds office upto this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution, as an **Ordinary Resolution**:
“RESOLVED THAT Mr. Ravi Vira Gupta, who was appointed as Additional Director of the Company by the Board at its meeting held on May 27, 2013 under section 260 of the Companies Act, 1956, holds office upto this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to section 198, 269, Schedule XIII and other applicable provisions of the Companies Act, 1956 and/or any amendment/modification(s) thereof and subject to such approvals, as may be necessary, Mr. Jitendra Tuli, be and is hereby appointed as Chairman and Managing Director of the Company w.e.f. December 20, 2012 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 Chairman and Managing Director shall be entitled to, reimbursement of all expenses incurred in the course of business of the Company, on actual basis.

RESOLVED FURTHER THAT Mr. Ashwani Singhal, Executive Vice President (F&A) and Mr. Bhabagrahi Pradhan, Company Secretary of the Company be and is hereby authorized severally to take necessary steps, acts, actions to give effect to the above resolution.”

By the order of the Board
For DCM Limited
Sd/-

Bhabagrahi Pradhan
Company Secretary

Place : New Delhi
Date : May 27, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. (A FORM OF PROXY IS ANNEXED)
2. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business is annexed herewith.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, July 06, 2013 to Friday, July 19, 2013 (both days inclusive)**. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, for financial year ended March 31, 2013, if declared, at this Annual General Meeting, will be paid to the members whose name(s) appear on **July 05, 2013:-**
 - a) As member(s) holding shares in physical mode, in the register of member of the company after giving effect to all valid and complete transfers, lodged on or before July 05, 2013; and
 - b) As beneficial Owner (s) holding shares in electronic mode, details as furnished by the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for said purpose.
4. Shareholders, who are holding shares in identical order of name in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holding in one folio.
5. Members are requested to bring their copy of Annual Report.
6. The Board of Directors in its meeting held on November 9, 2012 had declared an interim dividend of Rs. 1.50 per equity share (@ 15% on the paid-up equity share capital of the Company) which was paid on December 5, 2012. Members who have not received or not encashed their dividend warrant may approach M/s MCS Limited, Registrar and Transfer Agent of the Company or to the Company, for revalidating the warrant or for obtaining duplicate warrant. The Final Dividend recommended by Directors, if approved by the Members at the Annual General Meeting, will be paid on or after July 24, 2013 to those members whose names appear on the Register of Members as on July 5, 2013. In respect of shares held in electronic form, the final dividend will be payable on the basis of beneficial ownership as at the close of July 5, 2013, as per the details furnished by the National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
7. Shareholders/ Proxies are requested to produce the enclosed admission slip duly completed and signed at the entrance for admission to the meeting hall.
8. Members who are holding Company's shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
9. The members intending to seek any information on Annual Audited Accounts at the meeting are requested to kindly inform the Company at least 7 days before the date of the meeting.
10. 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.
11. As stipulated under Clause 49 of the Listing Agreement, information in respect of Directors seeking re-appointment at the meeting is also given in the Corporate Governance Report which forms part of the Annual Report.

12. The Securities and Exchange Board of India (SEBI) vide Circular dated April 27, 2007, had made PAN mandatory for all securities market transaction. Thereafter, vide Circular dated May 20, 2009 it was clarified that for securities market transactions and off market/private transactions involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/Registrar & Share Transfer Agents for registration of such transfer of shares.
13. DCM is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.
Recognizing the spirit of the circular issued by the MCA, DCM henceforth propose to send documents like the Notice convening the General meetings, Financial Statements, Directors' Report, Auditors' Report, etc. to the email address provided by the members with their depositories/ depository participants (DP). Members are requested to update their email address with the depository participants to ensure that the annual report and other documents reach them at their preferred email address.
The members holding shares in physical mode may also send their request to the Company by letter or by email at investors@dcm.in to receive the soft copy of the annual report by email instead of hard copy.
14. As per directive from Securities and Exchange Board of India (SEBI), Companies use Electronic Clearing Service (ECS) facility, introduced by Reserve Bank of India (RBI), for distributing dividends and other cash benefits to investors, wherever available. In this system, the investor's bank account is directly credited with the dividend amount based on the information provided by the Company, under advice to the investor.
Members holding shares in electronic form in demat account are requested to furnish their bank account numbers and details along with photocopy of a cheque pertaining to the concerned bank account, to their Depository participant (DP) to avail the said ECS facility. Those holding shares in physical form are also requested to send the above details/documents to the company for this purpose.
15. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, all unclaimed/unencashed dividend, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unencashed for a period of seven years from the date they became due for payment, in relation to the Company have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred nor shall any payment be made in respect of such claim.
Pursuant to circular issued by Ministry of Corporate Affairs (MCA) with respect to IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, your Company has uploaded the Form 5INV containing the details of amount lying unclaimed / un-encashed, as on the date of last Annual General Meeting, on account of matured Fixed Deposits/Debentures and Dividend on the website of MCA as well as on its website www.dcm.in.
16. 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 18, 2013.

(ANNEXURE TO NOTICE)

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

ITEM NUMBER 5

Prof. Sudhir Kumar Jain was appointed as Additional Director of the Company by the Board in its meeting held on November 9, 2012 under section 260 of the Companies Act, 1956, who holds office upto this Annual General Meeting. A notice has been

received from a member of the Company under section 257 of the Companies Act, 1956 proposing the candidature of Prof. Sudhir Kumar Jain.

Prof. Sudhir Kumar Jain had Ph.D. degree from I.I.T. Kanpur in 1979. He specializes in the areas of Managerial Economics, Entrepreneurship Management and Intellectual Property Rights. He is Professor and Ex-Head of the Department of Management Studies, I.I.T. Delhi. Earlier he served as Assistant Director, Indian Council of Social Science Research ICSSR (GoI), New Delhi and has also served as Executive Director, National Institute for Entrepreneurship & Small Business. Currently he is acting as vice chancellor of Shri Mata Vaishno Devi University, Katra.

He is also on the Board of DCM Engineering Limited, (a material unlisted subsidiary of the Company). He doesn't hold any share of the Company.

None of the Directors except Prof. Sudhir Kumar Jain is interested or concerned in the resolution.

ITEM NUMBER 6

Mr. Ravi Vira Gupta was appointed as Additional Director of the Company by the Board in its meeting held on May 27, 2013 under section 260 of the Companies Act, 1956, who holds office upto this Annual General Meeting. A notice has been received from a member of the Company under section 257 of the Companies Act, 1956 proposing the candidature of Mr. Ravi Vira Gupta.

Mr. Gupta joined the Indian Administrative Service in 1962. He had worked in various states and held challenging assignments. He was associated with various aspects of cooperatives as well as agriculture. He was Registrar of Cooperatives as well as Managing Director of National Cooperative Development Corporation. In Madhya Pradesh, he was the Managing Director of the MP Federation of Dairy Cooperatives for over three years.

Between 1991 and 1998, he was closely associated with the economic reforms at the level of Additional Secretary / Secretary in the Government of India in the ministries of Fertilizer, Food as well as Finance. He was also Deputy Governor of the Reserve Bank of India for about three years. He was associated with many committees over the years including at Reserve Bank Committee on agricultural credit.

He is on the Board of DCM Engineering Limited (a material unlisted subsidiary of the Company), Delhi Safe Deposit Company Limited, Mawana Sugars Limited, Goodyear India Limited, Honda-Siel Power Products Limited, Seshasayee Paper and Boards Limited, Ambit Holdings Pvt. Ltd., IVF Advisors Pvt. Ltd., Mumbai and India Value Fund Advisors Pvt. Ltd., Mumbai.

None of the Directors except Mr. Ravi Vira Gupta is interested or concerned in the resolution.

ITEM NUMBER 7

The Board of Directors in their meeting held on November 09, 2012 had appointed Mr. Jitendra Tuli as the Chairman and Managing Director of the Company. He is an alumni of Sriram college of Commerce. He obtained his Post Graduate Diploma from London School of Journalism and attended the School of Public Relations and communications at Boston University, USA.

Mr. Jitendra Tuli was a consultant with World Health Organization, regional office for South Asia. He started his career with the Hindustan Times in 1964 and subsequently moved to The Statesman in 1965. In 1971, he joined IBM as Communications Officer.

He has widely travelled and has written for leading newspapers and magazines. He is deeply involved in the work for the less privileged ones as the trustee of Amarjyoti Charitable Trust and as founder member of Cancer Sehyog.

Mr. Tuli doesn't hold directorship in any other company and doesn't hold any share of the company.

None of the Directors are concerned or interested in the resolution except Mr. Jitendra Tuli.

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

Place : New Delhi
Date : May 27, 2013

DCM

DIRECTORS' REPORT

Your directors have pleasure in presenting their 123rd Annual Report alongwith Audited Financial Statements of the Company for the year ended March 31, 2013

FINANCIAL DATA
Rs./Crores

	Financial Year ended March 31, 2013	Financial Year ended March 31, 2012
Profit/(Loss) before Interest, Depreciation, Tax and Exceptional Item	66.05	16.20
Less: – Finance Cost	14.98	19.76
– Depreciation	10.20	9.90
Profit/(Loss) before Tax & Exceptional Item	40.87	(13.46)
Exceptional Item #	–	18.00
Profit/(Loss) before tax	40.87	4.54
Less -Provision for tax	11.86	(0.91)
Profit/(Loss) after tax	29.01	5.44
Add – Profit/(Loss) brought forward	99.78	99.28
Add– Reversal of Corporate Dividend Tax	0.71	0.71
Profit available for appropriation	129.50	105.43
Appropriations:		
Interim Dividend on equity shares	2.61	–
Proposed Final Dividend on equity shares	2.61	4.34
Corporate Dividend Tax	0.87	0.71
General Reserves	3.00	0.60
Balance Profit carried forward	120.41	99.78

Compensation receivable from developer of real estate project pursuant to settlement reached in relation to flatted factory complex of the said project.

OPERATIONS OVERVIEW
Textile Division

The Textile Division of the Company is located at Hisar in Haryana. It is an ISO9001 certified unit. During the year under review, the sales and other income of the division has increased to Rs. 345.97 Crore from Rs. 293.34 Crores last year recording a growth of 17.94%. This year there is Profit before Tax of Rs. 43.02 Crores as compared to loss of Rs. 28.41 Crores in previous year. The said loss in the previous year was due to margins turning negative on account of steep fall in cotton yarn prices and high cost of cotton inventory procured in cotton season during 2010-11. The division has performed well during the year because of strong cotton yarn prices in export market, operational efficiency and control of operational costs during the financial year.

The division has decided to expand its production capacity by addition of 39168 spindles at Hisar with capital cost of about Rs. 105 Crs. Total capacity of the division after the said expansion will be 115416 spindles. The Project is proposed to commence production from February 2014 and full production by September 2014. The said expansion will be with higher automation with latest machineries. The proposed project would help to increase efficiency/ productivity and quality.

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

A Special Leave Petition (SLP) filed by the Haryana Urban Development Authority (HUDA) against the order of Division Bench of Hon'ble Punjab and Haryana High Court passed in favour of the Company on the resumption of 250 acres of the Company's land by the State of Haryana, was dismissed by the Hon'ble Supreme Court on March 22, 2013. In view of this dismissal order, this matter has attained finality in favour of the Company.

IT Division

The IT division of the Company is an established service provider for Managed IT Services globally. The Division has over a decade's expertise in Systems and Storage Administration and has been supporting customers to optimize their IT investments through its highly skilled and certified pool of engineers and cost-effective remote management capabilities, backed by robust processes. The Division has enlarged its product portfolio by adding the services in the area of Virtualization, Messaging, Networking etc.

During the year under review the sales and other income of the IT Division increased to Rs 45.00 Crores from Rs 40.17 Crores last year, with Profits before Tax of Rs 1.51 Crores compared to Rs 0.38 Crores in the previous year. This was possible mainly on account of increase in export volume and better margins. On the domestic front, efforts were made to build capabilities as a result of which some new customers were added including Government department(s) and PSUs. Exports of Infrastructure services showed good growth during the year. Investments have been made in building sales bandwidth and acquiring tools for further growing the export services business. This should help to provide the desired impetus to the offshore business in future.

DEBT REPAYMENT UNDER SCHEME OF RESTRUCTURING AND ARRANGEMENT (SORA)

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

In case, an invested amount remained unclaimed and un-encashed for a period of seven years from the date they became due for payment, the same have been/will be transferred to the Investor Education and Protection Fund established by the Central Govt.

The investor whose investment remained unclaimed /un-encashed and became due for payment during the month of June 2006 and onwards are required to lodge their claim with the Company by surrender of Debenture Certificates/ letter of allotment /un-encashed payment warrants at the registered office of the Company.

FIXED DEPOSITS

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

The amount of unclaimed / legal cases has been deposited in a separate bank account to earmark the funds for the payment of these unclaimed / legal cases. In case, a deposit amount remained unclaimed and un-encashed for a period of seven years from the date they became due for payment, the same have been/will be transferred to the Investor Education and Protection Fund established by the Central Govt.

DIRECTORS

The Board of directors of the Company on November 9, 2012 had appointed Mr. Jitendra Tuli as Managing Director for a period of one year i.e. with effect from December 20, 2012 to December 19, 2013. His appointment is placed for the approval and ratification of shareholders at the Annual General Meeting scheduled to be held on July 19, 2013.

Mr. Naresh Kumar Jain retires by rotation in the ensuing Annual General Meeting and being eligible, offers himself for reappointment as director of the Company. His re-appointment is placed before the shareholders of the Company at the ensuing Annual General Meeting.

Prof Sudhir Kumar Jain, who has been appointed as additional director of the Company by the Board in its meeting dated November 9, 2012 under section 260 of the Companies Act, 1956, holds office upto the ensuing Annual General Meeting. The Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of director, and accordingly a resolution is proposed for his re-appointment as director of the Company, liable to retire by rotation in the ensuing Annual General Meeting.

Mr. Ravi Vira Gupta, who has also been appointed as additional director of the Company by the Board in its meeting dated May 27, 2013 under section 260 of the Companies Act, 1956, holds office upto the ensuing Annual General Meeting. The Company has received a notice from a member of the Company under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of director, and accordingly a resolution is proposed for his re-appointment as director of the Company, liable to retire by rotation in the ensuing Annual General Meeting.

DIRECTORS' VIEW ON AUDITORS' OBSERVATIONS

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

Reference para (i) of Basis for Qualified Opinion in 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.

There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and Memorandum of Understanding between the companies involved, when the liabilities/benefits are finally determined. The final liability, when determined, would in case of the Company, be limited only to one third of the total liability (note 40 to the notes to Financial Statements annexed).

Reference para (ii) of Basis for Qualified Opinion in the Auditors' Report

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2013 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, 2012. 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, 2013. (note 44 of notes to Financial Statements annexed). Further, in absence of required information of joint venture company, the same have not been considered for consolidation in the Consolidated Financial Statements (note 44 of notes to Consolidated Financial Statements annexed).

Reference para Emphasis of Matter in the Auditors' Report

The "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the "Leasehold Definitive Agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to the Auditors that the conditions contained in the "Leasehold Definitive Agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. The Auditors' opinion is not qualified in respect of this matter (refer note 30 of notes to Financial Statements annexed)

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217

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

- While preparing Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent which gives true and fair view of affairs of the Company and of the profit or loss of the Company;
- The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared accounts on a going concern basis.

DIVIDEND

During the financial year ended March 31, 2013, your company has declared an interim dividend of Rs. 1.50 (Rupee one and fifty paise only) per equity share of Rs. 10 each in the month of November 2012 and it was paid in the month of December 2012. In addition, your directors recommend a final dividend of Rs. 1.50 (Rupee one and fifty paise only) per equity share of Rs. 10 each for the financial year 2012-13. If approved, the total dividend (interim and final dividend) for the financial year 2012-13 will be Rs. 3.00 (Rupees three only) per equity share aggregating to Rs. 6.08 Crores (including Dividend Distribution Tax). Dividend paid for the previous Financial Year 2011-12 was Rs. 2.50 (Rupees Two and fifty paise only) per equity share of Rs. 10 each.

TRANSFER TO RESERVES

Your Company proposes to transfer Rs 3.00 Crores to the General Reserve out of the amount available for appropriation. An amount of Rs 120.41 crores is proposed to be retained in the Statement of Profit and Loss.

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

In terms of the said general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 and as per resolution passed by the Board of Directors at their meeting held on February 14, 2013, the Audited Statements of Accounts and the Auditors' Reports thereon for the year ended March 31, 2013 along with the Reports of the Board of Directors of the Company's Subsidiaries have not been annexed. The Company will make available these documents upon request by any member of the Company interested in obtaining the same. These documents are also made available on the website of the Company www.dcm.in.

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. Bipin Maira, Chairman, Prof. Sudhir Kumar Jain, Dr. Surendra Nath Pandey and Mr. Jitendra Tuli.

AUDITORS

The Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, retire at the conclusion of 123rd Annual General Meeting and are eligible for re-appointment. Your Board recommends their reappointment.

COST AUDIT

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's Textile division. The Board of Directors had appointed M/s. K. C. Kohli & Co, Cost Accountants as Cost Auditors of the Company for the financial year 2012-13. The Central Government had approved the appointment of M/s. K. C. Kohli & Co as the Cost Auditors of the Company. The Cost Audit report would be filed with the Central Government as per statutory timeline.

CORPORATE GOVERNANCE

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

SOCIAL RESPONSIBILITY STATEMENT

The Textile Division of the Company is running a School upto 10th standard in its campus at Hissar, Haryana. There are approx 435 students on the roll 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/-

Jitendra Tuli

Place: New Delhi

Date : May 27, 2013

Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

(a) Energy Conservation Measures Taken:

Textile Division:

The Textile mill is continuously endeavoring to develop most energy efficient process and to upgrade into latest energy efficient devices. Recently the division has installed cyclic timer for OHTC, frequency drives at central OHTC suction fan, Frequency drive installed at unit 2 blow room, Unimix flexiclean ventilators fan removed, modified pully installed in auto ring frame. The replacements of the conventional tubes/bulbs with CFLs are also continued all over the organization.

IT Division:

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

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

Textile Division – Form-A appended herein.

IT Division – N.A.

2. TECHNOLOGY ABSORPTION

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

3. FOREIGN EXCHANGE EARNINGS & OUTGO

Total Foreign Exchange used and earned	Rs. In Lacs
Foreign Exchange Earned	23131.40
Foreign Exchange Outgo	3822.29

FORM –A

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

Particulars	2012-2013 (12 Months)	20011-2012 (12 Months)
A. POWER AND FUEL CONSUMPTION	51393266	46805594
1. Electricity (KWH)		
a) Purchased:-		
– Unit (KWH)	50647485	46748310
– Total Amount (Lac/Rs.)	2793.73	2194.22
– Rate per unit (Rs.)	5.52	4.69
b) Own Generation:		
i) Through Generator		
– Unit (KWH)	745781	57284
– Unit per Lt. of F.O./L.D.O./HSD	3.21	2.45
– Cost /unit (Rs./KWH)	12.30	17.13
ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil (LDO&HSD)		
– Quantity (K.Ltr.)	232006	23398
– Total Amount (Lac/Rs)	91.77	9.81
– Average Rate (Rs./K.Ltr.)	39.55	41.94
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)	2.94	3.19
– Furnace Oil/HSD(Ltrs)	–	–
– Coal	–	–
– Others (LPG)	–	–

FORM-‘B’

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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.

Corporate Governance

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

(A) Employed throughout the year under review and who were in receipt of remuneration, which in aggregate was not less than Rs. 5.00 lacs per month.

Sl. No.	Name	Designation and Nature of Duties	Unit/Division	Remuneration received (Rs./Lacs)	Qualifications	Experience (Year)	Age (Year)	Date of Commencement of Employment	Particulars of last employment
1	Mr. Hemant Bharat Ram	President- Textiles	Corporate Office	121.63	B.S.(Math & Comp. Sc), MS(IA)	22	47	1-Aug-91	DCM Technologies Ltd.
2	Mr. Ashwani Singhal	Executive Vice President (Finance & Accounts)	Corporate Office	71.78	B.Com.(H), FCA PhD	33	56	05-Feb-1993	Modi Rubbers Ltd.

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

S.I. No.	Name	Designation and Nature of Duties	Unit/Division	Remuneration received (Rs./Lacs)	Qualifications	Experience (Year)	Age (Year)	Date of Commencement of Employment	Particulars of last employment
1	Mr. Sumant Bharat Ram*	Chief Operating & Finance Officer	Corporate Office	8.14*	B.A(H)-Eco., MBA	21	46	4-Oct-95	DCM Reality Investment & Consulting Limited

*Remuneration to Mr. Sumant Bharat Ram was paid with effect from March 1, 2013.

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

For and on behalf of the Board
Sd/-
Jitendra Tuli
Chairman and Managing Director

Place: New Delhi

Date: May 27, 2013

CORPORATE GOVERNANCE REPORT

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.

Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were practiced by the DCM Group as a whole. Our Corporate governance policy has been based on professionalism, honesty, integrity and ethical behaviour.

Through the Governance mechanism in the Company, the Board alongwith its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making. The Corporate Governance philosophy is further strengthened with the adherence to Total Quality Management as a means to drive excellence and articulating the Company's values and Ethics with a Code of Conduct policy. Given below is a brief report for the period April 01, 2012 to March 31, 2013 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, 2013 the Board comprised of Seven (7) directors, namely, Mr. Jitendra Tuli, Chairman & Managing Director, Mr. Naresh Kumar Jain, Dr. Surendra Nath Pandey, Prof. Joginder Singh Sodhi, Mr. Bipin Maira, Prof. Sudhir Kumar Jain and Mr. Narendra Pal Chawla. Mr. Ravi Vira Gupta was appointed as Additional Director with effect from May 27th, 2013. All the directors are non-executive and independent directors except Mr. Jitendra Tuli who is the Chairman & Managing Director of the Company and Mr. Naresh Kumar Jain who is a Non Executive & Non Independent Director. Mr. Narendra Pal Chawla was nominated by Life Insurance Corporation of India (LIC) and appointed on the Board with effect from November 09, 2012. 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, who has been longest in office, is liable to retire by rotation under section 255 of the Companies

Act, 1956 at the 123rd Annual General Meeting Schedule to be held on July 19, 2013 and being eligible, offers himself for re-appointment.

Mr. Jitendra Tuli was appointed as Chairman and Managing Director of the Company by the Board of Directors on November 09, 2012 for a period of one year i.e. with effect from December 20, 2012 to December 19, 2013. His appointment is placed for the approval and ratification of shareholders at the ensuing Annual General Meeting.

Prof. Sudhir Kumar Jain has been appointed as additional director with effect from November 09, 2012. A resolution has been proposed for the regularization of his appointment in the ensuing Annual General Meeting. Mr. Ravi Vira Gupta has been appointed as additional director with effect from May 27, 2013. A resolution has been proposed for the regularization of his appointment in the ensuing Annual General Meeting.

(C) Board Meetings:

During the year April 01, 2012 to March 31, 2013, five (5) meetings of the Board of Directors were held on May 28, 2012, August 13, 2012, November 09, 2012, February 14, 2013 and March 22, 2013. The attendance of each director at these meetings and at the last Annual General Meeting was as under.

Sl. No.	Name	Type of Director	No. of meeting held during 2012-13	No. of meeting attended	Last AGM (on 14.07.12) attended	Appointed as director on	Ceased to be director on
1.	Mr. Jitendra Tuli*	Executive Director	5	5	Yes	20.12.2005	—
2.	Mr. Naresh Kumar Jain	NI-NED	5	5	Yes	17.02.2001	—
3.	Dr. Surendra Nath Pandey	I-NED	5	3	Yes	10.12.2001	—
4.	Prof. Joginder Singh Sodhi	I-NED	5	3	No	10.12.2001	—
5.	Mr. Narendra Pal Chawla (Nominee LIC)	I-NED	5	2	N.A	09.11.2012	—
6.	Mr. Bipin Maira	I-NED	5	4	Yes	24.11.2011	—
7.	Mr. Sudhir Kumar Jain	I-NED	5	1	N.A	09.11.2012	—

NI-NED: Non Independent and Non Executive Director

I-NED: Independent -Non Executive Director

*. Appointed as Managing Director of the Company with effect from December 20, 2012.

DCM

(D) Code of Conduct

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

(E) Service Contract and Severance Fees

The appointment of Mr. Jitendra Tuli, Chairman & Managing Director of the Company is governed by the resolution 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 year April 01, 2012 to March 31, 2013 are as under:

Sl. No.	Name	Sitting Fees (Rs./Lacs)	Salary & Perquisites (Rs./Lacs)
1.	Dr. Surendra Nath Pandey	0.95	Nil
2.	Mr. Naresh Kumar Jain	0.70	Nil
3.	Prof. Joginder Singh Sodhi	0.85	Nil
4.	Mr. Jitendra Tuli	1.40	Nil
5.	Mr. Narendra Pal Chawla* (Nominee-LIC)	0.20	Nil
6.	Mr. Bipin Maira	1.05	Nil
7.	Prof. Sudhir Kumar Jain**	0.30	Nil
	TOTAL	5.45	Nil

*Appointed as a nominee director w.e.f November 09, 2012

**Appointed as an additional director w.e.f November 09, 2012

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

(F) Compensation Committee

The Company had constituted a Compensation Committee on January 30, 2003 for the appointment, promotion and remuneration of senior executives.

The Compensation Committee of the Board was reconstituted on November 09, 2012 by inducting Mr. Bipin Maira and Prof. Joginder Singh Sodhi as member of the Committee. As on March 31, 2013 the Compensation Committee comprised of Dr. Surendra Nath Pandey, Mr. Bipin Maira and Prof. Joginder Singh Sodhi. During the year two (2) meetings of the Compensation Committee was held on May 28, 2012 and February 14, 2013. All the members of the Committee have attended the meeting except Dr. Surendra Nath Pandey, who did not attend the Compensation Committee meeting held on February 14, 2013.

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 year under review, no remuneration was paid to any director except by way of sitting fees for attending meetings of the Board or Committees thereof.

(G) Number of Directorships / Chairmanship held in other Companies as on March 31, 2013:

Sl. No	Director	No. of Other Directorship		No. of Other Committee membership#	
		Director	Chairman	Member	Chairman
1.	Mr. Naresh Kumar Jain	Nil	Nil	Nil	Nil
2.	Dr. Surendra Nath Pandey	Nil	Nil	Nil	Nil
3.	Prof. Joginder Singh Sodhi	Nil	Nil	Nil	Nil
4.	Mr. Jitendra Tuli	Nil	Nil	Nil	Nil
5.	Mr. Narendra Pal Chawla (Nominee-LIC)	Nil	Nil	Nil	Nil
6.	Mr. Bipin Maira	Nil	Nil	Nil	Nil
7.	Prof. Sudhir Kumar Jain	1	Nil	Nil	Nil

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

(H) Important items discussed at the Board Meetings:

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

1. Annual Business Plan including financial and operational plan.
2. Quarterly financial results/Annual financial statements.
3. Appointment of senior executives.
4. Review of operation of units.
5. Investment proposals.
6. Quarterly statutory compliance report.
7. Progress on restructuring plan of the Company.
8. Capital budgets and updates.
9. Minutes of meetings of audit committee and other committees of the Board.
10. Show cause, demand, prosecution notices and penalty notices, which are materially important.

(I) Audit Committee:

The Audit Committee of the Board was reconstituted on November 09, 2012 by inducting Prof. Sudhir Kumar Jain as a Member of the Committee and designating Mr. Bipin Maira as its Chairman in place of Mr. Jitendra Tuli who continued to be member of the Committee. As on March 31, 2013, the Audit Committee of the Board comprised of Mr. Bipin Maira, Mr. Jitendra Tuli, Prof. Sudhir Kumar Jain and Dr. Surendra Nath Pandey. All the members of Audit Committee are independent directors except Mr. Jitendra Tuli who is Chairman & Managing Director of the Company. 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 their audit fees. Mr. Jitendra Tuli, has financial and accounting knowledge and Prof. Sudhir Kumar Jain has also expertise in managerial economics and has knowledge of finance.

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 and Internal Auditors also attend the Audit Committee Meetings on invitation.

During the year under report, four (4) Audit Committee meetings have taken place on May 28, 2012, August 13, 2012, November 09, 2012 and February 14, 2013. The attendance of each director at these meetings was as under:

Sl. No.	Name	Designation	No. of meetings held during 2012-2013	Number of meeting attended
1.	Mr. Bipin Maira	Chairman	4	3
2.	Dr. Surendra Nath Pandey	Member	4	3
3.	Prof. Joginder Singh Sodhi*	Member	4	2
4.	Mr. Jitendra Tuli	Member	4	4
5.	Prof. Sudhir Kumar Jain**	Member	4	1

*Was ceased to be member of the Committee on November 09, 2012.

** Was inducted as member of the Committee on November 09, 2012.

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

(J) Share Transfer, Finance Facilities and Shareholders'/ Investors' Grievance Committee:

The Board has delegated the authority to approve transfer of Shares/ Debentures to the Company Secretary of the Company and Committee of Directors for "Share Transfer, Finance Facilities & Shareholders'/Investors' Grievance". The Committee was reconstituted by inducting Mr. Bipin Maira as Chairman and Prof. Sudhir Kumar Jain as member of the Committee. As on March 31, 2013, the Committee is comprised of Mr. Bipin Maira, Mr. Jitendra Tuli, Dr. Surendra Nath Pandey and Prof. Sudhir Kumar Jain. The attendance of directors in the said committee meetings was as follows:

Sl. No.	Name	Designation	No. of meetings held during 2012-2013	Number of Committee meeting attended
1.	Mr. Bipin Maira*	Chairman	6	3
2.	Dr. Surendra Nath Pandey	Member	6	3
3.	Prof. Joginder Singh Sodhi**	Member	6	2
4.	Mr. Naresh Kumar Jain**	Member	6	3
5.	Mr. Jitendra Tuli	Member	6	6
6.	Prof. Sudhir Kumar Jain*	Member	6	2

*Mr. Bipin Maira and Prof. Sudhir Kumar Jain were inducted as Chairman and Member respectively to the Committee on November 09, 2012.

**Prof. Joginder Singh Sodhi and Mr. Naresh Kumar Jain ceased to be the member of the Committee w.e.f. November 09, 2012.

Information relating to Shareholders'/ Investors' Complaints is regularly placed before the Committee. The status of complaints received, disposed & pending during the year ended March 31, 2013 is as under:

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

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

(K) Compliance Officer

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

(L) Subsidiary Company

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

Prof. Sudhir Kumar Jain, independent director of the Company has been appointed as director on the Board of DCM Engineering Limited. (a Material Unlisted subsidiary of the Company) w.e.f. February 12, 2013. All minutes of the meetings of DCM Engineering Limited. are placed before the Company's Board regularly. All significant transactions and arrangements entered into by the unlisted subsidiary company are brought to the attention of Company's Board.

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

(M) Disclosures

1. Related party transactions as per AS-18 have been dealt with in note 43 to the Financial Statements annexed. These transactions are not in conflict with the interest of the Company.
2. The Company has not been imposed with any penalty by the Stock Exchanges, SEBI or any other statutory authority on any matter relating to Capital Markets during the last three years.
3. The Company has a Legal Department headed by General Manager (Legal), which deals with the legal issues. The Secretarial Department is responsible for compliances in respect of Company Law, SEBI, Stock Exchange rules and regulations and other related laws.
4. As a matter of transparency and good governance, key operational & financial data is furnished to the directors in every meeting of the Board. Management Discussion and Analysis report forming part of the Annual Report is enclosed.
5. Disclosure regarding appointment or re-appointment of directors: Mr. Naresh Kumar Jain retires by rotation at the ensuing Annual General Meeting. Mr. Jain is an Arts Graduate and also holds Masters Degree in Business Administration. He was the President of Punjab Merchants Chambers, Jain Samaj, Delhi, Chairman of Rotary Club of Delhi (Environment and Pollution) and Gem & Jewellery Export Promotion Council. He does not hold directorship in other Company and hold Nil share of the Company.

Prof. Sudhir Kumar Jain was appointed as Additional Director of the Company by the Board at its meeting held on November 9, 2012 under section 260 of the Companies Act, 1956, who holds office upto this Annual General Meeting. His re-appointment is proposed in the ensuing Annual General Meeting. Prof. Jain had Ph.D. degree from I.I.T. Kanpur in 1979. He specializes in the areas of Managerial Economics, Entrepreneurship Management and Intellectual Property Rights. Prof. Sudhir Kumar Jain is Professor and Ex-Head of the Department of Management Studies, I.I.T. Delhi. Earlier he served as Assistant Director, Indian Council of Social Science Research (GoI), New Delhi and has also served as Executive Director, National Institute for Entrepreneurship & Small Business Development. Currently he is acting as vice chancellor of Shri Mata Vaishno Devi University, Katra. He does not hold any share in the Company. He is also on the Board of DCM Engineering Limited (a material unlisted subsidiary of the Company) and does not hold directorship of any other Company.

Mr. Ravi Vira Gupta was appointed as Additional Director of the Company by the Board at its meeting held on May 27, 2013 under

section 260 of the Companies Act, 1956, who holds office upto this Annual General Meeting. His re-appointment is proposed in the ensuing Annual General Meeting. He joined the Indian Administrative Service in 1962. He had worked in various states and held challenging assignments.

He was associated with various aspects of cooperatives as well as agriculture. He was Registrar of Cooperatives as well as Managing Director of National Cooperative Development Corporation. In Madhya Pradesh, he was the Managing Director of the MP Federation of Dairy Cooperatives for over three years.

Between 1991 and 1998, he was closely associated with the economic reforms at the level of Additional Secretary / Secretary in the Government of India in the ministries of Fertilizer, Food as well as Finance. He was also Deputy Governor of the Reserve Bank of India for about three years.

He was associated with many committees over the years including at Reserve Bank Committee on agricultural credit. He is also on the Board of DCM Engineering Limited (a material unlisted subsidiary of the Company), Delhi Safe Deposit Company Limited, Mawana Sugars Limited, Goodyear India Limited, Honda-Siel Power Products Limited, Seshasayee Paper and Boards Limited, Ambit Holdings Pvt. Ltd., IVF Advisors Pvt. Ltd., Mumbai and India Value Fund Advisors Pvt. Ltd., Mumbai.

Mr. Ravi Viru Gupta is Chairman of Audit Committee of Goodyear India Limited and Seshasayee Paper & Boards Limited, Member of Audit Committee of Honda-Siel Power Products Limited and Mawana Sugars Limited and Member of Shareholders' Grievance Committee of Goodyear India Limited. Mr. Ravi Viru Gupta holds Nil shares in the Company

6. Risk Management:

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

(N) CEO/CFO Certification

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

(O) Means of Communication

The quarterly / half yearly / annual financial results are announced within the stipulated period and are generally 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. All financial results and other shareholder information are also available at the website of the company at www.dcm.in and www.connect2nse.com. 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.

GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting:

Date : Friday, July 19, 2013
Time : 11.30 AM
Place : MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi

b. Book Closure Date : July 6, 2013 to July 19, 2013 (both days inclusive)

c. Period : April 01 to March 31

d. Financial Calendar

Financial reporting for the Quarter ending June' 13	End of July/ before mid Aug. '13
Financial reporting for the Quarter ending September' 13	End of Oct /before mid Nov '13
Financial reporting for the Quarter ending December' 13	End of Jan/ before mid Feb' 14
Financial reporting for the financial year ending March'14	End of May' 14

e. Dividend Payment: The Company has paid interim dividend @ Rs. 1.50 per equity share to the shareholders on December 5, 2012. The record date

for the said interim dividend was November 22, 2012. Final dividend, if any, declared in the ensuing Annual General Meeting, will be paid within 30 days of the date of declaration to those Members whose names appear in the Register of Members on the date of book closure.

f. **Registered Office** : DCM LIMITED,
Vikrant Tower, 4 Rajendra Place,
New Delhi-110008, Ph. : 011-25719967

g. **Registrar & Share Transfer Agent**
MCS Limited,
F-65 Okhla Industrial Area,
Phase I, New Delhi - 110 020
Telephone No: 011- 41406149-52

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 the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fee for the year upto April 01, 2013 to March 31, 2014 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, 2013, 94.07% 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
2012	122 nd AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	14.07.12	12:30 PM	Nil
2011	121 st AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	15.07.11	2:30 PM	Nil
2010	120 th AGM MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Civil Lines, New Delhi	30.07.10	12:30 P.M.	Nil

n. Distribution of shareholding as on March 31, 2013

Category	No. of Shares	% of Shareholding
Promoters, Directors & Relatives	7767882	44.70
Mutual fund/FIs/Banks/Central Govt./State Govt./Insurance Companies	1658751	9.54
Bodies Corporate	2377874	13.68
NRI/Trust	303615	1.75
Individuals	5270915	30.33
TOTAL	17379037	100

Shareholdings	No. of folios	No. of shares	% of Shareholding
Up to 5000	45849	3189513	18.35
5001-10000	84	617518	3.55
10001 - 50000	95	2079693	11.97
50001-100000	10	778880	4.48
Above 100000	17	10713433	61.65
Total	46055	17379037	100

o. Deposits:

The Company has not raised any deposit from the public during the financial year 2012-13.

p. Outstanding ADRs/ GDRs:

The Company has not issued any ADRs, GDRs, Warrants or any Convertible Instrument during the financial year 2012-13.

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 Holding Pvt. Ltd, Xonix Enterprises Pvt. Ltd., Lotte Trading And Allied Services Pvt Ltd. (Formerly Known as Lotte Holdings Pvt. Ltd.), Lotus Finance and Investments Pvt. Ltd., Shreshtha Real Estates Pvt. Ltd., Dr. Vinay Bharat Ram, Mr. Hemant Bharat Ram, Mr. Sumant Bharat Ram, Ms. Amina Bharat Ram, Mr. Yuv Bharat Ram, Mr. 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, 6 floor, Vikrant Tower, 4 Rajendra Place, New Delhi - 110008 or at exclusively designated e-mail ID for any grievance at investors@dcml.in

s. Postal Ballot

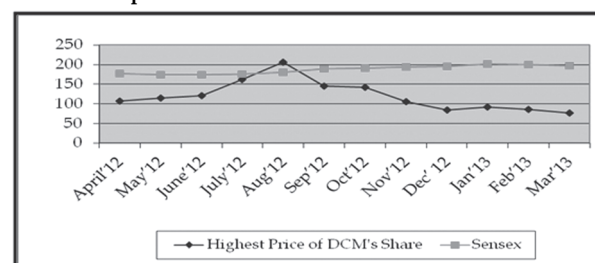
During the year under review the Company has not passed any resolution through Postal Ballot.

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-2012	107.90	87.40	17664.10	17010.16
May-2012	114.40	102.00	17432.33	15809.71
June-2012	121.00	110.80	17448.48	15748.98
July-2012	161.40	118.00	17631.19	16598.48
August-2012	206.80	127.65	17972.54	17026.97
September-2012	145.95	123.30	18869.94	17250.80
October-2012	141.80	110.90	19137.29	18393.42
November-2012	105.40	74.50	19372.70	18255.69
December-2012	84.50	72.90	19612.18	19149.03
January-2013	91.40	70.00	20203.66	19508.93
February-2013	85.95	61.35	19966.69	18793.97
March-2013	76.90	59.00	19754.66	18568.43

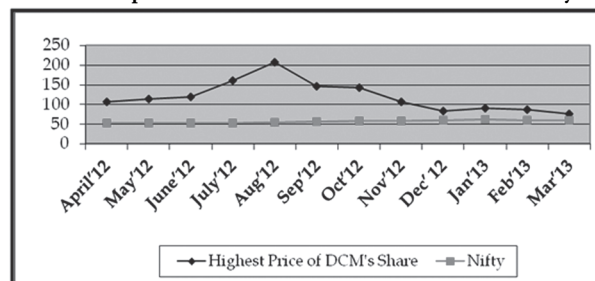
Chart of comparison of DCM Limited's Share Price with SENSEX



b) DCM LIMITED vs NIFTY

	DCM LIMITED		NIFTY	
	High	Low	High	Low
April-2012	107.75	87.00	5378.75	5154.30
May-2012	114.50	101.90	5279.60	4788.95
June-2012	121.40	110.90	5286.25	4770.35
July-2012	161.60	117.95	5348.55	5032.40
August-2012	206.95	127.50	5448.60	5164.65
September-2012	146.10	127.30	5735.15	5215.70
October-2012	142.45	112.65	5815.35	4888.20
November-2012	107.05	74.60	5885.25	5548.35
December-2012	84.00	72.25	5965.15	5823.15
January-2013	91.00	70.00	6111.80	5935.20
February-2013	87.00	61.30	6052.95	5671.90
March-2013	76.70	59.05	5971.20	5604.85

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



Source: BSE and NSE websites

NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements as specified in Annexure ID of clause 49 of the Listing Agreement except clause (2) relating to Remuneration Committee.

For and on behalf of the Board

Place: New Delhi
Date: May 27, 2013

Sd/-
Jitendra Tuli
Chairman and Managing Director

Chief Executive Officer Declaration

I, Dr. Vinay Bharat Ram, Chief Executive Officer of DCM Limited, certify based on annual disclosures received, that all Board members and senior management personnel have abided by the code of conduct laid down by the Company.

Place : New Delhi
Date : May 27, 2013

Sd/-
Dr. Vinay Bharat Ram
Chief Executive Officer

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, 2013, 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 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 further 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)
Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 27, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

TEXTILE DIVISION

Industry Structure and Developments

The Indian textile industry is as diverse and complex as the country itself. It is endowed with largest loomage in the world and the second highest spindleage, next only to China. A strong multi-fibre raw material base, vast pool of skilled workers, flexible production systems and a dynamic entrepreneurship together with design creativity have contributed to create a vibrant textile industry in India.

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4% to the GDP and 17% to the country's export earnings. It provides direct employment to over 35 million peoples. The textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a bearing on the improvement of the economy of the nation.

Outlook

The spinning industry is very labor intensive and India has competitive advantage on these front vis-à-vis developed countries of the world. Hence spinning industry is slowly getting dismantled in developed countries. India along with other Asian third world countries is becoming the main production center of yarn. However, labor availability is not as comfortable now and wage rates are increasing.

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. Textiles sector has been identified as one of the priority sectors having high growth potential and higher multiplier effects for employment generation. Govt. of India has announced in its latest budget that Textile Upgradation Fund will be extended up to 31.03.2017 and will contribute to growth of the industry

Financial and Operational Performance

The performance of the Textile business for the year ended March 31, 2013 is as follows:

S. No.	Particulars	(12 months) 2012-13	(12 months) 2011-12
1	Sales in Quantity (MT)	17948	15115
2	Production (MT)	17483	14659
3	Sales & other Income (Rs in lacs)	34597	29334
4	Total Expenditure (Rs in lacs)	(28113)	(29600)
5	Profit before finance cost, Depreciation, Amortisation & Tax	6484	(266)
6	Finance Cost (Rs in lacs)	(1194)	(1624)
7	Depreciation (Rs in lacs)	(988)	(951)
8	Profit/(Loss) before Tax (Rs in lacs)	4302	(2841)

Manpower Development

The knowledge, competency and skills of people are being continuously developed to support the employees to become effective leaders. The Division is emphasizing towards improving the efficiency and skills by adopting Total Quality Management Techniques. This will enhance the competency and analytical skills of employees and help them in resolving the problems through pro-active approach. TQM Consultants are guiding the employees from time to time. Initiatives like cross functional teams to improve processes, autonomous maintenance to improve machine condition and 3 M to remove waste from the processes are underway.

Risk & Concerns

High volatility of cotton, yarn prices, Rupee to US\$ exchange rate are the major concerns for us and by reducing open positions on these, we are trying to reduce the impact of volatility. Labor shortage is another area which is affecting the operations. This is being mitigated by increasing automation in operations and by improving wage rates.

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 its employees. The workers participation in SHE committee is helping in formulation and effective implementation of safety and health programmes.

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 435 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 paperless 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

The IT-Business Process Management (BPM) Industry has become the highest impact sector for India. Its contribution to India's GDP has grown from about 2.5% in 2003 to about 8% now a growth of almost 300% in 10 years. It is also the highest "value add" sector among all industries with a value addition of 60-70%, as per industry body NASSCOM. The IT Industry is one of the largest organized private sector employers in India employing almost 3 million people directly and contributing to almost 24% share of the exports from India. It also has one of the highest percentages of women employees in their ranks at close to 30% of the total workforce.

During the year the Industry recorded a 14% growth, with the growth in the domestic IT market crossing the exports growth rate. However exports still contribute about 70% of the total Industry. This makes India the fastest growing IT market in the world.

The global technology spend is expected to improve going forward. The housing sector in the US and the overall investment sentiment in the US is improving. The global IT - BPM spend is expected to touch USD 2 trillion. Out of this the IT-BPM exports industry could get about USD 85-87 billion - a growth of about 12-14% and the domestic IT industry could get about USD 23.6 - 24 billion, a growth of about 13-15%. Remote Infrastructure Management forms the fastest growing segment within the exports of IT-BPM services.

On the domestic front, there are some imminent interim jerks, on account of political instability, elections and slow-down in some sectors. The macro-economic indicators remain positive and India will continue to support various global economies with both knowledge and process expertise. Therefore for India Centric companies there might be interim challenges from time-to-time, however the overall growth for industry will continue.

Opportunities & Outlook

Technologies like Social Media, Mobility, Analytics and Cloud, also called SMAC in industry parlance, are on the verge of exploding. Due to these technologies customer business models will change and could create new verticals and a bunch of new opportunities. On the other hand mature technologies like the internet will continue to create more value propositions.

India retains its number one position as the world's leading sourcing location for IT-BPO services, despite the rise of several alternative sourcing locations, with a share of over 58 percent. India-based resources are estimated to account for about 60-70 percent of the offshore delivery capacities across the leading multinational IT-BPO players.

The IT Division has been evolving itself over the years and has grown its service offerings while staying in its core domain of "Infrastructure Services". Starting from couple of products in 2006. Today, the Division has expertise to handle the customers' requirements in multiple products. Its domain expertise includes a diverse knowledge of systems and technologies. Enterprises can benefit by leveraging on its robust global delivery model, proven methodologies, standardized tools and mature processes for enterprise infrastructure management services (IMS). This is opening up a lot of opportunities both in India and in the US. Also since the division at the base of the pyramid of technologies which form the cloud, the division should also benefit with the movement of companies to the cloud.

Financial & Operations Overview:

The financial performance of the IT division for the year ended March 31, 2013 is as follows:

Rs in Lacs

S. No.	Particulars	12 months (2012-2013)	12 months (2011-2012)
1.	Sales & Other Income	4500	4017
2	Total Expenditure	(4273)	(3891)
3	Profit before finance cost, Depreciation, Amortisation & Tax	227	126
4	Finance Cost	(55)	(66)
5	Depreciation & Amortizations	(21)	(22)
6	Profit/(Loss) Before Tax	151	38

The India centric operations grew by 27% over previous year, in spite of the reversals in the local sentiment in some sectors. The Overseas operations recorded around 9% growth. Overall improvement in volume and margins on exports has helped in improvement in financial performance during the year.

The Division has, over the years, established itself in data center management business with specialization in managing different systems, storage devices and databases. It caters to organizations with a high IT dependency and large Unix & Virtualization based systems by providing highly qualified Unix, VMware, messaging & storage skills and data center management capability at competitive prices.

During the year the Division added new customers as well as increased the amount of business from existing customers. Over the last one year the division has been involved in sourcing, training, deploying and managing on turnkey basis requirements of one of the largest IT companies in the world. This will ensure a consistent revenue stream for the division for the next couple of years. Today some of the largest companies in the NCR region use the division's services for managing their IT environments.

Manpower Development /Industrial Relations

The division's business model is manpower centric and involves providing high-end technical services to clients in the field of Systems Administration and Systems Management. Requisite skill set is not easily available; hence it is necessary to train / upgrade the skills of manpower to meet the business requirements. The division has an in-house Competence Center to impart hands on training to employees in systems and storage domain and is the back bone of our operations.

Risks and Concerns

- The dependence on few customers for major part of business both in US and India is a concern area, though the division is consciously trying to diversify the customer base so as to insulate its revenues and profitability from changes in fortunes or business policies of its customers.
- The Indian market is showing a slowdown and decisions are taking longer resulting in postponement of revenues for the company.
- In the Indian Market telecom companies and hosting companies are also getting into our domain as a "value add" for their customers. On the other hand since the market looks so attractive the MNCs are also leaving no stone unturned to capture a larger share of the market we operate in. This is a definite risk which we need to mitigate.
- The protectionist sentiment in the US and Europe is growing and the European Union has a new crisis taking place every now and then. The most recent being Cyprus defaulting. These factors have a possibility of skidding the growth rates and projections.
- Any restrictions/ dis-incentives on off shoring if imposed by the US government might have impact on the business of the division.
- The exchange rate fluctuation has a direct and significant impact on the profitability, since a major part of the transactions are in foreign exchange. On the other hand with the Indian Rupee depreciating so much, the Indian economy will face intense pressure and the IT Services market in India could get impacted.

Adequacy of Internal Control Systems

The Operations of the division are spread across different geographies, including India and the USA, hence commensurate Internal controls have been instituted that are regularly upgraded in-line with the changes in the regulatory and control requirements. The division has adequate control systems and internal policies, for order processing, legal compliances, employee recruitment and management, maintenance services and security systems to safeguard its IT infrastructure.

Cautionary Note

Statements in the Management Discussion and Analysis describing the division's objectives, estimates or projections may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the division's operations include changes in the main client's purchase procedures, changes in Government regulations, tax regimes, economic outlook in India and US and other incidental factors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DCM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of DCM LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion:

- i) *There are various issues arisen/arising out of the reorganisation arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 40 of the financial statements. The effect of these on the financial statements is not ascertainable at this stage;*
- ii) *The disclosures in terms of Accounting Standard (AS)-27 "Financial Reporting of Interest in Joint Ventures" for the reasons stated in note 44 of the financial statements have been made on the basis of last available financial statements of joint venture for the year ended March 31, 2012.*

The matters referred to in paragraphs (i) and (ii) to the extent covered here above were also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2012.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to note 30 of the financial statements which explains in detail the position of the "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) and the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) *Except for the effect of the matter described in paragraph (ii) of the Basis for Qualified Opinion*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 27, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business / activities / result, clauses (x), (xiii) and (xiv) of the order are not applicable.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were

physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.

- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
- (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. However, in respect of certain raw materials, the inventories were verified by the management on a visual estimation which has been relied upon by us.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements during the year that need to be entered in the register required to be maintained under Section 301 of the Companies Act, 1956 and accordingly paragraph 4(v)(b) of the Order is not applicable.
- (vi) In our opinion, after considering the information and explanations given to us that the Order dated September 10, 1998 of the Company Law Board issued under Section 58A(9) of the Companies Act, 1956 is an integral part of SORA, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and section 58 AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us and the records of the Company examined by us in respect of statutory dues and after considering SORA, pursuant to which certain past dues have been rescheduled for payment:
- (a) The Company has been regular in depositing undisputed dues, including, investor education and protection fund, employees' state insurance, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it and has generally been regular in depositing dues in case of provident funds and income-tax with the appropriate authorities. There were no undisputed statutory dues outstanding for a period of more than six months from the date they become payable as at the year end.

- (b) Details of dues of customs duty and income-tax matters which have not been deposited as on March 31, 2013 by the Company on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where pending	Total Amount involved* (Rs. Lacs)	Amount paid under protest (Rs. Lacs)	Period to which the amount relates
Customs Act, 1962	Customs Duty	Commissioner of Customs (Appeals)	12.55	—	1988-89
Income-tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	33.25	—	Assessment year 2010-11

*amount as per demand orders including interest and penalty wherever indicated in the demand.

For the above purposes, statutory dues payable in India have been considered. Further, the demands raised and already set off by the Income-tax Authorities against the carried forward losses of the Company or the refunds due to the Company, being no longer due for payment, have not been considered.

The following matters which have been excluded from the table have been decided in favour of the Company, although we are informed that the concerned regulatory authority has preferred appeal at a higher level:

Name of the Statute	Nature of the dues	Forum where pending	Amount (Rs. in lacs)	Period to which the amount relates
Income-Act, 1961	Income-tax	Delhi High Court	442.48	Assessment Years 1983-84 to 1990-91
		Delhi High Court	35.18	Assessment Years 2002-03
		Income Tax Appellate Tribunal	27.93	Assessment Years 2009-10

We have been further informed that there are no dues in respect of service tax, sales tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

- (x) According to the information and explanations given to us and after considering SORA, the Company has not defaulted in repayment of dues to financial institutions, debenture holders and bank.
- (xi) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans taken during the year have been applied for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that funds raised on short term basis have not been used for long term investments.
- (xv) The Company has not made any preferential allotment of shares during the year.
- (xvi) The Company has not issued any debentures during the year.
- (xvii) The Company has not raised money by way of public issue during the year.
- (xviii) To the best of our knowledge and according to the information and explanations given to us by the management, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 27, 2013

Balance Sheet as at March 31, 2013

	Note	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,737.59	1,737.59
Reserves and surplus	3	16,583.48	14,219.96
		<u>18,321.07</u>	<u>15,957.55</u>
Non-current liabilities			
Long-term borrowings	4	2,978.51	3,850.79
Deferred tax liabilities (net)	5	300.68	320.28
Other long-term liabilities	6	2,781.24	2,805.63
Long-term provisions	7	498.19	466.53
		<u>6,558.62</u>	<u>7,443.23</u>
Current liabilities			
Short-term borrowings	8	10,989.64	8,821.74
Trade payables	9	1,152.75	1,878.93
Other current liabilities	10	3,948.52	5,701.97
Short-term provisions	11	514.96	659.52
		<u>16,605.87</u>	<u>17,062.16</u>
		<u>41,485.56</u>	<u>40,462.94</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	7,114.65	7,242.22
Intangible assets	12	—	—
Capital work-in-progress		59.00	1.87
		<u>7,173.65</u>	<u>7,244.09</u>
Non-current investments	13	7,025.34	7,020.34
Long-term loans and advances	14	2,834.83	2,446.64
Other non-current assets	15	2,001.23	2,995.24
		<u>19,035.05</u>	<u>19,706.31</u>
Current assets			
Inventories	16	9,233.77	7,864.52
Trade receivables	17	7,489.92	8,388.49
Cash and bank balances	18	1,087.03	1,094.98
Short-term loans and advances	19	2,647.31	2,390.97
Other current assets	20	1,992.48	1,017.67
		<u>22,450.51</u>	<u>20,756.63</u>
		<u>41,485.56</u>	<u>40,462.94</u>

Significant accounting policies & Notes to the financial statement 1 to 48

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner

JITENDRA TULI
Chairman and Managing Director

BHABAGRAHI PRADHAN
Company Secretary

BIPIN MAIRA
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 27, 2013

Statement of Profit and Loss for the year ended March 31, 2013

	Note	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
Revenue			
Revenue from operations (gross)	21	38,645.86	34,874.34
Less: Excise duty		28.26	23.05
		<u>38,617.60</u>	<u>34,851.29</u>
Other Income	22	1,028.78	877.95
		<u>39,646.38</u>	<u>35,729.24</u>
Expenses			
Cost of materials consumed	23.a	20,692.11	22,047.18
Changes in inventories of finished goods, work in progress and land (for development)	23.b	383.91	1,872.97
Employee benefits expense	24	5,955.09	5,123.47
Finance costs	25	1,497.76	1,976.30
Depreciation and amortisation expense	26	1,019.73	990.04
Other expenses	27	6,011.07	5,065.75
		<u>35,559.67</u>	<u>37,075.71</u>
Profit/(loss) before exceptional items and tax		<u>4,086.71</u>	<u>(1,346.47)</u>
Exceptional Items of operational income	28	–	1,800.00
Profit before tax		<u>4,086.71</u>	<u>453.53</u>
Tax expense :			
Current tax {including foreign tax Rs. 10.84 lacs (Previous year Rs. Nil)}		1,203.24	10.00
Minimum alternative tax (MAT) credit entitlement		–	(10.00)
Deferred tax charge/(benefit)		(19.60)	(92.00)
Tax relating to prior years		2.06	1.13
{Including foreign tax Rs. 2.06 lacs (Previous year Rs. 1.13 lacs)}		<u>1,185.70</u>	<u>(90.87)</u>
Profit for the year		<u>2,901.01</u>	<u>544.40</u>
Basic and diluted earning per share of Rs. 10 each		16.69	3.13

Significant accounting policies & Notes to the financial statements 1 to 48

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

JITENDRA TULI
Chairman and Managing Director

BIPIN MAIRA
Director

MANJULA BANERJI
Partner

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 27, 2013

Cash flow statement for the year ended March 31, 2013

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
A. Cash flow from operating activities :		
Profit before tax	4,086.71	453.53
Adjustments for :		
Depreciation and amortisation expense	1,019.73	990.04
Loss/ (profit) on sale / write off of fixed assets	(24.69)	4.89
Finance costs	1,497.76	1,976.30
Interest income	(163.09)	(146.07)
Dividend income	(452.00)	(452.20)
Operating profit before working capital changes	5,964.42	2,826.49
Adjustments for changes in working capital		
Inventories	(1,369.25)	8,544.49
Trade receivables	898.57	4,371.49
Short-term loans and advances	(361.60)	139.77
Long-term loans and advances	(8.10)	(1.88)
Other current assets	(986.25)	(513.26)
Other non-current assets	990.00	(990.00)
Trade payables	(726.18)	303.47
Other current liabilities	(172.60)	(1,077.32)
Other long-term liabilities	(24.39)	(331.27)
Short-term provisions	21.42	(23.91)
Long-term provisions	31.66	(511.19)
Net income tax (paid)	4,257.70	12,736.88
Net cash generated operating activities	3,606.26	12,426.42
B. Cash flow from investing activities :		
Purchase of Non current Investment	(5.00)	—
Invested in fixed deposits (net)	4.01	(5.24)
Purchase of fixed assets	(1,771.39)	(218.24)
Sale of fixed assets	41.73	2.68
Dividend received	452.00	452.20
Interest received	174.53	138.52
Net cash from investing activities	(1,104.12)	369.92
C. Cash flow from financing activities:		
Proceeds from long term borrowings	786.78	981.04
Repayment of long-term borrowings	(3,263.10)	(1,912.43)
Proceeds from short-term borrowings	—	250.00
Repayment of short-term borrowings	(250.00)	(1,000.00)
Changes in working capital borrowings	2,417.90	(8,637.81)
Dividend paid (including tax on dividend)	(716.41)	(422.57)
Finance costs paid	(1,485.26)	(1,980.18)
Net cash from financing activities	(2,510.09)	(12,721.95)
Net increase/(decrease) in cash and bank balances (A+B+C)	(7.95)	74.39
Cash and bank balances at the beginning of the year*	1,094.98	1,020.59
Cash and bank balance at the end of the year*	1,087.03	1,094.98
	(7.95)	74.39

Significant accounting policies and Notes to financial statements 1 to 48

*Includes Rs. 284.14 lacs (Previous year: Rs. 423.17 lacs) as security with debenture trustee and Rs. 404.25 lacs (Previous year: Rs. 411.90 lacs) earmarked for specifice use.

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner

JITENDRA TULI
Chairman and Managing Director

BHABAGRAHI PRADHAN
Company Secretary

BIPIN MAIRA
Director

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi

Date : May 27, 2013

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

a) Accounting convention:

These financial statements have been prepared under the historical cost convention except revaluation of certain plots of land, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended) and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

b) Use of estimates:

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates. The differences between the actual results and estimates are recognised in the year in which the results are known/ materialized. Any revision to accounting estimate is recognised prospectively in current and future period.

c) Fixed assets:

Fixed assets, other than certain plots of land, which have been revalued, are stated at cost of acquisition/ construction less accumulated depreciation. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period in the cases of new projects and expansion of existing factories. Certain lands, which are revalued, are stated at revalued figures on the basis of valuation reports of approved valuers.

(d) Impairment:

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

e) Depreciation and amortisation:

(i) The Company follows straight-line method of depreciation in respect of buildings / plant and machinery and all assets of IT Division and written down value method in respect of other assets.

(ii) The rates of depreciation charged on all fixed assets are in accordance with the rates specified in Schedule XIV to the Companies Act, 1956, except (excluding those relating to IT Division) in the following cases:

a) Vehicles, office and other equipment - 33.33%

(Other than computers)

b) Assets acquired upto June 30, 1986

– Plant and machinery	– Rates prescribed under the Income-tax Rules, 1962, at the time of acquisition of such assets.
– Factory buildings	– 3.39%
– Other buildings	– 1.64%

iii) On assets sold, discarded, etc., during the period/year, depreciation is not provided up to the date of sale/discard.

iv) Depreciation has been calculated on a pro-rata basis in respect of acquisition/installation of all assets of the IT Division and on plant and machinery in other cases. Depreciation on remaining assets is provided for full year / period irrespective of the date of acquisition.

v) Leasehold improvements are amortised over the balance of the primary lease period.

vi) The intellectual property rights are amortised on a straight-line basis, based on management estimates of useful life varying from 1 to 5 years, commencing from the month in which the asset is available to the Company for use.

vii) Computer software are amortised over a period of 5 years.

f) Investments:

Long-term investments are valued at cost unless there is a permanent fall in the value thereof.

g) Inventories:

i) Stores, spares and components are valued at cost or under.

ii) Raw materials, process stocks, finished goods and stock in trade are valued at lower of cost and net realisable value.

- iii) Land (for development) on conversion into inventory from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relatable thereto.

Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis.

Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.

h) Revenue recognition:

- i) Sale of goods is recognised at the point of despatch of finished goods to customers which coincides with the transfer of risk and reward of ownership. Sales are inclusive of excise duty and exclusive of sales tax.
- ii) Revenue from software development contracts is recognised on the basis of milestone achieved, as provided in the contract.
- iii) Revenue on maintenance contracts is recognised on pro-rata basis linked with the period of contract.
- iv) Services income is recognised on accrual basis, as provided in the contracts.
- v) In respect of Land Development Project, sale of rights on outright basis is recognised in the year of such sale.
- vi) Interest income is recognised using the time proportion method.

i) Excise duty:

Excise duty on sales is being deducted from gross sales and any increase/ decrease in excise duty on finished goods are being shown separately in the statement of profit and loss.

j) Research and development expenditure:

The revenue expenditure on research and development is expensed out in the year in which it is incurred. Expenditure, which results in creation of capital assets, is treated as similar to expenditure on other fixed assets.

k) Employees' benefits:

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to statement of profit and loss.

l) Taxes on income:

Income-tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

m) Foreign exchange transactions:

- i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.

The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous financial statements, are recognised as income / expense in the period in which they arise, except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets.

In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts, is amortised as income or expense over the life of the contract and the exchange difference on such contracts, i.e., difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception of contract / the last reporting date, is recognised as income / expense for the period except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets. Derivatives not covered in AS -11 are marked to market at balance sheet date and resulting loss, if any, is recognized in the statement of profit and loss in view of the principle of prudence.

- ii) In respect of financial statements of integral foreign operations of foreign branches, fixed assets are recorded at cost, based on the exchange rate prevailing on the date of transactions. Current assets and current liabilities are reported using the exchange rates on the date of the balance sheet. Incomes and expenses are translated at the average of monthly closing rates of exchange. The resultant exchange gains / losses are recognised in the statement of profit and loss.

Notes to the Financial Statements for the year ended March 31, 2013 continued

2. Share capital	No. of shares	As at March 31, 2013	No. of shares	As at March 31, 2012
		Rs./Lacs		Rs./Lacs
Authorised				
Equity shares of Rs. 10 each with voting rights	60,000,000	6,000.00	60,000,000	6,000.00
9.5% - 6th Cumulative redeemable preference shares of Rs. 25 each	320,000	80.00	320,000	80.00
Preference shares of Rs. 25 each	3,680,000	920.00	3,680,000	920.00
Cumulative convertible preference shares of Rs. 100 each	1,000,000	1,000.00	1,000,000	1,000.00
		<u>8,000.00</u>		<u>8,000.00</u>
Issued, subscribed and fully paid up *				
Equity shares of Rs. 10 each with voting rights fully paid up **	17,379,037	1,737.90	17,379,037	1,737.90
Less: Calls in arrears by others		0.31		0.31
		<u>1,737.59</u>		<u>1,737.59</u>

* The Company has issued one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company.

** There is no change in issued, subscribed and paid up share capital during the current year and corresponding previous year.

The shareholders holding more than 5% equity shares of the Company are as under :

	Number of shares	As at March 31, 2013 % holding in the shares	Number of shares	As at March 31, 2012 % holding in the shares
Aggresar Leasing and Finance Private Limited	3,716,578	21.39%	3,716,578	21.39%
Betterways Finance & Leasing Private Limited	1,623,135	9.34%	1,623,135	9.34%
Life Insurance Corporation of India	1,567,444	9.02%	1,573,307	9.05%

3. Reserves and surplus	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
Capital reserve*		
At the beginning and end of the year	24.90	24.90
Capital redemption reserve		
At the beginning and end of the year	130.00	130.00
Securities premium account		
At the beginning and end of the year	3,767.00	3,767.00
General reserve		
Opening balance	320.00	260.00
Add: Transferred from surplus in Statement of Profit and Loss	300.00	60.00
Closing balance	<u>620.00</u>	<u>320.00</u>
Surplus in Statement of Profit and Loss		
Opening balance	9,978.06	9,928.14
Add: Profit for the year	2,901.01	544.40
	<u>12,879.07</u>	<u>10,472.54</u>
Less: Interim dividend on equity shares	260.69	-
Proposed dividend on equity shares	260.69	434.48
Corporate dividend tax	86.59	70.48
Corporate dividend tax no longer payable written back	(70.48)	(70.48)
Transferred to general reserve	300.00	60.00
Closing balance	<u>12,041.58</u>	<u>9,978.06</u>
	<u>16,583.48</u>	<u>14,219.96</u>

* Represents Central/State Government subsidy.

Notes to the Financial Statements for the year ended March 31, 2013 continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
4. Long-term borrowings		
Secured		
Term loans		
From banks*	4,438.07	5,965.14
From others**	63.45	14.44
	<u>4,501.52</u>	<u>5,979.58</u>
Unsecured		
Term loans		
From others***	71.35	1,071.35
Deposits		
Others	47.35	45.61
	<u>118.70</u>	<u>1,116.96</u>
	<u>4,620.22</u>	<u>7,096.54</u>
Less: Current maturities on long term borrowings #	<u>1,641.71</u>	<u>3,245.75</u>
	<u><u>2,978.51</u></u>	<u><u>3,850.79</u></u>

* Term loans from banks include :

- Term loans aggregating Rs. 3,804.84 lacs (Previous year: Rs. 3,996.75 lacs) are secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities described in note 8, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar. Due within one year Rs. 1,001.25 lacs (Previous year: Rs. 902.00 lacs).
Rs. 1,625.00 lacs repayable in 9 quarterly installments, Rs. 325.00 lacs repayable in 16 quarterly installments, Rs. 1,144.75 lacs repayable in 23 quarterly installments and Rs. 710.09 lacs repayable in 21 quarterly installments.

- Corporate loan of Rs. 616.82 lacs (Previous year: Rs. 1,943.82 lacs) secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities and term loans described in note 8, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar. Due within one year Rs. 616.82 lacs (Previous year: Rs. 1327.00 lacs).
Rs. 616.82 lacs repayable in 2 quarterly installments.

- Rs. 16.41 lacs (Previous year: Rs. 24.57 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. Repayable in equal monthly installments. Due within one year Rs. 9.89 lacs (Previous year Rs. 11.63 lacs).

** Rs. 63.45 lacs (Previous year: Rs. 14.44 lacs) relate to assets purchased under hire purchase/financing arrangements with finance companies and are secured by way of hypothecation of the specified assets. Repayable in equal monthly installments. Due within one year Rs. 13.75 lacs (Previous year: Rs. 5.12 lacs).

*** Term loan aggregating to Rs. 71.35 lacs (Previous year Rs. 1071.35 lacs) includes Rs. Nil (Previous year: Rs. 1,000.00 lacs) secured by registered mortgage of farm house land situated at Rajokri, New Delhi, admeasuring 2.50 acres, owned by a promoter group company. Due within one year Rs. Nil (Previous year: Rs. 1,000.00 lacs)

Refer note 10.

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
5. Deferred tax liabilities (net)		
Deferred tax liability on:		
Accelerated depreciation	561.02	594.28
Less :		
Deferred tax asset on:		
Unabsorbed depreciation	–	50.70
Accrued expenses deductible on payment	229.47	198.59
Provision for doubtful debts and advances	30.87	24.71
	<u>260.34</u>	<u>274.00</u>
	<u><u>300.68</u></u>	<u><u>320.28</u></u>

Notes to the Financial Statements for the year ended March 31, 2013 continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
6. Other long-term liabilities		
Trade payables	82.44	82.39
Security deposit	18.66	19.01
Liabilities for land development expenses	1,553.62	1,577.71
Others	1,126.52	1,126.52
	<u>2,781.24</u>	<u>2,805.63</u>
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
7. Long-term provisions		
Provision for employee benefits :		
Compensated absences	161.55	141.14
Gratuity	336.64	325.39
	<u>498.19</u>	<u>466.53</u>
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
8. Short-term borrowings		
Secured		
Loans repayable on demand from banks *	10,989.64	8,571.74
Other loans and advances **	—	250.00
	<u>10,989.64</u>	<u>8,821.74</u>

* Loans repayable on demand from banks include

- cash credit/overdraft and working capital demand loan facilities aggregating Rs. 10,567.10 lacs (Previous year : Rs. 8,161.17 lacs) and other non-fund based facilities from a bank, are secured by way of hypothecation of stocks / stores and book debts, both present and future. These are further secured by equitable mortgage of immovable assets, both present and future, and first charge, ranking pari-passu with the charge created for availing term loans as described in note 4, by way of hypothecation of existing as well as future block of movable assets pertaining to the Textile Division at Hissar.
- cash credit facilities relating to IT Division, aggregating Rs. 422.54 lacs (Previous year :Rs. 410.57 lacs) and other non-fund based facilities from a bank, are secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the Division (both present and future), and by way of first charge on office property at Hyderabad. The above facility is further secured by way of first charge created / to be created on other fixed assets of the Division.

** Other loans and advances include.

- Rs. Nil (Previous year: Rs. 250.00 lacs) secured by pledge of Nil (Previous year: 1,100,000) equity shares of DCM Engineering Limited on a margin of 100% over the outstanding loan amount.

Notes to the Financial Statements for the year ended March 31, 2013 continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
9. Trade payables		
Dues to micro and small enterprise #	0.08	0.26
Others	1,152.67	1,878.67
	<u>1,152.75</u>	<u>1,878.93</u>

Based upon the information available with the Company, the balance due to the Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs 0.08 lacs (Previous year : Rs. 0.26 lacs). Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
10. Other current liabilities		
Current maturities of long-term borrowings *		
Secured		
From banks	1,627.96	2,240.63
From others	13.75	5.12
Unsecured		
From others	—	1,000.00
	<u>1,641.71</u>	<u>3,245.75</u>
Unclaimed dividends	32.96	11.91
Unclaimed matured deposits and interest accrued thereon **	113.33	137.35
Unclaimed matured debentures and interest accrued thereon **	538.81	698.98
Unclaimed application money on debentures **	—	1.21
Statutory dues payable	66.21	54.30
Liabilities for capital goods	3.22	0.78
Security deposits received	0.48	0.43
Advances from customers	31.34	38.26
Interest accrued but not due on borrowings	0.20	0.50
Liabilities for land development expenses	1,512.50	1,512.50
Others payables	7.76	—
	<u>3,948.52</u>	<u>5,701.97</u>

* Refer note 4

** No amount is due for transfer under Investor Education and Protection Fund in view of SORA, pursuant to which certain past dues have been rescheduled for payment.

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
11. Short-term provisions		
Provision for employee benefits :		
Compensated absences	14.48	12.25
Gratuity	60.48	41.29
	<u>74.96</u>	<u>53.54</u>
Others :		
Provision for tax	592.42	101.02
{net of advance tax Rs.2,882.72 lacs (Previous year: Rs. 2,158.09 lacs)}		
Less : MAT credit entitlement utilisation	<u>457.41</u>	<u>—</u>
		101.02
Proposed equity dividend	260.69	434.48
Corporate dividend tax	44.30	70.48
	<u>440.00</u>	<u>605.98</u>
	<u>514.96</u>	<u>659.52</u>

Notes to the Financial Statements for the year ended March 31, 2013 continued

12. Fixed assets

(Rs./lacs)

Description	Gross block			Depreciation and amortisation				Net block	
	As at March 31, 2012	Additions	Deductions	As at March 31, 2013	Upto March 31, 2012	For the year	On Sales/ Disposal	As at March 31, 2013	As at March 31, 2012
Tangible Assets									
Freehold Land *	977.48	—	—	977.48	—	—	—	977.48	977.48
Buildings	1,770.91	95.67	—	1,866.58	545.85	53.12	—	598.97	1,267.61
Lease improvement	28.43	—	—	28.43	8.16	2.98	—	11.14	17.29
Plant and machinery	11,930.22	727.36	215.07	12,442.51	7,031.12	912.73	203.82	7,740.03	4,702.48
Furniture and fittings	235.76	3.65	0.80	238.61	209.84	6.62	0.79	215.67	22.94
Office Equipments	94.87	8.58	2.45	101.00	67.69	6.83	2.45	72.07	28.93
Vehicles	208.42	73.94	28.06	254.30	141.21	37.45	22.28	156.38	97.92
Sub total	15,246.09	909.20	246.38	15,908.91	8,003.87	1,019.73	229.34	8,794.26	7,114.65
Previous year	14,834.18	551.76	139.85	15,246.09	7,151.62	984.53	132.28	8,003.87	7,242.22
Intangible Assets									
Intellectual Property Rights	279.90	—	279.90	—	279.90	—	279.90	—	—
Computer Software	215.88	—	133.20	82.68	215.88	—	133.20	82.68	—
Sub total	495.78	—	413.10	82.68	495.78	—	413.10	82.68	—
Previous year	497.36	0.08	1.66	495.78	491.93	5.51	1.66	495.78	—
Grand total	15,741.87	909.20	659.48	15,991.59	8,499.65	1,019.73	642.44	8,876.94	7,114.65
Previous year	15,331.54	551.84	141.51	15,741.87	7,643.55	990.04	133.94	8,499.65	7,242.22

* Include Rs. 969 lacs added in 1992-93 on revaluation.

13. Non-current investments

Investments (At cost unless otherwise stated):

In equity instruments

A. Trade (unquoted)

(i) Subsidiary

50,000 (Previous year: 50,000) shares of Rs. 10 each fully paid up in DCM Textiles Limited 5.00 5.00

(ii) Joint venture company

15,387,470 (Previous year: 15,387,470) shares of Rs. 10 each fully paid up in Purearth Infrastructure Limited @ 2,443.64 2,443.64

Total - Trade (A) 2,448.64 2,448.64

B. Others

Unquoted

Subsidiaries

15,049,988 (Previous year: 15,049,988) shares of Rs. 10 each fully paid up in DCM Engineering Limited * 4,205.00 4,205.00

49,996 (Previous year: 49,996) shares of Rs. 10 each fully paid up in DCM Finance & Leasing Limited 5.00 5.00

2,550,020 (Previous year: 2,550,020) shares of Rs. 10 each fully paid up in DCM Realty Investment & Consulting Limited 255.00 255.00

50,000 (Previous year: 50,000) shares of Rs. 10 each fully paid up in DCM Tools & Dies Limited 5.00 5.00

50,000 (Previous year: Nil) shares of Rs. 10 each fully paid up in DCM Data Systems Limited 5.00 —

Quoted

Others

5,000 (Previous year: 5,000) shares of Rs. 10 each fully paid up in SRF Limited 1.60 1.60

Nil (Previous year: 59,584) shares of Rs. 10 each fully paid up in Daewoo

Motors India Limited ** — 16.34

Less: Provision for diminution in value of investments — 16.34 #

4,476.60 4,471.60

DCM

Notes to the Financial Statements for the year ended March 31, 2013 continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
Non-current investments continued...		
In preference shares		
Unquoted		
Subsidiaries		
100 (Previous year: 100) 13.5% Redeemable cumulative preference shares of Rs. 100 each fully paid up in DCM Finance & Leasing Limited	0.10	0.10
Others		
100,000 (Previous year: 100,000) 0% Non-cumulative redeemable preference shares of Rs. 100 each fully paid up in Combine Overseas Limited***	100.00	100.00
	<u>100.10</u>	<u>100.10</u>
Total - Other investments (B)	4,576.70	4,571.70
Total (A+B)	7,025.34	7,020.34
Aggregate cost of quoted investments (net of provision for diminution)	1.60	1.60
Aggregate market value of listed and quoted investments	8.47	12.39
Aggregate cost of unquoted investments	7,023.74	7,018.74
@ In terms of SORA, the Company will not dispose off its shareholding in Purearth Infrastructure Limited until the completion of the land development project at Bara Hindu Rao/ Kishan Ganj.		
* Nil (Previous year :11,00,000) fully paid up equity shares of Rs. 10 each of DCM Engineering Limited have been pledged with a body corporate.		
** Nil (Previous year : 59,584) fully paid equity shares of Rs. 10 each of Daewoo Motors (India) Limited have been pledged with one of the financial institution are pending for release.		
*** Refer note 38		
# Represents Rs. 1/-		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
14. Long-term loans and advances		
Unsecured, considered good		
Capital advances*	1,252.24	444.74
Security deposits	194.87	187.93
Loans and advances to employees	0.86	-
Balances with government authorities	49.63	49.38
MAT credit entitlement	807.43	1,234.84
Other loans and advances	529.80	529.75
Considered doubtful		
Other loans and advances \$	785.07	785.07
	<u>3,619.90</u>	<u>3,231.71</u>
Less: Provision for other doubtful loans and advances	785.07	785.07
	<u>2,834.83</u>	<u>2,446.64</u>
* refer note 37		
\$ Include Rs. 150.22 lacs (Previous year: Rs. 150.22 lacs) as inter corporate deposits.		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
15. Other non-current assets		
Unsecured, considered good		
Trade receivables	2,000.00	2,000.00
Other receivable		
Compensation receivable from a customer	-	990.00
Other bank balances		
Deposits with maturity for more than 12 months**	1.23	5.24
	<u>2,001.23</u>	<u>2,995.24</u>
** Held in margin money Rs. 0.44 lacs (Previous year: Rs. 5.24 lacs) and earmarked for specific use Rs. 0.79 lacs (Previous year: Rs. Nil)		

Notes to the Financial Statements for the year ended March 31, 2013 continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
16. Inventories		
Raw materials #	6,000.10	4,233.42
Work-in-progress(cotton yam)#	638.54	490.76
Finished goods #	1,503.81	2,035.50
(Includes goods in transit Rs. 690.58 lacs (Previous year: Rs. 484.32 lacs)		
Land (for development) ##	1,000.00	1,000.00
Stores and spares ###	91.32	104.84
	<u>9,233.77</u>	<u>7864.52</u>

Valued at lower of cost and net realisable value.

Valued at the lower of its historical cost and net realisable value and includes appropriate share of land development expenses and finance cost of borrowed funds.

Valued at cost or under.

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
17. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	8.47	8.60
Unsecured, considered good	16.72	29.10
Doubtful	82.14	67.49
	<u>107.33</u>	<u>105.19</u>
Less: Provision for doubtful trade receivables	82.14	67.49
	<u>25.19</u>	<u>37.70</u>
Other Trade receivables		
Secured, considered good	1.50	2.00
Unsecured, considered good	7,463.23	8,348.79
	<u>7,464.73</u>	<u>8,350.79</u>
	<u>7,489.92</u>	<u>8,388.49</u>

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
18. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	11.59	5.33
Balances with banks		
In current accounts *	181.34	206.33
In deposit accounts **	483.85	317.54
Others bank balances		
In deposit accounts #	410.25	565.78
	<u>1,087.03</u>	<u>1,094.98</u>

* Includes Rs. 5.14 lacs (Previous year : Rs. 3.51 lacs) as security with Debenture trustees and Rs. 40.19 lacs (Previous year : Rs. 27.35 lacs) earmarked for specific use.

** Includes Rs. Nil (Previous year : Rs. 0.27 lacs) as security with Debenture trustees, Rs. 9.83 lacs (Previous year : Rs. 4.96 lacs) against bank guarantee/ security and Rs. 264.86 lacs (Previous year : Rs. 264.86 lacs) earmarked for specific uses.

Includes Rs. 5.72 lacs (Previous year : Rs. 3.69 lacs) against bank guarantee/ security, Rs. 279.00 lacs (Previous year : Rs. 419.39 lacs) as security with Debenture trustees and Rs. 99.20 lacs (Previous year : Rs. 119.69 lacs) earmarked for specific uses.

Notes to the Financial Statements for the year ended March 31, 2013 continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
19. Short term loans & advances		
Unsecured, considered good		
Advance to suppliers	73.20	64.80
Loans and advances to employees	24.66	43.09
Security deposits	1.05	3.30
Prepaid expenses	68.49	49.52
Balances with government authorities	1,216.98	862.19
Advance income tax {net of provisions Rs. 2,882.72 lacs, (Previous year : Rs. 2,158.09 lacs)}	351.10	426.36
MAT credit entitlement	410.00	440.00
Other loans and advances @	501.83	501.71
	<u>2,647.31</u>	<u>2,390.97</u>
@ Represents advance for purchase in rights in flats Rs. 501.71 lacs (Previous Year : Rs. 501.71 lacs)		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
20. Other current assets		
Unsecured, considered good		
Interest accrued on deposits	11.33	22.77
Unbilled revenue	96.01	78.64
Insurance claim	192.06	192.06
Others receivables	1,693.08	724.20
	<u>1,992.48</u>	<u>1,017.67</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
21. Revenue from operations		
Sale of products		
Manufactured goods		
Cotton yarn	31,793.11	26,589.18
Sale of Service	4,442.46	3,937.81
	<u>36,235.57</u>	<u>30,526.99</u>
Other operating revenues		
Waste sales	1,753.69	1,781.57
Duty drawback and other export incentives	623.72	710.73
Liabilities/ provisions no longer required written back	20.33	1,841.11
Miscellaneous sales/ Income	12.55	13.94
	<u>2,410.29</u>	<u>4,347.35</u>
	<u>38,645.86</u>	<u>34,874.34</u>
Less: Excise duty	28.26	23.05
	<u>38,617.60</u>	<u>34,851.29</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
22. Other income		
Interest income	163.09	146.07
Dividend from long-term non trade investments		
Subsidiaries	451.50	451.50
Others	0.50	0.70
Net gain on foreign currency transactions and translation	349.28	247.08
Profit on sale of fixed assets	28.36	0.60
Liabilities/provisions no longer required written back	0.56	0.29
Other non-operating income	35.49	31.71
	<u>1,028.78</u>	<u>877.95</u>

Notes to the Financial Statements for the year ended March 31, 2013 continued

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
23. Cost of materials consumed		
23.a Cost of materials consumed - cotton		
Opening stock	4,233.42	10,873.47
Add: Purchases	22,458.79	15,407.13
	<u>26,692.21</u>	<u>26,280.60</u>
Less: Closing stock	6,000.10	4,233.42
	<u>20,692.11</u>	<u>22,047.18</u>
23.b Changes in inventories of finished goods, work-in-progress and land (for development)		
Inventories at the end of the year:		
Finished goods	1,503.81	2,035.50
Work-in-progress (cotton yarn)	638.54	490.76
Land (for development)	1,000.00	1,000.00
	<u>3,142.35</u>	<u>3,526.26</u>
Inventories at the beginning of the year:		
Finished goods	2,035.50	3,633.84
Work-in-progress (cotton yarn)	490.76	765.39
Land (for development)	1,000.00	1,000.00
	<u>3,526.26</u>	<u>5,399.23</u>
Net (increase) / decrease	<u>383.91</u>	<u>1,872.97</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
24. Employee benefits expense		
Salaries, wages, bonus, etc.	5,355.57	4,604.40
gratuity	81.25	75.15
Contributions to provident and other funds	357.81	320.10
Staff welfare expenses	160.46	123.82
	<u>5,955.09</u>	<u>5,123.47</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
25. Finance costs		
Interest expense		
– on borrowings @	1,462.65	1,912.79
– on taxes	12.80	14.79
Other borrowing costs	22.31	48.72
	<u>1,497.76</u>	<u>1,976.30</u>

@ Rs. Nil (Previous year: Rs. 0.05 lacs) has been adjusted against contingency provision.

Notes to the Financial Statements for the year ended March 31, 2013 continued

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
26. Depreciation and amortization expense		
Depreciation on tangible assets	1,019.73	984.53
Amortisation on intangible assets	—	5.51
	<u>1,019.73</u>	<u>990.04</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
27. Other expenses		
Consumption of stores and spare parts	828.20	651.84
Power, fuel, etc.	2,919.74	2,233.29
Rent	80.34	74.93
Repairs and maintenance to:		
– Buildings	40.24	22.79
– Machinery	28.47	29.24
– Others	29.10	25.10
Subcontracting charges	298.56	348.97
Freight and forwarding	507.75	487.04
Insurance	37.00	52.42
Rates and taxes	15.21	14.58
Brokerage, discount (other than trade discount), etc	124.11	119.36
Auditors' remuneration #		
As auditors		
– Audit fees	12.00	11.50
In other capacity		
– for tax audit	2.00	2.00
– verification of statement and other reports	3.25	3.40
– limited review of unaudited financial results	14.00	13.50
– for reimbursement of expenses	—	0.49
Directors' fees	5.96	4.23
Travelling and conveyance	186.98	139.47
Commission to selling agents (other than sole selling)	273.79	323.68
Sales Expenses	80.77	123.28
Donations	6.50	3.51
Legal and professional fees	229.02	164.49
Provision for doubtful trade receivables	16.46	23.80
Bad trade and other receivables, loans and advances written off	9.16	4.80
Investment written off	16.34	—
Less: Adjusted against provision for diminution	(16.34)	—
Loss on fixed assets sold/ written off	3.67	5.49
Land development expenses	17.99	44.92
Less: Adjusted against provision held	(17.99)	(44.92)
Miscellaneous expenses	258.79	182.55
	<u>6,011.07</u>	<u>5,065.75</u>

Excluding service tax

28. In the previous year exceptional item of Rs. 1,800.00 lacs represent compensation receivable from the developer of real estate project, pursuant to a settlement reached in relation to the flatted factory complex of the said project.

29. Disclosures required under Accounting Standard – 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules, 2006, are given below:

Defined contribution plans

Contributions to defined contribution plans charged off for the year are as under :

Particulars	Current Year Rs./lacs	Previous Year Rs./lacs
Company's contribution to provident fund	132.01	121.62
Company's contribution to superannuation fund	32.44	29.66
Company's contribution to employees' state insurance scheme	56.04	44.65

Defined benefit plans

(a) Gratuity

(b) Compensated absences – Earned / Sick leaves

These are unfunded schemes, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognise each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Rs./Lacs

Particulars		Gratuity		Earned and sick leaves	
		Current Year	Previous Year	Current Year	Previous Year
Change in present value of obligation					
Present value of obligation as at the beginning of the year		366.68	392.51	153.39	160.92
Current service cost		34.65	30.98	19.99	16.67
Interest cost		29.33	33.37	12.26	13.68
Actuarial (gain) / loss		17.27	10.80	6.57	(17.60)
Benefits paid		(50.81)	(100.98)	(16.18)	(20.28)
Present value of obligation as at the end of the year	Total	397.12	366.68	176.03	153.39
	Non-current	336.64	325.39	161.55	141.14
	Current	60.48	41.29	14.48	12.25
Change in plan assets		Not applicable	Not applicable	Not applicable	Not applicable
Plan assets at the beginning of the year		–	–	–	–
Expected return on plan assets					
Contribution by the Company					
Benefits paid					
Actuarial gain / (loss)					
Plan assets at the end of the year		–	–	–	–
Liability recognised in the financial statement					
Cost for the year					
Current service cost		34.65	30.98	19.99	16.67
Interest cost		29.33	33.37	12.26	13.68
Return on plan assets		–	–	–	–
Actuarial (gain) / loss		17.27	10.80	6.57	(17.60)
Net cost		81.25	75.15	38.82	12.75
Constitution of plan assets		Not applicable	Not applicable	Not applicable	Not applicable
Other than equity, debt, property and bank a/c Funded with LIC					
Main actuarial assumptions					
Discount rate		8.00%	8.50%	8.00%	8.50%
Rate of increase in compensation levels		5.50%	6.00%	5.50%	6.00%
Retirement Age (Years)		58/60	58/60	58/60	58/60
Mortality Table		*	*	*	*

* IALM (1994 - 96)

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

(Rs./Lacs)

Particulars	For the year ended March 31, 2013		For the year ended March 31, 2012		For the year ended March 31, 2011		For the year ended March 31, 2010		For the year ended March 31, 2009	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	397.12	176.03	366.68	153.39	392.51	160.92	382.02	155.68	308.44	127.46
Fair value of plan assets at the end	–	–	–	–	–	–	–	–	–	–
Net liability recognized in balance sheet	397.12	176.03	366.68	153.39	392.51	160.92	382.02	155.68	308.44	127.46
Net actuarial (gain)/loss recognized.	17.27	6.57	10.80	(17.60)	(10.92)	0.77	39.18	13.49	21.87	6.36

30. In terms of the Scheme of Restructuring and Arrangement approved by the Delhi High Court vide its order dated October 29, 2003 under section 391-394 of the Companies Act, 1956 (Act) and subsequent modification thereto vide Delhi High Court order dated April 28, 2011 (hereinafter referred to as SORA), the Company as envisaged thereunder has:

- a) with effect from April 1, 2001, spun off Engineering business into a subsidiary i.e. DCM Engineering Limited and merged a wholly owned subsidiary into the Company with effect from April 1, 1999.
- b) entered into definitive agreement on February 16, 2004 with Purearth Infrastructure Limited (PIL), a co-promoted company, for sale of development rights in freehold and leasehold land at Bara Hindu Rao/Kishanganj for a total consideration of Rs. 28,820 lacs includes Rs. 3,400 lacs on account of leasehold land out of which Rs. 2,400 lacs is subject to certain minimum profits being earned by PIL from the leasehold land. The status of these agreements is as under
 - In terms of the Freehold Definitive Agreement dated February 16, 2004, the Company had, during the year 2003-04, recognised the sale of development rights to PIL in freehold land at Bara Hindu Rao for a consideration of Rs.14,449.92 lacs (excluding the outstanding of Rs.10,962.08 lacs against the sale of rights aggregating Rs. 39,567 lacs in the Previous years).
 - the "Leasehold Definitive Agreement" dated February 16, 2004 has technically not come into effect as the conditions to make the agreement effective are yet to be complied with. As a result, the Company has considered prudent not to recognize the sale of development rights in leasehold land and has carried forward the same at its estimated net realisable value as "Land (for development)" under the head inventories in Note 16.

Consequent to the above, in terms of the SORA and the definitive agreements referred to as above, all rights and obligations with respect to development of freehold land have been taken over by PIL including the obligation towards advances received by the Company in the previous years against sale of flats on installment payment basis. Further, the provision for contingencies aggregating Rs. 501.74 lacs carried forward from the previous years to cover the expenses to be incurred in relation to the above project has been utilized/ adjusted during the previous year.

- c) Since, in terms of para 43 of the SORA, it cannot be implemented partially as, by its very nature, it would be implemented as a whole and in totality and that in the event any part of the SORA, either in part or in whole, is not capable of implementation, the whole SORA will have no effect. The management has confirmed to the auditors that the conditions contained in the leasehold definitive agreement (See (b) above) would be complied with and would not result in any adverse impact on the financials of the Company or on the successful implementation of the SORA.
 - d) The Company has in the previous years accounted for the impact of financial restructuring, resulting in rescheduling/ waiver of interest/ principal, including the modification of security terms, if any, with regard to partly convertible debentures, non convertible debentures, loans from Financial Institutions and certain inter corporate deposits as envisaged in the SORA.
 - e) After considering the effect of Delhi High Court order dated April 28, 2011, the Company, has complied with the debt repayment obligations including in respect of debentures, deposits, loans and related interest and where such amount has not been claimed by the concerned party, deposited an equivalent amount into a 'No Lien /Designated Account' with scheduled banks. Aggregate of amount so deposited as at the year end is Rs. 655.42 lacs (Previous year: Rs.823.16 lacs)
31. Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for in the financial statements aggregate Rs. 1,178.30 lacs (Previous year: Rs. 355.72 lacs).

32. Contingent liabilities not provided for:

Particulars	Current year Rs./Lacs	Previous year Rs./Lacs
Claims not acknowledged as debts: *		
– Income-tax matters	96.36	27.93
– Customs duty	12.55	12.55
– Employees' claims (to the extent ascertained)	39.32	39.32
– Property tax	391.56	800.62
– Others	262.78	249.82

* All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on the results of operations or financial position of the Company.

33. Managerial remuneration

	Current Year Rs./Lacs	Previous Year Rs./Lacs
– Directors' sitting fees	5.96	4.23

- | | Current Year | Previous Year |
|--|--------------|---------------|
| 34. Earnings per share: | | |
| (a) Profit after taxation as per statement of profit and loss (Rs./lacs) | 2,901.01 | 544.40 |
| (b) Number of equity shares (face value of Rs. 10 per share) | 173,79,037 | 173,79,037 |
| (c) Basic and diluted earning per share (Rs. Per share) | 16.69 | 3.13 |
35. During the financial period 1992-93, the Company revalued the lands pertaining to the Company's unit Hissar Textile Mills, Hissar, as of April 1, 1990, the date when the Company was re-organised, on the basis of valuation carried out by an approved valuer. This revaluation resulted in a surplus of Rs. 969 lacs, which was credited to the revaluation reserve, already adjusted in previous years.
36. The Collector, Hissar in the year 1989-90 had ordered resumption of 250 acres of land of the closed unit at Hissar and had served a notice on the Company to start textile operations on the remaining 129.5 acres of land at Hissar within a specified period failing which that land would also be resumed. The Company has since setup a spinning mill at this location and had filed a writ petition in the Hon'ble Punjab and Haryana High Court (referred as 'Court') challenging the order and the notice. The said writ petition of the Company was decided by Single Bench of the Court in favour of the Company on 29.6.2010 setting aside the said order of resumption. An appeal filed by State of Haryana against the said order of Single Bench before Divisional Bench of Hon'ble Punjab & Haryana High Court was dismissed during the year on 4.10.2012. A further Special Leave Petition (SLP) filed by Haryana Urban Development Authority (HUDA) one of the parties in the matter against the order of said Divisional Bench was dismissed by Hon'ble Supreme Court on 22.3.2013. In view of these orders, this matter has attained finality in favour of the Company.
37. Capital advances includes Rs. 295 lacs (Previous year: Rs. 295 lacs) paid during the previous years to a party to acquire certain property under construction at New Delhi. The construction was a matter of litigation between the builder and the local authorities. The High Court of Delhi has allowed the builder to construct the property subject to certain conditions. The management is confident that the advance paid to acquire the property is good and fully recoverable.
38. In the previous years, the Company's claim for the refund of an Inter Corporate Deposit amounting to Rs.100 lacs against a body corporate was settled by the body corporate by issuing, in terms of an arbitration award, 0% non-cumulative, non-voting, redeemable preference shares of Rs.100 each to the Company, redeemable within 20 years. The management is confident that the investment acquired by the Company in preference shares of the body corporate is good and fully recoverable.
39. The Company's significant operating lease arrangements, entered into subsequent to March 31, 2001, are in respect of premises (residential, office, stores, godown, etc.). These leasing arrangements, which are cancellable, are renewable at mutually agreeable terms. The lease rentals charged as rent aggregate Rs. 80.34 lacs (Previous year: Rs. 74.93 lacs) under note 27.
40. The business of the Company was reorganised 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 the units of the Company existing at that time were re-organised under four separate companies, including this Company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited. There are various issues relating to sales tax, income-tax, etc., arising/risen out of the reorganisation arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and memorandum of understanding between the companies as and when the liabilities/benefits are fully determined.
- The demands aggregating Rs 451 lacs raised by the Income-tax Authorities during the year 1994-95, in relation to the above matters, have either been decided in favour of the Company or have been adjusted against the carried forward losses. However, the matters are disputed by the Income-tax Authorities in appeal.
41. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous year: Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous year: Rs. 155.46 lacs))}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous year: Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous year: Rs. 22.22 lacs))}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous year: Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous year: Rs. 84.25 lacs))} and iv) DCM Employees Welfare Trust Rs. 279.90 lacs (Previous year: Rs. 279.90 lacs) {(Maximum amount outstanding Rs. 279.90 lacs (Previous year: Rs. 279.90 lacs))}.
42. SEGMENT REPORTING
- The business segments comprise the following:
 - Textiles – Yarn manufacturing
 - IT Services – IT Infrastructure services and software development.
 - Real Estate – Development at the Company's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.
 - Business segments have been identified based on the nature and class of products and services, their customers and assessment of the differential risks and returns and financial reporting system within the Company.
 - The geographical segments considered for disclosure are based on location of customers, broadly as under:
 - within India
 - outside India

Notes to the Financial Statements for the year ended March 31, 2013 continued

d) Segment accounting policies;

In addition to the significant accounting policies, applicable to the business as set out in note 1 'Notes to the financial statements', the accounting policies in relation to segment accounting are as under:

(i) Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amounts of certain assets/liabilities pertaining to two or more segments are allocated to the segments on reasonable basis.

(ii) Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.

(iii) Inter segment sales:

Inter-segment sales are accounted for at cost and are eliminated in consolidation.

e) (i) Primary Segment information (Business Segments) for the year ended March 31, 2013.

(Rs./Lacs)

Particulars	Textiles		IT Services		Real Estate		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Segment revenue												
– External sales/services	31,764.85	26,566.13	4,442.46	3,937.82	–	–	36,207.31	30,503.95	–	–	36,207.31	30,503.95
– Other Operating income	2,397.12	2,506.54	13.17	1.81	–	3,638.99*	2,410.29	6,147.34	–	–	2,410.29	6,147.34
Total Revenue	34,161.97	29,072.67	4,455.63	3,939.63	–	3,638.99	38,617.60	36,651.29	–	–	38,617.60	36,651.29
2. Segment results	5,061.28	(1,479.44)	161.88	26.02	–	3,638.99*	5,223.16	2,185.57			5,223.16	2,185.57
Unallocated corporate expenses/income (net of unallocated income/ expenses)									361.31	244.26	361.31	244.26
3. Profit before finance costs											5,584.47	2,429.83
4. Finance Costs									1,497.76	1,976.30	1,497.76	1,976.30
5. Profit before tax											4,086.71	453.53
6. Provision for taxation									1,185.70	(90.87)	1,185.70	(90.87)
7. Profit after taxation											2,901.01	544.40
8. Other information												
(a) Segment assets	22,074.98	18,848.20	1,333.35	1,150.66	7,085.68	9,055.09	30,494.01	29,053.95			30,494.01	29,053.95
Investments									7,025.34	7,020.34	7,025.34	7,020.34
Other unallocated assets									3,966.21	4,388.65	3,966.21	4,388.65
Total Assets											41,485.56	40,462.94
(b) Segment liabilities	888.79	1,654.55	441.82	378.45	3,115.02	3,139.12	4,445.63	5,172.12			4,445.63	5,172.12
Share capital and reserves									18,321.07	15,957.55	18,321.07	15,957.55
Loan funds									15,609.86	15,918.28	15,609.86	15,918.28
Other unallocated liabilities									3,109.00	3,414.99	3,109.00	3,414.99
Total liabilities											41,485.56	40,462.94
(c) Capital expenditure	867.77	198.53	17.52	6.93	–	–	885.29	205.46	81.04	1.60	966.33	207.06
(d) Depreciation	988.21	952.21	20.68	21.94	–	–	1,008.89	974.15	10.84	15.89	1,019.73	990.04
(e) Non-cash expenditure other than depreciation	1.39	20.21	27.49	9.47	–	–	28.88	29.68	0.41	4.41	29.29	34.09

(ii) Secondary segment information (Geographical segments)

Particulars	Current Year Rs./lacs	Previous Year Rs./lacs
Segment revenue (Including excise duty)		
– Revenue within India	1,5619.24	21,275.79*
– Revenue outside India	22,998.36	15,375.50
Total segment revenue	38,617.60	36,651.29
Segment assets		
– Within India	25,514.48	25,653.16
– Outside India	4,979.53	3,400.79
Total segment assets	30,494.01	29,053.95
Capital expenditure		
– Within India	964.66	205.82
– Outside India	1.67	1.24
Total segment capital expenditure	966.33	207.06

* Includes exceptional income of Rs. 1800.00 lacs (Refer note 28). It also includes Rs.1836.81 lacs during the quarter / year ended respectively on account of liabilities / provisions no longer required written back in relation to real estate project.

43. Related party disclosures under Accounting Standard (AS) 18

A. Names of related party and nature of related party relationship

I. Subsidiaries (enterprises where control exists):

- a. DCM Finance & Leasing Limited (DFL)
- b. DCM Textiles Limited (DTL)
- c. DCM Engineering Limited (DEL)
- d. DCM Tools & Dies Limited (DTDL)
- e. DCM Realty Investment & Consulting Limited (DRICL)
- f. DCM Data Systems Limited (DDSL)

II. Joint venture: Purearth Infrastructure Limited (PIL)

III. Key management personnel and/or Individuals having direct or indirect control or significant influence, and their relatives:

- a. Mr. Naresh Kumar Jain - Managing Director (Upto December 19, 2012).
- b. Mr. Jitendra Tuli - Chairman and Managing Director (w.e.f. December 20, 2012).
- c. Dr. Vinay Bharat Ram - Chief Executive Officer
- d. Mr. Hemant Bharat Ram - President - Textiles
- e. Mr. Sumant Bharat Ram - Chief Operating and Financial Officer
- f. Mr. Rahil Bharat Ram - Son of Mr. Sumant Bharat Ram
- g. Mr. Yuv Bharat Ram - Son of Mr. Sumant Bharat Ram

Enterprises where key management personnel have significant influence:

- a. Aggresar Leasing and Finance Private Limited (ALFPL)
- b. Betterways Finance and leasing Private Limited (BFLPL)
- c. Xonix Enterprises Private Limited (XEPL)
- d. Lotus Finance & Investments Private Limited (LFIPL)
- e. Midopa Holdings Private Limited (MHPL)
- f. Lotte Trading and Allied Services Private Limited. (LTASPL)

B. Transactions with related parties referred to in A above.

i) Transactions with Joint Venture Company and enterprises where key management personnel have significant influence (Rs./Lacs)

Particulars		Subsidiary		Joint Venture		Others*		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Expenses recovered	DEL	14.80	16.11	–	–	–	–	14.80	16.11
	DRICL	0.03	0.03	–	–	–	–	0.03	0.03
	PIL	–	–	51.32	69.85	–	–	51.32	69.85
	DDSL	0.25	–	–	–	–	–	0.25	–
Compensation Received	PIL	–	–	–	1,800.00	–	–	–	1,800.00
Liabilities no longer required written back	PIL	–	–	–	1,356.00	–	–	–	1,356.00
Advance/ Consideration given for purchase of rights in flats	PIL	–	–	–	102.58	–	–	–	102.58
Investment in equity shares	DDSL	5.00	–	–	–	–	–	5.00	–
Dividend received	DEL	451.50	451.50	–	–	–	–	451.50	451.50
Dividend paid	ALFPL	–	–	–	–	148.66	92.91	148.66	92.91
	BFLPL	–	–	–	–	64.93	38.76	64.93	38.76
	XEPL	–	–	–	–	31.11	19.44	31.11	19.44
	Others	–	–	–	–	64.57	40.36	64.57	40.36
Balance outstanding at the year end:									
a) Trade Receivable									
– Current	PIL	–	–	2,447.50	4,417.50	–	–	2,447.50	4,417.50
– Non current	PIL	–	–	2,000.00	2,000.00	–	–	2,000.00	2,000.00
b) Other receivables									
– Current	PIL	–	–	1,620.00	630.00	–	–	1,620.00	630.00
– Non current	PIL	–	–	–	990.00	–	–	–	990.00
c) Advance / consideration for purchase of rights in flats	PIL	–	–	501.72	501.72	–	–	501.72	501.72
d) Advances recoverable / (Payable)	PIL	–	–	(2.68)	(5.92)	–	–	(2.68)	(5.92)

* Enterprises where key management personnel have significant influence

ii) Transactions with key managerial personnel.

	Current Year Rs./lacs	Previous Year Rs./lacs
Remuneration *		
- Mr. Hemant Bharat Ram	121.63	117.13
- Mr. Sumant Bharat Ram	8.14	–
Sitting fees		
- Mr. Naresh Kumar Jain	0.50	0.65
- Mr. Jitendra Tuli	0.45	–
Dividend Paid:		
- Dr. Vinay Bharat Ram	0.26	0.16
- Mrs. Panna Bharat Ram (Since deceased)	0.32	0.20
- Mr. Sumant Bharat Ram	0.48	–
- Mr. Rahil Bharat Ram	0.19	–
- Mr. Yuv Bharat Ram	0.19	–
Payables:		
- Dr. Vinay Bharat Ram	0.92	0.92
- Mr. Hemant Bharat Ram	3.78	3.43
- Mr. Sumant Bharat Ram	3.17	–

* Does not include provision for leave salary and contribution / provision towards gratuity, since the provision / contribution is made for the Group as a whole on actuarial basis.

44. Disclosures related to joint venture:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2013	March 31, 2012
Purearth Infrastructure Limited	India	Equity share Holding	14.15%	14.17%

The Company's investment in the above joint venture is shown as non-current investment - trade (un-quoted), under note 13. Due to non availability of financial statements of the aforesaid joint venture for year ended March 31, 2013 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 'standalone' financial statements for the year ended March 31, 2012. 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, 2013.

(Rs./Lacs)

	As at March 31, 2012 (Based on ownership interest of 14.15%)	As at March 31, 2011 (Based on ownership interest of 14.17%)
Assets		
Non-current assets		
Fixed assets		
Tangible assets	13.36	15.08
Intangible assets	—	0.39
Non-current investments	1.56	1.42
Long-term loans and advances	99.92	80.47
Current assets		
Current investments	—	39.91
Inventories	6,841.12	6,217.45
Trade receivables	275.66	66.59
Cash and bank balances	73.45	204.88
Short-term loans and advances	102.87	164.94
Other current assets	18.64	178.82
	As at March 31, 2012 (Based on ownership interest of 14.15%)	As at March 31, 2011 (Based on ownership interest of 14.17%)
Liabilities		
Non-current liabilities		
Long-term borrowings	1.85	312.52
Other long-term liabilities	438.65	283.40
Long-term provisions	10.78	8.64
Current Liabilities		
Short-term borrowings	14.15	—
Trade payables	842.04	1,088.83
Other current liabilities	3,714.68	2,786.44
Short-term provisions	26.89	22.07

Notes to the Financial Statements for the year ended March 31, 2013 continued

	For the year ended March 31, 2012 (Based on ownership interest of 14.15%)	For the year ended March 31, 2011 (Based on ownership interest of 14.17%)
Revenue		
Revenue from operations	188.79	565.57
Other income	23.07	41.45
Expenses		
Cost of acquisition of rights, development and construction	91.51	388.47
Employee benefits expense	25.72	27.25
Finance costs	94.35	5.51
Depreciation and amortisation expense	3.87	3.83
Other expenses	96.26	132.99
Tax expense		
Current tax	–	24.35
Tax relating to prior years	(2.22)	–
Other Matters		
Contingent Liabilities	55.61	65.61

45. There are no undisputed dues of wealth tax, excise duty, service tax, sales tax and cess, which have not been deposited by the Company. The details of disputed dues as of March 31, 2013 in respect of customs duty and income tax that have not been deposited by the Company, are as follows:

Name of the statute	Nature of the dues	Forum where pending	Total amount involved* (Rs./Lacs)	Amount paid under protest (Rs./Lacs)	Period to which the amount relates
Income-tax Act, 1961	Income–tax	Commissioner of Income Tax (Appeals)	33.25	–	Assessment year 2010-11
Customs Act, 1962	Customs Duty	Commissioner of Customs (Appeals)	12.55	–	1988-89

* amount as per demand orders including interest and penalty wherever indicated in the demand.

For the above purposes, statutory dues payable in India have been considered. Further, the demands raised and already set off by the Income-tax Authorities against the carried forward losses of the Company or the refunds due to the Company, being no longer due for payment, have not been considered.

The following matters which have been excluded from the above table, have been decided in favour of the Company, although the concerned regulatory authority has preferred appeal at a higher level:

Name of the Statute	Nature of the Dues	Forum where pending	Amount Rs./Lacs	Period to which the amount relates
Income Tax Act, 1961	Income–tax	Delhi High Court	442.48	Assessment years 1983-84 to 1990-91
		Delhi High Court	35.18	Assessment years 2002-03
		Income Tax Appellate Tribunal	27.93	Assessment year 2009-10

46. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency (in US\$)		Amount in Rs./Lacs	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Forward Contract	19	20	Hedge	Hedge	29,24,240	21,29,443	1635.02	1063.22

Foreign currency exposure of the Company that are not hedged by derivative instruments or otherwise are as follows:

Particulars	Current Year			Previous Year		
	Amount in Foreign currency		Amount in Rs./Lacs	Amount in Foreign currency		Amount in Rs./Lacs
Trade Receivables	US\$	10,15,938	530.79	US\$	1,108,008	560.65
Cash and Bank	US\$	1,69,723	91.79	US\$	75,005	37.95
Loans and Advances	US\$	1,64,444	88.93	US\$	49,883	25.24
	Euro	–	–	Euro	16,253	10.75
Trade Payables	US\$	3,01,661	163.14	US\$	413,939	210.08
Provisions	US\$	20,000	10.82	US\$	–	–

47. Other Additional Information	Current Year		Previous Year	
Description	Rs./Lacs		Rs./Lacs	
(a) Value of imports on CIF basis				
Components and spare parts	32.84		18.95	
Capital goods	359.78		–	
(b) Expenditure in foreign currency				
Commission, travel etc.	240.97		264.53	
Overseas offices expenses	3,188.70		2,928.42	
(c) Earnings in foreign exchange				
– Direct export of goods on FOB basis/ as per contracts where FOB value not readily ascertainable	19,303.96		12,741.80	
– Software / Services export	455.43		59.90	
– Overseas offices income	3,372.01		3,094.53	
(d) Value of imports/indigenous raw materials, components and stores and spares consumed				
(i) Raw materials				
Indigenous	20,692.11	100.00%	22,047.18	100.00%
(ii) Stores, spares parts and packing material				
Imported	34.80	4.20%	21.21	3.25%
Indigenous	793.40	95.80%	630.63	96.75%
	828.20	100.00%	651.84	100.00%

48. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to notes 1 to 48

JITENDRA TULI
Chairman and Managing Director

BIPIN MAIRA
Director

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President

Place : New Delhi

Date : May 27, 2013

Statement Pursuant to Section 212 of the Companies Act, 1956

	Name of the Subsidiary		DCM Engineering Ltd.	DCM Tools & Dies Ltd.	DCM Textiles Ltd.	DCM Finance & Leasing Ltd.	DCM Realty Investment & Consulting Ltd.	DCM Data Systems Ltd.
1	Financial year of the Subsidiary		31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
2	Extent of interest in the Subsidiary Company							
	- Fully paid Equity Shares	Nos.	15,049,988	50,000	50,000	49,996	2,550,020	500,000
	- % of total Equity Shares	%	75.06%	100%	100%	99.99%	99.99%	100%
	- Fully paid Pref. Shares	Nos.	Nil	Nil	Nil	100	Nil	Nil
	- % of total Pref. shares	%	Nil	Nil	Nil	100%	Nil	Nil
3	Net aggregate amount of the profit/(loss) of the Subsidiary Company so far as it concerns to the members of DCM Ltd.:							
	a dealt with in the accounts of the Company							
	- for the financial year of the Subsidiary	Rs./Lacs	Nil	Nil	Nil	Nil	Nil	Nil
	- for the previous financial years since it became subsidiary of the Company	Rs./Lacs	Nil	Nil	Nil	Nil	Nil	Nil
	b not dealt with in the accounts of the Company							
	- for the financial year of the Subsidiary	Rs./Lacs	(671.18)	0.24	0.16	1.01	1.54	(0.22)
	- for the previous financial years since it became subsidiary of the Company	Rs./Lacs	2,610.85	0.89	0.43	(236.26)	29.37	—
4	Additional information u/s 212 (5)		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Subsidiary Companies' Particulars - As at March 31, 2013

Pursuant to General Circular no. 2011 dt. 8/2/2011 issued by Ministry of Corporate Affairs.

(Rs./Lacs)

Name of the Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Turnover	Profit/(loss) Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
DCM Engineering Limited	2,005.00	6,504.19	23,033.02	14,523.84	38,580.54	(500.28)	393.88	(894.16)	—
DCM Realty Investment & Consulting Limited	255.01	60.88	323.45	7.57	9.22	2.18	0.64	1.54	—
DCM Tools & Dies Limited	5.00	1.14	6.21	0.07	0.51	0.40	0.16	0.24	—
DCM Textiles Limited	5.00	0.59	5.66	0.07	0.45	0.30	0.14	0.16	—
DCM Finance & Leasing Limited	5.10	4.91	10.14	0.13	1.77	1.57	0.56	1.01	—
DCM Data Systems Limited	5.00	(0.22)	4.89	0.11	0.24	(0.15)	0.07	(0.22)	—

Details of investments, (other than in subsidiaries) are:

Rs./Lacs

LongTerm

Non-trade - Quoted

SRF Limited

1,80,850 equity shares of Rs. 10/- each fully paid of 503.74

Non-trade - Unquoted

Purearth Infrastructure Limited

24,66,135 equity shares of Rs. 10/- each fully paid of 246.61

Note:

The Company will make available the annual accounts and related detailed information of the subsidiary companies upon request by the shareholders of the holding and the subsidiary companies. These shall also be kept for inspection at the Registered Office of the Company and the subsidiary companies and also available on website.

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF DCM LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DCM LIMITED (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- i) *Various matters arising/arisen out of reorganisation will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 40 of the consolidated financial statements. The effect of these on the consolidated financial statements is not ascertainable at this stage.*
- ii) The Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006, *except that in the absence of requisite information the Company's interest in its joint venture company, viz., Purearth Infrastructure Limited has not been reported in these consolidated financial statements using the proportionate consolidation method, as required in terms of Accounting Standard (AS)-27, "Financial Reporting of interests in Joint Ventures". (Refer to note 1(ii) of consolidated financial statements);*
The matters referred to in paragraphs (i) and (ii) above, to the extent covered herein above, were also subject matter of qualifications in our audit report on the Consolidated Financial Statements for the year ended March 31, 2012.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph*, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to note 31 of the consolidated financial statements which explains in detail the position of the "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) and the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements of DCM Engineering Limited, DCM Finance & Leasing Limited, DCM Textiles Limited, DCM Tools & Dies Limited, DCM Realty Investment & Consulting Limited and DCM Data Systems Limited, whose financial statements reflect total assets (net) of Rs.23,382.64 lacs as at March 31, 2013, total revenues of Rs.38,586.46 lacs and net cash flows amounting to Rs.104.45 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For A.F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Manjula Banerji
Partner
(Membership No. : 086423)

Place : New Delhi
Dated : May 27, 2013

Consolidated Balance Sheet as at March 31, 2013

	Note	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,737.59	1,737.59
Reserves and surplus	4	18,830.69	17,586.87
		<u>20,568.28</u>	<u>19,324.46</u>
Minority interest		2,124.23	2,497.22
Non-current liabilities			
Long-term borrowings	5	5,772.65	4,116.07
Deferred tax liabilities (net)	6	300.68	320.28
Other long-term liabilities	7	2,781.24	2,805.63
Long-term provisions	8	2,005.13	1,969.67
		<u>10,859.70</u>	<u>9,211.65</u>
Current liabilities			
Short-term borrowings	9	15,833.21	13,021.95
Trade payables	10	4,994.80	5,319.10
Other current liabilities	11	5,282.08	6,405.15
Short-term provisions	12	725.83	864.14
		<u>26,835.92</u>	<u>25,610.34</u>
		<u>60,388.13</u>	<u>56,643.67</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	13,990.46	12,494.42
Intangible assets	13	94.89	47.07
Capital work-in-progress		3,460.36	391.38
		<u>17,545.71</u>	<u>12,932.87</u>
Non-current investments	14	3,295.58	3,295.58
Deferred tax assets (net)	6	—	397.50
Long-term loans and advances	15	4,211.77	4,001.53
Other non-current assets	16	2,002.23	3,013.24
		<u>27,055.29</u>	<u>23,640.72</u>
Current assets			
Inventories	17	12,443.82	11,566.74
Trade receivables	18	13,867.21	15,364.09
Cash and bank balances	19	1,284.31	1,187.81
Short-term loans and advances	20	3,615.65	3,526.63
Other current assets	21	2,121.85	1,357.68
		<u>33,332.84</u>	<u>33,002.95</u>
		<u>60,388.13</u>	<u>56,643.67</u>

Significant accounting policies & Notes to consolidated financial statements 1 to 47

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

JITENDRA TULI
Chairman and Managing Director

BIPIN MAIRA
Director

MANJULA BANERJI
Partner

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 27, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

	Note	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
Revenue			
Revenue from operations (gross)	22	81,957.53	81,580.08
Less: Excise duty		4,860.08	4,489.51
		<u>77,097.45</u>	<u>77,090.57</u>
Other Income	23	683.89	850.31
		<u>77,781.34</u>	<u>77,940.88</u>
Expenses			
Cost of materials consumed	24.a	36,889.29	40,423.53
Changes in inventories of finished goods, work in progress and land (for development)	24.b	292.35	1,730.10
Employee benefits expense	25	11,384.20	10,391.15
in progress and stock-in-trade			
Finance costs	26	2,171.67	2,793.34
Depreciation and amortisation expense	27	1,862.29	1,905.37
Other expenses	28	22,042.09	21,207.92
		<u>74,641.89</u>	<u>78,451.41</u>
Profit/(loss) before exceptional items and tax		3,139.45	(510.53)
Exceptional Items of operational income	29	–	1,800.00
Profit before tax		<u>3,139.45</u>	<u>1,289.47</u>
Tax expense :			
{Current tax including foreign tax Rs. 10.84 lacs (Previous Year: Rs. Nil)}		1,204.79	451.11
Minimum alternative tax (MAT) credit entitlement		–	(10.00)
Deferred tax charge/(benefit)		377.90	(160.20)
Tax relating to prior years		(1.55)	1.29
{(including foreign tax Rs. 2.06 lacs (Previous Year: Rs. 1.13 lacs)}			
		<u>1,581.14</u>	<u>282.20</u>
Profit after tax		1,558.31	1,007.27
Less: Minority's interest		(223.00)	227.88
Profit for the year		<u>1,781.31</u>	<u>779.39</u>
Basic and diluted earning per share of Rs. 10 each		10.25	4.48

Significant accounting policies & Notes to the consolidated financial statements 1 to 47

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

JITENDRA TULI
Chairman and Managing Director

BIPIN MAIRA
Director

MANJULA BANERJI
Partner

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 27, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
A. Cash flow from operating activities :		
Profit before tax	3,139.45	1,289.47
Adjustments for:		
Depreciation and amortisation expense	1,862.29	1,905.37
(Profit) on sale / write off of fixed assets	(7.48)	(263.31)
Loss on write off of capital work in progress	72.61	-
Finance costs	2,171.67	2,793.34
Interest income	(253.64)	(232.49)
Dividend income	(18.59)	(26.02)
Operating profit before working capital changes	6,966.31	5,466.36
Adjustments for changes in working capital		
Inventories	(877.08)	8,193.42
Trade receivables	1,496.88	4,114.25
Short-term loans and advances	(615.42)	120.61
Long-term loans and advances	(0.71)	(345.32)
Other current assets	(722.19)	16.53
Other non-current assets	990.00	(990.00)
Trade payables	(324.30)	1,364.68
Other current liabilities	(48.97)	(1,168.39)
Other long-term liabilities	(24.39)	(331.27)
Short-term provisions	125.26	(103.83)
Long-term provisions	35.46	(356.25)
Net income tax (paid)	7,000.85 (713.73)	15,980.79 (899.65)
Net cash generated operating activities	6,287.12	15,081.14
B. Cash flow from investing activities :		
Loans received back / (given) (net)	225.00	250.00
Invested in fixed deposits (net)	21.01	(23.24)
Purchase of fixed assets	(6,985.48)	(2,033.70)
Sale of fixed assets	57.25	305.99
Dividend received	18.59	26.02
Interest received	211.66	248.81
Net cash from investing activities	(6,451.97)	(1,226.12)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	4,298.27	1,307.73
Repayment of long-term borrowings	(3,778.06)	(2,674.41)
Proceeds from short-term borrowings	-	250.00
Repayment of short-term borrowings	(250.00)	(1,000.00)
Changes in working capital borrowings	3,061.26	(8,186.28)
Dividend paid (including tax on dividend)	(963.98)	(670.14)
Finance costs paid	(2,106.14)	(2,807.72)
Net cash from financing activities	261.35	(13,780.82)
Net increase / (decrease) in cash and bank balances (A+B+C)	96.50	74.20
Cash and bank balances at the beginning of the year*	1,187.81	1,113.61
Cash and bank balance at the end of the year*	1,284.31	1,187.81
	96.50	74.20

Significant accounting policies and Notes to consolidated financial statements 1 to 47

*Includes Rs. 284.14 lacs (Previous year: Rs. 423.17 lacs) as security with debenture trustee and Rs. 404.25 lacs (Previous year : Rs. 411.90 lacs) earmarked for specific use.

In terms of our report attached
For A.F. FERGUSON & CO.
Chartered Accountants

JITENDRA TULI
Chairman and Managing Director

BIPIN MAIRA
Director

MANJULA BANERJI
Partner

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 27, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS) - "Consolidated Financial Statements", notified in the Companies (Accounting Standard) Rules, 2006.

i. The subsidiaries (which along with DCM Limited, the parent, constitute the Group) considered in preparation of these consolidated financial statements are:

Name	Percentage of Voting power as on March 31, 2013
DCM Realty Investment & Consulting Limited (DRICL)	99.99
DCM Tools & Dies Limited (DTDl)	100
DCM Textiles Limited (DTL)	100
DCM Finance & Leasing Limited (DFLL)	99.99
DCM Engineering Limited (DEL)	75.06
DCM Data Systems Limited (DCMDSL)	100

ii. The Group has a joint venture entity Purearth Infrastructure Limited (PIL). Since "fit for consolidation" accounts of PIL could not be made available, the same have not been considered for consolidation by the Group in these consolidated financial statements although required in terms of Accounting Standard (AS) - 27 "Financial Reporting of interests in Joint Ventures".

2. Significant accounting policies

a) Accounting convention:

These consolidated financial statements have been prepared under the historical cost convention except revaluation of certain plots of land, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended) and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Group.

b) Use of estimates:

The preparation of consolidated financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the consolidated financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates. The differences between the actual results and estimates are recognised in the year in which the results are known / materialized. Any revision to accounting estimate is recognised prospectively in current and future period.

c) Fixed assets:

Fixed assets, other than certain plots of land, which have been revalued, are stated at cost of acquisition/ construction less accumulated depreciation. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period in the cases of new projects and expansion of existing factories. Certain lands, which are revalued, are stated at revalued figures on the basis of valuation reports of approved valuers.

d) Impairment :

At each Balance Sheet date, the Group reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

e) Depreciation and amortisation :

(i) The Group follows straight-line method of depreciation in respect of buildings / plant and machinery and all assets of IT Division and DCM Engineering Limited and written down value method in respect of other assets.

(ii) The rates of depreciation charged on all fixed assets are in accordance with the rates specified in Schedule XIV to the Companies Act, 1956, except (excluding those relating to IT Division and DCM Engineering Limited) in the following cases:

a) Vehicles, office and other equipment - 33.33%
(Other than computers)

b) Assets acquired upto June 30, 1986

- Plant and machinery - Rates prescribed under the Income-tax Rules, 1962, at the time of acquisition of such assets.
- Factory buildings - 3.39%
- Other buildings - 1.64%

- iii) On assets sold, discarded, etc., during the period/year, depreciation is not provided up to the date of sale/discard except for DCM engineering Limited where depreciation is provided till the date of sale/ disposal.
- iv) Depreciation has been calculated on a pro-rata basis in respect of acquisition/installation of all assets of the IT Division and DCM Engineering Limited and on plant and machinery in other cases. Depreciation on remaining assets is provided for full year / period irrespective of the date of acquisition.
- v) Leasehold improvements are amortised over the balance of the primary lease period.
- vi) The intellectual property rights are amortised on a straight-line basis, based on management estimates of useful life varying from 1 to 5 years, commencing from the month in which the asset is available for use.
- vii) Computer Software are amortised over a period of 5 years.
- f) Investments:
Long-term investments are valued at cost unless there is a permanent fall in the value thereof.
- g) Inventories:
i) Stores, spares and components are valued at cost or under.
ii) Raw materials, process stocks and finished goods and Stock-in Trade are valued at lower of cost and net realisable value.
iii) Land (for development) on conversion into inventory from fixed assets is valued at the lower of its historical cost and net realisable value, and includes appropriate share of land development expenses and finance cost of borrowed funds relating thereto.
Cost of inventories, other than land (for development), is ascertained on the weighted average basis. Further, in respect of the manufactured inventories, i.e., process stocks and finished goods, appropriate share of manufacturing expenses are included on absorption costing basis. Work in process relating to software contracts includes salary and other directly identifiable expenses incurred on fixed price contracts, till the completion of specified deliverables, and are valued at cost or net realisable value, whichever is lower.
- h) Revenue recognition :
i) Sale of goods is recognised at the point of despatch of finished goods to customers which coincides with the transfer of risk and reward of ownership. Sales are inclusive of excise duty and exclusive of sales tax.
ii) Revenue from software development contracts is recognised on the basis of milestone achieved, as provided in the contract.
iii) Revenue on maintenance contracts is recognised on pro-rata basis linked with the period of contract.
iv) Services income is recognised on accrual basis, as provided in the contracts.
v) In respect of Land Development Project, sale of rights on outright basis is recognised in the year of such sale.
vi) Interest income is recognised using the time proportion method.
vii) **Interest on housing loans:** Repayment of housing loan is by way of equated monthly installments (EMI's) comprising principal and interest. Interest is calculated each year on the outstanding balance at the beginning of the borrower's financial year. EMI's commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month.
- i) Excise duty :
Excise duty on sales is being deducted from gross sales and any increase/ decrease in excise duty on finished goods is being shown separately in the statement of profit and loss.
- j) Research and development expenditure :
The revenue expenditure on research and development is expensed out in the year in which it is incurred. Expenditure, which results in creation of capital assets, is treated as similar to expenditure on other fixed assets.
- k) Employees' benefits :
i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
ii) Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to statement of profit and loss.
- l) Taxes on income :
Income-tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income tax Act, 1961. Deferred tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.
Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.
- m) Foreign exchange transactions :
i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.
Monetary items denominated in foreign currency are reported using the closing exchange rates on the date of the balance sheet.
The exchange differences arising on settlement of monetary items or on reporting these items at the rates different from the rates at which these were initially recorded / reported in previous consolidated financial statements, are recognised as income / expense in the period in which they arise, except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets.
In case of forward exchange contracts, the premium or discount, arising at the inception of such contracts, is amortised as income or expense over the life of the contract and the exchange difference on such contracts, i.e., difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception of contract / the last reporting date, is recognised as income / expense for the

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

period except for exchange differences arising during construction period on restatement of foreign currency liabilities incurred in relation to the project which are adjusted in cost of fixed assets. Derivatives not covered in AS -11 are marked to market at balance sheet date and resulting loss, if any, is recognized in the statement of profit and loss in view of the principle of prudence.

- (ii) In respect of consolidated financial statements of integral foreign operations of foreign branches, fixed assets are recorded at cost, based on the exchange rate prevailing on the date of transactions. Current assets and current liabilities are reported using the exchange rates on the date of the balance sheet. Incomes and expenses are translated at the average of monthly closing rates of exchange. The resultant exchange gains / losses are recognised in the statement of profit and loss.

		As at March 31, 2013		As at March 31, 2012
3. Share capital	No. of shares	Rs./Lacs	No. of shares	Rs./Lacs
Authorised				
Equity shares of Rs. 10 each with voting rights	60,000,000	6,000.00	60,000,000	6,000.00
9.5% - 6th Cumulative redeemable preference shares of Rs. 25 each	320,000	80.00	320,000	80.00
Preference shares of Rs. 25 each	3,680,000	920.00	3,680,000	920.00
Cumulative convertible preference shares of Rs. 100 each	1,000,000	1,000.00	1,000,000	1,000.00
		<u>8,000.00</u>		<u>8,000.00</u>
Issued, subscribed and fully paid up *				
Equity shares of Rs. 10 each with voting rights fully paid up **	17,379,037	1,737.90	17,379,037	1,737.90
Less: Calls in arrears by others		0.31		0.31
		<u>1,737.59</u>		<u>1,737.59</u>

* The Company has issued one class of equity shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company.

** There is no change in issued, subscribed and paid up share capital during the current year and corresponding previous year.

The shareholders holding more than 5% shares of the Company are as under :

	Number of shares	As at March 31, 2013 % holding in the shares	Number of shares	As at March 31, 2012 % holding in the shares
Aggresar Leasing and Finance Private Limited	3,716,578	21.39%	3,716,578	21.39%
Betterways Finance & Leasing Private Limited	1,623,135	9.34%	1,623,135	9.34%
Life Insurance Corporation of India	1,567,444	9.02%	1,573,307	9.05%

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
4. Reserves and surplus		
Capital reserve*		
At the beginning and end of the year	24.90	24.90
Capital redemption reserve		
At the beginning and end of the year	130.08	130.08
Securities premium account		
At the beginning and end of the year	3,767.00	3,767.00
Reserve fund #		
At the beginning and end of the year	0.27	0.27
Special reserve ##		
At the beginning and end of the year	29.96	29.96
General reserve		
Opening balance	560.20	380.10
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	300.00	180.10
Closing balance	<u>860.20</u>	<u>560.20</u>

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
Reserves and surplus contd.		
Surplus in Consolidated Statement of Profit and Loss		
Opening balance	13,074.46	12,982.90
Add: Profit for the year	1,781.31	779.39
	<u>14,855.77</u>	<u>13,762.29</u>
Less: Interim dividend on equity shares	260.69	—
Proposed dividend on equity shares	260.69	434.48
Corporate dividend tax	86.59	143.73
Corporate dividend tax no longer payable written back	(70.48)	(70.48)
Transferred to general reserve	300.00	180.10
	<u>14,018.28</u>	<u>13,074.46</u>
Closing balance	<u>18,830.69</u>	<u>17,586.87</u>

* Represents Central/State Government subsidy

As per Income tax Act, 1961

As per Reserve Bank of India Act, 1934

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
5. Long-term borrowings		
Secured		
Term loans		
From banks*	7,818.42	6,481.67
From others**	63.45	14.44
	<u>7,881.87</u>	<u>6,496.11</u>
Unsecured		
Term loans		
From others***	71.35	1,071.35
Deferred payment liability #	353.84	221.13
Deposits		
Others	47.35	45.61
	<u>472.54</u>	<u>1,338.09</u>
	<u>8,354.41</u>	<u>7,834.20</u>
Less: Current maturities on long term borrowings ##	2,581.76	3,718.13
	<u>5,772.65</u>	<u>4,116.07</u>

* Term loans from banks include :

- Term loans aggregating Rs. 3,804.84 lacs (Previous year: Rs. 3,996.75 lacs) are secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities described in note 9, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar. Due within one year Rs. 1,001.25 lacs (Previous year: Rs. 902.00 lacs).
Rs. 1,625.00 lacs repayable in 9 quarterly installments, Rs. 325.00 lacs repayable in 16 quarterly installments, Rs. 1,144.75 lacs repayable in 23 quarterly installments and Rs. 710.09 lacs repayable in 21 quarterly installments.
- Corporate loan of Rs. 616.82 lacs (Previous year: Rs. 1,943.82 lacs) secured by first charge by way of hypothecation, ranking pari-passu with the charge created for availing cash credit, overdraft and working capital demand loan facilities and term loans described in note 9, on existing as well as future block of movable assets and an equitable mortgage, by deposit of title deeds, of all the immovable assets, both present and future, pertaining to the Textile Division at Hissar. Due within one year Rs. 616.82 lacs (Previous year: Rs. 1327.00 lacs).
Rs. 616.82 lacs repayable in 2 quarterly installments.
- Rs. 3,241.75 lacs (Previous year : Rs. Nil) secured by way of first pari passu charge on the entire fixed assets of DCM Engineering Limited., both present and future, including equitable mortgage of DCM Engineering Limited's factory land and building measuring 348,380 sq. yards and second pari passu charge on the entire current assets+ of the DCM Engineering Limited both present and future. Due within one year Rs. 699.60 lacs (Previous year : Rs. Nil)
Rs. 3241.75 lacs repayable in 56 equal monthly installments.

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

- Term loan Rs. Nil lacs (Previous year : Rs. 333.76 lacs) is secured by way of first charge on all fixed assets and lands pertaining to DCM Engineering Limited at village Asron, Hadbast No. 418, Tehsil Balachaur District Hoshiarpur, Punjab, together with all buildings, plant and machinery, erections, godowns and constructions of every description which are standing, erected or attached or shall at any time hereafter during the continuance of the security hereby constituted be erected or attached and standing or attached thereto. Due within one year Rs. Nil (Previous year : Rs. 333.76 lacs)
- Rs. 155.01 lacs (Previous year: Rs. 207.34 lacs) relate to assets purchased under hire purchase/financing arrangements with banks and are secured by way of hypothecation of the specified assets. Repayable in equal monthly installments. Due within one year Rs. 56.74 lacs (Previous year Rs. 61.80 lacs).
- * Current assets has a meaning as per the terms of the related agreement and without considering the changes in definition of "current" included in Revised Schedule VI.
- ** Rs. 63.45 lacs (Previous year: Rs. 14.44 lacs) relate to assets purchased under hire purchase/financing arrangements with finance companies and are secured by way of hypothecation of the specified assets. Repayable in equal monthly installments. Due within one year Rs. 13.75 lacs (Previous year: Rs. 5.12 lacs).
- *** Term loan aggregating to Rs. 71.35 lacs (Previous year Rs. 1071.35 lacs) includes Rs. Nil (Previous year: Rs. 1,000.00 lacs) secured by registered mortgage of farm house land situated at Rajokri, New Delhi, admeasuring 2.50 acres, owned by a promoter group company. Due within one year Rs. Nil (Previous year: Rs. 1,000.00 lacs)
- # Deferred payment liability are repayable in six equal semi-annual installments. Due within one year Rs. 193.60 lacs (Previous year : Rs. 88.45 lacs)
- ## Refer note 11.

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
6. Deferred tax assets/ (liabilities) (net)		
Deferred tax liability on:		
Accelerated depreciation	829.56	741.02
Less :		
Deferred tax asset on:		
Unabsorbed depreciation	–	50.70
Accrued expenses deductible on payment #	498.01	737.85
Provision for doubtful debts and advances	30.87	29.69
	<u>528.88</u>	<u>818.24</u>
	<u>(300.68)</u>	<u>77.22</u>
Classified on a company wise basis		
(a) Deferred tax assets	–	397.50
(b) Deferred tax (liabilities)	(300.68)	(320.28)
Net deferred tax (liabilities)/ assets	<u>(300.68)</u>	<u>77.22</u>
# As at 31 March 2013, DCM Engineering Limited has carry forward business losses and unabsorbed depreciation under the provisions of the Income-tax Act, 1961. In the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised, deferred tax assets has been recognised only to the extent of deferred tax liability.		

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
7. Other long-term liabilities		
Trade payables	82.44	82.39
Security deposit	18.66	19.01
Liabilities for land development expenses	1,553.62	1,577.71
Others	1,126.52	1,126.52
	<u>2,781.24</u>	<u>2,805.63</u>

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
8. Long-term provisions		
Provision for employee benefits :		
Compensated absences	407.24	395.79
Gratuity	1,597.89	1,573.88
	<u>2,005.13</u>	<u>1,969.67</u>

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
9. Short-term borrowings		
Secured		
Loans repayable on demand from banks *	15,833.21	12,771.95
Other loans and advances **	—	250.00
	<u>15,833.21</u>	<u>13,021.95</u>
* Loans repayable on demand from banks include		
— cash credit/overdraft and working capital demand loan facilities aggregating Rs. 10,567.10 lacs (Previous year : Rs. 8,161.17 lacs) and other non-fund based facilities from a bank, are secured by way of hypothecation of stocks / stores and book debts, both present and future. These are further secured by equitable mortgage of immovable assets, both present and future, and first charge, ranking pari-passu with the charge created for availing term loans as described in note 5, by way of hypothecation of existing as well as future block of movable assets pertaining to the Textile Division at Hissar.		
— cash credit facilities relating to IT Division, aggregating Rs. 422.54 lacs (Previous year :Rs. 410.57 lacs) and other non-fund based facilities from a bank, are secured by way of first charge/hypothecation of raw materials, stock-in-progress, finished goods, stores, spares, book debts and other assets of the Division (both present and future), and by way of first charge on office property at Hyderabad. The above facility is further secured by way of first charge created / to be created on other fixed assets of the Division.		
— Cash credit and working capital demand loan facilities aggregating Rs. 4,843.57 lacs (Previous year : Rs. 4,200.21 lacs) are secured by first charge by way of hypothecation of stocks, stores and spares, book debts and all other movables, both present and future and second charge, ranking pari-passu with charge created for availing term loans as described in note 5 on all fixed assets and land pertaining to DCM Engineering Limited at village Asron, Hadbast No. 418, Tehsil Balachaur District Hoshiarpur, Punjab, together with all buildings, plant and machinery, erections, godowns and constructions of every description which are standing, erected or attached or shall at any time hereafter during the continuance of the security hereby constituted be erected or attached and standing or attached thereto.		
** Other loans and advances include.		
— Rs. Nil (Previous year: Rs. 250.00 lacs) secured by pledge of Nil (Previous year: 1,100,000) equity shares of DCM Engineering Limited on a margin of 100% over the outstanding loan amount.		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
10. Trade payables		
Dues to micro and small enterprise #	621.81	587.28
Others	4,372.99	4,731.82
	<u>4,994.80</u>	<u>5,319.10</u>
# Based upon the information available with the Company, the balance due to the Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006 is Rs 621.81 lacs (Previous year : Rs. 587.28 lacs). Further, no interest has been paid or payable during the year under the terms of the MSMED Act, 2006.		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
11. Other current liabilities		
Current maturities of long-term borrowings *		
Secured		
From banks	2,374.41	2,624.56
From others	13.75	5.12
Unsecured		
From others	—	1,000.00
Deferred payment liability	193.60	88.45
	<u>2,581.76</u>	<u>3,718.13</u>
Unclaimed dividends	32.96	11.91
Unclaimed matured deposits and interest accrued thereon **	113.33	137.35
Unclaimed matured debentures and interest accrued thereon **	538.81	698.98

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
Other current liabilities contd.		
Unclaimed application money on debentures **	–	1.21
Statutory dues payable	162.89	169.82
Liabilities for capital goods	60.73	72.24
Security deposits received	4.67	0.43
Advances from customers	190.20	80.00
Interest accrued but not due on borrowings	6.78	2.58
Interest accrued and due on borrowings	48.53	–
Liabilities for land development expenses	1,512.50	1,512.50
Others	28.92	–
	5,282.08	6,405.15

* Refer note 5

** No amount is due for transfer under Investor Education and Protection Fund in view of SORA, pursuant to which certain past dues have been rescheduled for payment.

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
12. Short-term provisions		
Provision for employee benefits :		
Compensated absences	22.27	17.11
Gratuity	181.43	64.11
	203.70	81.22
Others :		
Provision for sales return	76.53	74.93
Provision for tax	594.91	103.52
{ net of advance tax Rs.2,884.26 lacs (Previous year: Rs. 3,222.40 lacs)}		
Less : MAT credit entitlement utilisation	457.41	–
	137.50	103.52
Provision for non- performing assets	3.11	1.93
Proposed equity dividend	260.69	434.48
Corporate dividend tax	44.30	168.06
	522.13	782.92
	725.83	864.14

(Rs./lacs)										
Description	Gross block			As at March 31, 2013	Depreciation and amortisation				Net block	
	As at March 31 2012	Additions	Deductions		Upto March 31, 2012	For the year	On Sales/ Disposal	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Land - Freehold *\$	1,393.29	–	–	1,393.29	–	–	–	–	1,393.29	1,393.29
Buildings \$	3,137.24	234.28	–	3,371.52	901.85	93.88	–	995.73	2,375.79	2,235.39
Lease improvement	28.43	–	–	28.43	8.16	2.98	–	11.14	17.29	20.27
Plant and machinery	24,804.00	3,034.01	273.19	27,564.82	16,491.86	1,649.74	261.06	17,880.54	9,684.28	8,312.14
Furniture and fittings	280.38	7.94	0.90	287.42	225.15	9.40	0.86	233.69	53.73	55.23
Office Equipments	166.08	23.54	2.57	187.05	86.59	11.88	2.49	95.98	91.07	79.49
Vehicles	634.98	90.99	86.32	639.65	236.37	77.07	48.80	264.64	375.01	398.61
Sub total	30,444.40	3,390.76	362.98	33,472.18	17,949.98	1,844.95	313.21	19,481.72	13,990.46	
Previous Year	29,133.61	1,752.93	442.14	30,444.40	16,479.83	1,870.13	399.98	17,949.98		12,494.42
Intangible Assets										
Computer Software	398.66	65.16	133.20	330.62	351.59	17.34	133.20	235.73	94.89	47.07
Intellectual Property Rights	279.90	–	279.90	–	279.90	–	279.90	–	–	–
Sub total	678.56	65.16	413.10	330.62	631.49	17.34	413.10	235.73	94.89	
Previous Year	632.48	50.08	4.00	678.56	599.74	35.24	3.49	631.49		47.07
Grand total	31,122.96	3,455.92	776.08	33,802.80	18,581.47	1,862.29	726.31	19,717.45	14,085.35	
Previous Year	29,766.09	1,803.01	446.14	31,122.96	17,079.57	1,905.37	403.47	18,581.47		12,541.49

* include Rs. 969 lacs added in 1992-93 on revaluation

\$ Gross block includes land and buildings aggregating Rs. 84.52 lacs (Previous year : Rs. 84.52 lacs) and Rs. 15.48 lacs (Previous year : Rs. 15.48 lacs) respectively at Nawansahar for which title deeds are yet to be executed in the favour of the DCM Engineering Limited.

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
14. Non-current investments		
Investments (At cost unless otherwise stated):		
In equity instruments		
A. Trade (unquoted)		
Joint venture company		
17,853,605 (Previous year : 17,853,605) shares of Rs. 10		
each fully paid up in Purearth Infrastructure Limited *	2,690.25	2,690.25
Total - Trade (A)	<u>2,690.25</u>	<u>2,690.25</u>
B. Others		
Quoted		
185,850 (Previous year : 185,850) shares of Rs. 10 each fully paid up in SRF Limited	505.33	505.33
Nil (Previous year: 59,584) shares of Rs. 10 each fully paid up in Daewoo		
Motors India Limited **	–	16.34
Less: Provision for diminution in value of investments	–	16.34
	<u>505.33</u>	<u>505.33</u>
In preference shares		
Unquoted		
100,000 (Previous year : 100,000) 0% Non cumulative redeemable preference		
shares of Rs. 100 each fully paid up in Combine Overseas Limited ***	100.00	100.00
	<u>100.00</u>	<u>100.00</u>
Total - Other investments (B)	<u>605.33</u>	<u>605.33</u>
Total (A+B)	<u>3,295.58</u>	<u>3,295.58</u>
Aggregate cost of quoted investments (net of provision for diminution)	505.33	505.33
Aggregate market value of listed and quoted investments	314.83	460.35
Aggregate cost of unquoted investments	2,790.25	2,790.25
* In terms of SORA, the Company will not dispose off its shareholding in Purearth Infrastructure Limited until the completion of the land development project at Bara Hindu Rao/ Kishan Ganj.		
** Nil (Previous year : 59,584) fully paid equity shares of Rs. 10 each of Daewoo Motors (India) Limited have been pledged with one of the financial institution are pending for release.		
*** Refer note 38		
# Represents Rs. 1/–		
15. Long-term loans and advances		
Unsecured, considered good		
Capital advances*	1,864.02	1,487.56
Security deposits	675.56	669.70
Loans and advances to employees	6.54	9.24
Balances with government authorities	52.52	51.95
Advance income tax {net of provision Rs. 1077.13 lacs (previous year : Rs. Nil)}	260.48	–
MAT credit entitlement	807.43	1,234.84
Other loans and advances	545.22	548.24
Considered doubtful		
Other loans and advances \$	785.07	787.48
	<u>4,996.84</u>	<u>4,789.01</u>
Less: Provision for other doubtful loans and advances	<u>785.07</u>	<u>787.48</u>
	<u>4,211.77</u>	<u>4,001.53</u>
* refer note 37		
\$ Include Rs. 150.22 lacs (Previous year: Rs. 150.22 lacs) as inter corporate deposit		

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
16. Other non-current assets		
Unsecured, considered good		
Trade receivables	2,000.00	2,000.00
Other receivable		
Compensation receivable from a customer	—	990.00
Other bank balances		
Deposits with maturity for more than 12 months **	2.23	23.24
	<u>2,002.23</u>	<u>3,013.24</u>

** Held in margin money Rs. 1.44 lacs (Previous year : Rs. 23.24 lacs) and earmarked for specific use Rs. 0.79 lacs (Previous year : Rs. Nil)

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
17. Inventories		
Raw materials #	6,644.94	5,257.05
Work-in-progress #		
Cotton yarn	638.54	490.76
Iron castings	1,309.49	1,230.14
Patterns, jigs and fixtures	27.92	15.71
	<u>1,975.95</u>	<u>1,736.61</u>
Finished goods #	1,503.81	2,035.50
(Includes goods in transit Rs. 690.58 lacs (Previous year : Rs. 484.32 lacs))		
Land (for development) ##	1,000.00	1,000.00
Stores, spares and components ###	1,319.12	1,537.58
	<u>12,443.82</u>	<u>11,566.74</u>

Valued at lower of cost and net realisable value.

Valued at the lower of its historical cost and net realisable value and includes appropriate share of land development expenses and finance cost of borrowed funds.

Valued at cost or under

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
18. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	8.47	8.60
Unsecured, considered good	109.21	132.78
Doubtful	82.14	80.45
	<u>199.82</u>	<u>221.83</u>
Less: Provision for doubtful trade receivables	82.14	80.45
	<u>117.68</u>	<u>141.38</u>
Other Trade receivables		
Secured, considered good	1.50	2.00
Unsecured, considered good	13,748.03	15,220.71
	<u>13,749.53</u>	<u>15,222.71</u>
	<u>13,867.21</u>	<u>15,364.09</u>

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
19. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	14.52	7.48
Balances with banks		
In current accounts *	277.39	257.42
In deposit accounts **	544.31	341.71
Others bank balances		
In deposit accounts ***	448.09	581.20
	<u>1,284.31</u>	<u>1,187.81</u>
* Includes Rs. 5.14 lacs (Previous year: Rs. 3.51 lacs) as security with Debenture trustees and Rs. 40.19 lacs (Previous year : Rs. 27.35 lacs) earmarked for specific use.		
** Includes Rs. Nil (Previous year: Rs. 0.27 lacs) as security with Debenture trustees, Rs. 18.02 lacs (Previous year : Rs. 4.96 lacs) against bank guarantee/ security and Rs. 264.86 lacs (Previous year: Rs. 264.86 lacs) earmarked for specific uses.		
*** Includes Rs. 279.00 lacs (Previous year: Rs. 419.39 lacs) as security with Debenture trustees, Rs. 43.56 lacs (Previous year: Rs. 19.11 lacs) against bank guarantee/ security, and Rs. 99.20 lacs (Previous year Rs. 119.69 lacs) earmarked for specific uses.		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
20. Short term loans & advances		
Unsecured, considered good		
Advance to suppliers	143.31	210.24
Loans and advances to employees	49.85	78.98
Security deposits	1.05	3.30
Prepaid expenses	133.32	107.69
Balances with government authorities	1,726.40	1,024.98
Advance income tax {net of provisions : Rs. 2,884.26 lacs, (Previous year : Rs. 3,222.40 lacs)}	351.10	622.50
MAT credit entitlement	410.00	440.00
Inter corporate deposits	25.00	250.00
Other loans and advances @	775.62	788.94
	<u>3,615.65</u>	<u>3,526.63</u>
@ represents advance for purchase in rights in flats Rs. 775.36 lacs (Previous year: Rs. 775.36 lacs).		
	As at March 31, 2013 Rs./Lacs	As at March 31, 2012 Rs./Lacs
21. Other current assets		
Unsecured, considered good		
Interest accrued on deposits	69.07	27.09
Unbilled revenue	167.34	413.86
Insurance claim	192.06	192.06
Others receivables	1,693.38	724.67
	<u>2,121.85</u>	<u>1,357.68</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
22. Revenue from operations		
Sale of products		
Manufactured goods		
Cotton yarn	31,793.11	26,589.18
Iron castings*	43,036.25	46,429.34
Patterns, jigs and fixtures *	142.23	140.08
Sale of Services	4,442.46	3,937.82
	<u>79,414.05</u>	<u>77,096.42</u>

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
Revenue from operations contd.		
Other operating revenues		
Waste sales	1,753.69	1,781.57
Duty drawback and other export incentives	623.72	710.73
Liabilities/ provisions no longer required written back	51.98	1,849.59
Income from housing finance activity	7.58	5.40
Miscellaneous sales/ Income	105.79	118.04
Discounts received from vendors	0.72	18.33
	<u>2,543.48</u>	<u>4,483.66</u>
	<u>81,957.53</u>	<u>81,580.08</u>
Less: Excise duty	<u>4,860.08</u>	<u>4,489.51</u>
	<u>77,097.45</u>	<u>77,090.57</u>
* Includes unbilled revenue of Rs. 71.33 lacs (Previous year : Rs. 335.24 lacs) net of excise duty and taxes amounting to Rs. 10.09 lacs (Previous year : Rs. 51.50 lacs) arising on retrospective sales order amendments given by a few customers subsequent to the year end for finished goods sold to them during the year.		
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
23. Other income		
Interest income	253.64	232.49
Dividend from long-term non trade investments	18.59	26.02
Net gain on foreign currency transactions and translation	342.50	262.67
Profit on sale of fixed assets	28.88	288.74
Liabilities/ provisions no longer required written back	0.55	0.29
Other non-operating income	39.73	40.10
	<u>683.89</u>	<u>850.31</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
24. Cost of materials consumed		
24.a Cost of materials consumed		
Opening stock	5,257.05	11,956.89
Add: Purchases	38,277.18	33,723.69
	<u>43,534.23</u>	<u>45,680.58</u>
Less: Closing stock	<u>6,644.94</u>	<u>5,257.05</u>
	<u>36,889.29</u>	<u>40,423.53</u>
Materials consumed comprises:		
Cotton	20,692.11	22,047.18
Melting scrap	12,129.42	13,676.96
Pig iron	2,170.69	2,567.45
Ferro alloys	1,034.42	1,174.15
Metallic additives	444.38	478.81
Carboriser	418.27	478.98
	<u>36,889.29</u>	<u>40,423.53</u>
24.b Changes in inventories of finished goods, work-in-progress and land (for development)		
Inventories at the end of the year:		
Finished goods	1,503.81	2,035.50
Work-in-progress	1,975.95	1,736.61
Land (for development)	1,000.00	1,000.00
	<u>4,479.76</u>	<u>4,772.11</u>

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
Cost of materials consumed contd.		
Inventories at the beginning of the year:		
Finished goods	2,035.50	3,633.84
Work-in-progress	1,736.61	1,868.37
Land (for development)	1,000.00	1,000.00
	<u>4,772.11</u>	<u>6,502.21</u>
Net (increase) / decrease	<u>292.35</u>	<u>1,730.10</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
25. Employee benefits expense		
Salaries, wages, bonus, etc	9,759.23	8,953.62
Gratuity	378.09	290.69
Contributions to provident and other funds	839.64	791.31
Staff welfare expenses	407.24	355.53
	<u>11,384.20</u>	<u>10,391.15</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
26. Finance costs		
Interest expense @		
– on borrowings	1,998.49	2,574.27
– on taxes	25.34	46.70
Other borrowing costs	147.84	162.55
Applicable net loss on foreign currency transactions and translation	–	9.82
	<u>2,171.67</u>	<u>2,793.34</u>
@ Rs. Nil (Previous year: Rs. 0.05 lacs) has been adjusted against contingency provision.		
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
27. Depreciation and amortization expense		
Depreciation on tangible assets	1,844.95	1,870.13
Amortisation on intangible assets	17.34	35.24
	<u>1,862.29</u>	<u>1,905.37</u>
	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
28. Other expenses		
Consumption of stores and spare parts *	7276.84	7471.91
Power, fuel, etc.	9,456.56	8,403.43
Rent	209.49	200.68
Repairs to:		
– Buildings	52.43	77.17
– Machinery	966.54	1,062.36
– Others	77.83	65.54
Subcontracting charges **	1,010.67	1,008.47
Freight and forwarding	959.72	946.89
Insurance	59.35	65.06
Rates and taxes	20.38	69.89
Brokerage, discount (other than trade discount), etc	156.89	146.84
Auditors remuneration #		
As auditors		
– Audit fees	20.33	19.75

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	For the year ended March 31, 2013 Rs./Lacs	For the year ended March 31, 2012 Rs./Lacs
Other expenses contd.		
In other capacity		
– for tax audit	4.00	4.00
– verification of statement and other reports	3.61	3.55
– limited review of unaudited financial results	20.00	13.50
– for reimbursement of expenses	3.51	1.05
Directors' fees	12.26	7.73
Travelling and conveyance	471.59	408.28
Commission to selling agents (other than sole selling)	273.79	324.15
Sales expenses	80.77	123.28
Donations	6.55	3.81
Legal and professional fees	418.44	327.02
Provision for doubtful trade receivables	17.62	23.99
Bad trade and other receivables, loans and advances written off		
Bad trade and other receivables, loans and advances written off	37.23	38.85
Less: Provision held for Bad trade and other receivables	(15.37)	(34.05)
	21.86	4.80
Investment written off	16.34	–
Less: Adjusted against provision for diminution	(16.34)	–
	–	–
Loss on fixed assets sold/ written off	21.40	25.43
Capital work in progress written off	72.61	–
Land development expenses	17.99	44.92
Less : Adjusted against provision held	(17.99)	(44.92)
	–	–
Miscellaneous expenses	347.05	399.34
	22,042.09	21,207.92

* After allocating Rs. Nil (Previous year : Rs. 38.13 lacs) to other expense accounts

** Includes freight, transportation expense Rs. 201.35 lacs (Previous year Rs. 208.42 lacs) incurred on materials sent to and received back from sub-contractors.

Excluding service tax.

29. In the previous year exceptional item of Rs.1800.00 lacs represent compensation receivable from the developer of real estate project, pursuant to a settlement reached in relation to the flatted factory complex of the said project.

30. Disclosures required under Accounting Standard - 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules, 2006, are given below:

Defined contribution plans

Contributions to defined contribution plans charged off for the year are as under :

Particulars	Current Year Rs./lacs	Previous Year Rs./lacs
Group's contribution to provident fund	394.13	371.80
Group's contribution to superannuation fund	106.51	105.94
Group's contribution to employees' state insurance scheme	166.72	155.06

Defined benefit plans

(a) Gratuity

(b) Compensated absences - Earned / Sick leaves

These are unfunded schemes, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognise each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Rs./Lacs					
Particulars		Gratuity		Earned and sick leaves	
		Current Year	Previous Year	Current Year	Previous Year
Change in present value of obligation					
Present value of obligation as at the beginning of the year		1637.99	1,569.58	412.90	355.56
Current service cost		99.12	91.08	126.42	121.82
Interest cost		131.00	133.39	33.02	30.22
Actuarial (gain) / loss		147.97	66.22	(63.36)	(26.83)
Benefits paid		(236.76)	(222.28)	(79.47)	(67.87)
Present value of obligation as at the end of the year	Total	1779.32	1,637.99	429.51	412.90
	Non-current	1597.89	1,573.88	407.24	395.78
	Current	181.43	64.11	22.27	17.12

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

Change in plan assets	Not applicable	Not applicable	Not applicable	Not applicable
Plan assets at the beginning of the year	–	–	–	–
Expected return on plan assets				
Contribution by the Group				
Benefits paid				
Actuarial gain / (loss)				
Plan assets at the end of the year	–	–	–	–
Liability recognised in the consolidated financial statement				
Cost for the year				
Current service cost	99.12	91.08	126.42	121.82
Interest cost	131.00	133.39	33.02	30.22
Return on plan assets	–	–	–	–
Actuarial (gain) / loss	147.97	66.22	(63.36)	(26.83)
Net cost	378.09	290.69	96.08	125.21
Constitution of plan assets Other than equity, debt, property and bank a/c Funded with LIC	Not applicable	Not applicable	Not applicable	Not applicable
Main actuarial assumptions				
Discount rate	8.00%	8.50%	8.00%	8.50%
Rate of increase in compensation levels	5.50%/5.00%	6.00%/5.00%	5.50%/5.00%	6.00%/5.00%
Retirement Age (Years)	58/60	58/60	58/60	58/60
Mortality Table	*	*	*	*

* IALM (1994 - 96)

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as demand and supply in the employment market.

Particulars	Rs./Lacs									
	For the year ended March 31, 2013		For the year ended March 31, 2012		For the year ended March 31, 2011		For the year ended March 31, 2010		For the year ended March 31, 2009	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Present value of obligation at the end	1779.32	429.51	1637.99	412.90	1569.57	355.56	382.33	155.68	308.62	127.46
Fair value of plan assets at the end	–	–	–	–	–	–	–	–	–	–
Net liability recognised in balance sheet	1779.32	429.51	1637.99	412.90	1569.57	355.56	382.33	155.68	308.62	127.46
Net actuarial (gain)/loss recognized.	147.97	(63.36)	66.22	(26.83)	22.11	9.67	39.18	13.49	21.87	6.36

31. In terms of the Scheme of Restructuring and Arrangement approved by the Delhi High Court vide its order dated October 29, 2003 under section 391 - 394 of the Companies Act, 1956 (Act) and subsequent modification thereto vide Delhi High Court order dated April 28, 2011 (hereinafter referred to as SORA), DCM Limited as envisaged thereunder has:

- with effect from April 1, 2001, spun off Engineering business into a subsidiary i.e. DCM Engineering Limited and merged a wholly owned subsidiary into the DCM Limited with effect from April 1, 1999.
- entered into definitive agreement on February 16, 2004 with Purearth Infrastructure Limited (PIL), a co-promoted Company, for sale of development rights in freehold and leasehold land at Bara Hindu Rao/Kishanganj for a total consideration of Rs. 28,820 lacs includes Rs. 3,400 lacs on account of leasehold land out of which Rs. 2,400 lacs is subject to certain minimum profit being earned by PIL from the leasehold land. The status of these agreements is as under:
 - In terms of the Freehold Definitive Agreement dated February 16, 2004, DCM Limited had, during the year 2003-04, recognised the sale of development rights to PIL in freehold land at Bara Hindu Rao for a consideration of Rs.14,449.92 lacs (excluding the outstanding of Rs.10,962.08 lacs against the sale of rights aggregating Rs. 39,567 lacs in the previous years).
 - the "Leasehold Definitive Agreement" dated February 16, 2004 has technically not come into effect as the conditions to make the agreement effective are yet to be complied with. As a result, DCM Limited has considered prudent not to recognize the sale of development rights in leasehold land and has carried forward the same at its estimated net realisable value as "Land (for development)" under the head inventories in notes 17 of the consolidated financial statement.

Consequent to the above, in terms of the SORA and the definitive agreements referred to as above, all rights and obligations with respect to development of freehold land have been taken over by PIL including the obligation towards advances received by the DCM Limited in the previous years against sale of flats on installment payment basis. Further, the provision for contingencies aggregating Rs.501.74 lacs carried forward from the previous years to cover the expenses to be incurred in relation to the above project has been utilized / adjusted during the previous year.

- c) Since, in terms of para 43 of the SORA, it cannot be implemented partially as, by its very nature, it would be implemented as a whole and in totality and that in the event any part of the SORA, either in part or in whole, is not capable of implementation, the whole SORA will have no effect. The management has confirmed to the auditors that the conditions contained in the leasehold definitive agreement (See (b) above) would be complied with and would not result in any adverse impact on the financials of DCM Limited or on the successful implementation of the SORA.
- d) DCM Limited has in the previous years accounted for the impact of financial restructuring, resulting in rescheduling/ waiver of interest/ principal, including the modification of security terms, if any, with regard to partly convertible debentures, non convertible debentures, loans from Financial Institutions and certain inter corporate deposits as envisaged in the SORA.
- e) After considering the effect of Delhi High Court order dated April 28, 2011, DCM Limited has complied with the debt repayment obligations including in respect of debentures, deposits, loans and related interest and where such amount has not been claimed by the concerned party, deposited an equivalent amount into a 'No Lien / Designated Accounts' with scheduled banks. Aggregate of amount so deposited as at the year end is Rs. 655.42 lacs (Previous year: Rs. 823.16 lacs).
32. Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for in the consolidated financial statements aggregate Rs. 1,323.26 Lacs (Previous year: Rs. 2,454.65 Lacs).
33. Contingent liabilities not provided for:

Particulars	Current year Rs./Lacs	Previous year Rs./Lacs
Claims not acknowledged as debts: *		
– Income-tax matters	362.85	294.42
– Service tax	1.24	4.38
– Customs duty	12.55	12.55
– Employees' claims (to the extent ascertained)	39.32	39.32
– Property tax	391.56	800.62
– Excise Duty	653.00	598.88
– Others	291.87	365.59

*All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded will not, in the opinion of management, have a material effect on the results of operations or financial position of the Group.

- | | | |
|---|---------------------|----------------------|
| 34. Earnings per share: | Current Year | Previous Year |
| (a) Profit after taxation as per profit and loss account (Rs./lacs) | 1,781.31 | 779.39 |
| (b) Number of equity shares (face value of Rs. 10 per share) | 173,79,037 | 173,79,037 |
| (c) Basic and diluted earning per share (Rs. Per share) | 10.25 | 4.48 |
35. During the financial period 1992-93, DCM Limited revalued its land pertaining to its unit Hissar Textile Mills, Hissar, as of April 1, 1990, the date when DCM Limited was re-organised, on the basis of valuation carried out by an approved valuer. This revaluation resulted in a surplus of Rs. 969 lacs, which was credited to the revaluation reserve, already adjusted in previous years.
36. The Collector, Hissar in the year 1989-90 had ordered resumption of 250 acres of land of the closed unit at Hissar and had served a notice on the DCM Limited to start textile operations on the remaining 129.5 acres of land at Hissar within a specified period failing which that land would also be resumed. The DCM Limited has since setup a spinning mill at this location and had filed a writ petition in the Hon'ble Punjab and Haryana High Court (referred as 'Court') challenging the order and the notice. The said writ petition of the DCM Limited was decided by Single Bench of the Court in favour of the DCM Limited on 29.6.2010 setting aside the said order of resumption. An appeal filed by State of Haryana against the said order of Single Bench before Divisional Bench of Hon'ble Punjab & Haryana High Court was dismissed during the year on 4.10.2012. A further Special Leave Petition (SLP) filed by Haryana Urban Development Authority (HUDA) one of the parties in the matter against the order of said Divisional Bench was dismissed by Hon'ble Supreme Court on 22.3.2013. In view of these orders, this matter has attained finality in favour of the DCM Limited.
37. Capital advances includes Rs. 870.55 Lacs (Previous year: Rs. 870.55 Lacs) paid during the previous year to a party to acquire certain property under construction at New Delhi. The construction was a matter of litigation between the Builder and the local authorities. The High Court of Delhi has allowed the builder to construct the property subject to certain conditions. The management is confident that the advance paid to acquire the property is good and fully recoverable.
38. In the previous years, DCM Limited's claim for the refund of an Inter Corporate Deposit amounting to Rs.100 lacs against a body corporate was settled by the body corporate by issuing, in terms of an arbitration award, 0% non-cumulative, non-voting, redeemable preference shares of Rs.100 each to DCM Limited, redeemable within 20 years. The management is confident that the investment acquired by DCM Limited in preference shares of the body corporate is good and fully recoverable.

39. The Group's significant operating lease arrangements, entered into subsequent to March 31, 2001, are in respect of premises (residential, office, stores, godown, etc.). These leasing arrangements, which are cancellable, are renewable at mutually agreeable terms. The lease rentals charged as rent aggregate Rs. 209.49 lacs (Previous year: Rs. 200.68 lacs) under note 28.
40. The business of DCM Limited was reorganised 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 the units of DCM Limited existing at that time were re-organised under four separate companies namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited. There are various issues relating to sales tax, income-tax, etc., arising/arisen out of the reorganisation arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and memorandum of understanding between the companies as and when the liabilities/benefits are fully determined.
- The demands aggregating Rs 451 lacs raised by the Income-tax Authorities during the year 1994-95, in relation to the above matters, have either been decided in favour of DCM Limited or have been adjusted against the carried forward losses. However, the matters are disputed by the Income-tax Authorities in appeal.
41. Details of loans and advances in the nature of loans, as per clause 32 of Listing Agreement where there is no repayment schedule are i) Bahubali Services Limited Rs. 155.46 lacs (Previous year: Rs. 155.46 lacs) {(Maximum amount outstanding Rs. 155.46 lacs (Previous year: Rs. 155.46 lacs))}, ii) Jaya Rapid Rollers Limited Rs. 22.22 lacs (Previous year: Rs. 22.22 lacs) {(Maximum amount outstanding Rs. 22.22 lacs (Previous year: Rs. 22.22 lacs))}, iii) LKP Merchant Financing Limited Rs. 84.25 lacs (Previous year: Rs. 84.25 lacs) {(Maximum amount outstanding Rs. 84.25 lacs (Previous year: Rs. 84.25 lacs))} and iv) DCM Employees Welfare Trust Rs. 279.90 lacs (Previous year: Rs. 279.90 lacs) {(Maximum amount outstanding Rs. 279.90 lacs (Previous year: Rs. 279.90 lacs))}.
42. SEGMENT REPORTING
- The business segments comprise the following:

Textiles	–	Yarn manufacturing
IT Services	–	IT Infrastructure services and software development.
Real Estate	–	Development at DCM Limited's real estate site at Bara Hindu Rao / Kishan Ganj, Delhi.
Grey Iron Castings	–	Grey iron casting manufacturing
Other	–	Leasing / financing, investing & others.
 - Business segments have been identified based on the nature and class of products and services, their customers and assessment of the differential risks and returns and financial reporting system within the Group.
 - The geographical segments considered for disclosure are based on location of customers, broadly as under:
 - within India
 - outside India
 - Segment accounting policies;

In addition to the significant accounting policies, applicable to the business as set out in note 2, the accounting policies in relation to segment accounting are as under:

 - Segment assets and liabilities:

Segment assets include all operating assets used by a segment and consist principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions, which are reported as direct offsets in the balance sheet. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities. While most of the assets/liabilities can be directly attributed to individual segments, the carrying amounts of certain assets/liabilities pertaining to two or more segments are allocated to the segments on reasonable basis.
 - Segment revenue and expenses:

Joint revenue and expenses of segments are allocated amongst them on a reasonable basis. All other segment revenue and expenses are directly attributable to the segments.
 - Inter segment sales:

Inter-segment sales are accounted for at cost and are eliminated in consolidation.

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

e) (i) Primary Segment information (Business Segments) for the year ended March 31, 2013.

Rs./Lacs

Particulars	Textiles		IT Services		Real Estate		Grey Iron Casting		Other		Segment Total		Unallocated		Total Company	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Segment revenue																
– External sales/services	31,764.85	26,566.13	4,442.46	3,937.82	–	–	38,346.66	42,102.96	–	5.41	74,553.97	72,612.32	–	–	74,553.97	72,612.32
– Other Operating income	2,397.12	2,506.54	13.17	1.81	–	3,638.99 *	125.61	130.91	7.58	–	2,543.48	6,278.25	–	–	2,543.48	6,278.25
Total Revenue	34,161.97	29,072.67	4,455.63	3,939.63	–	3,638.99	38,472.27	42,233.87	7.58	5.41	77,097.45	78,890.57	–	–	77,097.45	78,890.57
2. Segment results																
Unallocated corporate expenses/income (net of unallocated income/expenses)	5,061.28	(1,479.44)	161.88	26.02	–	3,638.99 *	71.58	1,656.98	(0.31)	(1.35)	5,294.43	3,841.20	–	–	5,294.43	3,841.20
													16.69	241.61	16.69	241.61
3. Profit before finance costs															5,311.12	4,082.81
4. Finance Costs													2,171.67	2,793.34	2,171.67	2,793.34
5. Profit before tax															3,139.45	1,289.47
6. Provision for taxation													1,581.14	282.20	1,581.14	282.20
7. Profit after taxation															1,558.31	1,007.27
8. Other information																
(a) Segment assets	22,074.98	18,848.20	1,333.35	1,150.66	7,085.68	9,055.09	22,022.17	18,971.57	349.66	340.12	52,865.84	48,365.64	–	–	52,865.84	48,365.64
Investments													3,295.58	3,295.58	3,295.58	3,295.58
Other unallocated assets													4,226.71	4,982.45	4,226.71	4,982.45
Total Assets															60,388.13	56,643.67
(b) Segment liabilities	888.79	1,654.55	441.82	378.45	3,115.02	3,139.12	5,946.10	5,275.29	4.77	2.97	10,396.50	10,450.38	–	–	10,396.50	10,450.38
Share capital and reserves													20,568.28	19,324.46	20,568.28	19,324.46
Minority Interest													2,124.23	2,497.22	2,124.23	2,497.22
Loan funds													24,187.62	20,856.15	24,187.62	20,856.15
Other unallocated liabilities													3,111.50	3,515.46	3,111.50	3,515.46
Total liabilities															60,388.13	56,643.67
(c) Capital expenditure	867.77	198.53	17.52	6.93	–	–	5,558.57	1,785.06	–	–	6,443.86	1,990.52	81.04	1.60	6,524.90	1,992.12
(d) Depreciation	988.21	952.21	20.68	21.94	–	–	842.56	915.33	–	–	1,851.45	1,889.48	10.84	15.89	1,862.29	1,905.37
(e) Non-cash expenditure other than depreciation	1.39	20.21	27.49	9.47	–	–	103.04	19.95	1.16	0.20	133.08	49.83	0.41	4.41	133.49	54.24

(ii) Secondary segment information (Geographical segments)

Particulars	Current Year Rs./lacs	Previous Year Rs./lacs
Segment revenue (Including excise duty)		
– Revenue within India	54,099.09	63,488.07*
– Revenue outside India	22,998.36	15,402.50
Total segment revenue	77,097.45	78,890.57
Segment assets		
– Within India	47,873.02	44,937.47
– Outside India	4,992.82	3,428.17
Total segment assets	52,865.84	48,365.64
Capital expenditure		
– Within India	6,523.23	1,990.88
– Outside India	1.67	1.24
Total segment capital expenditure	6,524.90	1,992.12

* Includes exceptional income of Rs. 1800.00 lacs (Refer note 29). It also includes Rs.1836.81 lacs during the quarter / year ended respectively on account of liabilities / provisions no longer required written back in relation to real estate project.

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

43. Related party disclosures under Accounting Standard (AS) 18

A. Names of related party and nature of related party relationship

I. Joint venture: Purearth Infrastructure Limited (PIL)

II. Key management personnel and/or Individuals having direct or indirect control or significant influence, and their relatives:

- a. Mr. Naresh Kumar Jain - Managing Director (Upto December 19, 2012).
- b. Mr. Jitendra Tuli - Chairman and Managing Director (w.e.f. December 20, 2012).
- c. Dr. Vinay Bharat Ram - Chief Executive Officer
- d. Mr. Hemant Bharat Ram - President - Textiles
- e. Mr. Sumant Bharat Ram - Chief Operating and Financial Officer
- f. Mr. J. K. Menon - Managing Director (DEL) (Upto March 15, 2013)
- g. Mr. Rahil Bharat Ram - Son of Mr. Sumant Bharat Ram
- h. Mr. Yuv Bharat Ram - Son of Mr. Sumant Bharat Ram

III. Enterprises where key management personnel have significant influence:

- a. Aggresar Leasing and Finance Private Limited (ALFPL)
- b. Betterways Finance and leasing Private Limited (BFLPL)
- c. Xonix Enterprises Private Limited (XEPL)
- d. Lotus Finance & Investments Private Limited (LFIPL)
- e. Midopa Holdings Private Limited (MHPL)
- f. Lotte Trading and Allied Services Private Limited. (LTASPL)

B. Transactions with related parties referred to in A above.

i) Transactions with Joint Venture Company and enterprises where key management personnel have significant influence (Rs./Lacs)

Particulars		Join Venture		Others*		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Expenses recovered	PIL	51.32	69.85	—	—	51.32	69.85
Compensation Received	PIL	—	1,800.00	—	—	—	1,800.00
Liabilities no longer required written back	PIL	—	1,356.00	—	—	—	1,356.00
Advance/ Consideration given for purchase of rights in flats	PIL	—	102.58	—	—	—	102.58
Dividend Paid	ALFPL	—	—	298.66	242.91	298.66	242.91
	BFLPL	—	—	64.93	38.76	64.93	38.76
	XEPL	—	—	31.11	19.44	31.11	19.44
	Others	—	—	64.57	40.36	64.57	40.36
a) Trade Receivable							
– Current	PIL	2,447.50	4,417.50	—	—	2,447.50	4,417.50
– Non-current	PIL	2,000.00	2,000.00	—	—	2,000.00	2,000.00
b) Other Receivable							
– Current	PIL	1,620.00	630.00	—	—	1,620.00	630.00
– Non-current	PIL	—	990.00	—	—	—	990.00
c) Advances consideration for purchase of rights in flats	PIL	775.36	775.36	—	—	775.36	775.36
e) Advances recoverable/(payable)	PIL	(2.68)	(5.92)	—	—	(2.68)	(5.92)

* Enterprises where key management personnel have significant influence

ii) Transactions with key managerial personnel.

	Current Year Rs./lacs	Previous Year Rs./lacs
Remuneration *		
– Dr. Vinay Bharat Ram	142.52	137.00
– Mr. Hemant Bharat Ram	121.63	117.13
– Mr. Sumant Bharat Ram	89.58	80.10
– Mr. Jai Kumar Menon	90.60	74.17
Sitting fees		
– Mr. Naresh Kumar Jain	0.50	0.65
– Mr. Jitendra Tuli	0.45	—
Dividend Paid:		
– Dr. Vinay Bharat Ram	0.26	0.16
– Mrs. Panna Bharat Ram (Since deceased)	0.32	0.20
– Mr. Sumant Bharat Ram	0.48	—
– Mr. Rahil Bharat Ram	0.19	—
– Mr. Yuv Bharat Ram	0.19	—

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	Current Year Rs./lacs	Previous Year Rs./lacs
Balance outstanding at the year end:		
Payables:		
– Dr. Vinay Bharat Ram	0.92	0.92
– Mr. Hemant Bharat Ram	3.78	3.43
– Mr. Sumant Bharat Ram	3.17	-
* Does not include provision for leave salary and contribution / provision towards gratuity, since the provision / contribution is made for the Group as a whole on actuarial basis.		

44. Disclosures related to joint venture:

Name	Country of incorporation	Nature of Interest	Percentage of ownership as at	
			March 31, 2013	March 31, 2012
Purearth Infrastructure Limited	India	Equity share Holding	15.86%	15.87%

The Group's investment in the above joint venture is shown as non-current investment - trade (un-quoted), under note 14. Due to non availability of financial statements of the aforesaid joint venture for year ended March 31, 2013 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 'standalone' financial statements for the year ended March 31, 2012. However, the Group's share of Assets, Liabilities, Income and Expenses, etc. (without elimination of the effect of transactions between the Group and the joint venture) has been determined on the basis of Group's shareholding in Joint Venture as of March 31, 2013.

(Rs./Lacs)

	As at March 31, 2012 (Based on ownership interest of 15.86%)	As at March 31, 2011 (Based on ownership interest of 15.87%)
Assets		
Non-current assets		
Fixed assets		
Tangible assets	14.98	16.89
Intangible assets	-	0.44
Non-current investments	1.74	1.59
Long-term loans and advances	101.91	90.12
Current assets		
Current investments	-	44.69
Inventories	7,667.86	6,963.37
Trade receivables	308.98	74.58
Cash and bank balances	82.33	229.46
Short-term loans and advances	115.30	184.72
Other current assets	20.89	200.27
	As at March 31, 2012 (Based on ownership interest of 15.86%)	As at March 31, 2011 (Based on ownership interest of 15.87%)
Liabilities		
Non-current liabilities		
Long-term borrowings	2.08	350.01
Other long-term liabilities	491.66	317.40
Long-term provisions	12.08	9.68
Current Liabilities		
Short-term borrowings	15.86	-
Trade payables	943.80	1,219.46
Other current liabilities	4,163.59	3,120.74
Short-term provisions	30.14	24.71

Notes to the consolidated financial statements for the year ended March 31, 2013 Continued

	For the year ended March 31, 2012 (Based on ownership interest of 15.86%)	For the year ended March 31, 2011 (Based on ownership interest of 15.87%)
Revenue		
Revenue from operations	211.61	633.42
Other income	25.85	46.42
Expenses		
Cost of acquisition of rights, development and construction	102.57	435.07
Employee benefits expense	28.83	30.52
Finance costs	105.75	6.17
Depreciation and amortisation expense	4.33	4.29
Other expenses	107.90	148.94
Tax expense		
Current tax	—	27.27
Tax relating to prior years	(2.49)	—
Other Matters		
Contingent Liabilities	62.33	73.46

45. There are no undisputed dues of wealth tax, sales tax and cess, which have not been deposited by the Group. The details of disputed dues as of March 31, 2013 in respect of excise duty, customs duty, income tax and service tax that have not been deposited by the Group, are as follows:

Name of the statute dues	Nature of the	Forum where pending	Total amount involved * (Rs./Lacs)	Amount paid under protest (Rs./Lacs)	Period to which the amount relates
Income-tax Act, 1961	Income-tax	Commissioner of Income Tax (Appeals)	33.25	—	Assessment year 2010-11
		Income Tax Appellate Tribunal	12.72	12.72	Assessment year 2008-09
Central Excise Law	Excise Duty	Customs Excise and Service Tax Appellate Tribunal	595.81	—	1996-1999 2004-2011
		Supreme Court	3.07	—	2002-2004
Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal	1.24	—	2005-2009
Customs Act, 1962	Customs Duty	Commissioner of Customs (Appeals)	12.55	—	1988-89

* amount as per demand orders including interest and penalty wherever indicated in the demand.

For the above purposes, statutory dues payable in India have been considered. Further, the demands raised and already set off by the Income-tax Authorities against the carried forward losses of the Group or the refunds due to the Group, being no longer due for payment, have not been considered. The following matters which have been excluded from the above table, have been decided in favour of the Group, although the concerned regulatory authority has preferred appeal at a higher level:

Name of the Statute	Nature of the Dues	Forum where pending	Amount Rs./Lacs	Period to which the amount relates
Income Tax Act, 1961	Income-tax	Delhi High Court	442.48	Assessment years 1983-84 to 1990-91
		Delhi High Court	35.18	Assessment years 2002-03
		Income Tax Appellate Tribunal	27.93	Assessment year 2009-10

46. Quantitative data about Derivative Instruments

Nature of derivative	Number of deals		Purpose		Amount in foreign currency (in US\$)		Amount in Rs./Lacs	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Forward Contract	19	20	Hedge	Hedge	29,24,240	21,29,443	1635.02	1063.22

Foreign currency exposure of the group that is not hedged by derivative instruments or otherwise is as follows:

Particulars	Current Year			Previous Year		
	Amount in Foreign currency		Amount in Rs./Lacs	Amount in Foreign currency		Amount in Rs./Lacs
Trade Receivables	US\$	10,15,938	530.79	US\$	11,54,669	584.39
	GBP	–	–	GBP	4,470	3.64
Cash and Bank	US\$	1,69,723	91.79	US\$	75,005	37.95
Loans and Advances	US\$	1,64,444	88.93	US\$	49,883	25.24
	Euro	19,118	13.29	Euro	5,84,481	396.39
	GBP	–	–	GBP	3,964	3.23
Current Liabilities	US\$	3,01,842	163.24	US\$	4,14,120	210.17
	Euro	1,02,400	71.17	Euro	1,04,984	71.25
Provisions	US\$	20,000	10.82	US\$	–	–
Unsecured Long Term Borrowings	Euro	5,09,100	353.84	Euro	3,25,833	221.13

47. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to notes 1 to 47

JITENDRA TULI
Chairman and Managing Director

BIPIN MAIRA
Director

BHABAGRAHI PRADHAN
Company Secretary

ASHWANI SINGHAL
Executive Vice President
(Finance & Taxation)

Place : New Delhi
Date : May 27, 2013

DCM LIMITED

Registered Office : 6th Floor, Vikrant Tower, 4, Rajendra Place, New Delhi - 110 008



ADMISSION SLIP

Please Complete the Admission slip and hand it over at the entrance of the meeting hall.

L.F. No :		Number of Shares Held :	
DP. Id*		Client ID No*	
1	1	1	
2	2	3	
3	3	3	

I HEREBY RECORD MY/OUR PRESENCE AT THE 123rd ANNUAL GENERAL MEETING OF DCM LIMITED ON FRIDAY JULY 19, 2013 AT 11.30 P.M. AT MPCU SHAH AUDITORIUM, SHREE DELHI GUJRATI SAMAJ MARG, CIVIL LINES, NEW DELHI - 110054

*Applicable for investors holding shares in electronic form

.....
SIGNATURE OF THE MEMBER/PROXY

1. SHAREHOLDERS HAVING ANY QUERIES ARE REQUESTED TO SEND THEM 10 DAYS IN ADVANCE TO THE COMPANY TO ENABLE IT TO COLLECT THE RELEVANT INFORMATION.
2. ONLY TEA & COLD DRINK WILL BE SERVED AT THE MEETING.
3. NO DUPLICATE ATTENDANCE SLIP WILL BE ISSUED AT THE ATTENDANCE COUNTER. IF REQUIRED, SAME MAY BE OBTAINED FROM THE REGISTERED OFFICE OF THE COMPANY BEFORE THE DATE OF THE MEETING.
4. NO BAGS, BRIEFCASES, DRINKS AND EATABLES WILL BE ALLOWED TO BE CARRIED INSIDE THE AUDITORIUM.

Cut Here

DCM LIMITED

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



PROXY FORM

L.F. No :		Number of Shares Held :	
DP. Id*		Client ID No*	
I/We;			
Name{s} in full	Father's /Husband's Name	Address as Regd. With the Company	
1	1	1	
2	2	3	
3	3	3	

being a member/members of DCM Limited hereby appoint of in the district of or failing him of in the district of as my/our proxy to attend and vote for me/us on my/our behalf at the 123rd Annual General Meeting of the Company to be held on FRIDAY JULY 19, 2013 AT 11.30 P.M. and at any adjournment thereof.

Signed this day of 2013

*Applicable for investors holding shares in electronic form.

**Re. 1
Revenue
Stamp**

Signature :

Note: The Proxy Form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of meeting.

FORM B
Format of covering letter of the annual audit report to be filed with the stock exchanges

(Pursuant to Clause 31(a) of Listing Agreement)

1.	Name of the Company	DCM Limited
2.	Annual standalone financial statements for the year ended	March 31, 2013
3.	Type of Audit qualification/ observation	Qualified: Qualification on page no. 13 of enclosed Annual Report i) <i>There are various issues arisen/arising out of the reorganization arrangement will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 40 of the financial statements. The effect of these on the financial statements is not ascertainable at this stage;</i> ii) <i>The disclosures in terms of Accounting Standard (AS)-27 "Financial Reporting of Interest in Joint Ventures" for the reasons stated in note 44 of the financial statements have been made on the basis of last available financial statements of joint venture for the year ended March 31, 2012.</i> <i>The matters referred to in paragraphs (i) and (ii) to the extent covered here above were also subject matter of qualification in our audit report on the financial statements for the year ended March 31, 2012.</i> Emphasis: Emphasis of Matter on page no. 13 of enclosed Annual Report We draw attention to note 30 of the financial statements which explains in detail the position of the "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) and the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. Our opinion is not qualified in respect of this matter.
4.	Frequency qualification	of Qualification no (i) This qualification is appearing since 1990-91 which was the year in which the 1st balance sheet was prepared after the business of the Company was reorganized under a Scheme of Arrangement sanctioned by Hon'ble Delhi High Court vide its order dated April 16, 1990 effective from April 1, 1990.

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		Qualification no (ii) Similar qualification has been appearing since 2003-2004, the year in which the Company had entered into Definitive Agreement(s) with Purearth Infrastructure Ltd., a joint venture Company, for the development of real estate project at Bara Hindu Rao/Kishan Gang, Delhi pursuant to sanction of SORA by Hon'ble Delhi High Court, for the reason that the financial statements of the joint venture for any financial year are received by the Company with a delay of one year. Accordingly, whilst finalizing the accounts of the Company for the current year, the audited financial statements for the year ended March 31, 2012 of joint venture was available with the Company and the audited/unaudited financial statements for the year ended March 31, 2013 of joint Venture have not been received. Resulting, in a time lag of one year. Emphasis of Matter This matter is appearing since 2003-2004, the year in which the Company had entered into Definitive Agreement(s) with Purearth Infrastructure Ltd., a joint venture Company, for the development of real estate project at Bara Hindu Rao/Kishan Gang, Delhi pursuant to sanction of SORA by Hon'ble Delhi High Court.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Qualification no (i) Refer note 40 to notes to the financial statements (page no. 32 of enclosed Annual Report). Clarification on above in Director's report (page no. 04 of enclosed Annual 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. There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and Memorandum of Understanding between the companies involved, when the liabilities/benefits are finally determined. The final liability, when determined, would in case of the Company, be limited only to one third of the total liability. (note 40 to the notes to Financial Statements annexed) Qualification no (ii) Refer note 44 to notes to the financial statements (page no. 36 of enclosed Annual Report). Clarification on above in Director's report (page no. 04 of enclosed Annual Report). Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2013 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, 2012. However, the Company's share of Assets, Liabilities, Income

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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, 2013. (refer note 44 of notes to Financial Statements annexed).

Further, in absence of required information of joint venture Company, the same have not been considered for consolidation in the Consolidated Financial Statements.

Emphasis of Matter

Refer note 30 to notes to the financial statements (page no. 31 of enclosed Annual Report).

Clarification on above in Director's report (page no. 04 of enclosed Annual Report).

The "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to the Auditors that the conditions contained in the "leasehold definitive agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. The Auditors' opinion is not qualified in respect of this matter (refer note 30 of notes to Financial Statements annexed).

6. Additional comments from the board/audit committee chair

In respect to Qualification no(i)

DCM Ltd, a conglomerate consisting of 13 units, was restructured to form four separate companies including this company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited effective from 1.04.1990, through a Scheme of Arrangement approved by the Hon'ble Delhi High Court u/s 391 to 394 of the Companies Act.

In view of the complexity and size of the restructured corporate, certain issues with regard to taxation had arisen pursuant to said re-organisation, 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.

Over the years, the said tax issues/matters have either been decided in favour of the Company or the income/demand arisen in the matter had been adjusted against the carried forward losses. However, the matter(s) are disputed by the Income -tax authorities in appeal(s) which are pending in the court(s). Until these matters are finally decided, the liability/benefit of these cannot be ascertained.

In view of this, the above qualification is appearing since 1990-91 which was year in which the 1st balance sheet was prepared after the business of the Company was reorganized w.e.f 1.4.1990.

Accordingly, the effect, if any, will be accounted for as and when the liabilities/benefits are finally determined in terms of the Scheme of Arrangement and Memorandum of Understanding between the said companies.

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In respect to Qualification no(ii)

The Company is having 15.86% equity interest along with its subsidiary in a joint venture Company which is an unlisted Company. The majority stake in the said joint venture Company is held by Joint venture partners.

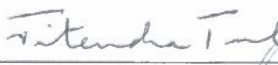
In terms of Accounting Standard (AS) – 27 "Financial Reporting of interest in joint venture", the Company is required to consolidate its interest in joint venture company using proportionate consolidation and also to disclose the Company's share of assets and liabilities, income & expenditure to be determined by using the financial statements of joint venture entity as on the closing date of accounts of the Company or within six months thereof.

The financial year of the Joint Venture company was closed on 31.03.2013, same date as of the Company. However, the finalisation / approval of Accounts by the Board of the Joint Venture Company for the year ended March 31, 2013 remained pending as on the date of finalisation/approval of accounts of the Company.

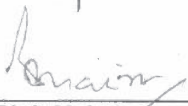
Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2013 or within 6 months thereof, the disclosures required to be made in terms of Accounting Standard (AS) – 27 "Financial Reporting of interest in joint venture" for the current year have been made on the basis of joint venture's latest available financial statements for the year ended March 31, 2012. 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) as reflected in the joint venture's latest available financial statements for the year ended March 31, 2012 has been determined on the basis of the Company's shareholding in the Joint Venture as of March 31, 2013. Further, in absence of required information of joint venture company, the same have not been considered for consolidation in the Consolidated Financial Statements.

To be signed by:

- Chairman and Managing Director
- Chief Operating and Financial Officer
- Chairman (Audit Committee)
- Auditor of the Company


(Jitendra Tuli)


(Sumant Bharat Ram)


(Bipin Maira)



Refer our audit report dated May 27, 2013 on the Standalone Financial Statements of the Company
For A.F. Ferguson & Co.
Chartered Accountants
(Firm Registration No. 112066W)


Manjula Banerji
Partner
(Membership No. 086423)

New Delhi, May 27, 2013



FORM B
Format of covering letter of the annual audit report to be filed with the stock exchanges

(Pursuant to Clause 31(a) of Listing Agreement)

1.	Name of the Company	DCM Limited
2.	Annual consolidated financial statements for the year ended	March 31, 2013
3.	Type of Audit qualification / observation	Qualified: Qualification on page no 40 of enclosed Annual Report i) Various matters arising/arisen out of reorganisation will be settled and accounted for as and when the liabilities/benefits are finally determined as stated in note 40 of the consolidated financial statements. The effect of these on the consolidated financial statements is not ascertainable at this stage; ii) The Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standards) Rules, 2006, except that in the absence of requisite information the Company's interest in its joint venture company, viz., Purearth Infrastructure Limited has not been reported in these consolidated financial statements using the proportionate consolidation method, as required in terms of Accounting Standard (AS)-27, "Financial Reporting of interests in Joint Ventures". (Refer to note 1(ii) of consolidated financial statements). <i>The matters referred to in paragraphs (i) and (ii) above, to the extent covered herein above, were also subject matter of qualifications in our audit report on the Consolidated Financial Statements for the year ended March 31, 2012.</i> Emphasis: Emphasis of Matter on page no 40 of enclosed Annual Report We draw attention to note 31 of the consolidated financial statements which explains in detail the position of the "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) and the status of its implementation. The SORA provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the sale of rights in the Company's land development project, which, as per SORA, is subject to certain definitive agreements. Although the Company has entered into the definitive agreements during the previous years, one of such agreements, viz., "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to us that the conditions contained in the "leasehold definitive agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. Our opinion is not qualified in respect of this matter.
4.	Frequency of qualification	<u>Qualification no (i)</u>

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		This qualification is appearing since 2002-03 which was the year in which the 1st consolidated financial statements were prepared. Qualification no (ii) This qualification is appearing since 2003-2004, the year in which the Company had entered into Definitive Agreement(s) with Purearth Infrastructure Ltd., a joint venture Company, for the development of real estate project at Bara Hindu Rao/Kishan Gang, Delhi pursuant to sanction of SORA by Hon'ble Delhi High Court. Emphasis of Matter This matter is appearing since 2003-2004, the year in which the Company had entered into Definitive Agreement(s) with Purearth Infrastructure Ltd., a joint venture Company, for the development of real estate project at Bara Hindu Rao/Kishan Gang, Delhi pursuant to sanction of SORA by Hon'ble Delhi High Court.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	Qualification no (i) Refer note 40 to notes to the Consolidated financial statements (page no. 59 of enclosed Annual Report). Clarification on above in Director's report (page no. 04 of enclosed Annual 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. There are various issues relating to sales tax, income tax, etc., arising/arisen out of the re-organization arrangement, which will be settled and accounted for in terms of the Scheme of Arrangement and Memorandum of Understanding between the companies involved, when the liabilities/benefits are finally determined. The final liability, when determined, would in case of the Company, be limited only to one third of the total liability. (note 40 to the notes to Financial Statements annexed) Qualification no (ii) Refer note 44 to notes to the Consolidated financial statements (page no. 62 of enclosed Annual Report). Clarification on above in Director's report (page no. 04 of enclosed Annual Report). Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2013 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, 2012. 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

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		shareholding in Joint Venture as of March 31, 2013. (refer note 44 of notes to Financial Statements annexed). Further, in absence of required information of joint venture Company, the same have not been considered for consolidation in the Consolidated Financial Statements. (refer note 44 of notes to Consolidated Financial Statements annexed). Emphasis of Matter Refer note 31 to notes to the Consolidated financial statements (page no.57-58 of enclosed Annual Report). Clarification on above in Director's report (page no. 04 of enclosed Annual Report). The "Scheme of Restructuring and Arrangement", sanctioned by the High Court of Delhi as further modified vide its Order dated April 28, 2011 (hereinafter referred to as SORA) provides that it is required to be implemented as a whole and in totality. The effect of the financial and business restructuring, as envisaged in the above Scheme, has already been considered in preparing the accounts by the Company during the previous years except for the "leasehold definitive agreement" has not become effective pending compliance with certain conditions contained therein and therefore, the corresponding transaction has not been effected in the accounts. The management has confirmed to the Auditors that the conditions contained in the "leasehold definitive agreement" would be complied and would not result into any adverse impact on the financials of the Company or on the successful implementation of the SORA. The Auditors' opinion is not qualified in respect of this matter. (refer note 30 of notes to Financial Statements annexed).
6.	Additional comments from the board/audit committee chair	In respect to Qualification no(i) DCM Ltd, a conglomerate consisting of 13 units, was restructured to form four separate companies including this company, namely, DCM Limited, DCM Shriram Industries Limited, DCM Shriram Consolidated Limited and Mawana Sugars Limited effective from 1.04.1990, through a Scheme of Arrangement approved by the Hon'ble Delhi High Court u/s 391 to 394 of the Companies Act. In view of the complexity and size of the restructured corporate, certain issues with regard to taxation had arisen pursuant to said re-organisation, 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. Over the years, the said tax issues/matters have either been decided in favour of the Company or the income/demand arisen in the matter had been adjusted against the carried forward losses. However, the matter(s) are disputed by the Income -tax authorities in appeal(s) which are pending in the court(s). Until these matters are finally decided, the liability/benefit of these cannot be ascertained. This qualification is appearing since 2002-03 which was the year in which the 1st consolidated financial statements were prepared. Accordingly, the effect, if any, will be accounted for as and when the liabilities/benefits are finally determined in terms of the Scheme of Arrangement and Memorandum of Understanding between the said companies. In respect to Qualification no(ii)

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The Company is having 15.86% equity interest along with its subsidiary in a joint venture Company which is an unlisted Company. The majority stake in the said joint venture Company is held by Joint venture partners.

In terms of Accounting Standard (AS) – 27 "Financial Reporting of interest in joint venture", the Company is required to consolidate its interest in joint venture company using proportionate consolidation and also to disclose the Company's share of assets and liabilities, income & expenditure to be determined by using the financial statements of joint venture entity as on the closing date of accounts of the Company or within six months thereof.

The financial year of the Joint Venture company was closed on 31.03.2013, same date as of the Company. However, the finalisation / approval of Accounts by the Board of the Joint Venture Company for the year ended March 31, 2013 remained pending as on the date of finalisation/approval of accounts of the Company.

Due to non availability of financial statements of the joint venture company, for the year ended March 31, 2013 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, 2012. 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) as reflected in the joint venture's latest available financial statements for the year ended March 31, 2012 has been determined on the basis of the Company's shareholding in the Joint Venture as of March 31, 2013. Further, in absence of required information of joint venture company, the same have not been considered for consolidation in the Consolidated Financial Statements.

To be signed by:

- Chairman and Managing Director
- Chief Operating and Financial Officer
- Chairman (Audit Committee)
- Auditor of the Company



Jitendra Tuli

(Jitendra Tuli)

Sumant

(Sumant Bharat Ram)

Bipin Maira

(Bipin Maira)

Refer our audit report dated May 27, 2013 on the Consolidated Financial Statements of the Company
For A.F. Ferguson & Co.
Chartered Accountants
(Firm Registration No. 112066W)

Manjula Banerji

Manjula Banerji
Partner
(Membership No. 086423)

New Delhi, May 27, 2013

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